

Immedia Group Plc

Directors' report and consolidated financial
statements
31 December 2012

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

Registered Office

The Old Brewery

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Newbury

Berkshire RG14 1AU

Registered number 4947859

Solicitors

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Bankers

HSBC Bank plc

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The Pavilions

Bridgwater Road

Bristol

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

The directors submit to the members the Directors' report and consolidated financial statements of the Group for the year ended 31 December 2012. 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

2012 was a disappointing year for the Group with a loss after tax of £150,755 on reduced revenue of £2,486,783.

We went into the year optimistic that we could build on the results for 2011 but two early reversals of fortune put the business on the back foot. The loss of a major contract after a long and successful partnership was a bitter blow and this was followed by Game going into administration with a bad debt adding to the consequent loss of revenue.

A major cost reduction and restructuring has followed.

The drive to win new business continued with renewed vigour and important new contracts were won including Superdrug. We were also appointed by the new owners of Game to continue the service.

Revenue from the contract wins did not come in time to significantly impact the 2012 results but will contribute in 2013.

We must be cautious in terms of the outlook for 2013. Nonetheless cash in the bank, a reduced cost base and new contracts coming on-stream early in the financial year give a degree of optimism for a return to profitability.

The Board remains committed to the realisation of shareholder value and will take the necessary action to achieve this goal.

Geoff Howard-Spink
Chairman

26 March 2013

Chief Executive's Review

I am pleased to present our full year results for the financial year ended 31 December 2012.

2012 was set to be a much better year for Immedia following investments in new marketing tools and a bolstered sales team. However after losing two contracts due to client cost cutting and a case of administration, we faced new financial pressure to deliver return for investors.

At the half year we reported revenue of £1,133,035 and losses after tax of £191,182. In the second half we reviewed and restructured many of the costs in the business, grew our revenues to £1,353,748 and achieved an operating profit of £24,556 (or £79,426 before restructuring costs) and a profit after tax of £40,427. The restructuring helped reduce the overall loss for the year to £150,755 and will deliver a significant improvement in profitability for 2013.

On the business development side, our visibility to new potential clients has risen sharply, harnessing new opportunities for growth. In the second half of the year we formed a number of strategic partnerships and as a result have since launched services to four new major brands as well as extending our Lloyds Banking Group contract.

Whilst I remain cautious about the economic landscape which affected our results for the last year, I am confident in our business as the growth in customer experience and multi sensory retailing continues. In the meantime the company has my full commitment to delivering first class services for our clients, strategic growth and a stronger pipeline and profitability.

Bruno Brookes

Chief Executive
26 March 2013

Directors

Geoff Howard-Spink, Chairman aged 68

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 59

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 50, 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 49

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 58, 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 2001 was 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 spectrum clearance finance committee of Ofcom.

Financial review

Group trading results

The fall in EBITDA in 2012 compared to 2011 is entirely explained by bad debts in 2012; in all other respects the Group maintained the same level of EBITDA it achieved in 2011 despite a 16% fall in revenues year on year. New business contributed 12% of the total value of Group gross profits in 2012 whilst reductions in cash overheads fully offset reductions in gross profits from customers who reduced their business with us. Having previously suffered minimal bad debts losses two insolvencies in 2012 were a significant setback amongst Immedia's hitherto robust stable of top retail brands.

Restructuring and further improvement in costs will produce a 30% reduction in cash overhead levels in 2013. New business wins announced since the close of 2012 will enhance 2013 earnings and as a result the business is well placed to deliver profits in its 2013 results.

Consolidated balance sheet and cash flows

The Group's net assets have been depleted by losses and the balance sheet reflects a smaller business at the end of 2012. But the changes include important resolution of past period liabilities whilst the restructuring the business has now completed forms the basis for future growth.

The outflows of cash in 2012 were used to repay a backlog of historic licencing liabilities, agreed a year ago after many years in dispute (£222,000 paid in 2012), to repay borrowings under the invoice financing facility (£112,000 repaid in 2012) and for one-off restructuring costs of £55,000 and unpaid debts of £73,000. After positive movements in working capital of £15,000 the overall cash reduction was £447,000 for the year giving closing cash balances of £291,000. The business expects to return to net cash generation again in 2013.

Charles Barker-Benfield
Finance Director

26 March 2013

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 2012.

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 2012 was £2,486,783 (2011: £2,968,184). (Loss) / earnings before interest, taxation, depreciation, amortisation and impairment charges (EBITDA) were loss £(49,688) (2011: earnings £21,383). The operating loss was £166,583 (2011: loss £166,307) and the loss before taxation was £167,173 (2011: loss £164,500). The loss for the year attributable to equity shareholders was £150,755 (2011: loss £142,066). The basic and diluted loss per share were 1.10 pence (2011: loss 1.04 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 2012 production performed 7.6% above budget, operations performed 6.4% above budget and overall the business performed 7.0% above budget (see also Financial review on page 8);
- Performance against budget by overall gross profit percentage where the business achieved 58.2% in 2012 against its budget of 56.6%;
- Cash overheads where in 2012 expenditure was 0.7% below budget.

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.

Directors' report *(continued)*

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. Specific risks associated with interest rates, liquidity, foreign currency and credit are discussed further in note 20.

Principal risks and uncertainties

The principal risks the Group faces are market related and similar to those faced by other small companies servicing larger businesses within the UK retail and banking sectors. The Group has a relatively small number of long-term customers making up a large proportion of its business where 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 into new markets 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 impact of these risks is a continuous pressure on operating margins which inhibits growth; the board's strategy to mitigate these risks is to develop the Group's services whilst continuing to reduce costs.

Risk description	Impact	How mitigated
Loss of key customer	Serious	Expansion of business and diversification into new markets (including overseas) to reduce concentration.
Reduced customer activity (lack of economic growth)	Pressure on margins; failure to grow the business	Expansion of business and diversification into new markets (including overseas) to reduce concentration.
Competition	Pressure on margins; failure to grow the business	Continued development of services, some exclusive; continuous review of costs.
Regulatory (licencing)	Pressure on margins; failure to grow the business	Alternative lower cost material is available outside iconic music licencing regime.

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 14.3%, Draganfly Investments Limited 7.6%, Immedia Broadcasting Trustees Limited 5.7%, Mrs. A Clough and related family interests 4.4%, Mr. R Penney 3.0%.

Directors' report *(continued)*

Employee Benefit Trust

At 31 December 2012 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 (2011: 832,374 shares). This holding represents 5.7% of the company's issued shares.

Market value of shares

The share price at 31 December 2012 was 8.12 pence and shares were traded between 5.5 pence and 11.0 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.

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.

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 2012 was 49 days (2011: 46 days) and an average of 42 days was outstanding at the year-end. Immedia Group Plc is a holding company and therefore has no trade suppliers.

Proposed dividend

The Directors do not recommend the payment of a dividend (2011: £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

Geoff Howard-Spink, having been first elected as a non-executive director in 2003, has now held office over 9 years and will retire and seek re-election at the forthcoming Annual General Meeting.

Peter Teague, having been first elected as a non-executive director in 2003, has now held office over 9 years and will retire at the forthcoming Annual General Meeting. He does not seek re-election.

Charles Barker-Benfield retires by rotation and, being eligible, offers himself 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 24 below.

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 & Company Secretary, 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.

Directors' report (continued)

Board of Directors continued

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.

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.

Director's name	Salary and fees	Bonus	Taxable benefits	Total remuneration	NIC total	2012 Total	2011 Total
	£	£	£	£	£	£	£
G Howard-Spink	17,188	-	-	17,188	1,339	18,527	38,767
T Brookes	117,538	-	8,545	126,083	15,917	142,000	199,384
C Barker-Benfield	69,584	-	2,725	72,309	8,569	80,878	107,660
M Horrocks	8,594	-	-	8,594	604	9,198	18,895
R Penney	62,554	-	5,866	68,420	8,162	76,582	102,315
P Teague	8,594	-	-	8,594	604	9,198	18,895
S Loftus *	-	-	-	-	-	-	89,269
	284,052	-	17,136	301,188	35,195	336,383	575,185

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 disclosed in note 24 to the financial statements.

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.

Directors' report *(continued)*

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.

Going concern

On the basis of current financial projections prepared up to the end of 2014, 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 20.

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

26 March 2013

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 prepared the consolidated financial statements and have elected to prepare the company 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.

The directors confirm that:

- 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 as directors in order 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 2012 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated and 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 2012 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

26 March 2013

Consolidated statement of comprehensive income

for the year ended 31 December 2012

	Note	2012 £	2011 £
Revenue	4	2,486,783	2,968,184
Cost of sales		(1,038,608)	(1,163,891)
Gross profit		1,448,175	1,804,293
Administrative expenses before depreciation, amortisation and impairment charges		(1,497,863)	(1,782,910)
(Loss)/earnings before interest, taxation, depreciation, amortisation and impairment charges (EBITDA)		(49,688)	21,383
Depreciation, amortisation and impairment charges		(116,895)	(187,690)
Results from operating activities		(166,583)	(166,307)
Finance income	8	1,079	1,807
Finance cost	8	(1,669)	-
Net finance (cost)/income		(590)	1,807
Loss before income tax	5	(167,173)	(164,500)
Income tax income	9	16,418	22,434
Loss and total comprehensive income for the year attributable to equity shareholders of the parent		(150,755)	(142,066)
Continuing and total operations			
Loss per share – basic and diluted	10	(1.10)p	(1.04)p

Consolidated balance sheet

At 31 December 2012

	Note	2012 £	2011 £
Assets			
Property, plant and equipment	11	95,814	205,112
Intangible assets	12	215,265	229,137
Total non-current assets		311,079	434,249
Current assets			
Inventories	13	134,292	146,117
Trade and other receivables	15	482,709	744,146
Prepayments		74,822	89,932
Cash and cash equivalents	16	290,574	738,150
Total current assets		982,397	1,718,345
Total assets		1,293,476	2,152,594
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		(6,955,549)	(6,804,794)
Total equity		332,009	482,764
Liabilities			
Trade and other payables	19	-	150,000
Total non-current liabilities		-	150,000
Trade and other payables	19	789,512	1,126,779
Deferred income	21	171,955	393,051
Total current liabilities		961,467	1,519,830
Total liabilities		961,467	1,669,830
Total equity and liabilities		1,293,476	2,152,594

These financial statements were approved by the Board of Directors on 26 March 2013 and were signed on its behalf by:

TN Brookes
Director

Company registered number 04947859

Company balance sheet

At 31 December 2012

	Note	2012 £	2011 £
Assets			
Investments in subsidiaries	14	<u>761,700</u>	<u>761,700</u>
Total non-current assets		<u>761,700</u>	<u>761,700</u>
Current assets			
Prepayments		<u>17,321</u>	<u>1,502</u>
Total current assets		<u>17,321</u>	<u>1,502</u>
Non-current assets			
Trade and other receivables	15	<u>54,082</u>	<u>53,482</u>
Total non-current assets		<u>54,082</u>	<u>53,482</u>
Total assets		<u><u>833,103</u></u>	<u><u>816,684</u></u>
Equity			
Share capital	17	<u>1,455,684</u>	<u>1,455,684</u>
Share premium		<u>3,586,541</u>	<u>3,586,541</u>
Retained losses		<u>(4,613,968)</u>	<u>(4,504,113)</u>
Total equity		<u>428,257</u>	<u>538,112</u>
Liabilities			
Trade and other payables	19	<u>404,756</u>	<u>278,406</u>
Total non-current liabilities		<u>404,756</u>	<u>278,406</u>
Trade and other payables	19	<u>90</u>	<u>166</u>
Total current liabilities		<u>90</u>	<u>166</u>
Total liabilities		<u>404,846</u>	<u>278,572</u>
Total equity and liabilities		<u><u>833,103</u></u>	<u><u>816,684</u></u>

These financial statements were approved by the Board of Directors on 26 March 2013 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 2012	Attributable to equity shareholders of the Company				
	Share capital £	Share premium account £	Merger reserve £	Retained loss £	Total equity £
Balance at 1 January 2012	1,455,684	3,586,541	2,245,333	(6,804,794)	482,764
Loss and total comprehensive income for the year	-	-	-	(150,755)	(150,755)
Balance at 31 December 2012	1,455,684	3,586,541	2,245,333	(6,955,549)	322,009

Total equity as at 31 December 2011	Attributable to equity shareholders of the Company				
	Share capital £	Share premium account £	Merger reserve £	Retained loss £	Total equity £
Balance at 1 January 2011	1,455,684	3,586,541	2,245,333	(6,662,728)	624,830
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

Company

Total equity as at 31 December 2012	Attributable to equity shareholders of the Company			
	Share capital £	Share premium account £	Retained loss £	Total equity £
Balance at 1 January 2012	1,455,684	3,586,541	(4,504,113)	538,112
Loss and total comprehensive income for the year	-	-	(109,855)	(109,855)
Balance at 31 December 2012	1,455,684	3,586,541	(4,613,968)	428,257

Total equity as at 31 December 2011	Attributable to equity shareholders of the Company			
	Share capital £	Share premium account £	Retained loss £	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

Consolidated and company statements of cash flows

for the year ended 31 December 2012

	Note	Consolidated		Company	
		2012	2011	2012	2011
		£	£	£	£
Cash flows from operating activities					
Loss for the year before income tax		(167,173)	(164,500)	(109,855)	(159,361)
<i>Adjustments for:</i>					
Depreciation amortisation and impairment charges		116,895	187,690	-	-
Financial income		(1,079)	(1,807)	(600)	(600)
Financial expense		1,669	-	-	-
Loss/(profit) on sale of property, plant and equipment		4,562	(1,300)	-	-
Decrease/(increase) in trade and other receivables and prepayments		276,567	(149,828)	(16,419)	(699)
Decrease/(increase) in inventories		11,825	(28,260)	-	-
(Decrease) in trade and other payables		(595,571)	(68,815)	126,274	160,060
Net cash from operating activities		(352,305)	(226,820)	(600)	(600)
Taxation					
Taxation		16,418	22,436	-	-
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		8,310	2,790	-	-
Interest received		1,079	1,807	600	600
Acquisition of property, plant and equipment	11	(5,797)	(96,122)	-	-
Acquisition of intangible assets	12	(800)	(3,795)	-	-
Net cash from investing activities		2,792	(95,320)	600	600
Cash flows from financing activities					
Interest paid		(1,669)	-	-	-
Amounts (repaid)/advanced under invoice financing facility		(112,812)	242,612	-	-
Repayment of borrowings		-	(22,000)	-	-
Net cash from financing activities		(114,481)	220,612	-	-
Net decrease in cash and cash equivalents		(447,576)	(79,092)	-	-
Cash and cash equivalents at 1 January		738,150	817,242	-	-
Cash and cash equivalents at 31 December	16	290,574	738,150	-	-

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 2012 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily 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 £109,855 (2011 loss: £159,361).

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 2011.

As highlighted in note 20 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 2014, 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 26 March 2013.

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 all 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 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 and 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 and 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 subsequently 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), services comprise the broadcasting of live and as live radio programmes to customers' premises using appropriate technologies, together with the production of advertising content for use in those programmes. Revenue from these 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 24).

(ii) Share-based compensation

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

(iii) Employee benefit trust

The Group operates an employee benefit trust (EBT) for the benefit of its employees through Immedia Broadcasting Trustees Limited which acts as Trustee. Transactions of the EBT are treated as being those of the Group and are therefore reflected in the consolidated financial statements. In particular, the trust's purchases and sales of shares in the Company are debited and credited directly to equity (see statements of changes in equity on page 18).

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 & 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)
- IAS 1 Presentation of Items of Other Comprehensive Income (effective 1 July 2012)
- IAS 27 (Revised) Separate financial statements (effective 1 January 2013)
- IAS 28 (Revised) Investments in associates and joint ventures (effective 1 January 2013).

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 2012 £	EEA 2012 £	Total 2012 £	UK 2011 £	EEA 2011 £	Total 2011 £
Revenue	2,484,980	1,803	2,486,783	2,959,888	8,296	2,968,184

Notes (continued)**4 Segment reporting** (continued)

<i>Operating segment analysis</i>	Production	Operations	Total	Production	Operations	Total
	2012	2012	2012	2011	2011	2011
	£	£	£	£	£	£
Revenue	1,251,993	1,234,790	2,486,783	1,802,754	1,165,430	2,968,184
Cost of sales	(524,528)	(514,080)	(1,038,608)	(635,007)	(528,884)	(1,163,891)
Gross profit	727,465	720,710	1,448,175	1,167,747	636,546	1,804,293
Administrative expenses before depreciation, amortisation and impairment charges			(1,497,863)			(1,782,910)
(Loss)/earnings before interest, taxation, depreciation, amortisation and impairment charges (EBITDA)			(49,688)			21,383
Depreciation, amortisation and impairment charges			(116,895)			(187,690)
Results from operating activities			(166,583)			(166,307)
Finance income			1,079			1,807
Finance cost			(1,669)			-
Net finance (cost)/income			(590)			1,807
Loss before income tax			(167,173)			(164,500)
Income tax income			16,418			22,434
Loss and total comprehensive income for the year attributable to equity shareholders of the parent			(150,755)			(142,066)

There were four customers where revenue was greater than 10% of the total (2011: four). Revenue from each of these customers is derived from both the production and operations segments.

<i>Significant customer analysis</i>	Total revenue		Total revenue	
	2012	2012	2011	2011
	£	%	£	%
Customer 1	507,080	20.4	396,931	13.4
Customer 2	310,788	12.5	390,795	13.2
Customer 3	283,671	11.4	265,576	8.9
Customer 4	261,140	10.5	370,029	12.5
<i>Analysis of revenue between goods and services</i>	2012		2011	
	£		£	
Goods	722,594		647,142	
Services	1,764,189		2,321,042	

Notes (continued)

5 Loss before income tax

	2012 £	2011 £
<i>Included in profit/loss are the following:</i>		
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	-	3,250
- fees paid to the auditor and their associates in respect of other services	1,970	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	116,895	187,690
Loss/(profit) on disposal of property, plant and equipment	4,562	(1,300)
Research and development costs	25,691	69,510
Hire of other assets – operating leases	69,742	69,181
Foreign exchange losses/(gains)	405	(376)

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

	2012 £	2011 £
Directors' emoluments (including employer's national insurance of £35,195 in 2012 and £61,252 in 2011)	336,383	575,185
Contributions to defined contribution plans	-	-
	<u>336,383</u>	<u>575,185</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £126,083 (2011: £176,783).

Remuneration for each individual director, which is required to be disclosed under the AIM rules, is shown in the Directors' Report on page 12.

	2012 Number of Directors	2011 Number of Directors
The number of Directors who exercised share options was	-	-
Retirement benefits are accruing in a paid up scheme to the following numbers of Directors under money purchase pension schemes	<u>1</u>	<u>1</u>

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	
	2012	2011	2012	2011
Administration	13	14	3	4
Production and distribution	7	7	-	-
	20	21	3	4

The aggregate payroll costs of these persons were as follows:

	2012	2011	2012	2011
	£	£	£	£
Wages and salaries	867,034	1,036,910	293,420	505,508
Compulsory social security contributions	96,804	115,998	35,194	61,253
Contributions to defined contribution plans	-	-	-	-
	963,838	1,152,908	328,614	566,761

The Group made no pension contributions in the year *(2011: £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 24. The share-based payment charge for the year in respect of these options is immaterial.

8 Finance income and cost

	2012	2011
	£	£
Interest income on bank deposits	1,079	1,775
Interest expense on bank loan and invoice finance facility	(1,617)	(2,267)
Other interest payable	(52)	-
Interest adjustment at end of term loan	-	2,299
Net finance (cost)/income	(590)	1,807

Notes (continued)**9 Income tax credit in the income statement**

	2012	2011
	£	£
Current tax credit		
Current period	-	-
Adjustment in respect of prior periods	(16,418)	(22,434)
	<hr/>	<hr/>
Total tax credit in consolidated income statement	(16,418)	(22,434)
	<hr/> <hr/>	<hr/> <hr/>

Reconciliation of effective tax rate

The current tax charge for the period is based on an effective rate of 20% (2011: 20%) and is lower (2011: lower) than the standard rate of corporation tax in the UK for small companies (20%, 2011: 20%). The differences are explained below:

	2012	2011
	£	£
Loss before tax	(167,173)	(164,500)
	<hr/>	<hr/>
Current tax at 20% (2011: 20%)	(33,435)	(32,900)
Effects of:		
Expenses not deductible for tax purposes	(2,744)	13,848
Surrender of tax losses for R&D tax credit refund	-	32,908
Capital allowances in excess of depreciation	(212)	(28,371)
Additional deduction for R&D expenditure	-	(17,169)
Unrelieved tax losses	40,069	31,992
Other short term timing differences	(3,678)	(308)
Adjustments to tax charge in respect of previous periods	(16,418)	(22,434)
	<hr/>	<hr/>
Total tax credit	(16,418)	(22,434)
	<hr/> <hr/>	<hr/> <hr/>

10 Loss per share

	2012 Number	2011 Number
Weighted average number of shares in issue	14,556,844	14,556,844
Less weighted average number of own shares	(832,374)	(832,374)
	<hr/>	<hr/>
Weighted average number of shares in issue for basic loss per share	13,724,470	13,724,470
	<hr/> <hr/>	<hr/> <hr/>

The basic and diluted loss per share are calculated using the after tax loss attributable to equity shareholders for the financial period of £150,755 (2011: loss of £142,066). 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					
<i>Cost</i>					
At 1 January 2012	795,059	489,419	22,000	661,436	1,967,914
Additions	2,800	2,947	-	50	5,797
Disposals & retirements	-	(441)	(22,000)	(473,066)	(495,507)
At 31 December 2012	797,859	491,925	-	188,420	1,478,204
<i>Depreciation and impairment losses</i>					
At 1 January 2012	731,548	366,710	4,854	659,690	1,762,802
Charge for year	30,679	66,213	4,313	1,018	102,223
On disposals & retirements	-	(441)	(9,167)	(473,027)	(482,635)
At 31 December 2012	762,227	432,482	-	187,681	1,382,390
<i>Carrying amounts</i>					
At 31 December 2012	35,632	59,443	-	739	95,814
<i>Cost</i>					
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
<i>Depreciation and impairment losses</i>					
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
<i>Carrying amounts</i>					
At 31 December 2011	63,511	122,709	17,146	1,746	205,112

Disposals & retirements

In 2012, fully amortised network equipment was retired following termination of a contract.

Finance leases

There were no outstanding finance leases in respect of property, plant and equipment at 31 December 2012 (2011: £nil).

Notes (continued)**12 Intangible assets**

	Customer relationships	Video library	Content delivery	Goodwill	Total
	£	£	£	£	£
Group					
<i>Cost</i>					
At 1 January 2012	566,880	126,000	42,835	1,173,310	1,909,025
Additions in year	-	-	800	-	800
At 31 December 2012	566,880	126,000	43,635	1,173,310	1,909,825
<i>Amortisation and impairment losses</i>					
At 1 January 2012	566,880	126,000	13,008	974,000	1,679,888
Charge for year	-	-	14,672	-	14,672
At 31 December 2012	566,880	126,000	27,680	974,000	1,694,560
<i>Carrying amounts</i>					
At 31 December 2012	-	-	15,955	199,310	215,265
<i>Cost</i>					
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
<i>Amortisation and impairment losses</i>					
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
<i>Carrying amounts</i>					
At 31 December 2011	-	-	29,827	199,310	229,137

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 2013.

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% (2011: 17%) applied to its cash flow projections (equivalent to a pre-tax rate of approximately 24% (2011: 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	
	2012	2011	2012	2011
	£	£	£	£
Work in progress	5,165	45,076	-	-
Finished goods	129,127	101,041	-	-
	134,292	146,117	-	-

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 £238,558 (2011: £187,895). Impairment charges for obsolete and slow moving inventories totalled £21,446 (2011: £23,249) and the carrying value of inventories subjected to impairment charges and included in the above totals was £51,075 (2011: £26,874).

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 2012 and 31 December 2011 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 2012 and 31 December 2011, 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 2012 and 31 December 2011, 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	
	2012	2011	2012	2011
	£	£	£	£
Trade receivables	475,038	706,742	-	-
Amounts owed by subsidiary undertakings (note 23)	-	-	54,082	53,482
Other debtors	7,671	37,404	-	-
	482,709	744,146	54,082	53,482

At 31 December 2012 trade receivables are shown after a provision for impairment of £365 (*31 December 2011: £18,284*) arising from slow moving debts and disputed charges. During 2012 £18,284 of the 2011 provision for impairment was released.

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

	Company	
	2012	2011
	£	£
Amounts owed by subsidiary undertakings (note 23)	54,082	53,482

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

	Group	
	2012	2011
	£	£
Up to 3 months past due	182,152	169,104
Over 3 months past due	1,810	-

16 Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank balances	5,384	6,272	-	-
Call deposits	285,190	731,878	-	-
Cash and cash equivalents	290,574	738,150	-	-

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	2012	2011
	£	£
<i>Authorised</i>		
36,000,000 Ordinary shares of 10 pence each	3,600,000	3,600,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
14,556,844 Ordinary shares of 10 pence each	1,455,684	1,455,684
	<hr/>	<hr/>

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

18 Deferred tax – Group

There were no recognised deferred tax liabilities *(2011: £nil)*.

The deferred tax asset arising in respect of temporary differences between capital allowances and depreciation of £80,000 *(2011: asset of £86,000)* has been added to *(2011: added to)* accumulated trading losses. The residual trading losses carried forward of £4,200,000 create a potential deferred tax asset of £840,000 *(2011: £804,000)* which has not been recognised due to the uncertainty of the recovery of the asset.

Notes *(continued)*

19 Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Current				
Invoice financing facility (secured) (i)	129,800	242,612	-	-
Non-trade payables (secured) (ii)	150,000	-	-	-
Trade payables (iii)	227,271	254,022	-	-
Other taxation and social security	108,456	154,769	-	-
Non-trade payables and accrued expenses (ii) (iv)	173,985	475,376	90	166
	789,512	1,126,779	90	166

(i) In 2011 an invoice financing facility was arranged with HSBC Invoice Financing (UK) Limited under which advances are secured by debenture on Immedia Broadcast Limited's assets.

(ii) In December 2012 a certain music licencing authority was granted security for payment of the remainder of a prior period liability by debenture on Immedia Broadcast Limited's assets. *In 2011 this prior period liability was unsecured and was disclosed both within current non-trade payables and accrued expenses, and within non-trade payables and accrued expenses falling due after more than one year (below).*

(iii) All trade payables are due within 30 days of the year end. There were no foreign currency amounts included within trade payables.

(iv) In 2012 and 2011 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.

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Falling due after more than one year				
Amounts owed to subsidiary undertakings (note 23)	-	-	404,756	278,406
Non-trade payables and accrued expenses (see (ii) above)	-	150,000	-	-
	-	150,000	404,756	278,406

Notes *(continued)***20 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 £129,800 at 31 December 2012 (*2011: £242,612*) under an invoice financing facility provided by HSBC Invoice Financing (UK) Limited, secured by floating charge on Immedia Broadcast Limited's assets. There were no further committed borrowing facilities at 31 December 2012 under the invoice financing facility which provides a total of up to £250,000 (*2011: 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 2012 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 2012. 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 2013 would reduce profits and equity 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 19. 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 2013. In 2012, €2,200 of revenues were denominated in Euros (*2011: €9,000*) with Euro denominated costs totalling €7,700 (*2011: €21,000*). There were no US \$ denominated costs in 2012 (*2011: US \$1,500*). 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 19, and does not hedge any of its trading activities.

Credit risk

The Group's exposure to credit risk is mitigated by the quality of its multinational blue chip customers. The trade receivables balance of £475,038 (*2011: £706,742*) represents the maximum exposure to credit risk, of which less than 4.5% relates to smaller or more recently established companies. Policies are maintained to ensure the Group makes credit sales only to customers with an appropriate credit rating.

Market risks

The risks that 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)***20 Financial instruments** *(continued)*

Despite the relative financial resilience of its blue chip clients, bad debts have impacted significantly the Group's 2012 results. Actions taken to restructure the business and reduce costs have subsequently reduced the magnitude of impact that further bad debts could have on the business. The innovative and high quality services the Group provides to its clients, and the methods it uses to protect its position in the market continue to mitigate the risk of downturn to the services the Group provides.

IAS 39 categories of financial instruments

	Group		Company	
	Carrying amount	2011	Carrying amount	2011
	2012		2012	
	£	£	£	£
Financial assets: loans and receivables				
Cash and cash equivalents (note 16)	290,574	738,150	-	-
Trade receivables (note 15)	475,038	706,742	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets	765,612	1,444,892	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Financial liabilities: measured at amortised cost				
Interest bearing loans and borrowings (note 19)	129,800	242,612	-	-
Non-trade payables (secured) (note 19)	150,000	-	-	-
Trade payables (note 19)	227,271	254,022	-	-
Non-trade payables and accrued expenses (note 19)	-	350,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial liabilities	507,071	846,634	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes *(continued)***21 Deferred income****Group**

	2012	2011
	£	£
Media services	171,955	244,371
Equipment sales	-	148,680
	<hr/>	<hr/>
Total	171,955	393,051
	<hr/> <hr/>	<hr/> <hr/>

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).

22 Commitments

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

	2012		2011	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Group				
Amount payable				
Not later than one year	59,500	742	69,000	742
Later than one year and not later than five years	-	742	59,500	1,524
	<hr/>	<hr/>	<hr/>	<hr/>
	59,500	1,484	128,500	2,266
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The land and buildings leases shown above relate to the Group's rental of offices in Newbury.

(b) Capital commitments

There were no unprovided capital commitments outstanding at 31 December 2012 (2011: £nil).

Notes *(continued)*

23 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.

There were no related party disclosures for current directors in 2012 or 2011.

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 £253,307 (2011: £441,576);

With the Immedia Broadcasting Employee Benefit Trust:

- loan interest charge of £600 (2011: £600).

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

	2012	2011
	£	£
Amounts owed by subsidiary undertakings		
Immedia Broadcasting Employee Benefit Trust	54,082	53,482
	<u> </u>	<u> </u>
Amounts owed to subsidiary undertakings		
Immedia Broadcast Limited	404,756	278,406
	<u> </u>	<u> </u>

24 Employee benefits

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 (2011: £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 (2011: £nil) and there were no outstanding or prepaid contributions at either the beginning or the end of the current or previous financial years.

Notes *(continued)***24 Employee benefits** *(continued)***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	2012 Number of shares	2011 Number of shares
Immedia EMI Share Option Scheme	(i)	02 Nov 2010	10.0 pence	-	153,000
Immedia EMI Share Option Scheme	(ii)	02 Nov 2010	10.0 pence	9,999	16,665
				9,999	169,665

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 2011	475,498	10.32
Cancelled	(178,500)	10.00
Forfeited	(127,333)	11.18
Outstanding at 31 December 2011	169,665	10.00
Cancelled	(153,000)	10.00
Forfeited	(6,666)	10.00
Outstanding at 31 December 2012	9,999	10.00
<i>Of which</i>		
Exercisable at 31 December 2012	9,999	10.00
Exercisable at 31 December 2011	16,665	10.00

No options were exercised in 2012 or in 2011.

Notes (continued)**24 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 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.

Since the profit target for the year ended 31 December 2011 was not achieved, these options lapsed and were cancelled in 2012.

(ii) 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 2012 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 (2011: 832,374 shares).

There was no IFRS 2 charge in 2012 as the amount was not material (2011: £nil.)

At 31 December 2012 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)	-	10p	See note (i) above	See note (i) above
C Barker-Benfield	28,500	-	-	(28,500)	-	10p	See note (i) above	See note (i) above
R Penney	27,000	-	-	(27,000)	-	10p	See note (i) above	See note (i) above
Other employees	67,500	-	-	(67,500)	-	10p	See note (i) above	See note (i) above
Other employees	16,665	-	-	(6,666)	9,999	10p	See note (ii) above	See note (ii) above
Totals	169,665	-	-	(159,666)	9,999			

The weighted average remaining contractual life of the share options in issue at 31 December 2012 was 0.84 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 2012 will be held at the Company's Newbury offices, The Old Brewery, The Broadway, Newbury, Berkshire RG14 1AU at 10 am on 22 May 2013 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 2012 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 2012.
- 3 To re-elect Geoff Howard-Spink as a director of the Company, who retires by rotation.
- 4 To re-elect Charles Barker-Benfield as a director of the Company, who retires by rotation.
- 5 To 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 2014 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
26 March 2013

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

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of the Company's registrars, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours before the time for holding the meeting or the adjourned meeting. A form of proxy is enclosed with this notice.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of Members of the Company as at 6 pm on 20 May 2013 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members after 6 pm on 20 May 2013 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.