

IMMEDIA GROUP PLC

(“Immedia” or “the Company”)

INTERIM RESULTS

Immedia Group Plc (AIM: IME), which provides bespoke radio stations and a range of in-store media solutions for retailers, today announces its interim results for the half year to 30 June 2012.

Key Points

- H1 2012 operating profits reduced to operating loss after Lloyds Pharmacy contract lost and another customer put into administration with bad debts;
- Cash used to reduce debt;
- Improved outlook for H2 2012:
- Reorganisation will deliver substantial operational cost efficiencies going forward;
- New major brand contract expected Q4 2012 as a result of successful trial;
- More in-store trials now at planning stage with other major brands.

Financial Highlights

	Unaudited Half year to 30 June 2012	Unaudited Half year to 30 June 2011	Audited Year to 31 December 2011
Revenue	£1,133,035	£1,504,011	£2,968,184
Results from operating activities	£(191,139)	£(28,976)	£(166,307)
Loss before income tax	£(191,182)	£(29,374)	£(164,500)
Loss for period attributable to equity shareholders	£(191,182)	£(29,374)	£(142,066)
Basic and diluted loss per share (pence)	(1.39)p	(0.21)p	(1.04)p
Cash and cash equivalents	£271,361	£611,311	£738,150

Bruno Brookes, Chief Executive Officer of Immedia, said:

“The loss of the Lloyds Pharmacy contract in January, together with the administration of a long standing client with bad debt, have driven a disappointing outcome to the first half results.

Profitability assisted by the continuation of new business development and reorganising the business to deliver substantial cost efficiencies are our absolute focus. We remain confident of recovery in the second half of 2012.”

Immedia Group Plc

Bruno Brookes – Chief Executive Officer

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Chief Executive Officer's Review

The loss of the Lloyds Pharmacy contract in January, together with the administration of a long standing client with bad debt, have driven a disappointing outcome to the first half results.

However, the increased investment in sales and marketing has resulted in new business engagements with deals in progress. In April we rolled out a new music channel to O2 retail installing Dreamstream technology and ongoing content to 450 stores. We have also secured a deal with Urban Decay to roll out music and video services to their 68 cosmetics concessions in the UK. We expect to sign a new contract with a major brand, to be announced in Q4 2012.

Most of the £467,000 cash outflows in the period were used to reduce debt: £242,000 to repay all borrowings on the invoice financing facility (which remains in place for future use) and £137,000 for a prior period liability. The total of EBITDA losses and working capital movements during the period was a cash outflow of £88,000.

Profitability assisted by the continuation of new business development and reorganising the business to deliver substantial cost efficiencies are our absolute focus. We remain confident of recovery in the second half of 2012.

Bruno Brookes

Chief Executive Officer

27 September 2012

Consolidated statement of comprehensive income

	<i>Note</i>	Unaudited Half year to 30 June 12 £	Unaudited Half year to 30 June 11 £	Audited Year ended 31 Dec 11 £
Revenue		1,133,035	1,504,011	2,968,184
Cost of sales		(473,211)	(624,330)	(1,163,891)
Gross profit		659,824	879,681	1,804,293
Administrative expenses before depreciation, amortisation and impairment charges		(790,463)	(843,148)	(1,782,910)
Earnings before interest, depreciation, amortisation and impairment charges (EBITDA)		(130,639)	36,533	21,383
Depreciation amortisation and impairment charges		(60,500)	(65,509)	(187,690)
Results from operating activities		(191,139)	(28,976)	(166,307)
Finance income		454	825	1,807
Finance cost		(497)	(1,223)	-
Net finance (cost)/income		(43)	(398)	1,807
Loss before income tax		(191,182)	(29,374)	(164,500)
Income tax income	4	-	-	22,434
Loss and total comprehensive income for the period attributable to equity shareholders		(191,182)	(29,374)	(142,066)
Continuing and total operations				
Loss per share – basic and diluted	12	(1.39)p	(0.21)p	(1.04)p

Consolidated balance sheet

	Note	Unaudited as at 30 June 12	Unaudited as at 30 June 11	Audited as at 31 Dec 11
		£	£	£
Assets				
Property, plant and equipment	5	157,143	215,979	205,112
Intangible assets	6	222,643	294,121	229,137
Total non-current assets		379,786	510,100	434,249
Current assets				
Inventories	7	142,371	182,447	146,117
Trade and other receivables	8	312,746	546,069	744,146
Prepayments		88,011	106,340	89,932
Cash and cash equivalents	9	271,361	611,311	738,150
Total current assets		814,489	1,446,167	1,718,345
Total assets		1,194,275	1,956,267	2,152,594
Equity				
Share capital	10	1,455,684	1,455,684	1,445,684
Share premium		3,586,541	3,586,541	3,586,541
Merger reserve		2,245,333	2,245,333	2,245,333
Retained losses		(6,995,976)	(6,692,103)	(6,804,794)
Total equity		291,582	595,455	482,764
Liabilities				
Trade and other payables	11	60,000	-	150,000
Total non-current liabilities		60,000	-	150,000
Loans and borrowings		-	11,000	-
Trade and other payables	11	693,720	1,100,292	1,126,779
Deferred income		148,973	249,520	393,051
Total current liabilities		842,693	1,360,812	1,519,830
Total liabilities		902,693	1,360,812	1,669,830
Total equity and liabilities		1,194,275	1,956,267	2,152,594

Consolidated statement of changes in equity

Attributable to equity shareholders of the Company

	Share capital £	Share Premium account £	Merger reserve £	Profit & loss account £	Total equity £
Total equity at 30 June 2012 (unaudited)					
Balance at 1 January 2012	1,455,684	3,586,541	2,245,333	(6,804,794)	482,764
Transactions with owners	-	-	-	-	-
Loss and total comprehensive income for the period	-	-	-	(191,182)	(191,182)
Balance at 30 June 2012	1,455,684	3,586,541	2,245,333	(6,995,976)	291,582

Total equity at 30 June 2011 (unaudited)

Balance at 1 January 2011	1,455,684	3,586,541	2,245,333	(6,662,728)	624,830
Transactions with owners	-	-	-	-	-
Loss and total comprehensive income for the period	-	-	-	(29,374)	(29,374)
Balance at 30 June 2011	1,455,684	3,586,541	2,245,333	(6,692,102)	595,456

Total equity at 31 December 2011 (audited)

Balance at 1 January 2011	1,455,684	3,586,541	2,245,333	(6,662,728)	624,830
Transactions with owners	-	-	-	-	-
Loss and total comprehensive income for the year	-	-	-	(142,066)	(142,066)
Balance at 31 December 2011	1,455,684	3,586,541	2,245,333	(6,804,794)	482,764

Consolidated statement of cash flows

	Note	Unaudited Half Year to 30 June 12 £	Unaudited Half Year to 30 June 11 £	Audited Year ended 31 Dec 11 £
Cash flows from operating activities				
Loss for the period before income tax		(191,182)	(29,374)	(164,500)
<i>Adjustments for:</i>				
Depreciation amortisation and impairment charges		60,500	65,509	187,690
Financial income		(454)	(825)	(1,807)
Financial expense		497	1,223	-
Profit on sale of property, plant and equipment		-	(1,300)	(1,300)
Decrease/(increase) in trade and other receivables		433,321	(210,771)	(149,828)
Decrease/(increase) in inventories		3,746	(64,590)	(28,260)
(Decrease)/increase in trade and other payables		(767,137)	96,394	173,797
Net cash (outflow)/inflow from operating activities		(460,709)	(143,734)	15,792
Taxation				
Taxation		-	-	22,436
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		-	1,300	2,790
Interest received		454	825	1,807
Acquisition of property, plant and equipment	5	(5,237)	(50,099)	(96,122)
Acquisition of intangible assets	6	(800)	(2,000)	(3,795)
Net cash (outflow) from investing activities		(5,583)	(49,974)	(95,320)
Cash flows from financing activities				
Interest paid		(497)	(1,223)	-
Repayment of borrowings		-	(11,000)	(22,000)
Net cash (outflow) from financing activities		(497)	(12,223)	(22,000)
Net (decrease) in cash and cash equivalents		(466,789)	(205,931)	(79,092)
Cash and cash equivalents at beginning of period		738,150	817,242	817,242
Cash and cash equivalents at end of period	9	271,361	611,311	738,150

Notes to the condensed consolidated interim financial statements

1. Reporting entity

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

The condensed consolidated interim financial statements of the Company as at and for the half year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the “Group”). The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group’s statutory financial statements for the year ended 31 December 2011 have been filed with the Registrar of Companies. The auditor’s report on those financial statements was unqualified and did not contain a statement under Section 498(2) of the Companies Act 2006. The consolidated financial statements of the Group as at and for the year ended 31 December 2011 are available at <http://www.immediapl.com/investors>

The Group primarily is involved in marketing and communication services through music, radio and screen based media together with the supply, installation and maintenance of associated equipment.

2. Basis of preparation

These consolidated financial statements for the half year ended 30 June 2012 are unaudited. They have been prepared and approved by the directors following the recognition and measurement principles of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”); they do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

On the basis of current financial projections prepared up to the end of 2013, recent news of new contracts and of contract renewals, continuing improvements in management of costs, and ongoing availability of facilities, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis.

The financial statements were approved by the Board of Directors on 27 September 2012.

3. Significant accounting policies

The accounting policies set out in detail in note 3 of the Group’s consolidated financial statements to 31 December 2011 have been applied consistently to these unaudited financial statements to 30 June 2012, including:

(a) Revenue

Revenue represents the amounts receivable by the Group for the provision of its services, excluding value added tax. Revenue from production services is billed on time based subscriptions and recognised on the date of broadcast. 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.

Notes to the condensed consolidated interim financial statements *continued*

4. Income tax credit in the income statement

	Unaudited as at 30 June 12 £	Unaudited as at 30 June 11 £	Audited as at 31 Dec 11 £
Current tax			
Current period	-	-	-
Adjustment in respect of prior periods	-	-	(22,434)
Total tax credit in consolidated income statement	<u>-</u>	<u>-</u>	<u>(22,434)</u>

5. Property, plant and equipment

	Plant & equipment £	Fixtures & fittings £	Motor vehicles £	Network equipment £	Total £
Cost					
At 1 January 2012	795,059	489,419	22,000	661,436	1,967,914
Additions	2,800	2,387	-	50	5,237
Disposals and retirements	-	-	-	(473,015)	(473,015)
At 30 June 2012	<u>797,859</u>	<u>491,806</u>	<u>22,000</u>	<u>188,471</u>	<u>1,500,136</u>
Depreciation and impairment losses					
At 1 January 2012	731,548	366,710	4,854	659,690	1,762,802
Charge for period	15,426	34,524	2,750	506	53,206
On disposals & retirements	-	-	-	(473,015)	(473,015)
At 30 June 2012	<u>746,974</u>	<u>401,234</u>	<u>7,604</u>	<u>187,181</u>	<u>1,342,993</u>
Carrying amounts					
Unaudited at 30 June 2012	<u>50,885</u>	<u>90,572</u>	<u>14,396</u>	<u>1,290</u>	<u>157,143</u>
Audited at 31 December 2011	<u>63,511</u>	<u>122,709</u>	<u>17,146</u>	<u>1,746</u>	<u>205,112</u>
Unaudited at 30 June 2011	<u>68,149</u>	<u>125,437</u>	<u>19,896</u>	<u>2,497</u>	<u>215,979</u>

Notes to the condensed consolidated interim financial statements *continued*

6. Intangible assets

	Customer relationships £	Video library £	Content Delivery £	Goodwill £	Total £
Cost					
At 1 January 2012	566,880	126,000	42,835	1,173,310	1,909,025
Additions in period	-	-	800	-	800
At 30 June 2012	<u>556,880</u>	<u>126,000</u>	<u>43,635</u>	<u>1,173,310</u>	<u>1,909,825</u>
Amortisation and impairment losses					
At 1 January 2012	566,880	126,000	13,008	974,000	1,679,888
Charge for period	-	-	7,294	-	7,294
At 30 June 2012	<u>556,880</u>	<u>126,000</u>	<u>20,302</u>	<u>974,000</u>	<u>1,687,182</u>
Carrying amounts					
Unaudited at 30 June 2012	<u>-</u>	<u>-</u>	<u>23,333</u>	<u>199,310</u>	<u>222,643</u>
Audited at 31 December 2011	<u>-</u>	<u>-</u>	<u>29,827</u>	<u>199,310</u>	<u>229,137</u>
Unaudited at 30 June 2011	<u>-</u>	<u>60,275</u>	<u>34,536</u>	<u>199,310</u>	<u>294,121</u>

There were no indications of impairment of intangible assets at 30 June 2012 and the annual impairment tests will be carried out at the year end.

7. Inventories

	Unaudited as at 30 June 12 £	Unaudited as at 30 June 11 £	Audited as at 31 Dec 11 £
Work in progress	6,861	4,009	45,076
Finished goods	<u>135,510</u>	<u>178,438</u>	<u>101,041</u>
	<u>142,371</u>	<u>182,447</u>	<u>146,117</u>

The inventory expense included in cost of sales in the consolidated statement of comprehensive income was £48,135 (30 June 2011: £79,279; 31 December 2011: £187,895). Impairment charges for obsolete and slow moving inventories were £nil (30 June 2011: £nil; 31 December 2011: £23,249).

Notes to the condensed consolidated interim financial statements *continued*

8. Trade and other receivables

	Unaudited as at 30 June 12 £	Unaudited as at 30 June 11 £	Audited as at 31 Dec 11 £
Trade receivables	303,836	519,577	706,742
Other debtors	8,910	26,492	37,404
	<u>312,746</u>	<u>546,069</u>	<u>744,146</u>

As 30 June 2012 trade receivables are shown after a provision for impairment of £37,213 (*30 June 2011: £20,000; 31 December 2011: £18,284*) arising from slow moving debts and disputed charges. During the period to 30 June 2012 the provision for impairment was increased by £18,929 and bad debts were written off totalling £36,148. All debts are due within one year.

At 30 June 2012 the total of trade receivables past due, net of provision for impairment, was as follows:

	Unaudited as at 30 June 12 £	Unaudited as at 30 June 11 £	Audited as at 31 Dec 11 £
Up to 3 months past due	<u>86,545</u>	<u>52,348</u>	<u>169,104</u>

9. Cash and cash equivalents

	Unaudited as at 30 June 12 £	Unaudited as at 30 June 11 £	Audited as at 31 Dec 11 £
Bank balances	7,040	15,005	6,272
Call deposits	264,321	596,306	731,878
Cash and cash equivalents	<u>271,361</u>	<u>611,311</u>	<u>738,150</u>

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

Notes to the condensed consolidated interim financial statements *continued*

10. Share Capital

	Unaudited as at 30 June 12 £	Unaudited as at 30 June 11 £	Audited as at 31 Dec 11 £
Authorised 36,000,000 Ordinary shares of 10 pence each	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,600,000</u>
Allotted, called up and fully paid 14,556,844 Ordinary shares of 10 pence each	<u>1,455,684</u>	<u>1,455,684</u>	<u>1,455,684</u>

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

11. Trade and other payables

	Unaudited as at 30 June 12 £	Unaudited as at 30 June 11 £	Audited as at 31 Dec 11 £
Falling due within one year			
Invoice financing facility (secured)	72	-	242,612
Other trade payables	243,008	310,676	254,022
Other taxation & social security	55,818	123,002	154,769
Non-trade payables and accrued expenses	<u>394,822</u>	<u>666,614</u>	<u>475,376</u>
	<u>693,720</u>	<u>1,100,292</u>	<u>1,126,779</u>
Falling due after more than one year			
Non-trade payables and accrued expenses	<u>60,000</u>	<u>-</u>	<u>150,000</u>

Notes to the condensed consolidated interim financial statements *continued*

12. Loss per share

	Unaudited as at 30 June 11 Number	Unaudited as at 30 June 11 Number	Audited as at 31 Dec 11 Number
Weighted average number of shares in issue	14,556,844	14,556,844	14,556,844
Less weighted average number of own shares	(832,374)	(832,374)	(832,374)
Weighted average number of shares in issue for basic loss per share	13,724,470	13,724,470	13,724,470

The basic and diluted loss per share are calculated using the after tax loss attributable to equity shareholders for the financial period of £191,182 (30 June 2011: loss of £29,374; 31 December 2011: loss of £142,066) divided by the weighted average number of Ordinary shares in issue in each of the relevant periods: 30 June 2012: 13,724,470 shares (30 June 2011 and 31 December 2011: 13,724,470 shares).

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

In accordance with Rule 26 of the AIM Rules for Companies, this interim financial statement will be available on the company's website at www.immediapl.com