IMMEDIA GROUP PLC

(“Immedia” or “the Company”)

INTERIM RESULTS

Immedia Group Plc (AIM: IME), which provides bespoke digital networks, music strategies and brand conversation, today announces its interim results for the half year to 30 June 2013.

Key Points

- H1 2013 operating profits reverse FY 2012 losses;
- 2012 reorganisation delivered substantial and ongoing operational cost efficiencies;
- Cash used to reduce historic licensing liabilities by further £90,000;
- Major brand rollout completed Q1 2013;
- More in-store trials now at planning stage with other major brands;
- Steady outlook for 2013.

Financial Highlights

	Unaudited Half year to 30 June 2013	Unaudited Half year to 30 June 2012	Audited Year to 31 December 2012
Revenue	**£1,256,836**	£1,133,035	£2,486,783
Results from operating activities	**£180,671**	£(191,139)	£(166,583)
Profit/(loss) before income tax	**£180,758**	£(191,182)	£(167,173)
Profit/(loss) for period attributable to equity shareholders	**£180,758**	£(191,182)	£(150,755)
Basic and diluted earnings/(loss) per share (pence)	**1.32p**	(1.39)p	(1.10)p
Cash and cash equivalents	**£266,931**	£271,361	£290,574

Bruno Brookes, Chief Executive Officer of Immedia, said:

"I am pleased now to present our unaudited half year results for the six months ended 30 June 2013 where we have achieved profit before tax of £180,758 on revenues of £1,256,836. Revenues are up 10.9% on the same period last year whilst the profit before tax is an improvement of £371,940 on the comparable period and reverses all losses suffered in FY 2012."

Immedia Group provides fully managed digital network delivery of audio/visual entertainment and marketing content designed for its clients, together with

- associated hardware installation and hosting
- expert music strategies and brand conversation
- locally targeted consumer information, advice and staff communications.

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Chief Executive's Review

When I presented our full year 2012 results four months ago at the end of March I noted that the restructuring of costs completed in the second half of 2012 had helped to reduce the overall loss for 2012 and would deliver improvements in profitability for 2013.

I am pleased now to present our unaudited half year results for the six months ended 30 June 2013 where we have achieved profit before tax of £180,758 on revenues of £1,256,836. Revenues are up 10.9% on the same period last year whilst the profit before tax is an improvement of £371,940 on the comparable period and reverses all losses suffered in FY 2012.

We have strengthened our balance sheet and used positive cash flows to further reduce historic licensing liabilities (the residue of which will be repaid during the second half of 2013). We have also introduced tailored equipment financing facilities to support new business growth.

We continue to engage with clients, with 11 new brands already providing new business so far this year.

In these times when digital content and communications are an important part of the mix of consumer experience and lifestyle, we are better placed than ever to build our business.

Bruno Brookes
Chief Executive

29 July 2013

Consolidated statement of comprehensive income

	Note	**Unaudited Half year to 30 June 13 £**	Unaudited Half year to 30 June 12 £	Audited Year ended 31 Dec 12 £
Revenue		**1,256,836**	1,133,035	2,486,783
Cost of sales		**(534,033)**	(473,211)	(1,038,608)
Gross profit		**722,803**	659,824	1,448,175
Administrative expenses before depreciation, amortisation and impairment charges		**(499,558)**	(790,463)	(1,497,863)
Earnings before interest, depreciation and amortisation charges (EBITDA)		**223,245**	(130,639)	(49,688)
Depreciation and amortisation charges		**(42,574)**	(60,500)	(116,895)
Results from operating activities		**180,671**	(191,139)	(166,583)
Finance income		**3,519**	454	1,079
Finance cost		**(3,432)**	(497)	(1,669)
Net finance income/(cost)		**87**	(43)	(590)
Profit/(loss) before income tax		**180,758**	(191,182)	(167,173)
Income tax credit	4	**-**	-	16,418
Profit/(loss) and total comprehensive income for the period attributable to equity shareholders		**180,758**	(191,182)	(150,755)
Continuing and total operations Earnings/(loss) per share – basic and diluted	12	**1.32p**	(1.39)p	(1.10)p

Consolidated balance sheet

	Note	**Unaudited as at 30 June 13**	Unaudited as at 30 June 12	Audited as at 31 Dec 12
		£	£	£
Assets				
Property, plant and equipment	5	**63,779**	157,143	95,814
Intangible assets	6	**211,441**	222,643	215,265
Total non-current assets		**275,220**	379,786	311,079
Current assets				
Inventories	7	**111,927**	142,371	134,292
Trade and other receivables	8	**827,602**	312,746	482,709
Prepayments		**89,268**	88,011	74,822
Cash and cash equivalents	9	**266,931**	271,361	290,574
Total current assets		**1,295,728**	814,489	982,397
Total assets		**1,570,948**	1,194,275	1,293,476
Equity				
Share capital	10	**1,455,684**	1,455,684	1,455,684
Share premium		**3,586,541**	3,586,541	3,586,541
Merger reserve		**2,245,333**	2,245,333	2,245,333
Retained losses		**(6,774,791)**	(6,995,976)	(6,955,549)
Total equity		**512,767**	291,582	332,009
Liabilities				
Trade and other payables	11	**61,396**	60,000	-
Total non-current liabilities		**61,396**	60,000	-
Trade and other payables	11	**806,500**	693,720	789,512
Deferred income		**190,285**	148,973	171,955
Total current liabilities		**996,785**	842,693	961,467
Total liabilities		**1,058,181**	902,693	961,467
Total equity and liabilities		**1,570,948**	1,194,275	1,293,476

<u>**Consolidated statement of changes in equity**</u>

	Share capital £	Share Premium account £	Merger reserve £	Profit & loss account £	Total equity £
	Attributable to equity shareholders of the Company				
Total equity at 30 June 2013 (unaudited)					
Balance at 1 January 2013	1,455,684	3,586,541	2,245,333	(6,955,549)	332,009
Profit and total comprehensive income for the period	-	-	-	180,758	180,758
Balance at 30 June 2013	**1,455,684**	**3,586,541**	**2,245,333**	**(6,774,791)**	**512,767**
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
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 31 December 2012 (audited)					
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)	332,009

Consolidated statement of cash flows

	Note	**Unaudited Half Year to 30 June 13 £**	Unaudited Half Year to 30 June 12 £	Audited Year ended 31 Dec 12 £
Cash flows from operating activities				
Profit/(loss) for the period before income tax		**180,758**	(191,182)	(167,173)
Adjustments for:				
Depreciation and amortisation charges		**42,574**	60,500	116,895
Financial income		**(3,519)**	(454)	(1,079)
Financial expense		**3,432**	497	1,669
(Profit)/loss on sale of property, plant and equipment		**(358)**	-	4,562
(Increase)/decrease in trade and other receivables and prepayments		**(359,339)**	433,321	276,567
Decrease in inventories		**22,365**	3,746	11,825
Increase/(decrease) in trade and other payables and deferred income		**45,367**	(767,137)	(595,571)
Net cash from operating activities		**(68,720)**	(460,709)	(352,305)
Taxation				
Taxation		**-**	-	16,418
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**1,200**	-	8,310
Interest received		**3,519**	454	1,079
Acquisition of property, plant and equipment	5	**(3,557)**	(5,237)	(5,797)
Acquisition of intangible assets	6	**(4,000)**	(800)	(800)
Net cash from investing activities		**(2,838)**	(5,583)	2,792
Cash flows from financing activities				
Interest paid		**(3,432)**	(497)	(1,669)
Amounts repaid under invoice financing facility		**(45,133)**	-	(112,812)
Lease financing		**116,675**	-	-
Repayment of lease financing		**(20,195)**	-	-
Net cash from financing activities		**47,915**	(497)	(114,481)
Net decrease in cash and cash equivalents		**(23,643)**	(466,789)	(447,576)
Cash and cash equivalents at beginning of period		**290,574**	738,150	738,150
Cash and cash equivalents at end of period	9	**266,931**	271,361	290,574

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 2013 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 2012 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 2012 are available at http://www.immediaplc.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 2013 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 2012.

On the basis of current financial projections prepared up to the end of 2014, 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 29 July 2013.

3. Significant accounting policies

The accounting policies set out in detail in note 3 of the Group’s consolidated financial statements to 31 December 2012 have been applied consistently to these unaudited financial statements to 30 June 2013, 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 13 £	Unaudited as at 30 June 12 £	Audited as at 31 Dec 12 £
Current tax			
Current period	**-**	-	-
Adjustment in respect of prior periods	**-**	-	(16,418)
Total tax credit in consolidated income statement	**-**	-	(16,418)

5. Property, plant and equipment

	Plant & equipment £	**Fixtures & fittings** £	**Motor vehicles** £	**Network equipment** £	**Total** £
Cost					
At 1 January 2013	797,859	491,925	-	188,420	1,478,204
Additions	661	2,896	-	-	3,557
Disposals and retirements	-	(7,299)	-	-	(7,299)
At 30 June 2013	798,520	487,522	-	188,420	1,474,462
Depreciation and impairment losses					
At 1 January 2013	762,227	432,482	-	187,681	1,382,390
Charge for period	11,807	22,440	-	503	34,750
On disposals & retirements	-	(6,457)	-	-	(6,457)
At 30 June 2013	774,034	448,465	-	188,184	1,410,683
Carrying amounts					
Unaudited at 30 June 2013	**24,486**	**39,057**	**-**	**236**	**63,779**
Audited at 31 December 2012	35,632	59,443	-	739	95,814
Unaudited at 30 June 2012	50,885	90,572	14,396	1,290	157,143

Notes to the condensed consolidated interim financial statements *continued*

6. Intangible assets

	Customer relationships £	Video library £	Content Delivery £	Goodwill £	Total £
Cost					
At 1 January 2013	566,880	126,000	43,635	1,173,310	1,909,825
Additions in period	-	-	4,000	-	4,000
At 30 June 2013	566,880	126,000	47,635	1,173,310	1,913,825
Amortisation and impairment losses					
At 1 January 2013	566,880	126,000	27,680	974,000	1,694,560
Charge for period	-	-	7,824	-	7,824
At 30 June 2013	566,880	126,000	35,504	974,000	1,702,384
Carrying amounts					
Unaudited at 30 June 2013	**-**	**-**	**12,131**	**199,310**	**211,441**
Audited at 31 December 2012	-	-	15,955	199,310	215,265
Unaudited at 30 June 2012	-	-	23,333	199,310	222,643

There were no indications of impairment of intangible assets at 30 June 2013 and the annual impairment tests will be carried out at the year end.

7. Inventories

	Unaudited as at 30 June 13 £	Unaudited as at 30 June 12 £	Audited as at 31 Dec 12 £
Work in progress	**10,825**	6,861	5,165
Finished goods	**101,102**	135,510	129,127
	111,927	142,371	134,292

The inventory expense included in cost of sales in the consolidated statement of comprehensive income was £104,444 *(30 June 2012: £48,135; 31 December 2012: £238,558)*. Impairment charges for obsolete and slow moving inventories were £nil *(30 June 2012: £nil; 31 December 2012: £21,446)*.

Notes to the condensed consolidated interim financial statements *continued*

8. Trade and other receivables

	Unaudited as at 30 June 13 £	Unaudited as at 30 June 12 £	Audited as at 31 Dec 12 £
Trade receivables (i)	**590,353**	303,836	475,038
Accrued contract income (ii)	**225,456**	-	-
Other debtors	**11,793**	8,910	7,671
	827,602	312,746	482,709

At 30 June 2013 trade receivables are shown after a provision for impairment of £365 *(30 June 2012: £37,213; 31 December 2012: £365)* arising from slow moving debts and disputed charges. During the period to 30 June 2013 there was no change to the provision for impairment.

(i) At 30 June 2013 the total of trade receivables past due, net of provision for impairment, was as follows:

	Unaudited as at 30 June 13 £	Unaudited as at 30 June 12 £	Audited as at 31 Dec 12 £
Up to 3 months past due	**193,798**	86,545	182,152
Over 3 months past due	**13,605**	-	1,810

(ii) Accrued contract income is receivable as follows:

	Unaudited as at 30 June 13 £	Unaudited as at 30 June 12 £	Audited as at 31 Dec 12 £
Within one year	**83,748**	-	-
After one but less than two years	**83,748**	-	-
After two years	**57,960**	-	-
	225,456	-	-

9. Cash and cash equivalents

	Unaudited as at 30 June 13 £	Unaudited as at 30 June 12 £	Audited as at 31 Dec 12 £
Bank balances	**29,074**	7,040	5,384
Call deposits	**237,857**	264,321	285,190
Cash and cash equivalents	**266,931**	271,361	290,574

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 13 £	Unaudited as at 30 June 12 £	Audited as at 31 Dec 12 £
Authorised			
36,000,000 Ordinary shares of 10 pence each	**3,600,000**	3,600,000	3,600,000
Allotted, called up and fully paid			
14,556,844 Ordinary shares of 10 pence each	**1,455,684**	1,455,684	1,455,684

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

11. Trade and other payables

	Unaudited as at 30 June 13 £	Unaudited as at 30 June 12 £	Audited as at 31 Dec 12 £
Falling due within one year			
Invoice financing facility (secured) (i)	**84,667**	72	129,800
Non-trade payables (secured) (ii)	**60,000**	-	150,000
Lease financing (secured) (iii)	**35,084**	-	-
Trade payables (iv)	**359,769**	243,008	227,271
Other taxation & social security	**72,556**	55,818	108,456
Non-trade payables and accrued expenses (ii) (v)	**194,424**	394,822	173,985
	806,500	693,720	789,512
Falling due after more than one year			
Lease financing (secured) (iii)	**61,396**	-	-
Non-trade payables and accrued expenses (ii)	**-**	60,000	-
	61,396	60,000	-

(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. *At 30 June 2012 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.*

(iii) In 2013 a lease finance facility was arranged with Aurora Leasing Limited under which advances are secured by debenture on Immedia Broadcast Limited's assets.

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

(v) 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.

Notes to the condensed consolidated interim financial statements *continued*

12. Earnings/(loss) per share

	Unaudited as at 30 June 13 Number	Audited as at 30 June 12 Number	Audited as at 31 Dec 12 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 earnings/(loss) per share are calculated using the after tax profit or loss attributable to equity shareholders for the financial period of £180,758 *(30 June 2012: loss of £191,182; 31 December 2012: loss of £150,755)* divided by the weighted average number of Ordinary shares in issue in each of the relevant periods: 30 June 2013: 13,724,470 shares *(30 June 2012 and 31 December 2012: 13,724,470 shares)*.

The weighted number of shares used for the diluted earnings/(loss) per share is calculated after reflecting the outstanding share options at the period end.

In accordance with IAS 33, the diluted basic loss per share for the period to 30 June 2012 and 31 December 2012 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.immediaplc.com