Immedia Group PLC_ - IME
Unaudited Half Year Results
Released 07:00 30-Sep-2019

RNS Number : 0464O
Immedia Group PLC
30 September 2019

30 SEPTEMBER 2019

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

"We have a unique mix of brand engagement and creative skills focussed on producing audio and visual content of the highest class for all our clients"

IMMEDIA GROUP PLC

("Immedia" or the "Company" or the "Group")

UNAUDITED HALF-YEAR RESULTS

Immedia (AIM: IME), a supplier of multi-media content and digital audience engagement solutions for leading brands and global businesses, announces its unaudited half-year results for the six months ended 30 June 2019.

Commenting on the performance, Immedia's CEO Bruno Brookes said:
"Although it is always encouraging to witness the considerable progress that our business has made in terms of improved client engagement across our portfolio, unfortunately this is overshadowed by the increasingly uncertain political and economic environment we find ourselves working in which has fed down to our business.

As a result, the Group is experiencing delays in both existing and new business channels where previously we had been close to securing additional opportunities. Increasingly customers are nervous to commit in the short-term leading to spending decisions either cancelled or postponed until the outlook is more settled.

We are expecting the remainder of the year to be difficult but we remain very confident that incremental revenue streams will be delivered, albeit on a more extended timescale than previously envisaged."

HIGHLIGHTS

- 14% decrease in revenue to £1,741,721 compared to H1 2018 and anticipated difficult H2 in prospect
- HY1 EBITDA loss of £ (315,490) compared to a profit of £39,878 in 2018
- Group remains virtually debt free
- The take-up of SUBWAY® Radio continues to exceed Board expectations

Post the period end:

- Extension of the JD Sports Fashion plc in store service to over 550 stores in the UK and Europe
- New business pipeline is positive and activity in our core strategic areas for H2 2019 and 2020 remains encouraging

- Cost savings have been implemented since the period end to assist full year financials in light of the difficult trading prospects for the remainder of the year

- Guidance for the full year of revenue of £4.1m with an improved EBITDA loss of (£0.25m)

KEY FINANCIALS

	Unaudited Half year to 30 June 2019	Unaudited Half year to 30 June 2018	Audited Year to 31 Dec 2018
Revenue	**£1,741,721**	£2,016,677	£4,686,934
EBITDA*	**(£315,490)**	£39,878	£262,588
Results from operating activities	**£(447,004)**	£(33,871)	£110,693
(Loss)/profit before income tax	**£(457,181)**	£(35,220)	£106,204
Net fair value gain/(loss) on financial assets	**£57,000**	£(55,800)	(£112,800)
Total comprehensive profit/(loss) for the period	**£(396,785)**	£(91,020)	£42,949
(Loss)/profit per share - basic (pence)	**(3.31)**	(0.26)	1.13
(Loss)/profit per share - diluted (pence)	**(3.31)**	(0.26)	1.13
Net cash and cash equivalents	**£44,571**	£148,825	£369,698

Profit/(Loss) before interest, tax, depreciation, amortisation and impairment charges

FULL STATEMENT ATTACHED

Enquiries:

Immedia Group plc Tel: +44 (0) 1635 556200

Bruno Brookes, CEO

www.immediaplc.com

SPARK Advisory Partners Limited *(Nomad)*

Mark Brady/Neil Baldwin Tel: +44 (0) 203 368 3550

SP Angel Corporate Finance LLP (Stockbroker) Tel: +44 (0) 207 470 0470

Abigail Wayne

TooleyStreet Communications *(IR & Media Relations)*

Fiona Tooley Tel: +44 (0) 7785 703523

About **Immedia Group plc**

www.immediaplc.com

Immedia Group is a multi-media content and digital solutions provider to global businesses and organisations investing in internal and/or brand communications. Our interactive audio channels deliver original and relevant content, via **Immedia's** Dreamstream-X platform, to a client's workforce and/or customer base. Each channel is supported with powerful data analytics, which monitor audience activity and provide data to enable **Immedia** to enhance audience engagement. The Group also creates original video, 3D animation, app and web content, as well as supplying and installing audio-visual equipment.

Immedia's clients include: BP, FIFA, HSBC, JD Sports Fashion plc, O2, Shell, Subway Europe, Nationwide Building Society and IKEA.

IMMEDIA GROUP PLC

Unaudited Half-Year Results for the six months ended 30 June 2019

INTRODUCTION

It is disappointing to report that, after an encouraging 2018, unaudited half-year results in 2019 have fallen below the corresponding period last year. Both revenue and profitability have been eroded compared to the prior year, primarily as a result of the prevailing challenging economic climate, despite a continuing track record of excellent work delivered on time and on budget to clients from both Newbury and Aberdeen offices.

In the preliminary results for 2018 released in May this year, we highlighted the one-off revenue and margin achievement resulting from the installation of audio systems in the Nationwide Building Society estate. Our objective in the current financial year was to replace these project revenues and to continue the year-on-year growth we have delivered since 2015. The current environment has not helped us to achieve this objective.

Whilst significant marketing and business development work in the current year has delivered many substantial opportunities none have yet come to contract stage, although we remain confident that incremental revenue streams will materialise, albeit on a more extended timescale than previously envisaged.

The Board recognises that the H1 results are disappointing and expects that all stakeholders will share its frustration.
Your Company is however doing its utmost both operationally and in business development to manage the current situation and in an improved environment will generate future substitutional and incremental margins.

FINANCIAL RESULTS

Revenue in the period being reported decreased 14% to £1,741,721 (H1 2018: £2,016,677).

In addition to delays in new business development the Group experienced one retail contract (Superdrug) coming to a natural end in the normal business cycle after seven years.

Steps to manage working capital in the business have been implemented as detailed below.

EBITDA

In light of the developments above, EBITDA for the period was (£315,490) (H1 2018 : £39,878) ; a reduction of £355,368. Cash management remains a priority, however in the first half cash decreased to £44,571 (H1 2018 : £148,825). Despite this, the Group has no bad or doubtful debts and remains virtually debt free.

INVESTMENTS

As in previous years, Immedia's investment in AudioBoom Group plc, the leading spoken-word audio platform (AIM: BOOM), showed fluctuations in value during the period. In accordance with our IFRS accounting regime, a gain on revaluation of investments of £57,000 has been reported in the first half (H1 2018: loss of £55,800). Cumulatively, the Group remains in surplus on its investment.

OPERATIONS

The weaker than anticipated trading referred to above has resulted in further cost reduction measures and it is expected that the full effect of these will be realised in the latter part of this year.

Against a tough backdrop, we are still witnessing a strong pipeline of opportunities in discussion and this encourages the Board. We remain upbeat and reassured by the activity in our core strategic areas; we anticipate conversion into projects once the economic and political landscape has settled and therefore, despite a less than ideal short-term outlook, 2020 remains promising.

AVC IMMEDIA

2019 to date has been positive for our Aberdeen division as it continues to work with a wide range of high-profile customers in the energy, sport, transport, tourism and leisure sectors. Key clients in the period include:

- *Weir Oil and Gas*
- *Maersk*
- *Tullow Oil*
- *FIFA*
- *Visit Aberdeenshire*

In addition, our Aberdeen division spent six weeks at the FIFA Women's World Cup in France with great success.

PEOPLE

We take huge pride in the quality and consistency of the work undertaken by our employees.

The business now employs 31 people and, on behalf of all stakeholders, I would once again like to thank each one of them for their hard work and dedication.

POST PERIOD END BUSINESS EXTENSION WIN

In July 2019 we were pleased to extend our business with JD Sports, resulting in the expansion of JD-X to over 550 stores in the UK and Europe.

OUTLOOK

In our 22 July 2019 trading update we indicated that the full year outturn would be revenue of £4.1m with an EBITDA loss of (£0.3m). We now expect that Group revenue will remain at the £4.1m level with an improved EBITDA loss in the region of (£0.25m) as a result of cost reduction measures implemented in H1 2019.

Despite this disappointing result and outlook in terms of financial performance, we remain focussed and motivated to deliver a substantially improved result.

Both divisions of the business (in Newbury and Aberdeen) have been affected by market uncertainty and investment delays and there is no doubt that these trends may continue; nevertheless, we are fully engaged both in maximising revenue from our existing blue chip client base and developing the new business opportunities referred to in this Report.

There is huge ability and confidence in the business and we can see many positive signs for 2020 and beyond. We will of course update all stakeholders in a timely fashion as new opportunities are converted to extended contract.

Bruno Brookes, CEO
On behalf of **Immedia Group plc**
27 September 2019

IMMEDIA GROUP PLC
(Immedia or the Company or the Group)

Unaudited Half-Year results for the six months ended 30 June 2019

Consolidated statement of profit or loss

	Note	**Unaudited Half-year ended 30 June 2019 £**	Unaudited Half-year ended 30 June 2018 £	Audited Year ended 31 December 2018 £
Revenue		1,741,721	2,016,677	4,686,934
Cost of sales		(823,876)	(957,450)	(2,166,366)
Gross profit		917,845	1,059,227	2,520,568
Administrative expenses		(1,364,849)	(1,093,098)	(2,409,875)
(Loss)/profit from operations		(447,004)	(33,871)	110,693
Finance income		114	71	159
Finance cost		(10,291)	(1,420)	(4,648)
(Loss)/profit before tax		(457,181)	(35,220)	106,204
Tax		3,396	-	49,545
(Loss)/profit for the period		(453,785)	(35,220)	155,749
(Loss)/Earnings per share (pence)				
Basic and Diluted	5	(3.31)	(0.26)	1.13

Consolidated statement of profit or loss and other comprehensive income

	Unaudited Half-year ended 30 June 2019 £	Unaudited Half-year ended 30 June 2018 £	Audited Year ended 31 December 2018 £
(Loss)/profit for the period	(453,785)	(35,220)	155,749
Items that will not be reclassified subsequently to profit or loss:			
Fair value gain/(loss) on equity investments not held for trading designated as FVTOCI	57,000	(55,800)	(112,800)
Total comprehensive (loss)/profit for the period	(396,785)	(91,020)	42,949

Consolidated balance sheet

	Note	**Unaudited Half-year At 30 June 2019 £**	Unaudited Half-year At 30 June 2018 £	Audited At 31 December 2018 £
Assets				
Non-current assets				
Property, plant and equipment		375,563	176,455	225,475
Intangible assets		278,435	336,602	307,505
Deferred tax assets		84,395	34,850	84,395
Financial assets	4	117,000	117,000	60,000
Total non-current assets		855,393	664,907	677,375
Current assets				
Inventories		206,278	162,976	153,915
Trade and other receivables		904,343	652,096	643,422
Prepayments		116,554	155,654	126,857
Cash and cash equivalents		44,571	148,825	369,698
Total current assets		1,271,746	1,119,551	1,293,892
TOTAL ASSETS		2,127,139	1,784,458	1,971,267
Equity				
Share capital		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
Share-based payment reserve		4,578	4,578	4,578
Investment valuation reserve		27,000	27,000	(30,000)
Retained losses		(7,497,530)	(7,234,714)	(7,043,745)
Total equity		(178,394)	84,422	218,391
Liabilities				
Non-current liabilities				
Trade and other payables		-	2,871	-
Lease liabilities		129,244	-	49,580
Provisions		42,500	42,500	42,500
Total non-current liabilities		171,744	45,371	92,080
Current liabilities				
Borrowings		-	-	-
Lease liabilities		133,033	8,612	27,464
Trade and other payables		1,851,717	1,461,813	1,511,586
Contract liabilities		149,039	184,240	121,746
Total current liabilities		2,133,789	1,654,665	1,660,796
Total liabilities		2,305,533	1,700,036	1,752,876
Total equity and liabilities		2,127,139	1,784,458	1,971,267

Consolidated statement of changes in equity

Attributable to equity shareholders in the Company

Total equity at 30 June 2019	Share capital	Share premium account	Merger Reserve	Share-based payment reserve	Investment revaluation reserve	Retained losses	Total Equity
(Unaudited)	£	£	£	£	£	£	£
Balance as at 1 January 2019	1,455,684	3,586,541	2,245,333	4,578	(30,000)	(7,043,745)	218,391
Loss for the year	-	-	-	-	-	(453,785)	(453,785)
Other comprehensive income for the period:						-	-
Fair value gain on equity investments not held for trading designated as FVTOCI					57,000		57,000
Total comprehensive profit/(loss) for the period					57,000	(453,785)	(396,785)
Balance at 30 June 2019	1,455,684	3,586,541	2,245,333	4,578	27,000	(7,497,530)	(178,394)

Total equity at 30 June 2018	Share capital	Share premium account	Merger Reserve	Share-based payment reserve	Investment revaluation reserve	Retained losses	Total Equity
(Unaudited)	£	£	£	£	£	£	£
Balance as at 1 January 2018	1,455,684	3,586,541	2,245,333	4,578	82,800	(7,199,494)	175,442
Loss for the year	-	-	-	-	-	(35,220)	(35,220)
Other comprehensive income for the period:						-	-
Fair value gain on equity investments not held for trading designated as FVTOCI					(55,800)		(55,800)
Total comprehensive profit/(loss) for the period					(55,800)	(35,220)	(91,020)
Balance at 30 June 2018	1,455,684	3,586,541	2,245,333	4,578	27,000	(7,234,714)	84,422

Total equity at 1 January 2018	Share capital	Share premium account	Merger Reserve	Share-based payment reserve	Investment revaluation reserve	Retained losses	Total Equity
(Audited)	£	£	£	£	£	£	£
Balance as at 1 January 2018	1,455,684	3,586,541	2,245,333	4,578	82,800	(7,199,494)	175,442
Profit for the year	-	-	-	-	-	155,749	155,749
Other comprehensive income for the period:						-	-
Fair value loss on equity investments not held for trading designated as FVTOCI					(112,800)		(112,800)
Total comprehensive (loss)/gain for the period					(112,800)	155,749	42,949
Balance at 31 December 2018	1,455,684	3,586,541	2,245,333	4,578	(30,000)	(7,043,745)	218,391

Consolidated statement of cash flows

	Unaudited Half-year At 30 June 2019 £	Unaudited Half-year At 30 June 2018 £	Audited At 31 December 2018 £
Cash flows from operating activities			
(Loss)/profit for the period before income tax	(457,181)	(35,220)	106,204
Adjustments for:			
Depreciation, amortisation and impairment charges	131,514	73,749	151,895
Loss on sales of assets	-	-	5,054
Finance income	(114)	(71)	(159)
Finance cost	10,291	1,421	4,648
Increase in trade and other receivables and prepayments	(250,618)	(180,705)	(143,236)
Increase in inventories	(52,363)	(93,173)	(84,111)
Increase in trade and other payables and contract liabilities	367,424	345,875	333,153
Net cash from operating activities	(251,047)	111,876	373,448
Taxation	-	-	-
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	-	3,160	-
Interest received	114	71	159
Acquisition of property, plant and equipment	(56,840)	(14,178)	(40,106)
Net cash from investing activities	(56,726)	(5,847)	(17,546)
Cash flows from financing activities			
Repayment of lease liabilities	(7,063)	(4,426)	(12,898)
Interest paid	(10,291)	(1,421)	(4,648)
Net cash from financing activities	(17,354)	(5,847)	(17,546)
Net (decrease)/increase in cash and cash equivalents	(325,127)	95,082	315,955
Cash and cash equivalents at the beginning of the period	369,698	53,743	53,743
Cash and cash equivalents at the end of the period	44,571	148,825	369,698

NOTES TO THE FINANCIAL STATEMENTS

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006 ("the Act"). The statutory accounts for the year ended 31 December 2018 have been filed with the Registrar of Companies. The report of the auditors on these statutory accounts was unqualified, did not draw to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Act. The financial information for the six months ended 30 June 2019 and 30 June 2018 is unaudited.

This announcement was approved by the Board on 27 September 2019.

1. Reporting entity

Immedia Group Plc (the "Company") is a public limited company incorporated and domiciled in England and Wales. The address of the Company's registered office, and its principal place of business, is 7-9 The Broadway, Newbury, Berkshire RG14 1AS. The consolidated financial statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is involved in marketing and communication services through the provision of interactive digital channels products and services using music, radio and screen-based media to provide brand conversation, engaging entertainment and innovative technical solutions. It also supplies, installs and maintains the equipment used to deliver these services.

2. Basis of preparation

The interim financial information in this report has been prepared using accounting policies consistent with IFRS as adopted by the European Union. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be adopted by the European Union and applicable as at 31 December 2018 and 31 December 2019. The Group has chosen not to adopt IAS 34 "Interim Financial Statements" in preparing the interim financial information.

3. Significant accounting policies

The accounting policies set out in detail in note 3 of the Group's consolidated financial statements to 31 December 2018 have been applied consistently to these unaudited financial statements to 30 June 2019, with the exception of the adoption of new or amended standards as set out below:

The following standard has become applicable for accounting periods commencing on or after 1 January 2019 and the appropriate adjustments have been considered:

- IFRS 16 - *Lease Accounting*

The impact of the adoption of these standards and the new accounting policies are disclosed in note 6 of this financial information.

4. Financial assets

In March 2014 the Group invested £90,000 in the purchase of 6,000,000 shares in AudioBoom Group plc, an AIM-quoted audio social media platform, as part of the Group's strategy to broaden its digital marketing and communications services.

The Company has taken the irrevocable election to classify this investment as FVTOCI. At 30 June 2019 the fair value of the investment was £117,000 with a current period fair value gain of £57,000 recognised in other comprehensive income *(30 June 2018 fair value £117,000 with fair value loss of £55,800 recognised in other comprehensive income; 31 December 2018 fair value £60,000 with fair value loss of £112,800 recognised in other comprehensive income).*

As at the date of approval of this report, the investment represents c.0.5% of AudioBoom Group plc's shares in issue and has a fair value of £106,500.

5. Earnings per share

	Unaudited as at 30 June 19 Number	Unaudited as at 30 June 18 Number	Audited as at 31 Dec 18 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 earnings per share	**13,724,470**	13,724,470	13,724,470

The basic and diluted earnings per share are calculated using the after tax loss attributable to equity shareholders for the financial period of £453,875 *(30 June 2018: loss £35,220; 31 December 2018: profit £155,749)* divided by the weighted average number of Ordinary shares in issue in each of the relevant periods: 30 June 2019: 13,724,470 shares *(30 June and 31 December 2018: 13,724,470 shares)*. For the period to 30 June 2019 and the year to 31 December 2018 and period to 30 June 2018 and in accordance with IAS 33, the diluted loss per share is stated as the same amount as basic as there is no dilutive effect.

6. Adoption of new accounting standards

(i) IFRS 16 Leases

The group has adopted IFRS 16 using the modified retrospective method (including practical expedients) with the effect of initially applying this standard recognised at the date of initial application (ie 1 January 2019), but has not restated comparatives for the 2018 reporting periods as permitted under the specific transactional provisions in the standard.

<u>Adjustments recognised on adoption of IFRS 16</u>

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principle of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate. The borrowing rate applied to the lease liabilities on 1 January 2019 was 10%.

	£
Operating lease commitments disclosed as at 31 December 2018	251,708
Discounted using the lessee's incremental borrowing rate of 10% at the date of initial application	205,401
(Less): low-value leases recognised on a straight line basis as expense	(13,105)
Lease liability recognised as at 1 January 2019	192,296
Of which are:	
Current lease liabilities	164,730
Non-current lease liabilities	27,566
	240,668

The associated right of use asset has been measured at the carrying value of the lease liability as at 1 January 2019.

The recognised right-of-use assets relate to the following type of assets:

	30 June 2019	1 January 2019
	£	£
Properties	164,730	209,052
Equipment	27,566	42,656
Total right-of-use assets	192,296	251,708

Practical expedients applied

In applying IFRS for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics

- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short term leases, and

By order of the Board
27 September 2019

FORWARD LOOKING STATEMENTS

This document contains certain forward-looking statements which reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future thereby involving a degree of uncertainty. Although the Group believes that the expectations reflected in these statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Given that these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group undertakes no obligation to update any forward-looking statements whether because of new information, future events or otherwise.

The Half-Year Report will be available to view and download from the Group's website at www.immediaplc.com