MediaZest Plc
Half-yearly results for the six months ended 30 June 2008

CHAIRMAN'S STATEMENT

Introduction

The results for MediaZest Plc ("MediaZest", the "Company", and collectively with the Subsidiary Companies, the "Group") reflect the six-month period to 30 June 2008. They incorporate the results of its subsidiaries, all of which are wholly owned.

Results for the Period

Revenue for the period was £2,145,000 (2007 - £1,806,000) and the Group made a loss for the period, after taxation, of £342,000 (2007 - £223,000) after finance costs of £7,000 (2007 – £3,000) and having paid administrative expenses of £1,072,000 (2007 - £1,003,000). The basic and fully diluted loss per share was 1 pence (2007 – 1 pence). The Group had cash in hand of £67,000 (2007 - £251,000) at the period end.

Overview

Although the Group continued to make progress in revenue generation during the period, difficult trading conditions were experienced by both operational subsidiaries, MediaZest Ventures Limited ("MediaZest Ventures") and Touch Vision Limited ("Touch Vision").

April and May 2008 proved to be slow trading months and as a result of this, continued investment in the medium to long term future, and lower margins as a result of a greater proportion of revenue in the period being generated from the Education market, the Group made a loss for the period of £342,000.

Several projects expected to complete in the first half of the year were delayed by clients into July 2008. Coupled with improved trading in the third quarter of 2008, this gives the Directors confidence for a better performance during the second half of the year.

Revenues continue to grow significantly even in a difficult macroeconomic environment, and were up 19% on the comparative period in the prior year. In particular, Touch Vision had a very strong first quarter in the Education Sector which was particularly pleasing as we continue to focus on developing this division in tandem with, but counter-cyclical to, our retail offering.

Cost control continued to be of importance, however increased overheads for the first half of the year also reflect additional investment by the Group to deliver future business. We have boosted our corporate sales function in the Touch Vision business to provide further opportunity in a lucrative sector in which we have previously not been particularly successful. We expect to begin seeing results from this investment in the final quarter of 2008 and in 2009. In addition, we have strengthened the MediaZest Ventures business by adding an experienced and dedicated project management resource. This operational improvement has enabled us to increase the number of client projects we can undertake at any one time and allowed us to deliver several multi-national jobs during the third quarter of the year.

In February 2008, Touch Vision entered into an invoice discounting facility agreement with its bankers which has generated further working capital to fund the growth of the business. This has been extremely successful in reducing the time lag between payment to suppliers and receipts from customers which is traditionally difficult to manage in this business. As a result, the Directors are in negotiations to provide a similar facility for MediaZest Ventures.

MediaZest Ventures

As is to be expected, in current retail conditions, the year started slowly for MediaZest Ventures. Following a successful stand at the 2008 In-Store Show in May, incoming leads and business opportunities have increased considerably and several of these have already come to fruition in the second half of the year. We provided innovative technology for clients at multiple retail sites including JD Sports, O2 and Nike during July and August 2008.

Now that a number of our clients have already invested in our technology, they are enjoying the benefits of re-using it in future campaigns and we anticipate several pieces of repeat business during Q4 2008 as a result. We are also noticing a growing trend amongst our client base of retailers working together with suppliers to invest in and utilize technology to improve sales and branding and share the associated costs.

The advent of these investments leaves us for the first time in the position of running small in-store media networks for several retail customers. Each has the scope to expand over time as their success in generating revenue, operational efficiencies and branding improvements and opportunities is established by the client.

Quality of earnings has improved, and is a key priority for management. We continue to work with a major UK high street bank providing cutting edge technology for flagship branches in 10 global locations. In 2008, this work has taken us into Europe, the Middle East, Africa and Asia. We also continue to provide ongoing maintenance plus content management services to these sites and have been invited to pitch for further work as new flagship stores are launched.

MediaZest Ventures continues to receive a high level of interest from potential customers all around the world. In order to meet this demand, the Group is in discussions with several parties with a view to taking our offering to overseas markets with a locally based partner. In addition, the Group's relationships with major suppliers such as Cisco, 3M and Panasonic is bringing us access to a number of long term opportunities in this market as our partners look to utilize the our creative offering in order to drive their own business in the digital out of home sector.

Touch Vision

2008 started well for our Education business as Touch Vision won its largest ever Education project, for one of the London universities that it works with under an existing tender contract. Following successful delivery of this project, further orders from the same customer have been received delivering significant additional revenue in June, July and August 2008.

The quality of our offering in this sector has enabled us to continue to win new business and deliver on existing relationships. We continue to work with two other high profile universities under tender contracts and on a regular basis with over a dozen other educational institutions and are currently pitching for several substantial new projects in this sector.

Although margins in this market remain tight, it is strategically important for the Group to provide counter-cyclical revenue streams to our Retail business. It also enables us to increase our scale, which in the audio-visual supply and installation market is essential to gain the best discounts available and to allow operational efficiency in our engineering function.

Significant investment in our corporate offering has added to overhead costs during the first half of 2008 but we believe this was essential to improve and develop our presence in this market. During the third quarter of 2008, this investment has begun to generate some revenues and we expect this to continue and increase over the next 12 months.

Finally, in the retail sector we continue to work closely with long term customers such as HMV and The Co-Operative Group. We have provided our digital media and display solutions for several new and upgraded HMV stores as part of their future store project with an increasing number in the second half of 2008 as they gear up for the crucial Christmas trading period.

Our work with The Co-Operative Group centres around the provision of Anti-Social Behaviour prevention systems in convenience retail stores. Our system invites genuine customers into the stores with soothing classical music that in turn discourages anti-social behaviour outside of the premises, in contrast to more obtrusive alternatives. It has been very successful in improving loss prevention without damaging the retailer's business. We are presently in negotiations with two supermarket retailers to trial the system elsewhere.

Outlook

Despite the economic downturn, we are still experiencing a growing demand for digital out-of-home media. We further believe that these difficult market conditions are encouraging retailers to look for alternatives to traditional methods and to investigate further our services.

The strategic partnerships we have formed with manufacturers, agencies, peers and other retail suppliers have established a strong base to develop future business. These partners recognise our leadership in this market and see future opportunities for themselves in bringing our technology to their own customer bases.

We expect an improved performance in the second half of the year. The Directors anticipate that the longer term opportunities we have cultivated over the last two years will begin to bear fruit in 2009. However, the out-of-home market remains in its development stage and therefore particularly vulnerable to the vicissitudes of the unprecedented market and financial conditions the whole economy is experiencing currently.

Lance O'Neill
Chairman
26 September 2008

CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited Half Year 30-Jun-08 £'000	Unaudited Half Year 30-Jun-07 £'000	Audited Year Ended 31-Dec-07 £'000
Continuing Operations				
Revenue		2,145	1,806	3,857
Cost of sales		(1,408)	(1,023)	(2,328)
Gross profit		737	783	1,529
Administrative expenses		(1,072)	(1,003)	(2,024)
Operating Loss		(335)	(220)	(495)
Finance costs		(7)	(3)	(2)
Loss before taxation		(342)	(223)	(497)
Taxation		-	-	-
Retained loss on ordinary activities after taxation		(342)	(223)	(497)
Loss per ordinary 10p share				
Basic	**2**	£0.01	£0.01	£0.02
Diluted	**2**	£0.01	£0.01	£0.02

CONSOLIDATED BALANCE SHEET

	Unaudited Half Year 30-Jun-08 £'000	Unaudited Half Year 30-Jun-07 £'000	Audited Year Ended 31-Dec-07 £'000
Non-current assets			
Goodwill	2,772	2,772	2,772
Plant and equipment	84	99	107
Total non-current assets	2,856	2,871	2,879
Current assets			
Inventories	310	234	172
Trade and other receivables	1,038	1,012	1,052
Cash and cash equivalents	67	251	34
Total current assets	1,415	1,497	1,258
Current liabilities			
Financial liabilities - borrowings	(290)	-	-
Bank overdraft	-	(86)	-
Trade and other payables	(1,028)	(745)	(917)
Current tax liabilities	(170)	(138)	(95)
Total current liabilities	(1,488)	(969)	(1,012)
Net current assets / (liabilities)	(73)	528	246
Net assets	2,783	3,399	3,125
Equity			
Share Capital	2,283	2,283	2,283
Share premium account	3,211	3,211	3,211
Other reserves	7	7	7
Retained earnings	(2,718)	(2,102)	(2,376)
Total equity	2,783	3,399	3,125

CONSOLIDATED CASH FLOW STATEMENT

	Note	Unaudited Half Year 30-Jun-08 £'000	Unaudited Half Year 30-Jun-07 £'000	Audited Year Ended 31-Dec-07 £'000
Net cash used in operating activities	**3**	(248)	(368)	(470)
Investing activties				
Purchase of property, plant and equipment		(2)	(33)	(67)
Proceeds from disposal of property, plant and equipment		-	-	4
Net cash generated from / (used in) investing activities		(2)	(33)	(63)
Financing activities				
Debt financing - invoice discounting		290	-	-
Interest paid		(7)	(3)	(2)
Net cash generated from / (used in) financing activities		283	(3)	(2)
Net increase / (decrease) in cash and cash equivalents		33	(404)	(535)
Cash and cash equivalents at beginning of period		34	569	569
Cash and cash equivalents at end of period		67	165	34

NOTES

1. Basis of preparation

The Group's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU applied in accordance with the provisions of the Companies Acts applicable to companies preparing financial statements under IFRS.

Accordingly, the interim financial information in this report has been prepared using accounting policies consistent with IFRS. IFRS is subject to amendment and interpretation by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) 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 applicable as at 31 December 2008.

The financial information has been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments. The principal accounting policies set out below have been consistently applied to all periods presented.

This interim report does not comply with IAS 34 "Interim Financial Reporting", as is currently permissible under the rules of the AIM market.

Non-statutory accounts

The financial information for the year end 31 December 2007 set out in this interim report does not comprise the Group's statutory accounts as defined in section 240 of the Companies Act 1985.

The statutory accounts for the year ended 31 December 2007, were prepared under IFRS, and have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985.

The financial information for the 6 months ended 30 June 2008 and 30 June 2007 is unaudited and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

2. Loss per share

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £342,000 (2007 £223,000) by the weighted average number of shares during the period of 22,825,327 (2007 – 22,825,327). The diluted loss per share is identical to that used for basic loss per share as the exercise of warrants would have the effect of reducing the loss per share and therefore is not dilutive under International Accounting Standard 33 "Earnings per Share".

3 Cash used in operations

	Unaudited Half Year 30-Jun-08 £'000	Unaudited Half Year 30-Jun-07 £'000	Audited Year Ended 31-Dec-07 £'000
Operating loss	(335)	(220)	(495)
Share option charge	-	2	2
Depreciation of tangible assets	25	39	61
Decrease/(increase) in stock	(138)	(92)	(30)
Increase/(decrease) in creditors	186	380	509
Decrease/(increase) in debtors	14	(477)	(517)
Cash generated from / (used in) operations	(248)	(368)	(470)
Tax paid	-	-	-
	(248)	(368)	(470)

Enquiries:

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