**MediaZest Plc**

**Half-yearly unaudited results for the six months ended 30 June 2009**

## 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 2009. They incorporate the results of its subsidiaries, all of which are wholly owned.

### Financial Review

Revenue for the period was £1,035,000 (2007 - £2,145,000) and the Group made a loss for the period, after taxation, of £370,000 (2007 - £342,000) after finance costs of £16,000 (2007 – £7,000) and having paid administrative expenses of £849,000 (2007 - £1,072,000). The basic and fully diluted loss per share was 2 pence (2007 – 1 penny). The Group had cash in hand of £13,000 (2007 - £67,000) at the period end.

### Operational Review

Despite the improvement in business in the second half of 2008, the global recession had a significant impact on the Group's trading activities during 2009. The Board had expected a slowdown in the new year, however, the postponement and/or abandonment of three high value potential projects in the first quarter of 2009 had a negative impact on revenue and necessitated further cost cuts.

Discretionary spend upon which much of the short term MediaZest Ventures projects rely, has been significantly reduced and this has brought pressure to bear on margins and has had a consequential effect of reducing the overall level of activity during the reporting period.

In respect of TouchVision, which has a greater reliance on capital expenditure budgets, similar problems were encountered wherein many clients froze spending in this area, which led to reduced activity in 2009. As a result competition and pressure on margins have both increased significantly and has contributed to a difficult start to the year.

In recognition of these circumstances and mindful of the transactional nature of our business, the Board has implemented the following strategy. Firstly it recognized the need to raise further funds in the near term, as announced in the Final 2008 Accounts, which was successfully achieved in August 2009 with an equity fundraising of £200,000. Secondly, further cost cutting measures were implemented, the full benefit of which will be felt from the end of this financial year.

### Outlook

Looking forward, the Board is working towards raising the quality and sustainability of earnings through service, maintenance and content management agreements. This has been part of the Group's ongoing strategy for some time and has been successful to the extent that we expect to be able to cover approximately 40% of our 2010 cost base with contracted revenues, with our ultimate objective being to cover all of our overhead costs with this type of revenue alone.

We have been looking for an improvement in both Education sector and MediaZest Ventures revenues during the latter part of this year and there is evidence of this taking place. The Group continues to work with a number of well known retail clients on an ongoing basis. The Board expects the second half of 2009 to show improvement on both the first half of the year and the corresponding period from the year before. We will continue to manage our cash and our balance sheet with great care, building further upon the position reported in this statement. Given the changes that have been implemented this year we believe that noticeable improvement in 2010 in a more conducive business climate is attainable.

In order to further the turnaround and development of the business, building upon the share placement during the summer the Board may seek to complete a further modest fund raising at some stage in the future. This will give the Group the ability to react to opportunities that we believe will be forthcoming as market and business sentiment improves. In this environment, we believe that MediaZest Ventures, in particular, is well placed to move ahead.

Shareholders' consent will need to be obtained to increase the Directors' authority to allot shares for cash. A further announcement will be made in this regard in due course.

**Lance O'Neill** **28 September 2009**
**Chairman**

**CONSOLIDATED INCOME STATEMENT for the six months ending 30 June 2009**

| | Notes | Unaudited Half Year 30-Jun-09 £'000 | Unaudited Half Year 30-Jun-08 £'000 | Audited Year Ended 31-Dec-08 £'000 |
|---|---|---|---|---|
| **Continuing Operations** | | | | |
| Revenue | | 1,035 | 2,145 | 4,424 |
| Cost of sales | | (540) | (1,408) | (2,846) |
| **Gross profit** | | 495 | 737 | 1,578 |
| Administrative expenses | | (849) | (1,072) | (2,176) |
| **Operating Loss** | | (354) | (335) | (598) |
| Finance costs | | (16) | (7) | (7) |
| **Loss before taxation** | | (370) | (342) | (605) |
| Taxation | | - | - | - |
| **Retained loss on ordinary activities after taxation** | | (370) | (342) | (605) |
| **Loss per ordinary 10p share** | | | | |
| **Basic** | **2** | £0.02 | £0.01 | £0.03 |
| **Diluted** | **2** | £0.02 | £0.01 | £0.03 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 30 June 2009**

| | Unaudited Half Year 30-Jun-09 £'000 | Unaudited Half Year 30-Jun-08 £'000 | Audited Year Ended 31-Dec-08 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | 2,772 | 2,772 | 2,772 |
| Plant and equipment | 70 | 84 | 87 |
| Total non-current assets | 2,842 | 2,856 | 2,859 |
| **Current assets** | | | |
| Inventories | 177 | 310 | 107 |
| Trade and other receivables | 323 | 1,038 | 617 |
| Cash and cash equivalents | 13 | 67 | 102 |
| Total current assets | 513 | 1,415 | 826 |
| **Current liabilities** | | | |
| Financial liabilities - borrowings | (184) | (290) | (220) |
| Bank overdraft | (44) | - | - |
| Trade and other payables | (825) | (1,028) | (835) |
| Current tax liabilities | (152) | (170) | (110) |
| Total current liabilities | (1,205) | (1,488) | (1,165) |
| **Net current assets / (liabilities)** | (692) | (73) | (339) |
| **Net assets** | 2,150 | 2,783 | 2,520 |
| **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 | (3,351) | (2,718) | (2,981) |
| **Total equity** | 2,150 | 2,783 | 2,520 |

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**
**Six months ended 30 June 2009**

| | Share Capital £'000 | Share Premium £'000 | Share Options Reserves £'000 | Retained Earnings £'000 | **Total Equity £'000** |
|---|---|---|---|---|---|
| **Balance at 1 January 2008** | 2,283 | 3,211 | 7 | (2,376) | **3,125** |
| Total comprehensive income for the period | - | - | - | (342) | **(342)** |
| **Balance at 30 June 2008** | 2,283 | 3,211 | 7 | (2,718) | **2,783** |
| | | | | | |
| **Balance at 1 January 2008** | 2,283 | 3,211 | 7 | (2,376) | **3,125** |
| Total comprehensive income for the period | - | - | - | (605) | **(605)** |
| **Balance at 31st December 2008** | 2,283 | 3,211 | 7 | (2,981) | **2,520** |
| Total comprehensive income for the period | - | - | - | (370) | **(370)** |
| **Balance at 30 June 2009** | 2,283 | 3,211 | 7 | (3,351) | **2,150** |

**CONSOLIDATED CASH FLOW STATEMENT**
**Six months ended 30 June 2009**

| | Note | Unaudited Half Year 30-Jun-09 £'000 | Unaudited Half Year 30-Jun-08 £'000 | Audited Year Ended 31-Dec-08 £'000 |
|---|---|---|---|---|
| **Net cash used in operating activities** | **3** | (81) | (248) | (118) |
| | | | | |
| **Investing activities** | | | | |
| Purchase of property, plant and equipment | | - | (2) | (27) |
| Proceeds from disposal of property, plant and equipment | | - | - | - |
| | | | | |
| Net cash generated from / (used in) investing activities | | - | (2) | (27) |
| | | | | |
| **Financing activities** | | | | |
| Debt financing - invoice discounting net drawdown / (repayment) | | (36) | 290 | 220 |
| Interest paid | | (16) | (7) | (7) |
| | | | | |
| Net cash generated from / (used in) financing activities | | (52) | 283 | 213 |
| | | | | |
| **Net increase / (decrease) in cash and cash equivalents** | | (133) | 33 | 68 |
| | | | | |
| Cash and cash equivalents at beginning of period | | 102 | 34 | 34 |
| | | | | |
| **Cash and cash equivalents at end of period** | | (31) | 67 | 102 |

## NOTES TO THE FINANCIAL INFORMATION

### 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 consolidated half-yearly 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 2009.

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 adopted by the European Union), as permissible under the AIM Rules for Companies.

### Non-statutory accounts

The financial information for the 6 months ended 30 June 2009 and 30 June 2008, and the year ended 31 December 2008 do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2008, were prepared under IFRS, and have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified but did contain references to going concern to which the auditors drew attention by way of an emphasis of matter paragraph without qualifying their report and did not contain any statement under section 498 of the Companies Act 2006.

### 2. Loss per share

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £370,000 (2007 £342,000) 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 GENERATED FROM / (USED IN) OPERATIONS

| | Unaudited Half Year 30-Jun-09 £'000 | Unaudited Half Year 30-Jun-08 £'000 | Audited Year Ended 31-Dec-08 £'000 |
|---|---|---|---|
| **Operating loss** | (354) | (335) | (598) |
| Share option charge | - | - | - |
| Depreciation of tangible assets | 17 | 25 | 47 |
| Decrease/(increase) in stock | (70) | (138) | 65 |
| Increase/(decrease) in creditors | 32 | 186 | (67) |
| Decrease/(increase) in debtors | 294 | 14 | 435 |
| **Cash generated from / (used in) operations** | (81) | (248) | (118) |
| Tax paid | - | - | - |
| | (81) | (248) | (118) |

## 4. Distribution of the Half-yearly Report

Copies of the Half-yearly Report will be available to the public from the Company website, www.mediazest.com, and from the Company Secretary at the Company's registered address at 3rd Floor, 16 Dover Street, London W1S 4LR.

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