MediaZest plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2010

(Company No. 5151799)

MediaZest plc

CONTENTS

MediaZest plc

DIRECTORS AND ADVISERS

DIRECTORS
Lance O'Neill (Non-Executive Chairman)
Geoffrey Robertson (Chief Executive Officer and Finance Director)

SECRETARY
Nigel Duxbury

REGISTERED OFFICE
3rd Floor
16 Dover Street
London W1S 4LR

NOMINATED ADVISERS
Astaire Securities
46 Worship Street
London EC2A 2EA

BROKERS
Hybridan LLP
29 Throgmorton Street
London EC2N 2AT

AUDITORS
Nexia Smith & Williamson
Chartered Accountants
No 1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey GU1 4RA

SOLICITORS
Nabarro LLP
Lacon House
Theobald's Road
London WC1X 8RW

PRINCIPAL BANKERS
Lloyds TSB Bank plc
222 Strand
London WC2R 1BB

REGISTRARS
Share Registrars Ltd
Craven House
West Street
Farnham
Surrey GU9 7EN

MediaZest plc

CHAIRMAN'S STATEMENT

Introduction

The results for MediaZest plc (the "Group") for the 15 month period to 31 March 2010 incorporate the results of its subsidiaries, all of which are wholly owned.

Results for the Period and Key Performance Indicators

Turnover for the period was £2,572,000 (2008 - £4,424,000), cost of sales was £1,451,000 (2008 - £2,846,000) and the Group made a loss for the period, after taxation, of £747,000 (2008 - £605,000) after paying interest of £32,000 (2008 – £7,000) and having paid administrative expenses of £1,836,000 (2008 - £2,176,000).

The basic loss and diluted loss per share was 1 pence (2008 – 3 pence). The Group had cash in hand of £37,000 (2008 - £102,000) at the period end, and an invoice discounting facility over the debtors of Touch Vision of which £60,000 (2008 - £220,000) was in use at the period end date.

As at 31 March 2010 the Group also had loans from shareholders of £290,000 (2008 - £85,000) and post year end the Group has repaid £60,000 of these loans and secured further loans from shareholders such that the current outstanding balance is £355,000.

As at 31 March 2010, the Group has an unused overdraft facility through Touch Vision of up to £50,000 and a current maximum limit of £350,000 under the existing invoice discounting facility. Post period end the overdraft facility has been converted into a loan of £50,000 repayable over three years with the same bank.

Overview

After improving revenue growth in years 2007 and 2008 and posting a commensurate reduction in Group losses, 2009 was a difficult year. Turnover fell by over 40% and the general deterioration in the economic climate coupled with a contraction in business undertaken with several large clients had an impact on all markets in which the Group operated. Despite considerable reduction in the Group's cost base this inevitably led to a loss for the 15 month period, although in the second half of 2009 the Group was able to achieve an improvement in trading, indicating the early signs of a turnaround in the Group's activities and its efforts in rebuilding its revenue base. This is shown in the previous set of interim results to 31 December 2009.

It had become clear during the fifteen month financial period ended 31 March 2010 that the Group was in need of further capital and needed to recapitalise its statement of financial position. Consequently, the Group raised £200,000 of equity investment in August 2009 followed by a further £324,000 in February 2010. Several parties became new and meaningful shareholders and also provided additional capital through the provision of loans to the Group. The injection of these new funds provided the catalyst for the restructuring of the Group with the objective of moving the Group into profitability in the current financial year.

The timing of the second equity fundraising and the additional provision of credit facilities from certain shareholders meant that the statement of financial position as at 31 December 2009 was not reflective of progress made by the Group in the first quarter of the calendar year 2010 and therefore the Board took the decision to move the year end accounting date to 31 March, thereby creating a 15 month financial period. This enabled the Group to present a more meaningful picture of the state of the Group's affairs which it believes is of more use to shareholders. Pursuant to the above, and after consultation with the Group's professional advisors, the Group issued a second set of interim statements for the six month period to 31 December 2009.

CHAIRMAN'S STATEMENT

Trading strategy

In the course of this restructuring phase the Group has pursued a policy of growing the percentage of revenue generated through retained and contractual business. The objective is to improve the quality of Group revenue by reducing the reliance on project based turnover with a longer term target of covering the entirety of the Group's cost base through contracted, repeat business. Although we haven't yet achieved this target, there has been good progress made to date with an increasing proportion of the Group's cost base now being defrayed in this way.

The Board believes that the majority of work in reducing the Group's cost base has now been accomplished. The way ahead is to get more revenue out of the business by increasing our customer base and gaining new revenue streams by tailoring our offering to client needs given the changed economic climate that we now live in. Three new additions to the team have been made since January 2010, which in part replaced departed personnel, with others under consideration. Two of these individuals have been recruited for their experience in their specific markets and bring significant existing client relationships with them which we expect to lead to further benefits in the second half of 2010.

Our product range has also been re-appraised and retooled to target better value for money solutions, albeit perhaps not as creative as our most imaginative installations but more in tune with client budgets during this time. We have also sought innovative ways to price and cost our solutions, particularly in the area of temporary campaigns in retail stores, in order to match customer budgetary expectations whilst maintaining our gross margins.

MediaZest Ventures

The company has been dependent, largely, upon higher profile marketing budgets which have been reduced dramatically in 2009 and, therefore, MediaZest Ventures revenues have been particularly hard hit during the recession. It has been clear that whilst clients continued to engage with us, to a large degree they failed to commission projects in any meaningful way during 2009. Although this business was not, as a rule, lost to competitors, very often client spending was reduced significantly.

However, we have continued to market to our strengths and have provided ever more creative and innovative solutions and it was pleasing for the company to pick up its first major industry award in 2009, in recognition of the highly creative and innovative solutions it provided to O2 over the preceding 12 months. The Board is now cautiously optimistic that the company can increase business in its areas of expertise as client budgets are re-instated during 2010. It is notable that from the beginning of February 2010, incoming enquiries have increased dramatically and long term opportunities developed over the course of 2009 have started to come to fruition.

In the longer term the type of opportunities generated by the technologies MediaZest employs are where we believe significant shareholder value can be generated. With the upturn in marketing spend coming through the market, we are now engaged with several client projects that have the potential to generate large revenues for the Group and propel it to substantial profitability. In the interim we continue to work hard to generate sufficient day to day revenue to provide a profitable base from which to develop these larger scale opportunities.

CHAIRMAN'S STATEMENT

Touch Vision

2009 was a reasonable year for the company's Education division, albeit less noteworthy than the preceding year. Due to our strong reputation for quality project delivery, we were able to win and install two significant projects of approximately £200,000 each during the period. However, overall sales in this sector were down year on year as Universities' budgets were cut and large scale investment projects were not implemented.

The company's retail sector clients, similar to MediaZest Ventures' customers, continued to engage with us but failed to spend in line with previous years. Again, client attrition and margin performance were not issues for the company but absolute project spend was because being reliant on discretionary budgets this type of business tends to be vulnerable.

The Corporate market was particularly affected by the recession and competition in this area became intense. The company was still able to pick up some good work early in the year but during the second half, as opportunities dwindled in the sector, it was forced to rationalise its activities in this division and await an upturn in the market.

Outlook

As stated earlier, enquiries in the retail sector have begun to increase since the beginning of 2010 and this has started to translate into improved revenues for the Group in the first few months of the new financial period. We are now working on several opportunities which have the potential of transforming the turnover and performance of the Group, should any of these be consummated within the coming months.

On a more cautious note financing remains tight, although much improved upon the position twelve months ago. It is apparent that the contraction in both the availability and pricing of credit is having an affect on many smaller and medium sized enterprises. Given that the Board is now at a stage of looking to move the business forward by building on the restructuring that has been implemented in the last fifteen months it is intending to examine and consider various sources of funding to achieve this end and build value in the Group.

The Group's financial performance for the beginning of 2010 - 2011 financial year is better than it has ever been and it hopes to be able to announce results that are markedly improved when our next interim announcement is made.

Lance O'Neill
Chairman

15 September 2010

DIRECTORS' REPORT

The directors present their report and the audited financial statements of MediaZest plc (the "Company", and collectively with the subsidiary companies, the "Group") for the 15 month period ended 31 March 2010 and the comparative 12 months ended 31 December 2008. The consolidated financial results of the Group include the results of its subsidiary companies, all of which are wholly owned.

Directors during the period were:

Lance O'Neill
Geoff Robertson
Andrew Hawkins – resigned 1 September 2009

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company operates principally as a holding and investment company and specifically provides support to the subsidiary companies in pursuit of the Group's strategy to deliver a one-stop audio, visual, aromatic, satellite delivery, content management and consumer interaction platform to retailers and brand owners wishing to communicate dynamically with their customers to increase sales and brand awareness.

A review of business developments is given in the Chairman's Statement.

RESULTS AND DIVIDENDS

The loss for the period after taxation amounted to £747,000 (2008: £605,000).

The directors do not recommend the payment of a dividend (2008: £nil).

FINANCIAL RISK MANAGEMENT

Details of the Group's financial instruments and its policies with regards to financial risk management are given in note 24 to the financial statements.

SUPPLIER PAYMENT POLICY

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the group and its suppliers, provided that all trading terms and conditions have been complied with.

Trade payable days for the Group have been calculated at 107 days, (2008 - 78 days) and represent the ratio expressed in days between the amounts invoiced to the Group in the year by its suppliers and the amounts due, at the year end, to trade payables falling due for payment within one year.

POST STATEMENT OF FINANCIAL POSITION EVENTS

Note 27 details post balance sheet events.

NON FINANCIAL RISKS

Principal risks the Directors are monitoring include:

Global Economy – in the current economic environment the Group continues to face a risk of reduced levels of business as a result of the recession. Management constantly monitor sales levels, pipeline and margin profitability and have worked to make the administrative cost base more flexible in order to minimise risk as a result of the economic climate. However, whilst there continues to be high levels of uncertainty in both the private and public sectors in which the Group operates, this consequential risk will also remain.

Technology obsolescence and supplier reliance – as a leading provider of audio-visual technology, the Group faces risks if it does not gain access to the latest commercial products in its field of operation. As such, a sufficient proportion of management time is dedicated to keeping abreast of latest developments and gaining access to new technology. The Group is a "best practice" supplier with direct relationships with all the major audio-visual manufacturers and hence the Directors do not consider there to be an undue risk associated with a lack of supply from any one particular manufacturer.

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and

- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITORS

Nexia Smith & Williamson have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the next Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Lance O'Neill
Chairman

15 September 2010

CORPORATE GOVERNANCE

The Company's ordinary shares are traded on AIM and the Group is therefore not formally required to comply with the provisions of the Combined Code. However, the Board is committed to high standards of corporate governance and sets out below details of how it has applied those provisions of the Code appropriate to the Group's circumstances.

BOARD STRUCTURE

At the end of the year the Board comprised one full time executive director and one non-executive director.

To enable the Board to function effectively, full and timely access is given to all information.

The Board is structured so that all directors have input to provide a balance to decision making.

The executive director is engaged under a service contract, and the non-executive director under a letter of appointment. In accordance with the Company's memorandum and articles of association each director shall retire from office at the third general meeting after that at which he was elected and may offer himself for reappointment.

The Board aims to meet once a month and has a schedule of matters reserved for it, including, but not limited to, operational and financial performance.

Any training that individual directors feel is necessary in fulfilling their duties is available and all directors have access to independent advice if necessary.

REMUNERATION COMMITTEE

Under the Chairmanship of Lance O'Neill, the Remuneration Committee determines the remuneration and contractual arrangements of individual executive and non-executive directors. The Board's report on directors' remuneration appears on page 10. The present members of the Committee are:

Lance O'Neill (Chairman)
Geoffrey Robertson

AUDIT COMMITTEE

Under the Chairmanship of Lance O'Neill, the duties of the Audit Committee currently cover a review of the Group's financial reporting. The Committee's role is to review, on behalf of the Board, the annual report and financial statements and the interim report. The Committee focuses on reviewing any changes in accounting policy, major areas of judgement and estimates and compliance with accounting principles and regulatory requirements. The present members of the Committee are:

Lance O'Neill (Chairman)
Geoffrey Robertson

CORPORATE GOVERNANCE - (Continued)

RELATIONS WITH SHAREHOLDERS

The Group places importance on communication with its shareholders. Additional copies of the annual report are available to all shareholders on request and to other parties who have an interest in the Group's performance. All shareholders have the opportunity to raise questions at the Company's Annual General Meeting.

INTERNAL FINANCIAL CONTROL

The Board is responsible for establishing and maintaining the Group's system of internal financial control and places importance on maintaining a strong control environment. The directors have established the following key procedures with a view to providing effective financial control:

- The Group's organisational structure has clear lines of responsibility.
- Monthly results are reviewed and the finance department and directors closely review significant items.
- The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate courses of action to manage those risks.
- The executive director is closely involved in the day-to-day supervision of the business.

The directors recognise, however, that any such system of internal financial control can only provide reasonable, but not absolute, assurance against material misstatement or loss.

REPORT ON DIRECTORS' REMUNERATION

The Remuneration Committee fixes the remuneration of the executive and non-executive directors.

SERVICE CONTRACTS

At the year end the executive director was engaged under a service contract and the non-executive director under a letter of appointment both terminable by either party on six months notice.

SHARE OPTIONS

The Board adopted a share option scheme during the course of 2006, however there were no options granted during the 15 month period ended 31 March 2010.

DIRECTORS' REMUNERATION

The directors' remuneration information is set out in note 5 to the financial statements.

By order of the Board

Lance O'Neill
Chairman

15 September 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period.

Under that law the directors have elected to prepare the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgments and accounting estimates that are reasonable and prudent.
- state that the financial statements comply with IFRSs as adopted by the European Union.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIAZEST PLC

We have audited the financial statements of MediaZest plc for the period ended 31 March 2010 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statement of Changes in Equity, and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2010 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the shareholders of MediaZest plc (continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Edmonds
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

1 Bishops Wharf
Walnut Tree Close
Guildford
Surrey
GU1 4RA

The maintenance and integrity of the MediaZest web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2010

	Note	15 months ended 31 March 2010 £'000	12 months ended 31 December 2008 £'000
Continuing operations			
Revenue	**2**	2,572	4,424
Cost of sales		(1,451)	(2,846)
Gross profit		1,121	1,578
Administrative expenses		(1,836)	(2,176)
Operating loss	**3**	(715)	(598)
Finance costs	**6**	(32)	(7)
Loss on ordinary activities before taxation		(747)	(605)
Tax on loss on ordinary activities	**7**	-	-
Comprehensive loss on ordinary activities after taxation		(747)	(605)
Loss per ordinary 0.1p share (2008 – 10p)			
Basic	**9**	(£0.01)	(£0.03)
Diluted	**9**	(£0.01)	(£0.03)

MediaZest plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2010

	Note	31 March 2010	31 December 2008
		£'000	£'000
Non-current assets			
Goodwill	**10**	2,772	2,772
Property, plant and equipment	**11**	48	87
Total non-current assets		2,820	2,859
Current assets			
Inventories	**13**	94	107
Trade and other receivables	**14**	255	617
Cash and cash equivalents		37	102
Total current assets		386	826
Current liabilities			
Trade and other payables	**15**	(551)	(970)
Financial liabilities	**16**	(290)	(85)
Current tax liability	**17**	(78)	(110)
Total current liabilities		(919)	(1,165)
Net current liabilities		(533)	(339)
Net assets		2,287	2,520
Equity			
Share capital	**18**	2,428	2,283
Share premium account		3,580	3,211
Share options reserve		7	7
Retained earnings		(3,728)	(2,981)
Total equity		2,287	2,520

The financial statements were approved and authorised for issue by the Board of Directors on 15 September 2010 and were signed on its behalf by:

Lance O'Neill
Director

MediaZest plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2010

	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**
Loss for the year	-	-	-	(605)	**(605)**
Total comprehensive income for the year	-	-	-	(605)	**(605)**
Balance at 31 December 2008	2,283	3,211	7	(2,981)	**2,520**
Loss for the period	-	-	-	(747)	**(747)**
Total comprehensive income for the period	-	-	-	(747)	**(747)**
Issue of share capital	145	379	-	-	**524**
Share issue costs	-	(10)	-	-	**(10)**
Balance at 31 March 2010	2,428	3,580	7	(3,728)	**2,287**

MediaZest plc

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2010

	Note	31 March 2010 £'000	31 December 2008 £'000
Non-current assets			
Investments	**12**	2,963	2,252
Current assets			
Trade and other receivables	**14**	831	371
Cash and cash equivalents		-	5
Total current assets		831	376
Current liabilities			
Trade and other payables	**15**	(106)	(102)
Financial liabilities	**16**	(200)	-
Current tax liability	**17**	(4)	(6)
Total current liabilities		(310)	(108)
Net current assets		521	268
Net assets		3,484	2,520
Equity			
Share capital	**18**	2,428	2,283
Share premium account		3,580	3,211
Share options reserve		7	7
Retained earnings		(2,531)	(2,981)
Total equity		3,484	2,520

The financial statements were approved and authorised for issue by the Board of Directors on 15 September 2010 and were signed on its behalf by:

Lance O'Neill
Director

MediaZest plc

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2010

	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	(1,014)	**4,487**
Loss for the year	-	-	-	(1,967)	**(1,967)**
Total comprehensive income for the year	-	-	-	(1,967)	**(1,967)**
Balance at 31 December 2008	2,283	3,211	7	(2,981)	**2,520**
Profit for the period	-	-	-	450	**450**
Total comprehensive income for the period	-	-	-	450	**450**
Issue of share capital	145	379	-	-	**524**
Share issue costs	-	(10)	-	-	**(10)**
Balance at 31 March 2010	2,428	3,580	7	(2,531)	**3,484**

MediaZest plc

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2010

	Note	2010 £'000	2008 £'000
Cash flows from operating activities			
Cash used in operations	**20**	(667)	(203)
Net cash used in operating activities		(667)	(203)
Cash flows from investing activities			
Purchase of property, plant and equipment		(10)	(27)
Net cash used in investing activities		(10)	(27)
Cash flow from financing activities			
Shareholder loans		290	85
Interest paid		(32)	(7)
Invoice discounting facility provided by shareholders later capitalised into shares		90	-
Net proceeds on issue of shares		424	-
Net cash generated from financing activities		772	78
Net increase/(decrease) in cash and cash equivalents		95	(152)
Cash and cash equivalents at beginning of period/year		(118)	34
Cash and cash equivalents at end of the period/year	**19**	(23)	(118)

MediaZest plc

COMPANY STATEMENT OF CASH FLOWS

FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2010

	Note	2010 £'000	2008 £'000
Cash flows from operating activities			
Cash used in operations	**20**	(719)	(264)
Net cash used in operating activities		(719)	(264)
Cash flows from investing activities			
Repayment of intercompany loans		-	268
Net cash generated from investing activities		-	268
Cash flows from financing activities			
Shareholder loans		200	-
Invoice discounting facility provided by shareholders later capitalised into shares		90	-
Net proceeds on issue of shares		424	-
Net cash generated from financing activities		714	-
Net (decrease)/increase in cash and cash equivalents		(5)	4
Cash and cash equivalents at beginning of period/year		5	1
Cash and cash equivalents at end of period/year	19	-	5

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the period covered by these financial statements.

MediaZest PLC is a company domiciled and incorporated in the United Kingdom and principal place of business is 6 The Riverside, Farnham, Surrey GU9 7SS.

Change of accounting year end

The Group raised £200,000 in August 2009 and a further £324,000 in February 2010. The timing of this second fundraising meant that the statement of financial position as at 31 December 2009 was not reflective of progress made by the Group in the first quarter of this year and as a result the Board of Directors took the decision to move the year end accounting date to 31 March. This enables the Group to present a more accurate picture of the state of the companies' affairs which it believes is of more use to readers of the financial statements.

Amounts presented for the prior year are therefore not entirely comparable.

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historic cost convention unless otherwise stated.

Going concern

In view of the losses and cash outflows incurred by the Group, the Directors have carefully considered the going concern assumption on the basis of financial projections and the factors outlined below, and existing debt based facilities as set out in Note 15.

The Directors have considered financial projections based upon known future invoicing, existing contracts, pipeline of new business and the increasing number of opportunities it is currently working on, particularly in the retail sector. In addition, these forecasts have been considered in light of the ongoing economic difficulties in the UK and global economy, previous experience of the markets in which the company operates and the seasonal nature of those markets, as well as the likely impact of ongoing reductions to public sector spending. The forecasts also reflect the significant reduction in overhead costs expected in the current financial year and future years following the cost restructuring programme undertaken in late 2008 and 2009. These forecasts indicate that the company will generate sufficient cash resources to meet its liabilities as they fall due over the 12 month period from the date of the approval of the accounts.

In order to strengthen the statement of financial position and to address previous losses, the Board successfully raised £524,000 in share capital in the 15 month period to 31 March 2010. In order to provide additional working capital, it has also secured short term debt funding of £355,000 including £125,000 post period end. With these additional resources in place and based on the financial projections noted above, the Board believe that although working capital will remain tight in the coming year, due partly to the increase in business and reduction in credit available in the audio-visual market in general, the Company will have sufficient funds to meet its obligations.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

Going concern (Continued)

As a result the directors consider that it is appropriate to draw up the accounts on a going concern basis. Accordingly, no adjustments have been made to reflect any write downs or provisions that would be necessary should the Group prove not to be a going concern, including further provisions for impairment to goodwill and investments in Group companies.

New standards and interpretations

The Group are reporting for the first time under the following standards.

IAS 1 – Presentation of Financial Statements
General purpose financial statements are presented to ensure information about the financial position, financial performance and cash flows of the Group is useful to a wide range of users in making economic decisions.

IFRS 8 – Operating Segments
Operating segments are identified on the basis of internal reports that our regularly reviewed by the Board therefore the Group's reportable segments are the project division and the service/maintenance division – see note 2.

Note 28 contains a list as at the date of authorisation of these financial statements of Standards and Interpretations which have not been applied in these financial statements and were in issue but not yet mandatorily effective.

The directors do not anticipate that the adoption of these statements and interpretations will have a material impact on the Group's financial statements in the period of initial application.

Critical accounting judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reported period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The most significant judgements relate to the going concern assumption and to the non-recognition of deferred tax assets.

1. ACCOUNTING POLICIES (Continued)

Key sources of estimation uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value and no provision for impairment was made in the period.

The carrying value of goodwill as at 31 March 2010 was £2,772,000 (2008 - £2,772,000) – see note 10.

Impairment of investments

Determining whether investments are impaired requires an estimation of the value in use of the cash generating units to which investments have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate the present value.

Investments in subsidiaries held as fixed assets are stated at cost less provision for any impairment and have a carrying value, after £711,000 has been written back, as at 31 March 2010 of £2,963,000 (2008 - £2,252,000) – see note 12.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Basis of consolidation

The Group financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 March, each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1. ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sales of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity and;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the balance sheet date;
- servicing fees included in the price of product sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Rental Income

The Group's policy for recognition of revenue from operating leases is described below

1. ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profits for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised on the difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

1. ACCOUNTING POLICIES (Continued)

Deferred tax (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant & equipment

Property, plant & equipment are stated at cost less depreciation. Depreciation is provided to write off the cost less estimated residual value in equal annual instalments over the estimated useful economic lives of the assets. The estimated useful economic lives are as follows:

Leasehold land and buildings	-	original lease term
Plant, vehicles and equipment	-	one to seven years

1. ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, and where applicable direct labour costs, and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price, less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Cash and cash equivalents include cash at bank and the invoice discounting facility.

Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate except for short term receivables, when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets other than those at fair value are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the original recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or they expire.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1. ACCOUNTING POLICIES (Continued)

The group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The group as lessor

The Group sublets two warehouse units and rental income from these operating leases is recognised on a straight line basis over the term of the relevant lease.

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Pounds Sterling (£) which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currency) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the statement of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in the statement of comprehensive income in the period in which they arise.

Pension scheme

The Group makes payments to certain employees' Personal Pension schemes. Costs incurred during the year are charged to the statement of comprehensive income as they fall due.

2. REVENUE

Revenue for the period can be analysed by customer location as follows:

	15 months ended 31 March 2010 £'000	12 months ended 31 December 2008 £'000
UK and Channel Islands	2,484	4,190
Rest of Europe	61	101
North America	3	20
Rest of World	24	113
	2,572	4,424

Segmental revenue and results

The Chief Operating Decision Maker ('CODM'), who is responsible for the allocation of resources and assessing performance of the operating segments, has been identified as the Board. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Board. The Group's reportable segments and their activities are listed below:

The Project Division designs, supplies and installs AV equipment to a variety of clients in both the public and private sectors.

The Service/Maintenance Division provides support in the form of both proactive and reactive service visits, remote diagnostics, equipment repairs and content management to a variety of clients in both the public and private sectors.

15 months ended 31 March 2010

	Project Division £'000	Service and Maintenance Division £'000	Unallocated £'000	Total £'000
Continuing operations				
Revenue	2,124	448	-	2,572
Cost of sales	(1,433)	(18)	-	(1,451)
Gross profit	691	430	-	1,121
Administrative expenses	(1,129)	(116)	(591)	(1,836)
Operating(loss)/profit	(438)	314	(591)	(715)
Finance costs	-	-	(32)	(32)
(Loss)/profit on ordinary activities before taxation	(438)	314	(623)	(747)
Tax on (loss)/profit on ordinary activities	-	-	-	-
(Loss)/profit on ordinary activities after taxation	(438)	314	(623)	(747)

NOTES TO THE FINANCIAL STATEMENTS

2. REVENUE (Continued)

Segmental revenue and results (Continued)

	12 months ended 31 December 2008			
	Project Division	Service and Maintenance Division	Unallocated	Total
	£'000	£'000	£'000	£'000
Continuing operations				
Revenue	4,123	301	-	4,424
Cost of sales	(2,824)	(22)	-	(2,846)
Gross profit	1,299	279	-	1,578
Administrative expenses	(1,226)	(138)	(812)	(2,176)
Operating profit/(loss)	73	141	(812)	(598)
Finance costs	-	-	(7)	(7)
Profit/(loss) on ordinary activities before taxation	73	141	(819)	(605)
Tax on profit/(loss) on ordinary activities	-	-	-	-
Profit/(loss) on ordinary activities after taxation	73	141	(819)	(605)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) of each segment without the allocation of corporate and head office costs, investment revenue and finance costs as reported to the Board.

The Board does not monitor the tangible and intangible assets and working capital of each segment

The Group does not rely on any individual client. The following revenues arose from sales to the Group's largest client £551,767 (£2008 - £1,381,006).

3. OPERATING LOSS

	2010	2008
	£'000	£'000
This is stated after charging/(crediting):		
Depreciation of owned assets	49	47
Operating lease rentals paid:		
- land and buildings	98	99
- other	49	33
Rentals receivable under operating leases falling due within two to five years	(9)	(19)

NOTES TO THE FINANCIAL STATEMENTS

4. AUDITORS REMUNERATION

	2010	2008
Fees payable to the Group's auditor for the audit of the Group's annual accounts	£'000	£'000
Audit services	9	16
Audit of Company's subsidiaries	11	15
Other services – taxation	4	9

5. STAFF COSTS

	2010	2008
	Number	Number
The average number of persons, including executive directors, was:		
Management	7	7
Other	18	26

	2010	2008
Staff costs for the above persons were:	£'000	£'000
Wages and salaries	1,114	1,211
Social security costs	121	137
Pension costs	10	10
	1,245	1,358

	15 months ended 31 March 2010	12 months ended 31 December 2008
Directors' short-term benefits	£'000	£'000
	Salaries	Salaries
Executive Directors		
Geoff Robertson	106	95
Andrew Hawkins (resigned 1 September 2009)	62	82
Andrew Hawkins - severance pay	16	-
Non Executive Directors		
Lance O'Neill	31	25
Total	215	202

5. STAFF COSTS (Continued)

The remuneration of the highest paid director during the 15 month period was £106,250, being £85,000 during 2009 and £21,250 for the first three months of 2010 (12 month comparable period 2008: £95,000). No directors are accruing benefits under money purchase pension schemes.

During 2009 Mr Robertson and Mr O'Neill took voluntary temporary pay cuts, along with a number of other staff, that remain in place in order to assist the Company during the difficult period is has faced as a result of the global recession.

Mr Robertson still has 133,333 un-exercised share options at 15p.

6. FINANCE COSTS

	2010	2008
	£'000	£'000
Loan interest, bank overdraft interest and charges	32	7

7. TAXATION

	2010	2008
	£'000	£'000
Current tax	-	-
Deferred tax	-	-
Total tax expense for the period	-	-

The difference between the total tax expense shown above and the amount calculated by applying that standard rate of UK corporation tax to the loss before tax is as follows:	2010	2008
	£'000	£'000
Loss before taxation	(747)	(605)
Tax on loss on ordinary activities at standard UK corporation tax rate of 28 % (2008: 28.5%)	(190)	(172)
Effects of:		
Expenses not allowable for taxation	3	4
Capital allowances less than/(in excess) of depreciation	8	(13)
Losses carried forward	179	181
Total tax expense for the period	-	-

7. TAXATION (Continued)

A potential deferred tax asset of £3,266,000 (2008: £3,045,000) in respect of the following have not been provided for on the basis that there is insufficient certainty over the date that they will be utilised.

	2010 £'000	2008 £'000
Losses carried forward	11,129	10,544
Net fixed asset timing differences (ACA)	115	63
Short term timing differences	2	-
	11,246	10,607

8. RESULTS ATTRIBUTED TO MEDIAZEST PLC

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The Company's profit for the year was £450,000 (2008 – loss of £1,967,000).

9. LOSS PER ORDINARY SHARE

	2010 £'000	2008 £'000
Losses		
Losses for the purposes of basic and diluted earnings per share being net loss attributable to equity shareholders	747	605
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	69,917,362	22,825,327
Number of dilutive shares under option or warrant	-	-
Weighted average number of ordinary shares for the purposes of dilutive loss per share	69,917,362	22,825,327

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £747,000 (2008: £605,000) by the weighted average number of shares during the year of 69,917,362 (2008: 22,825,327). The diluted loss per share is identical to that used for basic loss per share as the exercise of warrants and options would have the effect of reducing the loss per share and therefore is not dilutive.

NOTES TO THE FINANCIAL STATEMENTS

10. GOODWILL

	2010 £'000	2008 £'000
Net book value	2,772	2,772

Goodwill acquired in a business combination is allocated at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows.

	2010 £'000	2008 £'000
MediaZest Ventures Ltd	113	113
Touch Vision Ltd	2,659	2,659
	2,772	2,772

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct selling costs during the period.

Management has estimated a discount rate of 12.5% using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU's. The growth rates are based on recent historical data, future opportunities and orders placed. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates cash flows for a total period of five years based on estimated growth rates that do not exceed the average long term growth rate for the relevant markets. For accounting purposes, management has estimated that long term growth rates are assumed to be 3%, although they believe the Group has the potential for much greater growth.

The discount and growth percentages used above have changed from the 2008 accounts.

11. PROPERTY, PLANT AND EQUIPMENT

Group 2010	Leasehold land and buildings	Plant, vehicles and equipment	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 January 2009	87	734	821
Additions	1	9	10
Disposals	(49)	(436)	(485)
At 31 March 2010	39	307	346
Depreciation			
At 1 January 2009	58	676	734
Provided during the period	5	44	49
Disposals	(49)	(436)	(485)
At 31 March 2010	14	284	298
Net Book Value			
At 31 March 2010	25	23	48

Group 2008	Leasehold land and buildings	Plant, vehicles and equipment	Total
Cost	**£'000**	**£'000**	**£'000**
At 1 January 2008	79	715	794
Additions	8	19	27
Disposals	-	-	-
At 31 December 2008	87	734	821
Depreciation			
At 1 January 2008	54	633	687
Provided during the year	4	43	47
Disposals	-	-	-
At 31 December 2008	58	676	734
Net Book Value			
At 31 December 2008	29	58	87

12. INVESTMENTS IN SUBSIDIARIES

Investments	Shares in group undertakings £'000	Loans to group undertakings £000	Total £'000
Cost			
At 1 January 2009	2,963	969	3,932
Repayment of loans to group undertakings	-	-	-
At 31 March 2010	2,963	969	3,932
Provision for impairment			
At 1 January 2009	711	969	1,680
Release of provision	(711)	-	(711)
At 31 March 2010	-	969	969
Net Book Value			
At 31 March 2010	2,963	-	2,963

Investments	Shares in group undertakings £'000	Loans to group undertakings £000	Total £'000
Cost			
At 1 January 2008	2,963	1,237	4,200
Repayment of loans to group undertakings	-	(268)	(268)
At 31 December 2008	2,963	969	3,932
Provision for impairment			
At 1 January 2008	-	-	-
Charged during the year	711	969	1,680
At 31 December 2008	711	969	1,680
Net Book Value			
At 31 December 2008	2,252	-	2,252

12. INVESTMENTS IN SUBSIDIARIES (Continued)

Touch Vision Ltd and MediaZest Ventures Ltd are included in the MediaZest PLC consolidated figures

At 31 March 2010 the Company held the following interests in unlisted subsidiary undertakings.

Name of company	Country of incorporation	Proportion held	Business
MediaZest Ventures Limited	UK	100%	Audio Visual Supply & Installation
Touch Vision Limited	UK	100%	Audio Visual Supply & Installation
Electronic Media Promotions Limited *	UK	100%	Dormant

* Held directly by Touch Vision Limited.

13. INVENTORIES

	2010 £'000	2008 £'000
Finished Goods	94	107

The cost of inventories recognised as an expense and included within cost of sales amounted to £1,451,000 (2008: £2,846,000).

During the period, the Company made a provision against stock of £60,446 following a thorough review of the carrying value of inventories as part of the period end procedure.

14. TRADE AND OTHER RECEIVABLES

	The Group 2010 £'000	The Group 2008 £'000	The Company 2010 £'000	The Company 2008 £'000
Trade receivables	173	529	12	12
Amounts owed by group undertakings	-	-	806	345
Other taxes	-	6	2	6
Other receivables	6	6	5	5
Prepayments and accrued income	76	76	6	3
	255	617	831	371

The Group and Company's credit risk is primarily attributable to its trade and other receivables. Based on prior experience and an assessment of the current economic environment, the Directors have considered any provision for irrecoverable amounts that was required and consider that the carrying amount of these assets approximates their fair value.

The table below shows the ageing of trade receivables – all amounts are still considered recoverable and are not materially impaired

	2010 £'000	2008 £'000
31 – 60 days	60	112
61 – 90 days	6	15
91 + days	21	102
	87	229

The largest single trade debtor at 31 March 2010 was £27,742 - 15% (2008 - £61,533 - 12%) of total trade debtors, full payment was received post year end. Debtor impairment provisions at the period end of £Nil (2008: £20,000) have been accounted for.

15. TRADE AND OTHER PAYABLES

	The Group 2010 £'000	The Group 2008 £'000	The Company 2010 £'000	The Company 2008 £'000
Bank overdraft and similar facilities	60	220	-	-
Trade payables	231	529	73	57
Other payables	77	18	4	-
Accruals and deferred income	183	203	29	45
	551	970	106	102

The Directors consider that the carrying amount of trade and other payables approximates to their fair value and the Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

15. TRADE AND OTHER PAYABLES (Continued)

At 31 March 2010 the Group had an invoice discounting facility of up to £350,000 of which there were £60,000 of funds in use plus an interim unused overdraft facility of £50,000. These facilities were both through wholly owned subsidiary Touch Vision and secured under an existing all assets debenture.

During the period the Group entered into a second invoice discounting agreement, over MediaZest Ventures trade receivables with an existing shareholder and EP&F Capital plc, a company associated with Lance O'Neill. This facility's terms mirrored those of the existing Touch Vision facility and the company had been advanced £90,000 under the terms of this agreement - this was capitalised during the period via a transfer to equity at 0.50p per share.

16. FINANCIAL LIABILITIES

	The Group 2010 £'000	The Group 2008 £'000	The Company 2010 £'000	The Company 2008 £'000
Shareholder loans	290	85	200	-

£60,000 of the shareholder loans have been repaid post period end and a further £125,000 of loan funding has been raised, leaving a total of £355,000 outstanding at the date of signing of these accounts. These amounts attract a commercial rate of interest and will be securitised against equity shares in the Group at 0.50p per share, the value at which the Group last issued shares. Letters covering the loans have been signed by the shareholders providing them, stating that they will not call for the repayment of the loans within the next 12 months or, if earlier, until the Company has sufficient funds to do so.

17. CURRENT TAX LIABILITY

	The Group 2010 £'000	The Group 2008 £'000	The Company 2010 £'000	The Company 2008 £'000
Social security	78	110	4	6

18. CALLED UP SHARE CAPITAL

The called up share capital was restructured during the period from 100,000,000 shares at 10 pence each to 10,000,000,000 shares at 0.1 pence.

	2010 Number of shares	2010 £'000	2008 Number of shares	2008 £'000
Authorised				
Ordinary shares at 0.1 pence (2008 - 10 pence)	10,000,000,000	10,000	100,000,000	10,000
Allotted, called up and fully paid				
Issued in Period at 0.1 pence	144,800,000	145	-	-
Ordinary shares at 10 pence	22,825,327	2,283	22,825,327	2,283
Total	167,625,327	2,428	22,825,327	2,283

At 31 March 2010 the Company had in issue 1,500,000 warrants to subscribe for ordinary shares in the Company at 20 pence per share, such warrants to be exercisable at any time between the date falling seven days after the announcement of the Company's preliminary results for the year ending 31 December 2005 and 22 February 2015.

The Company had a further 1,394,000 warrants to subscribe for ordinary shares in the Company at 50 pence per share at 31 March 2010. The warrants are exercisable at any time between the date falling seven days after the announcement of the Company's preliminary results for the year ending 31 December 2005 and 22 February 2015, or on a takeover or winding up of the Company.

New share issues

On 14 August 2009 the company issued and allotted 80,000,000 new ordinary shares of 0.1p at a price of 0.25p per share raising £200,000.

On 12 February 2010 the company issued and allotted 64,800,000 new ordinary shares of 0.1p at a price of 0.5p per share raising £324,000. £90,000 of this was represented by the conversion of two invoice discounting loans from an existing shareholder and EP&F Capital – see note 24.

Costs directly associated with the new share issues amounted to £9,887.

The deferred shares do not carry voting or dividend rights and deferred shareholders are only entitled to payment on winding up after the ordinary shareholders have received a payment of £1,000,000 on each ordinary share in issue.

19. CASH AND CASH EQUIVALENTS

	The Group 2010 £'000	The Group 2008 £'000	The Company 2010 £'000	The Company 2008 £'000
Cash held at bank	37	102	-	5
Invoice discounting facility	(60)	(220)	-	-
	(23)	(118)	-	5

At the period end the Group had an invoice discounting facility of up to £350,000 of which there were £60,000 (2008: £220,000) of funds in use plus an unused overdraft facility of £50,000. The invoice discounting facility is secured over book debts and the overdraft is secured under an existing all assets debenture.

20. CASH USED IN OPERATIONS

	The Group 2010 £'000	The Group 2008 £'000	The Company 2010 £'000	The Company 2008 £'000
Operating (loss)/profit	(715)	(598)	450	(1,967)
Depreciation charge	49	47	-	-
Impairment of investment	-	-	(711)	1,680
Decrease/(increase) in inventories	13	65	-	-
(Decrease)/increase in payables	(376)	(152)	2	20
Decrease/(increase) in receivables	362	435	(460)	3
Net cash outflow from operating activities	(667)	(203)	(719)	(264)

21. LEASING COMMITMENTS

The Group has commitments under non-cancellable operating leases for which payments extend over a number of years as follows:

	2010 Land and buildings £'000	2010 Other £'000	2008 Land and Buildings £'000	2008 Other £'000
Due				
- within one year	-	4	102	34
- within two to five years	277	7	302	22
- after five years	-	2	-	-
	277	13	404	56

Total future minimum receipts expected to be received under non-cancellable sub-leases - £11,779

22. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 2010 (2008: £nil).

23. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2010 (2008: £nil).

24. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and cash equivalents, shareholder loans, invoice discounting facility and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to facilitate the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Shareholder loans

Included within trade and other payables are loans of £290,000 (2008: £85,000) owed to shareholders of the Company of which £60,000 has been repaid. Post year end a further £125,000 of loan funding has been raised, leaving a total of £355,000 outstanding at the date of signing of these accounts. These amounts attract a commercial rate of interest and will be securitised against equity shares in the Group at 0.50p per share, the value at which the Group last issued shares.

Letters regarding the loans have been signed by the shareholders providing them, stating that they will not call for the repayment of the loans within the next 12 months or, if earlier, until the Company has sufficient funds to do so.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The Group has implemented polices that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure of the group to credit risk at the reporting date was:

	2010	**2008**
	£'000	**£'000**
Trade receivables	173	529
Cash and cash equivalents	37	102

The company has no credit risk beyond its intercompany amounts.

These are the only amounts classified as loans and receivables under IAS 39.

Interest rate risk

The Group is exposed to interest rate risk as a result of positive cash balances, denominated in sterling, which earn interest at a variable rate. As the Group's cash balances have been placed for short term periods on the money markets and interest earned on current account balances is immaterial, meaningful sensitivity analysis is not possible on the Group's exposure to interest rate risk.

24 FINANCIAL INSTRUMENTS (Continued)

Interest rate risk (Continued)

At the period end, the Group had an unused overdraft facility of up to £50,000 secured under an all assets debenture and interest is charged at a variable rate based on LIBOR plus 3.5% during the year (2008 - 1%).

The Group has not entered into any derivative transactions during the period under review.

Liquidity risk

The Group maintains short-term debt finance that is designed to ensure it has sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

At 31 March 2010	**Trade and other payables £'000**	**Invoice discounting facility £'000**	**Total £'000**
Six months or less	872	60	932
Total contractual cash flows	872	60	932
Carrying amount of financial liabilities measured at amortised cost	872	60	932

At 31 December 2008	**Trade and other payables £'000**	**Invoice discounting facility £'000**	**Total £'000**
Six months or less	835	220	1,055
Total contractual cash flows	835	220	1,055
Carrying amount of financial liabilities measured at amortised cost	835	220	1,055

The Group's financial liabilities comprise trade payables with a carrying amount equal to the gross cash flows payable of £173,000 (2008: £529,000) all of which are payable within six months.

At the period end the Group had an invoice discounting facility of up to £350,000 of which there were £60,000 (2008: £220,000) of funds in use plus an unused overdraft facility of £50,000. The invoice discounting facility is secured over book debts and the overdraft is secured under an existing all assets debenture.

24. FINANCIAL INSTRUMENTS (Continued)

Market risk and sensitivity analysis

Foreign currency exchange rate risk

The Group is exposed to foreign currency exchange rate risk as a result of trade payables which will be settled in Euros. During the year the Group did not enter into any arrangements to hedge this risk, as the directors did not consider the exposure to be significant given the short term nature of the balances. The Group will review this policy as appropriate in the future.

There were Euro transactions during the period, however there were no outstanding balances at 31 March 2010 or 31 December 2008 therefore there is no affect on post tax profit or equity

Capital risk management

The Group defines Capital as being Share Capital and Reserves. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

25. RELATED PARTY TRANSACTIONS

There is no ultimate controlling party of MediaZest PLC.

The Company has related party transactions with its 100% owned subsidiary companies and with other parties as follows:

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Group. Information regarding their compensation, including employer's national insurance contributions is given below in aggregate per IAS 24 Related Party Disclosures.

	2010	2008
	£'000	£'000
Short term benefits	337	303
Social security costs	40	35
Severance payment	16	-
	393	338

Lance O'Neill is a director of EP&F Capital Advisory Ltd and during the period, EP&F Capital Advisory Ltd provided accounting and consultancy services to the Group amounting to £9,000 (2008: £6,000). The Group owed £9,106 to EP&F Capital Advisory Ltd at the period end date (2008: £6,090).

A short term loan of £50,000 was supplied to the Group during the period by an existing shareholder, the loan was fully repaid within three weeks.

Another short term loan of £60,000 was supplied to the Group by existing shareholders, the loan was repaid in full on 1 April 2010.

25. RELATED PARTY TRANSACTIONS (Continued)

The Group had total outstanding loans from shareholders of £290,000 (2008 - £85,000) of which £60,000 has been repaid post statement of financial position date. A further £125,000 of such loans have been received in the post statement of financial position period.

These amounts attract a commercial rate of interest and will be securitised against equity shares in the Group at 0.50p per share, the value at which the Group last issued shares. Letters covering the loans have been signed by the shareholders providing them, stating that they will not call for the repayment of the loans within the next 12 months or, if earlier, until the Company has sufficient funds to do so.

During the period The Group entered into a second invoice discounting agreement, over MediaZest Ventures trade receivables with an existing shareholder and EP&F Capital plc a company associated with Lance O'Neill. These facility's terms mirrored those of the existing Touch Vision facility and the company had been advanced £90,000 under the terms of these agreements. Following the share issue it was agreed that the full balance of £90,000 would be capitalised at 0.50p per share.

Group 15 months ended 31 March 2010	**Subsidiaries**	**Shareholders**	**Total**
	£'000	**£'000**	**£'000**
Sales	186	-	186
Purchases	186	9	195

Group 12 months ended 31 December 2008	**Subsidiaries**	**Shareholders**	**Total**
	£'000	**£'000**	**£'000**
Sales	466	-	466
Purchases	466	6	472

Balances with group companies are shown in note 14.

26. SHARE BASED PAYMENTS

During 2006, the company issued share options to employees. The options were granted at various dates between August and October. The options were granted on terms that they will vest on the third anniversary of the grant date, and will be settled by the issue of ordinary shares of 10 pence. The options may not be exercised later than the day before the tenth anniversary of the grant date. Option holders must remain employees in order to meet the vesting conditions.

Details of the share options outstanding during the period are as follows:

	2010 Number of share options	**Weighted average exercise price**
Outstanding at the beginning of the period	527,479	15p
Granted during the period	-	
Forfeited during the period	(171,426)	15p
Exercised during the period	-	
Expired during the period	-	
Outstanding at the end of the period	356,053	15p
Exercisable at the end of the period	-	15p

NOTES TO THE FINANCIAL STATEMENTS

26. SHARE BASED PAYMENTS (Continued)

	2006
Share price at grant date	7.50p-11p
Exercise price	15p
Volatility	30%-45%
Expected life	5
Risk free rate	4.65%-4.91%
Expected dividend yield	Nil

Expected volatility was determined by calculating the historical volatility of the Group's share price over the year prior to the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The weighted average contractual life of options outstanding at 31 March 2010 was three years (2008: three years)

The Group recognised total expenses of £nil related to equity-settled share-based payment transactions in 2010 (2008: £nil).

27. POST STATEMENT OF FINANCIAL POSITION EVENTS

After the period end date the Group repaid £60,000 of existing shareholder loans and subsequent to that but before the date of the signing of these accounts, raised an additional £125,000 such loans. At the date of the signing of these accounts the amount outstanding is £355,000.

In addition on 31 August 2010 the existing £50,000 overdraft facility of Touch Vision Ltd was converted into a £50,000 loan with the same bank, repayable over three years.

28. LIST OF PUBLISHED IFRS AS ADOPTED BY THE EU THAT ARE NOT EFFECTIVE FOR THE FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD TO 31 MARCH 2010

At the date of authorisation of these financial statements, the following standards and interpretations, which are issued but not yet effective, have not been applied:

- IFRS 3 Business combinations – Comprehensive revision on applying the acquisition method
- IAS 28 Investment in Associates – Consequential amendments arising from IFRS 3
- IAS 32 Financial Instruments: Presentation
- IAS 39 Financial Instruments: Recognition and Measurement – Amendment; Reclassification of Financial Assets
- IAS 39 Financial Instruments: Recognition and Measurement – Amendment; Eligible Hedged Items

Amendments to IFRSs arising from Annual Improvements Projects:

- IAS 16 Property, Plant and Equipment
- IAS 27 Consolidated and Separate Financial Statements
- IAS 32 Financial Instruments: Presentation
- IAS 36 Impairment of Assets

The directors anticipate that the adoption of these Standards and Interpretations as appropriate in future periods will have no material impact on the financial statements of the Group when the relevant standards come into effect for periods commencing after the statement of financial position date.