MediaZest Plc

Half-yearly unaudited results for the six months ended 30 September 2012

CHAIRMAN'S STATEMENT

Introduction

The results for MediaZest Plc ("MediaZest", the "Company", and collectively with the Subsidiary Company Touch Vision Ltd, the "Group") reflect the six-month period to 30 September 2012 and incorporate the results of its wholly owned subsidiary.

The Company has today announced a placing of 149,166,900 shares at 0.12p per share to raise £179,000 before expenses.

Financial Review

Revenue for the period was £964,000 (2011 - £1,746,000) and the Group made a loss for the period, after taxation, of £239,000 (2011 - £151,000) after finance costs of £55,000 (2011 – £42,000) and having paid administrative expenses of £625,000 (2011 - £754,000). Gross margin was £461,000 (2011 - £651,000). The basic and fully diluted loss per share was 0.073 pence (2011 – 0.061 pence). The Group had cash in hand of £33,000 (2011 - £139,000) at the period end. EBITDA was a loss of £164,000 (2011 – £103,000).

Operational Review

The results for the period reflect a difficult start to the financial year with turnover lower than the corresponding prior period, although an improvement on the preceding six months. This is partly due to timing issues, as the corresponding prior period had two larger contracts with total value of approximately £550,000 that fell into those months. The Company anticipates that revenues will be more evenly spread in the current financial year.

Despite this fall in topline revenue, an ongoing emphasis on margins and sector mix has led to a considerable improvement in gross margin from 37% to 48%. This is largely due to the policy of reducing the Group's historical reliance on the Education sector and to concentrate efforts on enhancing existing and developing new business in the Retail and Corporate sectors.The Board believes that this is where the MediaZest offering is most effective and the opportunities more attractive.

As noted in the previous year's results, the year began with a difficult quarter. Since then trading has improved considerably and this trend has continued. Both sales and pipeline opportunities have grown in the months since July and the Company has already been awarded significant project business that is scheduled to be completed in calendar year 2013. This includes a large project with revenue in excess of £400,000 along with the achievement of our first significant revenues that have emanated from our growing overseas efforts, in this instance from the United States.

Despite the tough prevailing general economic climate, work in the Retail sector has picked up since the summer, and the Group is pleased to have provided a wide range of video wall, digital signage and point of sale technologies to several new clients in the period as well as continuing to work with the likes of JD Sports, Kuoni, and Samsung (via agency Cheil).

In October 2012 the Company won its second major industry award, a POPAI (Point of Purchase Advertising International) silver prize for in-store work with HMV, providing headphone demonstration technologies.

The Group wishes to take advantage of the improvement in trading and growth of audio visual in the Retail sector in recent months.Therefore, to assist it in attaining this objective and to provide additional working capital for the Group, the Company has undertaken a small placing to raise £179,000 of capital before expenses. This is necessary for the continued development of the Group. Directors are aware of the dilutive effect that any placement at the current share price has, and have therefore kept the amount of this fundraising to as modest a level as is feasible.

Outlook

Moving forward, the Board continues to believe that the general economic climate will remain difficult. Within this context the Board also recognizes the difficulties inherent in making accurate revenue projections and the timing thereof. Therefore, in the interest of prudence, the Board have taken further steps to reduce overheads. In this context, from April 2013, following the expirationof the lease at the Group's main Farnham office, the Group will move into new premises and expects to be able to save significantly on occupancy costs by moving to premises with coststhat are representative of rental market changes since the present lease agreement was entered into.

The Group intends to continue to place ongoing and increasing emphasis on the MediaZest Retail and Corporate offerings. It believes that the opportunities for MediaZest's services will continue to grow, notwithstanding the head wind of budgetary constraints in the general economic climate. The Group has experienced, over the last 12 and in particular six months, an increase in usage of audio visual services in the Retail sector in particular, and that trend appears set to continue. The Group is in a good position to capitalise further on this and continues to pitch for business from substantive parties. As part of this effort, the Group is looking to increase the number of sales people it employs to both develop and consummate business in such markets.

Lance O'Neill **19 December 2012**
Chairman

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDING 30 SEPTEMBER 2012

	Notes	Unaudited Six months 30-Sep-12 £'000	Unaudited Six months 30-Sep-11 £'000	Audited 12 months 31-Mar-12 £'000
Continuing Operations				
Revenue		964	1,746	2,521
Cost of sales		(503)	(1,095)	(1,394)
Gross profit		461	651	1,127
Administrative expenses		(625)	(754)	(1,423)
EBITDA		(164)	(103)	(296)
Administrative expenses - depreciation		(20)	(6)	(24)
Operating Loss		(184)	(109)	(320)
Interest		(55)	(42)	(104)
Loss before taxation		(239)	(151)	(424)
Taxation		-	-	-
Retained loss on ordinary activities after taxation		(239)	(151)	(424)
Loss per ordinary share				
Basic	**2**	(0.073p)	(0.061p)	(0.002p)
Diluted	**2**	(0.073p)	(0.061p)	(0.002p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2012

	Unaudited As at 30-Sep-12 £'000	Unaudited As at 30-Sep-11 £'000	Audited As at 31-Mar-12 £'000
Non-current assets			
Goodwill	2,772	2,772	2,772
Property, plant and equipment	83	40	97
Total non-current assets	2,855	2,812	2,869
Current assets			
Inventories	95	156	106
Trade and other receivables	406	759	270
Cash and cash equivalents	33	139	88
Total current assets	534	1,054	464
Current liabilities			
Trade and other payables	(1,093)	(1,246)	(789)
Financial liabilities	(546)	(496)	(547)
Total current liabilities	(1,639)	(1,742)	(1,336)
Net current liabilities	(1,105)	(688)	(872)
Non-current liabilities			
Financial liabilities	-	(17)	(8)
Total non-current liabilities	-	(17)	(8)
Net assets	1,750	2,107	1,989
Equity			
Share Capital	2,587	2,507	2,587
Share premium account	4,004	3,929	4,004
Other reserves	7	7	7
Retained earnings	(4,848)	(4,336)	(4,609)
Total equity	1,750	2,107	1,989

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Share Capital £'000	Share Premium £'000	Share Options Reserves £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 31 March 2011	2,507	3,929	7	(4,185)	**2,258**
Loss for the period	-	-	-	(151)	**(151)**
Total comprehensive income for the period	-	-	-	(151)	**(151)**
Balance at 30 September 2011	2,507	3,929	7	(4,336)	**2,107**
Loss for the period	-	-	-	(273)	**(273)**
Total comprehensive income for the period	-	-	-	(273)	**(273)**
Issue of share capital	80	80	-	-	**160**
Share issue costs	-	(5)	-	-	**(5)**
Balance at 31 March 2012	2,587	4,004	7	(4,609)	**1,989**
Loss for the period	-	-	-	(239)	**(239)**
Balance at 30 September 2012	2,587	4,004	7	(4,848)	**1,750**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012

	Note	Unaudited Six months 30-Sep-12	Unaudited Six months 30-Sep-11	Audited 12months 31-Mar-12
Cash flows from operating activities		**£'000**	**£'000**	**£'000**
Cash used in operations	**3**	(82)	(137)	(141)
Net cash used in operating activities		(82)	(137)	(141)
Cash flows from investing activities				
Purchase of property, plant and equipment		(6)	(14)	(62)
Purchase of leasehold improvements		-	-	(4)
Net cash used in investing activities		(6)	(14)	(66)
Cash flow from financing activities				
Repayment of borrowings		(8)	(8)	(16)
Shareholder loans		-	-	50
Shareholder repayments		-	(25)	(25)
Interest paid		(55)	(42)	(104)
Net proceeds on issue of shares		-	-	160
Share issue costs		-	-	(5)
Net cash (used in)/generatedfrom financing activities		(63)	(75)	60
Net decrease in cash and cash equivalents		(151)	(226)	(147)
Cash and cash equivalents at beginning of period		4	151	151
Cash and cash equivalents at end of period	**4**	(147)	(75)	4

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 Act 2006 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 IFRS Interpretations Committee and there is an ongoing process of review and endorsement by the European Commission. The financial information has been prepared on the basis of IFRS that the Directors expect to be applicable as at 31 March 2013.

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.

Going Concern

The Directors have considered financial projections based upon known future invoicing, existing contracts, pipeline of new business and the number of opportunities it is currently working on, particularly in the Retail sector. In addition, these forecasts have been considered in the light of the ongoing economic difficulties in the UK and global economy, previous experience of the markets in which the Group operates and the seasonal nature of those markets, as well as the likely impact of ongoing reductions to public sector spending. These forecasts indicate that the Group will generate sufficient cash resources to meet its liabilities as they fall due over the next 12 month period from the date of this interim announcement.

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.

Non-statutory accounts

The financial information contained in this document does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 ("the Act").

The statutory accounts for the year ended 31 March 2012 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Act. The financial information for the six months ended 30 September 2012 and 30 September 2011 is not audited.

2. Loss per share

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £239,000 (2011 - £151,000) by the weighted average number of shares during the period of 327,625,327 (2011 – 247,625,327). 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 Six months 30-Sep-12 £'000	Unaudited Six months 30-Sep-11 £'000	Audited 12 months 31-Mar-12 £'000
Operating loss	(184)	(109)	(320)
Depreciation of tangible assets	20	6	24
Decrease/(increase) in inventories	11	(36)	(9)
Increase/(decrease) in payables	207	238	(89)
(Increase)/decrease in receivables	(136)	(236)	253
Cash generated used in operations	(82)	(137)	(141)

4. Cash And Cash Equivalents

	Unaudited Six months 30-Sep-12 £'000	Unaudited Six months 30-Sep-11 £'000	Audited 12 months 31-Mar-12 £'000
Cash held at bank	33	139	88
Invoice discounting facility	(180)	(214)	(84)
	(147)	(75)	4

5. Subsequent Events

The Group today announces it has completed a fundraising of £179,000 before expenses by way of issuing 149,166,900 ordinary shares. The shares are expected to be admitted to AIM on 24th December 2012.

6. Distribution of the Half-yearly Report

Copies of the Half-yearly Report will be available to the public from theCompany website, www.mediazest.com, and from the Company Secretary at the Company's registered address at 27/28 Eastcastle Street, London, W1W 8DH.

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