MediaZest plc

Unaudited results for the six months ended 30 September 2015

CHAIRMAN'S STATEMENT

Introduction

I am pleased to report the unaudited results for the six months ended 30 September 2015 for MediaZest plc, the Company and, together with its wholly owned subsidiary company MediaZest International Ltd, the Group ("MediaZest").

Financial Review

- Revenue for the period was £1,605,000 up 1.6% (2014: £1,579,000).
- Gross profit was £619,000 up 17.2% (2014: £528,000).
- EBITDA was a profit of £8,000 (2014: loss of £180,000).
- After deducting interest of £49,000 (2014: £26,000), administrative expenses before depreciation of £611,000 (2014: £708,000), depreciation of £22,000 (2014: £27,000) and amortisation of £12,000 (2014: £2,000), the Group made a loss for the period after taxation of £60,000, reduced by 70.4% (2014: £203,000).
- The basic and fully diluted loss per share was 0.01 pence (2014: 0.022 pence).

Operational Review

The Group has made meaningful progress in the last six months which has generated a positive EBITDA for the period. This is the first time that the Group has been in a position to report this. The Board believes this is indicative of the progress that has been made and continues to be made.

Turnover has increased by 1.6% against the comparable period in the prior year, however a significant improvement has been achieved in the gross profit margin which has increased from 33.4% in the prior period to 38.5%. This increase is as a result of the Board's ongoing strategy of focussing on providing a full service offering to our client base. As well as equipment sales and installation fees, new business efforts are currently targeted towards providing ongoing managed services that include maintenance, content management and data analytics.

During the six month period to 30 September 2015, revenue has continued to be generated across the retail, corporate and education sectors. The Retail sector (including Automotive Retail) generated over £900,000 through multiple store deployments across the UK and Europe. This included work for prestigious clients such as Hyundai, Adidas, The Post Office, Belstaff, Ted Baker, Diesel, Chivas Regal, TM Lewin and John Lewis Partnership. The Corporate sector generated almost £450,000 of revenue with a large number of clients including Pfizer, Churchill Retirement Living and Virgin Active. Education provided a smaller proportion of income, generating approximately £250,000 of revenue.

Furthermore, the Group continued to grow its relationship with Hyundai working on a number of projects during the half year in both their Rockar partnership and other Hyundai dealerships. Further mandated business is scheduled for completion in the second half of this financial year. The work completed by MediaZest on the much acclaimed Hyundai Rockar Bluewater Digital Showroom was recognised with two high profile industry awards presented by Retail Week in May 2015 and POPAI in September 2015.

As noted previously, the Board continues to implement a strategy to focus the sales effort on a concentrated number of high profile clients, providing innovative audio visual solutions which have the potential to generate ongoing long term business opportunities, and to pursue greater recurring revenues by developing its own products.

The strategic objective continues to be that of generating client loyalty through excellence of delivery, coupled with offering a diverse product range including the Group's own products. Recurring revenues are at the forefront of this strategy and are being increased by offering contracts for service and maintenance, content production and management, and additional consultancy and data analysis work as noted above.

CHAIRMAN'S STATEMENT (Continued)

Intellectual Property

The Group continues to develop its "MediaZest Retail Analytics" product and further deployments have been made in the last six months with two more retail clients. The product continues to be a key component of the Group's future strategy and the Board considers it a valuable asset. All relevant costs relating to development of the product are capitalised as incurred.

To assist with marketing of this product, the Company has recently introduced an explanatory video which is available to view on our YouTube channel, **https://www.youtube.com/user/mediazestplc**. This will be used for an extensive marketing campaign in the coming months.

Operating Costs

The Board continuously reviews costs whilst balancing investment in the sales process. This undertaking is yielding results as Administrative costs for the period to 30 September 2015 were significantly reduced to £611,000 (2014: £708,000). At the start of this six month period the Group moved from its offices in Shoreditch to new offices in London Bridge which has resulted in an annual saving of £84,000.

Outlook

The Board is pleased with the significant progress made in the first half of the year, and believes this will continue in the remainder of the year.

Whilst improvements in recurring revenue streams have helped with visibility of income, work still remains in this area to improve quality of revenues. The Board is optimistic about 2016, however visibility for the next calendar year is unpredictable at this stage and as such, careful control on administrative costs will continue.

We are encouraged that we are increasingly asked to pitch on longer term projects with the potential to generate substantial revenues over many months, and are continuing to build our pipeline along with a strong client base.

Lance O'Neill
Chairman
6 November 2015

MediaZest plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Notes	Unaudited Six months 30-Sep-15 £'000	Unaudited Six months 30-Sep-14 £'000	Audited 12 months 31-Mar-15 £'000
Continuing Operations				
Revenue		1,605	1,579	2,483
Cost of sales		(986)	(1,051)	(1,686)
Gross profit		619	528	797
Administrative expenses		(611)	(708)	(1,422)
EBITDA		8	(180)	(625)
Administrative expenses – depreciation & amortisation		(34)	(29)	(68)
Operating Loss		(26)	(209)	(693)
Interest		(49)	(26)	(83)
Loss before taxation		(75)	(235)	(776)
Taxation credit		15	32	120
Loss for the period and total comprehensive loss for the period attributable to the owner of the parent		(60)	(203)	(656)
Loss per ordinary 0.1p share				
Basic	**2**	(0.01p)	(0.022p)	(0.06p)
Diluted	**2**	(0.01p)	(0.022p)	(0.06p)

MediaZest plc

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	Unaudited	Unaudited	Audited
	As at 30-Sep-15	As at 30-Sep-14	As at 31-Mar-15
	£'000	£'000	£'000
Non-current assets			
Goodwill	2,772	2,772	2,772
Property, plant and equipment	79	113	122
Intellectual property	49	46	49
Total non-current assets	2,900	2,931	2,943
Current assets			
Inventories	85	310	87
Trade and other receivables	603	408	588
Cash and cash equivalents	36	31	13
Total current assets	724	749	688
Current liabilities			
Trade and other payables	(1,233)	(1,446)	(1,190)
Financial liabilities	(452)	(198)	(433)
Total current liabilities	(1,685)	(1,644)	(1,623)
Net current liabilities	(961)	(895)	(935)
Non-current liabilities			
Financial liabilities	(24)	-	(33)
Total non-current liabilities	(24)	-	(33)
Net assets	1,915	2,036	1,975
Equity			
Share Capital	3,299	3,174	3,299
Share premium account	5,138	4,871	5,138
Other reserves	7	7	7
Retained earnings	(6,529)	(6,016)	(6,469)
Total equity	1,915	2,036	1,975

MediaZest plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Share Capital £'000	Share Premium £'000	Share Options Reserves £'000	Retained Earnings £'000	**Total Equity £'000**
Balance at 31 March 2014	3,174	4,871	7	(5,813)	**2,239**
Loss for the period	-	-	-	(203)	**(203)**
Total comprehensive loss for the period	-	-	-	(203)	**(203)**
Balance at 30 September 2014	3,174	4,871	7	(6,016)	**2,036**
Loss for the period	-	-	-	(453)	**(453)**
Total comprehensive loss for the period	-	-	-	(453)	**(453)**
Issue of share capital	125	313	-	-	**438**
Share issue costs	-	(46)	-	-	**(46)**
Balance at 31 March 2015	3,299	5,138	7	(6,469)	**1,975**
Loss for the period	-	-	-	(60)	**(60)**
Total comprehensive loss for the period	-	-	-	(60)	**(60)**
Balance at 30 September 2015	3,299	5,138	7	(6,529)	**1,915**

MediaZest plc

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Unaudited Six months 30-Sep-15 £'000	Unaudited Six months 30-Sep-14 £'000	Audited 12 months 31-Mar-15 £'000
Net cash used in operating activities	**3**	(171)	(34)	(483)
Taxation		70	22	-
Cash flows used in investing activities				
Purchase of plant and machinery		-	(82)	(117)
Disposal of plant and machinery		14	2	3
Purchase of intellectual property		(12)	(48)	(61)
Purchase of leasehold improvements		-	-	(4)
Net cash (used in) / generated from investing activities		2	(128)	(179)
Cash flow from financing activities				
Other short term financing		-	58	-
Other loan repayments		(8)	-	49
Shareholder loan receipts / (repayments)		18	(2)	217
Interest paid		(49)	(26)	(83)
Proceeds of share issue		-	-	438
Share issue costs		-	-	(46)
Net cash (used in) / generated from financing activities		(39)	30	575
Net decrease in cash and cash equivalents		(138)	(110)	(87)
Cash and cash equivalents at beginning of period / year		(161)	(74)	(74)
Cash and cash equivalents at end of period / year	**4**	(299)	(184)	(161)

MediaZest plc

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 2016.

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 challenges in the 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 financial information 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 2015 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 2015 and 30 September 2014 is not audited.

2. Loss per share

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £60,000 (2014: £203,000) by the weighted average number of shares during the period of 1,039,757,641 (2014: 914,614,741). The diluted loss per share is identical to that used for basic loss per share as the exercise of warrants and share options would have the effect of reducing the loss per share and therefore is not dilutive under International Accounting Standard 33 "Earnings per Share".

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NOTES TO THE FINANCIAL INFORMATION (Continued)

3. Cash used in operations

	Unaudited Six months 30-Sep-15 £'000	Unaudited Six months 30-Sep-14 £'000	Audited 12 months 31-Mar-15 £'000
Operating loss	(26)	(209)	(693)
Depreciation of tangible assets	22	27	56
Profit on sale of tangible assets	7	-	-
Amortisation of intangible assets	12	2	12
Decrease / (increase) in inventories	2	(215)	8
(Decrease) / increase in payables	(118)	3	(186)
(Decrease) / increase in receivables	(70)	358	320
Net cash outflow from operating activities	(171)	(34)	(483)

4. Cash and cash equivalents

	Unaudited Six months 30-Sep-15 £'000	Unaudited Six months 30-Sep-14 £'000	Audited 12 months 31-Mar-15 £'000
Cash held at bank	36	31	13
Invoice discounting facility	(335)	(215)	(174)
	(299)	(184)	(161)

5. Subsequent events

There were no subsequent events since 30 September 2015.

6. Distribution of the half-yearly report

Copies of the Half-yearly Report will be available to the public from the Company's website, www.mediazest.com, and from the Company Secretary at the Company's registered address at Unit 9, Woking Business Park, Albert Drive, Woking, Surrey, GU21 5JY.

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