

immedia

G R O U P P L C

Immedia Group plc
7-9 The Broadway
Newbury
Berkshire
RG14 1AS

Immedia Group Plc

Annual Report and Consolidated Financial
Statements
31 December 2018

Registered number 04947859

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General Information

Directors

| | |
|----------------|--|
| Tim Hipperson | <i>Non-Executive Chairman</i> |
| Bruno Brookes | <i>Chief Executive Officer</i> |
| Ross Penney | <i>Business Affairs Director and Company Secretary</i> |
| Mark Horrocks | <i>Non-Executive Director and Chairman of Remuneration Committee</i> |
| Simon Leathers | <i>Non-Executive Director and Chairman of Audit Committee</i> |

Company Secretary

Ross Penney

Registered Office

7-9 The Broadway
Newbury
Berkshire
RG14 1AS
Registered number 04947859
LSE AIM listing: symbol: IME

Websites

www.inmediapl.com
www.avcinmedia.com

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Nominated Advisers

SPARK Advisory Partners Limited
5 St John's Lane
London
EC1M 4BH

Bankers

HSBC Bank Plc
100 Brook Drive
Green Park
Reading
RG2 6UJ

Corporate Stockbroker

SP Angel Corporate Finance LLP
35 Maddox Street
London
W1S 2PP

Auditor

Nexia Smith & Williamson
Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Registrars

Share Registrars Limited
The Courtyard, 17 West Street
Farnham
Surrey
GU9 7DR

The Directors' Report on pages 12 to 18 including the Directors' Remuneration Report on page 13 have each been drawn up in accordance with the requirements of English law and are also governed by English law. In particular, the responsibility of the Directors for these reports is owed solely to Immedia Group Plc.

The Directors submit to the members the Strategic Report, Directors' Report and Consolidated Financial Statements of the Group for the year ended 31 December 2018. Statutory disclosures required under company law within the Directors' Report are also included where relevant in The Chairman's Statement, Chief Executive's Review, the Financial Review and the Directors' Responsibilities Statement.

Chairman's Statement

In my 2017 statement I referred to an expected improvement in the performance of our business in the 2018 financial year after a difficult 2017. I am gratified that this is the case, and that our service offerings continue to lead the market in our sector.

2018 saw a strengthening of relationships with key clients, in particular JD Sports Fashion plc and Nationwide Building Society, for whom we delivered a substantial equipment installation programme to ensure that every branch is able to receive Nationwide Live.

Our engagement with potential new clients is flourishing. Our objective is to build on the momentum generated in 2018 and deliver sustained growth and value to all our stakeholders. Whilst we won't benefit from one-off installation earnings in the current financial year we have taken the steps necessary to deliver substitutional and incremental revenue and margin across a number of market verticals.

Results

Revenue grew 32% on the previous year to £4,686,934 (2017: £3,548,689) producing a profit before tax of £106,204 (2017: loss £693,268).

Current Trading and Future Prospects

Our experience in 2019 to date is performing in line with management expectations with some of our more traditional historic contracts reaching end of life, enabling us to focus on the newer innovative business partnerships we have been developing over the last couple of years.

As a Group we deliver day in day out a huge range of content and services to our clients, on time and on budget. This is a testament to the talent and dedication of every member of Immedia staff and I would like to thank every one of them.

The Board and management of Immedia Group will continue to harness the commitment and talents of the entire team to deliver the Group strategy - developing a broader creative content portfolio to convert app, web based, audio platform and physical retail environments into audio and visual entertainment and engagement media properties for our clients.

Our objective is to continue to build on the momentum recently generated and the focus on being able to deliver sustained growth and value to all our stakeholders over the coming year.

Tim Hipperson

Chairman

28 May 2019



Chief Executive's Review

The Business

2018 saw Immedia's audience engagement strategies achieve true market traction. Not only did we launch the innovative JD-X app project for JD Sports Fashion plc, we also expanded the reach of our multimedia content to smart devices and other audio platforms such as Amazon Alexa, Google Home, Apple Podcasts, Overcast and iHeart.

The power of our Dreamstream-X platform was harnessed to deliver a class leading broadcast audio solution to the entire Nationwide Building Society estate. We also supplied and installed the Nationwide estate with connectivity and sound systems.

We are pleased that our geographical reach has grown as a result of our clients' own development: this has included the expansion of both JD and Subway retail services into additional territories and we expect this trend to continue over the current financial period.

We continue to produce audio and visual content of the highest class for our retail, energy and sports clients. Our Aberdeen production division enjoyed a high profile year, filming at all venues of the FIFA World Cup in Russia and producing landmark work for clients such as Weir Oil and Gas, Maersk, Halliburton and Visit Aberdeenshire.

Results

The business has performed adequately in 2018 after a challenging 2017, turning round a significant PBT loss in the prior year to make a profit before tax of £106,204 on revenues of £4,686,934. The total comprehensive profit was £42,949, reflecting a reduction in the carrying value of £112,800 in our strategic investment in the AIM quoted spoken word audio platform Audioboom Group Plc (AIM:BOOM).

Our Aberdeen business showed improvement due to enhanced top line sales and cost control measures implemented in 2017. Market conditions in the local Aberdeen economy remain challenging and we continue to work on spreading the geographical reach of our Aberdeen team to the rest of the UK and beyond.

Current Trading and Future Prospects

Over the last 18 months we have made considerable progress in maximising efficiencies within the Group which leaves us well placed to leverage increased engagement with current clients and the conversion of a significant pipeline of new business opportunities. Our engagement with potential new clients is flourishing under the guidance of our new Director of Partnerships Paul Atherton.

Our experiences in 2018 and in the year to date have reinforced our view that now is the time for Immedia's unique mix of brand engagement and creative skills. We are in advanced dialogue with a several key potential clients across our target verticals, specifically for the development of Omni Channel and content development in both physical and digital locations. We expect to bring you updates on these discussions within this financial period.



Bruno Brookes
Chief Executive

28 May 2019

Directors

Tim Hipperson, Non-Executive Chairman aged 49

Tim is an innovative and award-winning business leader with specialist knowledge in digital technology, data, content development, media and mobile and has held CEO positions within WPP, Interpublic Group and Publicis Groupe and more recently as Interim CEO at Weve Limited, the jointly funded mobile venture invested in by O2, EE and Vodafone. Tim has his own consultancy business; Morph Management Ltd, running strategic business reviews, business change and M&A projects, and advises the investment market (PE/VC) on current and future investment opportunities in technology-based companies.

Trevor (Bruno) Brookes, Chief Executive aged 59

Bruno Brookes is the founder of Immedia. After a career as a radio and TV presenter, where he collected numerous awards for his work and spent eleven years with BBC Radio One, Bruno set up BBME which offered a number of related media services including design, broadcast training, artist management and broadcast production. In November 1999 Bruno founded Immedia and has been Chief Executive since that date.

Ross Penney, Business Affairs Director aged 55

Ross graduated from Cambridge in 1986. He was Head of Licensing at collecting society VPL, during which time he gained an MBA from Imperial College London. He set up a consultancy in 1998 before joining Cube which was acquired by Immedia Group Plc in 2006. His role at Immedia covers all aspects of the legal and business affairs functions including contracts and music licensing.

Mark Horrocks, Non-Executive Director, Chairman of Remuneration Committee aged 56

Mark joined the city in 1983 as a Financial Analyst to the Guardian Royal Exchange Group Plc and went on to manage the UK equity portfolios of the main Pension and Life funds representing assets of over £2bn until leaving in 1997 to pursue his own interests in the small company marketplace. He went on to join the boards of several quoted small companies and gained a greater understanding of the needs of such companies as quoted businesses. He is currently a partner of Intrinsic Capital LLP, which trades as Intrinsic.London.

Simon Leathers, Non-Executive Director, Chairman of Audit Committee aged 44

Simon qualified as a Chartered Accountant in 1999, and has over sixteen years of corporate finance experience with PwC, Evolution Securities, Daniel Stewart & Co, Fox-Davies Capital and BDO; then founding and working for his own advisory business Mantle Corporate Finance. Over this he has provided financial and regulatory advice to a number of private and public companies in both retained and transaction roles. He has acted as lead corporate finance adviser on a broad range of capital market transaction types, and in doing so he has fulfilled the role of Nominated Adviser for the LSE's AIM market and Sponsor for the LSE's Main Market.

Financial review

Group Trading Results

2018 saw an improved performance in the Group as a result of factors already highlighted – a significant one-off installation project for Nationwide Building Society, other new business coming on stream and the full year's impact of cost control measures implemented in 2017.

Revenue grew by 32% to £4,686,934 (2017: £3,548,689) producing a profit before tax of £106,204 (2017: loss £693,268). The Group reported an EBITDA profit (earnings before interest, taxation, depreciation, amortisation, impairment charges and other exceptional items) of £262,588 (2017: loss £512,847) and a profit before tax of £106,204 (2017: loss £693,268). This equates to a pre-tax earnings per share of 0.77p (2017: loss 5.05p).

Reconciliation of EBITDA to Statutory Results

| | 2018 £ | 2017 £ |
|-------------------------|-----------|-----------|
| Operating profit/(loss) | 110,693 | (692,118) |
| Depreciation | 93,301 | 120,326 |
| Amortisation | 58,594 | 58,945 |
| EBITDA | 262,588 | (512,847) |

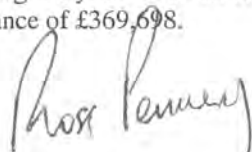
The significant improvement in EBITDA is due to a number of factors: a significant installation contract on behalf of Nationwide Building Society as above, new business coming on stream and the impact of a full year of cost reduction measures implemented in 2017.

Cash balances increased to £369,698 (2017: £53,743) as a result of improved EBITDA performance.

Consolidated Statement of Financial Position and Cash Flows

Management of costs and cash remains a key focus, and in the period cash collections from customers were again improved. Costs in our Aberdeen division have been continuously monitored and stabilised. Together with enhanced revenue and margin performance the result has been an increase in cash to £369,698 (2017: £53,743).

During 2018 the Group invested £122,992 in tangible fixed assets. £82,886 of these assets were IT hardware, servers and telephone systems at Newbury and were funded by finance leases. The Group repaid leases totaling £12,898 during the year. The net cash inflow from Group activities was £315,955 and the Group ended the year with a cash balance of £369,698.



Ross Penney
Business Affairs Director

28 May 2019

Strategic Report

Principal activities and objectives

The Group creates high end audio and visual content for major brands and companies, specifically designed to communicate with internal and external audiences and to help brands position themselves as media owners rather than media buyers.

Immedia also provides leading edge visual display technology and its systems enable the management and delivery of essential marketing communications at a localised level.

The Group has broadened its the range to include 'high end value' visual marketing solutions in all formats including 3D animation, augmented and virtual reality.

The Group deploys a multitude of audience engagement platforms including narrowcast and broadcast, web and mobile with social media interaction via apps and websites.

The Group has a long established experience in providing customised live in-store music and communications networks designed to drive experiential and customer centric marketing channels. Its mission is to help companies in retail, banking, leisure, hospitality and other sectors to amplify culture, entertain and communicate relevant information to evolving audiences. Each audio channel delivered to clients is consistently moulded on a day to day basis, helping brands to drive business transactions and connect with its audience.

The markets targeted by the Group include those brands who position themselves at the forefront of their peers in their use of advanced communications media. Immedia's positioning within these markets is at the high-quality end delivering bespoke solutions on a project by project basis. The Group's competitive advantage derives from excellence in communication through its use of skilled production teams, presenters and patented technologies.

Immedia is currently one of the smaller companies listed on the AIM market of the London Stock Exchange (AIM). Immedia's continuing objective is to grow the business, improve profitability and maximise shareholder value.

Winning new business is a key focus for the management team and opportunities for growth are reviewed regularly at Board meetings. The process of winning new business often includes providing a trial broadcast period to a prospective client during which the format and content of the broadcast are confirmed. Independent market research provides feedback on the effectiveness of the trial.

The Group works closely with technology suppliers to ensure the quality and reliability of its music and audio visual services. It undertakes research and development through its own resources as well as in collaboration with technology suppliers, and protects its designs by patents and trademarks. Development projects include new methods for the integration and delivery of the Group's services to its clients.

As business communications evolve, so does the need for experiential connectivity and interactive experiences. In this context management considers that the Group is well placed to take advantage of this evolution.

Business Review

The following consolidated financial information is presented for the Company and its subsidiaries (together referred to as the "Group"). Revenue in 2018 was £4,686,934 (2017: £3,548,689). The profit from operations was £110,693 (2017: loss 692,118) and the profit before taxation was £106,204 (2017: loss £693,268). The profit for the year attributable to equity shareholders was £155,749 (2017: loss £671,568). The total comprehensive profit for 2018 was £42,949 (2017: total comprehensive loss £663,768). The basic earnings per share was 1.13 pence and diluted earnings per share was 1.08 pence (2017: loss 4.89 pence) and the basic pre-tax profit per share was 0.77 pence (2017: loss 5.05 pence) as detailed in note 11.

Strategic Report *(continued)*

Key performance indicators

The management team uses a number of key performance indicators, including:

- audience reach, where the business continued its positive trend – the number of open stores at 31 December 2018 has increased by 26% from 2017;
- service reliability, where the business achieved 100% uptime whilst streaming over 10 million hours of music and content to many thousands of customer sites via broadband (excluding any issues outside the Company's control);

For forward looking performance measurement the Board monitors the level and speed of progress of new business development, including prospects with which the Group is in discussion.

Risk

The Board is responsible for the identification and evaluation of key risks to the business. These risks are assessed continuously and include operational risks (business interruption, disruption to computer and other business systems, competition, regulation) and financial risks (capital, market, credit, liquidity). The Board seeks to minimise the effect of financial risk by management of the Group's financial resources. Specific risks associated with interest rates, liquidity, foreign currency and credit are discussed further in note 25.

Principal risks and uncertainties

The principal risks the Group faces are market related and like those faced by other small companies servicing larger businesses within UK retail, banking, leisure, hospitality, energy, sport, tourism and education sectors. In 2016 the Group's acquisition of AVC added a significant number of new customers in new markets, thereby reducing the historic concentration of business with a small number of long-term customers. Whilst the loss of a key customer (see note 4) would adversely impact performance, the Board is making progress with its strategy of diversification and growth into new markets to reduce this risk.

Other primary risks remain within the economic cycle (including potential adverse effects of Brexit including prolonged reduction in consumer spending, as well as reduced oil price negatively impacting expenditure amongst Aberdeen clients), competition (for new technology solutions and for market share) and regulation (including licensing costs and their effect on pricing). The main impact of these risks is continuous pressure on operating margins which can inhibit growth; the Board's strategy to mitigate these risks is to develop the Group's services, expand into new sectors and continue to manage and reduce costs.

| Risk description | Importance | How mitigated |
|---|-------------------|--|
| Loss of key customer | Serious | Expansion of business and diversification into new markets (including overseas) to reduce concentration. |
| Reduced customer activity (lack of economic growth) | Important | Expansion of business and diversification into new markets (including overseas) to reduce concentration. |
| Competition | Important | Continued development of services, some exclusive; continuous review of costs. |
| Regulatory (licensing) | Important | Sourcing lower cost material outside the iconic music licensing regime. |

Strategic Report *(continued)*

Capital management

The Group's capital management objectives are to ensure its ability to continue as a going concern, to support opportunities for growth, to provide financial stability, and to provide adequate returns to shareholders. Capital comprises total equity and reserves.

Staff development

The development and retention of staff are essential foundations of the Group's strategy to grow the business, and a number of staff communication and engagement measures were introduced in the period. Staff are encouraged to pursue further education courses and the Group assists wherever practicable.

Analysis of staff employed by gender as at 31 December 2018

| | Female | Male | Total |
|-----------------|-----------|-----------|-----------|
| Employees | 13 | 9 | 22 |
| Senior managers | 2 | 3 | 5 |
| Directors | - | 6 | 6 |
| Totals | 15 | 18 | 33 |

Environment

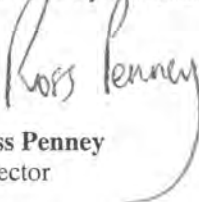
The Group's policy is to minimise the environmental impact of its activities and in line with best practice. In compliance with Waste Electrical and Electronic Equipment requirement it recycles all computer equipment at the end of its useful life, ensuring data storage devices are securely erased. Wherever possible, the Group sources services from local suppliers.

Trends and outlook

The economic uncertainty associated with Brexit continues to influence the competition for growth amongst leading brands whilst the goal of improving both value for money and experience remains relevant to both business and consumers alike.

The Group's objectives remain unchanged: to grow as a leading provider of tailored digital solutions enabling clients to deliver outstanding customer service in their own markets; to collaborate with media, technology and marketing specialists to develop innovative solutions and diversify services offered; to continue to grow the business profitably and to maximise returns for its shareholders.

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



Ross Penney
Director

28 May 2019

7-9 The Broadway
Newbury
Berkshire
RG14 1AS

Directors' Report

The Directors present their report and the audited financial statements of Immedia Group Plc ("the Company", "Immedia") for the year ended 31 December 2018.

Market value of shares

The share price at 31 December 2018 was 26.0 pence and shares were traded between 17.0 pence and 34.50 pence during the year.

Employee Benefit Trust

At 31 December 2018 the Employee Benefit Trust held 832,374 shares in Immedia Group Plc in trust for employees against the future exercise of share options granted under the Immedia EMI Share Option Scheme (2017: 832,374 shares). This holding represents 5.7% of the Company's issued shares.

Proposed dividend

The Directors do not recommend the payment of a dividend (2017: £Nil).

Directors

The Directors who held office during the year were as follows:

Bruno Brookes
Ross Penney
Mark Horrocks
Tim Hipperson
Simon Leathers

Mark Horrocks and Ross Penney will retire and offer themselves for re-election at the forthcoming Annual General Meeting.

Certain Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

No options to subscribe for shares in the Company were exercised by Directors or their immediate families during the financial year.

Board of Directors

During the year the Board was chaired by Tim Hipperson, with Bruno Brookes as Chief Executive, Ross Penney as Business Affairs Director and Company Secretary, Mark Horrocks as Non-Executive Director and Chairman of the Remuneration Committee, and Simon Leathers as Non-Executive Director and Chairman of Audit Committee. Mark Horrocks is recognised as the senior Non-Executive Director.

The Board meets monthly and has a schedule of matters reserved for its consideration, principally concerning business strategy, direction, financial performance and control.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are observed, and to the Group's professional advisers.

Directors' report (continued)

Board Committees

The Board has two principal standing committees: the Audit Committee and the Remuneration Committee, each with specific terms of reference.

Audit Committee

The Audit Committee comprises the two Non-Executive Directors and is chaired by Simon Leathers. It meets a minimum of twice a year, has written terms of reference and its remit is to review the annual and interim accounts and the appropriateness of accounting policies, to review the internal controls and financial reporting, and to make recommendations on these matters to the Board. It also considers the appointment and fees of the external auditor, the resulting auditor reports and discusses the action taken on problem areas identified by Board members or in external audit reports. The Chairman of the Audit Committee reports the outcome of the Audit Committee meetings to the Board and the Board receives the minutes of all Audit Committee meetings.

Remuneration Committee

The Remuneration Committee, which comprises the two Non-Executive Directors, is chaired by Mark Horrocks and meets a minimum of twice a year. Its remit is to assess the performance of the Executive Directors and to consider and make recommendations to the Board on remuneration policy for Executive Directors and Senior Managers of the required calibre.

Report of the Board of Directors on remuneration

During the year the Remuneration Committee comprised Mark Horrocks (as Chairman) and Simon Leathers. The terms of reference of the Committee are to review and make recommendations to the Board regarding the terms and conditions of employment of the executive and operational Directors, including any proposed allocations within the Immedia EMI Share Option Scheme and other benefits. The remuneration of the Non-Executive Directors is fixed by the Board as a whole. In framing its remuneration policy, the Remuneration Committee has given full consideration to the matters set out in the QCA Code.

Remuneration Policy

The Remuneration Committee has been actively involved in assessing salary levels for Directors and implementing the share option scheme. The remuneration policy is determined by a number of factors including individual performance, the need to attract, motivate and retain Directors and remuneration levels in comparative companies.

Remuneration

The amounts of remuneration for each Director are shown below. These include basic salary, pension and the estimated monetary value of benefits in kind.

| Director's Name | Salary and Fees £ | Pension £ | Healthcare £ | Total Remuneration £ | Total 2017 £ |
|-----------------|----------------------------|--------------|-----------------|----------------------------|--------------------|
| Bruno Brookes | 162,211 | 3,573 | 2,223 | 168,007 | 144,639 |
| Ross Penney | 90,000 | 2,250 | 3,381 | 95,631 | 90,712 |
| Mark Horrocks | 20,000 | - | - | 20,000 | 20,540 |
| Simon Leathers | 25,175 | - | - | 25,175 | 18,017 |
| Tim Hipperson | 60,380 | - | - | 60,380 | 15,263 |
| G Howard- Spink | - | - | - | - | 23,333 |
| | <u>357,766</u> | <u>5,823</u> | <u>5,604</u> | <u>369,193</u> | <u>312,504</u> |

Directors' report *(continued)*

Taxable benefits relate to private medical cover for the Directors and their immediate families. Pension contributions of £5,823 (2017: £3,689) were made for Directors during the year. Details of share options held by Directors are disclosed in note 28 to the financial statements.

Corporate Governance Report

The Board of Directors of Immedia recognises the importance of sound corporate governance and applies the Quoted Companies Alliance's Corporate Governance Code (2018) (the 'QCA Code'), which it believes is the most appropriate recognised governance code for a company of Immedia's size whose shares have been admitted to trading on the AIM market of the London Stock Exchange.

The Directors believe that the QCA Code provides Immedia with the framework to ensure that a strong level of governance is maintained, enabling the Company to embed the culture that exists within the organisation in a successful and sustainable business for all its stakeholders.

Chairman's Corporate Governance Statement:

"As Chairman of the Company I have a keen interest in ensuring that an effective and focused Board leads the business and builds upon its successes to date. The Board unanimously agrees with my belief that strong corporate governance helps underpin the foundations of a solid and successful business. As such we are committed to ensuring good corporate governance, from executive level and throughout the operations of the business. In support of this commitment the Directors see the QCA Code as the most appropriate recognised governance code for the Company to adopt.

Whilst 2017 was a challenging year the Company has moved forward with confidence in 2018. Over the period the Board and management's primary focus was to deliver results that would strengthen the business financially and secure the ability to deliver the Company's strategy. Throughout this period the importance of good governance and working for the benefit of all stakeholders has been at the forefront of the Board and executive management.

As the Company enters the next phase of development I, as Chairman, will work with the Board to build upon the existing values that are in place and ensure that good corporate governance continues to be integral to the organisation and delivered throughout the business, ensuring that we grow with foundations of integrity and strong principles for the benefit of all stakeholders. "

Tim Hipperson
Chairman

Directors' report *(continued)*

The Ten Principles of the QCA Code

The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business. These principles and how Immedia applies them are set out below:

1. Establish a strategy and business model which promote long-term value for shareholders

The Group is making good progress in implementing its longer term strategy to promote its content services to brands such that they become media owners rather than media buyers. The rationale is to position the Group as a provider of multi-channel content streams both physical and digital.

The best example of this approach is the ground breaking work done for JD Sports Fashion plc on the JD-X project. Development work with other brands on similar initiatives is in progress.

The Group's strategic aim is to develop sales and margins based on two complementary revenue streams; longer term contracted recurring annual revenue opportunities, typically with major UK brands (in addition to JD examples include HSBC, Nationwide Building Society, Subway and IKEA), and one-off contract work via our AVC division which specialises in content production in four sectors; energy, sport, tourism and education.

Key Aberdeen clients in 2018 include FIFA, Maersk, Weir Oil and Gas and Halliburton.

This mix of longer term contracts and shorter term project work has served to broaden the Group's client base significantly and to mitigate risk as between the project and long term contracted revenues.

2. Seek to understand and meet shareholder needs and expectations

Shareholders are kept up to date via the regulatory news service ("RNS") on matters of material substance and regulatory nature. Announcements are released to the Market, via RNS, when the Board believes that market's expectations of the Company's financial performance are not aligned with those of the Board.

The Company's Annual Report and Notice of Annual General Meetings (AGM) are sent to all shareholders and can be downloaded from our website. Copies of these documents for the last 14 years as well as Interim Reports are available on the Company's website.

Our AGM is an annual opportunity for shareholders to meet with the Board. The meeting is open to all shareholders, giving them the option to ask questions and raise issues during the formal business or more informally following the meeting. At the AGM, separate resolutions are proposed on each substantial issue. For each proposed resolution, proxy forms are issued which provide voting shareholders with an opportunity to vote in advance of the AGM if they are unable to vote in person. Our registrars, Share Registrars Limited, count the proxy votes which are properly recorded and the results of the AGM are announced through an RNS.

The Board is keen to ensure that the voting decisions of shareholders are reviewed and monitored and that approvals sought at the Company's AGM are as much as possible within the recommended guidelines of the QCA Code.

The Directors, where appropriate, will respond to shareholder queries directly (whilst remaining cognisant of the Market Abuse Regulations' restrictions on inside information and within the requirements of the AIM Rules for Companies). Non-deal roadshows are arranged throughout the year to meet with current and potential new shareholders to maintain, as much as possible, transparency and dialogue with the Market.

Shareholders with queries should email enquiries@immediapl.com.

3. Take into account wider stakeholder and social responsibilities and their implications for long term success

The Board recognises its prime responsibility under UK corporate law is to promote the success of the Company for the benefit of its members as a whole. The Board also understands that it has a responsibility towards employees, customers, suppliers and our customer's clients who experience our audio and/or visual products and services. Our

Directors' report *(continued)*

corporate social responsibility approach continues to meet these expectations. The Board also understands that it has a responsibility to take into account, where practicable, the social, environmental and economic impact of its activities.

We value the feedback we receive from our stakeholders and we take every opportunity to ensure that where possible the wishes of stakeholders are considered. In addition, the Board works closely with the executive team, with clear and open communication both within and outside the Board room. The Company has an open-door policy from the executive team down where employees' opinions and suggestions are valued and listened to.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Information on risk management can be found in the Strategic Report (p10) and in note 25 Financial Instruments on p57.

5. Maintain the board as a well-functioning balanced team led by the Chair

Information on directors can be found on p7 and in the Directors' Report on p12.

Three of the directors have shareholdings in the Company.

Tim Hipperson and Simon Leathers are the independent Non-Executive Directors.

The Executive Directors are all involved in the business on a full-time basis and the Non-Executive Directors commit their time as required but typically this extends beyond attendance at the monthly board meetings and can often be the equivalent of over one day per week.

Over the past year there have been twelve board meetings.

The attendance record is set out below:

| Name | Number of attendances |
|----------------|------------------------------|
| Tim Hipperson | 12 |
| Bruno Brookes | 12 |
| Ross Penney | 11 |
| Mark Horrocks | 10 |
| Simon Leathers | 12 |

6. Ensure that between them the directors have the necessary up to date experience, skills and capabilities

The Board has significant industry, financial, public markets and governance experience, possessing the necessary mix of experience, skills, personal qualities and capabilities to deliver the strategy of the Company for the benefit of the shareholders over the medium to long term.

The Board is kept abreast of developments of governance, legal and accounting changes and AIM regulations by the Company's advisers and all Directors have access to the Company's NOMAD, company secretary, lawyers and auditors as and when required and are able to obtain advice from other external bodies when necessary. Training and professional development needs are regularly reviewed.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Directors are in regular dialogue with one another and can raise queries or suggestions regarding the strategic direction of the Company at any time. Where appropriate the Chairman then ensures that these matters are on the agenda for the next Board meeting. The Board currently considers that the use of external consultants to facilitate the Board evaluation process is unlikely to be of significant benefit to the process, although the option of doing so is kept under review.

On an ongoing basis, board members maintain a watching brief to identify relevant internal and external candidates who may be suitable additions to or backup for current board members.

Directors' report *(continued)*

8. Promote a corporate culture that is based on ethical values and behaviours

The Company recognises the importance of promoting an ethical corporate culture, interacting responsibly with all stakeholders and the communities in which the Company operates. The Board considers this to be essential if medium and long term value is to be delivered.

The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback.

The Company has adopted policies to deal with corruption and bribery and to comply with the UK Bribery Act.

The Directors are mindful of the industry in which the business operates and takes all issues of ethical behaviours seriously. These behaviours are instilled throughout the organisation.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Chairman has the responsibility for ensuring that the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the Group's strategy and overall commercial objectives. Tim Hipperson not only engages with customers, shareholders but also other stakeholder groups to ensure there is a strong relationship between them and the Company.

The Board

The Board retains full and effective control over the Company and holds regular meetings at which financial, operational and other reports are considered and where appropriate voted upon. The Board is responsible for the Group's strategy and key financial and compliance issues.

There are certain matters that are reserved for the Board, they include:

- approval of the Group's strategic aims and objectives;
- approval of the Group's annual budgets and any material changes to them;
- Review of Group performance and ensuring that any necessary corrective action is taken;
- Any decision to cease to operate all or any part of the Group's business;
- Major changes to the Group's corporate structure and management and control structure;
- Any changes to the Company's listing;
- Changes to governance and key business policies;
- Ensuring maintenance of a sound system of internal control and risk management;
- Approval of half yearly and annual report and accounts and preliminary announcements of final year results;
- Reviewing material contracts and contracts not in the ordinary course of business.

As the Company grows, the Directors will ensure that the governance framework remains in place to support the development of the business.

The Committees

The Company maintains Audit and Remuneration Committees, details of which can be found in the Directors' Report on p12. The Company does not have a separate Health and Safety Committee, but HSE is of the utmost importance to the business and an HSE update is discussed at every Board meeting.

Directors' report (continued)

Given the current size of its Board, the Board deems it unnecessary to establish a formal Nomination Committee and nominations to the Board will be dealt with by the whole Board. This position will be reviewed on a regular basis by the Board.

Over the past year there have been formal committee meetings as follows:

| Committee | Number of meetings |
|--------------|--------------------|
| Audit | 2 |
| Remuneration | 6 |

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

The Board is committed to maintaining an open dialogue with shareholders. Communication with shareholders is co-ordinated by the Directors. Throughout the year, the Board maintains a regular dialogue with its major investors, providing them with such information on the Company's progress as is permitted within the guidelines of the AIM Rules for Companies, Market Abuse Regulations and requirements of relevant legislation. Twice a year, at the time of announcing the Group's half and full-year results, the Company prepares presentations for its current and potential shareholders to update them on developments and to receive feedback and suggestions from them.

The Board believes that the Annual Report and Accounts, and the Interim Report published at the half-year, play an important part in presenting all shareholders with an assessment of the Group's position and prospects. All reports and press releases are published on the Group's website.

The Annual General Meeting ('AGM') is the principal opportunity for private shareholders to meet and discuss the Group's business with the Directors (see point 2 above.)

If a significant proportion of votes (i.e. over 20%) were ever cast against a resolution, the Company would, on a timely basis, provide an explanation of what actions it intends to take to understand the reasons behind that vote result, and, where appropriate, any different action it has taken, or will take, as a result of the vote.

Going concern

On the basis of current financial projections prepared up to 30 June 2020, recent news of new contracts and contract renewals, together with business development activity and continuing improvements in management of costs, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis. Further details are set out in note 2 to the financial statements and in the liquidity risk disclosures in note 25.

Auditor

Nexia Smith & Williamson have indicated that they are willing to continue in office. A resolution to reappoint Nexia Smith & Williamson as auditor for the ensuing year will be proposed at the Annual General Meeting.

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

Ross Penney
Company Secretary

28 May 2019

7-9 The Broadway
Newbury
Berkshire
RG14 1AS

Directors' Responsibilities Statement

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 confirm that:

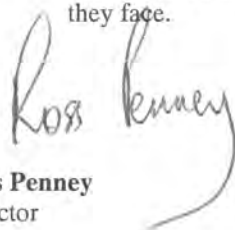
- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the Annual Report and the financial statements, taken as a whole, provide the information necessary to assess the Company's performance, business model and strategy and are fair, balanced and understandable.

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.

To the best of our knowledge:

- the Group financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the annual report including the Strategic Report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.



Ross Penney
Director

28 May 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IMMEDIA GROUP PLC

Opinion

We have audited the financial statements of Immedia Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the Consolidated Statement of Profit or Loss, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

We identified the key audit matters described below as those that were of most significance in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole, and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

| Key audit matter | Description of risk | How the matter was addressed in the audit and key observations arising with respect to that risk |
|--|--|--|
| Group – Carrying value and impairment of other intangibles | The group has material other intangible assets arising from the acquisition of AVC, a division of the business which has not performed strongly in the year. The group's assessment of carrying values requires significant judgement, in particular regarding cash flows, growth rates, discount rates and sensitivity assumptions. | <p>We have challenged the assumptions used in the impairment model for other intangible assets as described in note 13 to the financial statements.</p> <p>In performing our procedures, we:</p> <ul style="list-style-type: none"> considered historical trading performance by comparing recent revenue and actual costs expended against management forecasts. assessed the appropriateness of the assumptions concerning growth rates considered sensitivity analysis of key variables included within the value in use calculations <p>As part of our procedures we used our internal valuation specialists to assess the appropriateness of the discount rate applied and the model used.</p> |
| Group – Revenue recognition (including contract assets and contract liabilities) | The group has multiple income streams which can span different accounting periods where invoices are often raised to a different pattern to the revenue recognition policies, leading to the increased risk of error of misstating revenue in the financial statements. | <p>As part of our procedures we:</p> <ul style="list-style-type: none"> reviewed customer contracts and compared contracted revenue to actual revenue recognised during the year. reviewed a sample of purchase orders raised in the year and compared to invoice and correct entry on the ledger reviewed transactions around the year end and agreed the goods and services have been provided in the correct period agreed a sample of contract liabilities to invoices raised in advance and confirmed advance invoicing terms to the contracts. |

Materiality

The materiality for the group financial statements as a whole was set at £70,300. This has been determined with reference to the benchmark of the group's revenue, which we consider to be one of the principal considerations for members of the parent company in assessing the performance of the group. Materiality represents 1.5% of the group's revenue as presented on the face of the consolidated statement of profit or loss.

The materiality for the parent company financial statements as a whole was set at £27,000. This has been determined with reference to the benchmark of the parent company's total assets as the parent company exists only as a holding company for the group and carries on no trade in its own right. Materiality represents 3% of total assets as presented on the face of the parent company's Statement of Financial Position.

An overview of the scope of our audit

Of the Group's eleven subsidiaries, we subjected one (Immedia Broadcast Limited) to an audit for group reporting purposes, along with the audit of the parent company (Immedia Group Plc). The remaining ten subsidiaries are all dormant and therefore were determined to be immaterial to the Group.

The components within the scope of our work covered: 100% of group revenue, 100% of group profit before tax and 100% of group net assets.

Other information

The other information comprises the information included in the annual report and consolidated financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

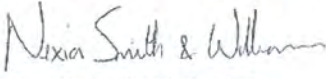
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent company's members those matters we are required to state to them in an auditor's 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Cumberland House
15 -17 Cumberland Place
Southampton
SO15 2BG

Date 3 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|--|------|------------------|-------------|
| Continuing operations | | | |
| Revenue | 4 | 4,686,934 | 3,548,689 |
| Cost of sales | | (2,166,366) | (1,759,046) |
| Gross profit | 4 | 2,520,568 | 1,789,643 |
| Administrative expenses | | (2,409,875) | (2,481,761) |
| Profit/(Loss) from operations | 5 | 110,693 | (692,118) |
| Finance income | 8 | 159 | 202 |
| Finance cost | 8 | (4,648) | (1,352) |
| Profit/(Loss) before tax | | 106,204 | (693,268) |
| Tax income | 10 | 49,545 | 21,700 |
| Profit/(Loss) for the year from continuing operations | | 155,749 | (671,568) |
| Earnings/(Loss) per share | | | |
| Basic (pence) | 11 | 1.13 | (4.89) |
| Diluted (pence) | 11 | 1.08 | (4.89) |

The notes on pages 33 to 64 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|--|-------|------------------|------------------|
| Profit/(Loss) for the year | | 155,749 | (671,568) |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| Fair value (loss)/gain on equity investments not held for trading designated as fair value through OCI | 9, 18 | (112,800) | 7,800 |
| | | <hr/> | <hr/> |
| Total comprehensive profit/(loss) for the year | | 42,949 | (663,768) |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 33 to 64 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

| | Note | 2018 £ | 2017 £ |
|--------------------------------------|------|--------------------|--------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 225,475 | 200,838 |
| Intangible assets | 13 | 307,505 | 366,099 |
| Deferred tax assets | 14 | 84,395 | 34,850 |
| Financial assets | 18 | <u>60,000</u> | <u>172,800</u> |
| Total non-current assets | | <u>677,375</u> | <u>774,587</u> |
| Current assets | | | |
| Inventories | 15 | 153,915 | 69,803 |
| Trade and other receivables | 17 | 643,422 | 519,129 |
| Prepayments | | 126,857 | 107,915 |
| Cash and cash equivalents | 19 | <u>369,698</u> | <u>53,743</u> |
| Total current assets | | <u>1,293,892</u> | <u>750,590</u> |
| Total assets | | <u>1,971,267</u> | <u>1,525,177</u> |
| Equity | | | |
| Share capital | 20 | 1,455,684 | 1,455,684 |
| Share premium | | 3,586,541 | 3,586,541 |
| Merger reserve | | 2,245,333 | 2,245,333 |
| Share based payment reserve | | 4,578 | 4,578 |
| Investment valuation reserve | | (30,000) | 82,800 |
| Retained losses | | <u>(7,043,745)</u> | <u>(7,199,494)</u> |
| Total equity | | <u>218,391</u> | <u>175,442</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Finance leases | 21 | 49,580 | 1,542 |
| Provisions | 23 | <u>42,500</u> | <u>42,500</u> |
| Total non-current liabilities | | <u>92,080</u> | <u>44,042</u> |
| Current Liabilities | | | |
| Finance leases | 21 | 27,464 | 5,514 |
| Trade and other payables | 22 | 1,511,586 | 1,233,522 |
| Contract liabilities | 24 | <u>121,746</u> | <u>66,657</u> |
| Total current liabilities | | <u>1,660,796</u> | <u>1,305,693</u> |

| | | |
|-------------------------------------|------------------|------------------|
| Total liabilities | <u>1,752,876</u> | <u>1,349,735</u> |
| Total equity and liabilities | <u>1,971,267</u> | <u>1,525,177</u> |

These financial statements were approved by the Board of Directors on 20 May 2019 and were signed on its behalf

by:



TN Brookes
Director

Company registered number 04947859

The notes on pages 33 to 65 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

At 31 December 2018

| | Note | 2018 £ | 2017 £ |
|-------------------------------------|------|-----------------------|-------------------------|
| Assets | | | |
| Non-current assets | | | |
| Investments in subsidiaries | 16 | 766,278 | 766,278 |
| Trade and other receivables | 17 | 56,482 | 56,482 |
| Financial assets | 18 | <u>60,000</u> | <u>172,800</u> |
| Total non-current assets | | <u>882,760</u> | <u>995,560</u> |
| Current assets | | | |
| Prepayments | | <u>18,641</u> | <u>18,984</u> |
| Total current assets | | <u>18,641</u> | <u>18,984</u> |
| Total assets | | <u><u>901,401</u></u> | <u><u>1,014,544</u></u> |
| Equity | | | |
| Share capital | 20 | 1,455,684 | 1,455,684 |
| Share premium | | 3,586,541 | 3,586,541 |
| Share based payment reserve | | 4,578 | 4,578 |
| Investment valuation reserve | | (30,000) | 82,800 |
| Retained losses | | <u>(5,578,920)</u> | <u>(5,314,152)</u> |
| Total deficit | | <u>(562,117)</u> | <u>(184,549)</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payable | 22 | <u>1,463,518</u> | <u>1,199,093</u> |
| Total current liabilities | | <u>1,463,518</u> | <u>1,199,093</u> |
| Total equity and liabilities | | <u><u>901,401</u></u> | <u><u>1,014,544</u></u> |

The company's loss for the year ended 31 December 2018 was £264,768 (2017: loss £185,732)

These financial statements were approved by the Board of Directors on 28 May 2019 and were signed on its behalf by:

A handwritten signature in black ink, appearing to be 'TN Brookes', followed by a long horizontal line extending to the right.

TN Brookes
Director

Company registered number 04947859

The notes on pages 33 to 65 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share capital | Share premium account | Merger reserve | Share based payment reserve | Investment valuation reserve | Retained losses | Total equity |
|--|------------------|-----------------------|------------------|-----------------------------|------------------------------|--------------------|----------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2018 | 1,455,684 | 3,586,541 | 2,245,333 | 4,578 | 82,800 | (7,199,494) | 175,442 |
| Profit for the year | - | - | - | - | - | 155,749 | 155,749 |
| Other comprehensive income for the year: | | | | | | | |
| Fair value loss on financial assets | - | - | - | - | (112,800) | - | (112,800) |
| Total comprehensive (loss)/gain for the year | - | - | - | - | (112,800) | 155,749 | 42,949 |
| Balance at 31 December 2018 | 1,455,684 | 3,586,541 | 2,245,333 | 4,578 | (30,000) | (7,043,745) | 218,391 |

| | Share capital | Share premium account | Merger reserve | Share based payment reserve | Investment valuation reserve | Retained losses | Total equity |
|--|------------------|-----------------------|------------------|-----------------------------|------------------------------|--------------------|----------------|
| | £ | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2017 | 1,455,684 | 3,586,541 | 2,245,333 | 4,578 | 75,000 | (6,527,926) | 839,210 |
| Loss for the year | - | - | - | - | - | (671,568) | (671,568) |
| Other comprehensive income for the year: | | | | | | | |
| Fair value gain on financial assets | - | - | - | - | 7,800 | - | 7,800 |
| Total comprehensive gain/(loss) for the year | - | - | - | - | 7,800 | (671,568) | (663,768) |
| Balance at 31 December 2017 | 1,455,684 | 3,586,541 | 2,245,333 | 4,578 | 82,800 | (7,199,494) | 175,442 |

The notes on pages 33 to 64 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

| | Share capital | Share premium account | Share based payment reserve | Investment revaluation reserve | Retained losses | Total equity |
|--|------------------|-----------------------|-----------------------------|--------------------------------|--------------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2018 | 1,455,684 | 3,586,541 | 4,578 | 82,800 | (5,314,152) | (184,549) |
| Loss for the year | - | - | - | - | (264,768) | (264,768) |
| Other comprehensive income for the year: | | | | | | |
| Fair value loss on financial assets | - | - | - | (112,800) | - | (112,800) |
| Total comprehensive loss for the year | - | - | - | (112,800) | (264,768) | (377,568) |
| Balance at 31 December 2018 | 1,455,684 | 3,586,541 | 4,578 | (30,000) | (5,578,920) | (562,117) |

| | Share capital | Share premium account | Share based payment reserve | Investment revaluation reserve | Retained losses | Total equity |
|---|------------------|-----------------------|-----------------------------|--------------------------------|--------------------|------------------|
| | £ | £ | £ | £ | £ | £ |
| Balance at 1 January 2017 | 1,455,684 | 3,586,541 | 4,578 | 75,000 | (5,128,420) | (6,617) |
| Loss for the year | - | - | - | - | (185,732) | (185,732) |
| Other comprehensive income for the year: | | | | | | |
| Fair value gain on | - | - | - | 7,800 | - | 7,800 |
| Total comprehensive loss for the gain/year for the year | - | - | - | 7,800 | (185,732) | (177,932) |
| Balance at 31 December 2017 | 1,455,684 | 3,586,541 | 4,578 | 82,800 | (5,314,152) | (184,549) |

The notes on pages 33 to 64 form part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS*for the year ended 31 December 2018*

| | Note | Consolidated | | Company | |
|--|------|-----------------|-----------------|-----------|-----------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Profit/(loss) for the year before income tax | | 106,204 | (693,268) | (264,768) | (185,732) |
| <i>Adjustments for:</i> | | | | | |
| Depreciation, amortisation and impairment charges | | 151,895 | 179,271 | - | - |
| Loss on sales of assets | | 5,054 | 1,396 | - | - |
| Finance income | | (159) | (202) | - | - |
| Finance expense | | 4,648 | 1,352 | - | - |
| (Increase)/Decrease in trade and other receivables and prepayments | | (143,236) | 267,476 | 343 | (15,146) |
| (Increase)/Decrease in inventories | | (84,111) | 28,550 | - | - |
| Increase in trade and other payables and contractliabilities | | 333,153 | 166,790 | 264,425 | 200,878 |
| Net cash from operating activities | | 373,448 | (48,635) | - | - |
| Taxation | | | | | |
| Taxation | | - | - | - | - |
| Cash flows from investing activities | | | | | |
| Interest received | | 159 | 202 | - | - |
| Acquisition of property, plant and equipment | | (40,106) | (18,631) | - | - |
| Net cash from investing activities | | (39,947) | (18,429) | - | - |
| Cash flows from financing activities | | | | | |
| Repayment of finance leases | | (12,898) | (3,727) | - | - |
| Interest paid | | (4,648) | (1,352) | - | - |
| Net cash from financing activities | | (17,546) | (5,097) | - | - |
| Net increase/(decrease) in cash and cash equivalents | | 315,955 | (72,143) | - | - |
| Cash and cash equivalents at 1 January | | 53,743 | 125,886 | - | - |
| Cash and cash equivalents at 31 December | 19 | 369,698 | 53,743 | - | - |

The notes on pages 33 to 64 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2018

(forming part of the financial statements)

1 Reporting entity

Immedia Group Plc (the “Company”) is a public limited company incorporated and domiciled in England and Wales. The address of the Company’s registered office, and its principal place of business, is 7-9 The Broadway, Newbury, Berkshire RG14 1AS.

The parent company financial statements present information about the Company as a separate entity and not about its group. The consolidated financial statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is involved in marketing and communication services through the provision of interactive digital channels products and services using music, radio and screen-based media to provide brand conversation, engaging entertainment and innovative technical solutions. It also supplies, installs and maintains the equipment required to deliver these services.

2 Basis of preparation

Both the parent company financial statements and the consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (“Adopted IFRSs”). On publishing the parent company financial statements here together with the consolidated financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual statement of profit or loss, profit or loss and other comprehensive income and related notes that form a part of these approved financial statements. The Company’s total comprehensive loss for the year was £377,568 (2017 loss: £177,932).

As highlighted in note 25, the Group meets its day to day working capital requirements through the combined use of its cash balances and receivables and payables balances.

The Directors have considered the Group’s prospects for winning new business and reviewed a range of possible outcomes when reviewing forecasts of future cash flows of the Group. On the basis of current financial projections prepared to 30 June 2020, recent news of new contracts won and of contract renewals, and continuing improvements in the management of costs, the Directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future and consequently the financial statements have been prepared on the going concern basis.

The financial statements were approved by the Board of Directors on 20 May 2019.

(a) Statement of compliance

The AIM Rules require that the consolidated financial statements of the Group be prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU (“Adopted IFRSs”).

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2(c).

(b) Measurement convention

The consolidated financial statements have been prepared on the historical cost basis except where explicitly stated otherwise.

Notes (continued)

2 Basis of preparation (continued)

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these judgements and estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 13 intangible assets (goodwill and other intangible impairment tests);
- Note 14 deferred tax assets (where the extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised);
- Note 17 trade and other receivables (review and provisions against doubtful debts);

Furthermore, information about significant areas of critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Notes 3(m) and 4 revenue recognition (determination of performance obligations and satisfaction thereof)
- Note 29 contingent liabilities (reliable estimate of potential future economic outflow).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all Group entities.

(a) Changes in accounting policies and disclosures

(i) New and amended Standards and Interpretations adopted by the Group and Company

The Group and the Company have adopted "IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" for the first time this period. These new standards required additional disclosures which have provided in note 31.

(ii) New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2018 but not currently relevant to the Group or Company

The following new and amended Standards and Interpretations are not currently relevant to the Group or Company; however, they may have a significant impact in future years:

- Amendments to IFRS 2: Classification and measurement of share-based payment transactions
- Annual improvements to IFRSs 2014-2017 cycle
- Amendments to IFRS 4: Applying IFRS 9 with IFRS 4
- IFRIC 22 Foreign currency transactions and advance consideration

Notes *(continued)***3 Significant accounting policies** *(continued)*

(iii) New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2018.

IFRS 16 “Leases” will be effective for the year ending December 2019 onwards and the impact on the financial statements will be significant. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts. Therefore, the substantial majority of the Group’s operating lease commitments (some £251,708 on an undiscounted basis, as shown in note 26 of the financial statements) would be brought onto the statement of financial position and amortised and depreciated separately. There will be no impact on cash flows, although the presentation of the cash flow statement will change significantly. Management are currently working on the new processes and systems that will be required to comply with this accounting standard.

The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

(b) Basis of consolidation**(i) Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power over the investee significantly to direct the activities; exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor’s returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group includes an Employee Benefit Trust which is included in the consolidation.

(ii) Acquisitions

Acquisitions are accounted for using the acquisition method. The cost of an acquisition is measured at fair value at the date of exchange of the consideration. Identifiable assets and liabilities of the acquired business are recognised at their fair value at the date of acquisition. To the extent that the cost of an acquisition exceeds the fair value of the net assets acquired the difference is recorded as goodwill. Where the fair value of the net assets acquired exceeds the cost of an acquisition the difference is recorded in profit and loss.

(iii) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(iv) Merger

On 20 November 2003 a new holding company was brought into the Group. This was carried out by a share for share exchange and the existing shareholders of Immedia Broadcast Limited received 1,000 10p Ordinary shares in Immedia Group Plc for every share held. There was no cash consideration. As part of its transition to IFRS on 1 January 2006 the Group did not restate the Group reconstruction which had been accounted for as a merger as permitted by UK GAAP.

Notes (continued)

3 Significant accounting policies (continued)

(c) Property plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of any part that is replaced is derecognised. The cost of the day-to-day servicing of property, plant and equipment is recognised in income and expenditure as incurred.

(iii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives.

The estimated useful lives for the current and comparative periods are as follows:

| | | |
|-------------------------|---|--|
| Plant and equipment | - | three years |
| Fixtures and fittings | | |
| Office and IT equipment | - | three to five years |
| Leasehold improvements | - | unexpired period of original term of leases, ranging from 1.5 to eight years |
| Network equipment | - | five years or contract term if shorter |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries and is stated at cost less any accumulated impairment losses. Goodwill, which under IFRSs is not amortised, is tested annually for impairment.

For acquisitions on or after 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

(ii) Research and development expenditure

Recognition and measurement

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred.

Costs that are directly attributable to the development phase of new customised technologies are recognised as intangible assets provided they meet the following recognition requirements:

- completion of the intangible asset is technically feasible so that it will be available for use or sale;
- the Group intends to complete the intangible asset and use or sell it;
- the Group has the ability to use or sell the intangible asset;

Notes (continued)**3 Significant accounting policies** (continued)

- the intangible asset will generate probable future economic benefits. Among other things, this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or, if it is to be used internally, the asset will be used in generating such benefits;
- there are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development can be measured reliably.

Development costs not meeting the criteria for capitalisation are expensed as incurred

(iii) Amortisation of intangible assets

Amortisation is recognised as an administrative expense in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for intangible assets introduced in the current period are as follows:

| | | |
|----------------------|---|---------------------|
| Brand name | - | ten years |
| Proprietary software | - | five years |
| Customer contracts | - | three to four years |

The estimated useful lives for the current and previous periods for other intangible assets are as follows:

| | | |
|------------------|---|-------------|
| Content delivery | - | three years |
|------------------|---|-------------|

(e) Investments in subsidiaries

Investments in subsidiaries in the parent company accounts are stated at cost less impairment. Investments in subsidiaries are reviewed for impairment on an annual basis or when events or other changes in circumstances indicate that the investment carrying value may be impaired.

(f) Lease payments

The economic ownership of a finance leased asset is transferred to the lessee as the lessee bears substantially all the risks and rewards of ownership of the asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or (if lower) the present value of the lease payments plus incidental payments (if any). A corresponding amount is recognised as a finance lease liability and is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss as finance cost over the period of the lease.

All other leases are treated as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

(g) Inventories

Inventories include audio, screen and content delivery equipment and are measured at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of attributable overheads.

(h) Financial instruments

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

Investments other than investments in subsidiaries are classified as either held-for-trading or not at initial recognition. At the year-end date all investments are classified as not held for trading. An irrevocable election has been made to recognise changes in fair value in other comprehensive income

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the Group do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Notes (continued)

3 Significant accounting policies (continued)

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss. Cash and cash equivalents comprise cash balances held by the Group and overnight call deposits.

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

(i) Contract assets

When equipment supplied within an audio services contract is paid for over the contract term, the Group continues to recognise equipment sales revenues consistently with the revenue recognition policy below.

(j) Trade and other payables

Trade and other payables are recognised at fair value on initial recognition and subsequently at amortised cost.

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

(l) Impairment

Non-financial assets

Assets that have indefinite lives (goodwill) are tested for impairment annually. Assets that are subject to amortisation or depreciation (customer relationships, brand, content delivery, property plant & equipment) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The test for impairment under IAS 36 compares the carrying value of an asset against its economic value (recoverable amount to the business), where economic value is defined as the higher of the asset's fair value less costs to sell or its value in use. (These measures are based on the net present value of future cash flows). If the carrying value exceeds the economic value, impairment exists.

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit in which the asset is used exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in consolidated statement of profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

Notes *(continued)***3 Significant accounting policies** *(continued)**Financial assets*

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Revenue

Revenue represents the amounts receivable by the Group for the provision of its goods and services, excluding value added tax.

In the **production** segment (see note 3(t) below), services comprise the broadcasting of live and as live radio programmes to customers' premises using appropriate technologies, together with the production of advertising content for use in those programmes. Revenue from these services is billed on time-based subscriptions and recognised as the performance obligation is fulfilled. Additionally, the creation of digital web and app designs, digital solutions for audio visual content, 3D, virtual reality and augmented reality content are all included in the production segment services provided by the AVC Immedia division. Revenue from these services is billed and recognised on completion as that is when the performance obligation is met.

In the **operations** segment (see note 3(t) below), revenue from equipment sales which includes delivery and configuration is recognised over time; revenue from content delivery and equipment maintenance and hire services is billed on time-based subscriptions and is recognised monthly on completion when the performance obligation is met.

To the extent that invoices are raised to a different pattern than revenue recognition described above, appropriate adjustments are made through contract assets and contract liabilities to account for revenue when the underlying service has been performed or goods have transferred to the customer.

(n) Finance income and cost

Finance income comprises interest income on bank deposits and interest income from customers on deferred payment terms, both of which are recognised as accrued using the effective interest method.

Finance cost comprises interest expense on borrowings which is recognised in profit or loss using the effective interest method.

(o) Taxation

The tax expense comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In this case, the tax is also recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes (continued)

3 Significant accounting policies (continued)

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Equity and reserves

Share capital represents the nominal value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Merger reserve represents the consolidation difference that arises under merger accounting. This consists of the difference between the cost of investment and the nominal value of the share capital acquired.

Other reserves include share based payments charges.

The investment revaluation reserve includes accumulated gains and losses on financial assets.

Retained losses include retained profits and losses relating to current and prior years and purchases and sales of own shares by the Employee Benefit Trust.

All transactions with owners of the parent are recorded separately within equity.

(q) Foreign currencies

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(r) Earnings per share

Basic and diluted

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Pre-tax

Pre-tax EPS is calculated on the same basis as Diluted EPS except using profit or loss before tax instead of profit or loss attributable to ordinary shareholders.

(s) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due (see note 28).

(ii) Share-based compensation

The Group operates an equity settled compensation scheme which grants options to qualifying employees. The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the expected number of share options that vest unless this adjustment is due to the share price not achieving the set thresholds for vesting.

Notes (continued)**3 Significant accounting policies (continued)***(iii) Employee benefit trust*

The Group operates an employee benefit trust (EBT) for the benefit of its employees through Immedia Broadcasting Trustees Limited which acts as Trustee. Transactions of the EBT are treated as being those of the Group and are therefore reflected in the consolidated financial statements. The trust's purchases and sales of shares in the Company are debited and credited directly to equity (see statements of changes in equity on pages 31 and 32).

(t) Segment reporting

In identifying its operating segments, management follows the Group's service lines, which represent the main products and services provided by the Group. There are two operating segments: production and operations.

The revenue streams in the **production** segment comprise the content created for customers, including audio based (live and recorded radio, music, advertising and branding) and visual based (video, music advertising and branding, digital web and app designs, and digital solutions for audio visual, 3D, virtual reality and augmented reality content), together with all applicable licensing charges.

The revenue streams in the **operations** segment comprise the supply, installation and sale or hire of equipment to deliver content to customers, the delivery of the content (including via broadband or satellite technologies), and the maintenance of the equipment.

The Group's segment reporting is based on internal management reporting information. The Chief Operating Decision Maker, which is deemed to be the executive Board, reviews management information which is the same as is reported and prepared under IFRS.

The policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements except that corporate assets and central overheads are not allocated to a segment as they are not directly attributable to the activities of either operating segment. All inter-segment transfers are carried out at arm's length prices.

(u) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

4 Segment reporting

Segment information is presented in respect of the Group's two operating segments as described in note 3(t) and is based on the Group's management and internal reporting structure.

Segment results include items directly attributable to a segment. Unallocated items comprise administrative expenses, finance income and expense and income tax income or expense.

Geographical analysis

| | UK | EEA | RoW* | Total | UK | EEA | RoW | Total |
|----------------|------------------|---------------|----------------|------------------|------------------|---------------|----------------|------------------|
| | 2018 | 2018 | 2018 | 2018 | 2017 | 2017 | 2017 | 2017 |
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Revenue | <u>4,384,238</u> | <u>40,427</u> | <u>262,269</u> | <u>4,686,934</u> | <u>3,422,695</u> | <u>10,567</u> | <u>115,427</u> | <u>3,548,689</u> |

*included in above are sales to USA £117,400 (2017: £nil). There were no other material sales to other countries

Notes (continued)

4 Segment reporting (continued)

| | Production | Operations | Total | Production | Operations | Total |
|--------------------------------------|------------------|------------------|------------------|-------------|------------|-------------|
| <i>Operating segment analysis</i> | 2018 | 2018 | 2018 | 2017 | 2017 | 2017 |
| | £ | £ | £ | £ | £ | £ |
| Revenue | 3,016,268 | 1,670,666 | 4,686,934 | 3,094,004 | 454,685 | 3,548,689 |
| Cost of sales | (1,312,217) | (854,149) | (2,166,366) | (1,503,379) | (255,667) | 1,759,046 |
| Gross profit | 1,704,051 | 816,517 | 2,520,568 | 1,590,625 | 199,018 | 1,789,643 |
| Administrative expenses | | | (2,409,875) | | | (2,481,761) |
| Profit/(loss) from operations | | | 110,693 | | | (692,118) |
| Finance income | | | 159 | | | 202 |
| Finance cost | | | (4,648) | | | (1,352) |
| Profit/(loss) before tax | | | 106,204 | | | (693,268) |

There were two customers where revenue was greater than 10% of the total (2017: three). Revenue from each of these customers is derived from both production and operations segments.

| <i>Significant customer analysis</i> | Total revenue | | Total revenue | |
|--------------------------------------|---------------|------|---------------|------|
| | 2018 | 2018 | 2017 | 2017 |
| | £ | % | £ | % |
| Customer 1 | 1,750,838 | 37.4 | 578,271 | 16.3 |
| Customer 2 | 584,394 | 12.5 | 500,976 | 14.1 |
| Customer 3 | - | | 474,606 | 13.4 |

| <i>Analysis of revenue between goods and services</i> | 2018 | 2017 |
|---|------------------|------------------|
| | £ | £ |
| Goods | 1,529,113 | 369,733 |
| Services | 3,157,821 | 3,178,956 |
| Total revenues | 4,686,934 | 3,548,689 |

Notes *(continued)***4 Segment reporting** *(continued)*

| <i>Analysis of revenue recognition</i> | 2018 | 2017 |
|--|-----------|-----------|
| | £ | £ |
| Recognised at a point in time | 1,058,224 | 1,046,168 |
| Recognised over time | 3,628,710 | 2,502,521 |
| | <hr/> | <hr/> |
| Total revenues | 4,686,934 | 3,548,689 |

5 Profit from operations

| | 2018 | 2017 |
|--|---------|---------|
| | £ | £ |
| <i>Included in profit/(loss) are the following:</i> | | |
| Auditor's remuneration | | |
| Group - audit of these financial statements | 26,220 | 24,000 |
| - fees paid to the auditor for audit-related assurance services | 2,250 | 2,000 |
| - fees paid to the auditor and their associates in respect of tax compliance services | 4,000 | 4,000 |
| Included in Group audit total: Company - audit | 3,250 | 2,750 |
| Depreciation and amounts written off property, plant and equipment and intangible assets | | |
| - Owned | 141,641 | 177,149 |
| - Leased | 10,254 | - |
| Hire of other assets – operating leases | 114,542 | 141,593 |

Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

6 Remuneration of Directors

| | 2018 | 2017 |
|---|---------|---------|
| | £ | £ |
| Directors' emoluments | 363,370 | 308,815 |
| Contributions to defined contribution plans | 5,823 | 3,689 |
| | <hr/> | <hr/> |
| | 369,193 | 312,504 |
| | <hr/> | <hr/> |

The aggregate emoluments of the highest paid Director were £168,007 (2017: £144,639), including pension contributions of £3,573 (2017: £2,311).

Remuneration for each individual director, which is required to be disclosed under the AIM rules, is shown in the Directors' Report on page 14.

| | 2018 | 2017 |
|---|---------------------|---------------------|
| | Number of Directors | Number of Directors |
| Retirement benefits are accruing in a paid-up scheme to the following numbers of Directors under money purchase pension schemes | 2 | 1 |
| | <hr/> | <hr/> |

Notes (continued)

7 Staff numbers and costs

The average number of persons employed (including Directors) during the year, analysed by category, was as follows:

| | Group | |
|-----------------------------|---------------------|-------|
| | Number of employees | |
| | 2018 | 2017 |
| Administration and sales | 21 | 19 |
| Production and distribution | 12 | 16 |
| | <hr/> | <hr/> |
| | 33 | 35 |
| | <hr/> | <hr/> |

The aggregate payroll costs of these persons were as follows:

| | 2018 | 2017 |
|--|-----------|-----------|
| | £ | £ |
| Wages and salaries | 1,082,418 | 1,194,387 |
| Compulsory social security contributions | 106,234 | 124,921 |
| Pension Contributions | 20,232 | 20,954 |
| | <hr/> | <hr/> |
| | 1,208,884 | 1,340,262 |
| | <hr/> | <hr/> |

The Group also made payments of fees to Directors of £125,555 (2017: £79,246).

Key management of the Group is considered to be the Board of Directors plus the AVC management team; key management of the parent company is considered to be the Board of Directors. The remuneration of key management including employer's national insurance was £507,936 (2017: £427,729) of which £5,823 relates to employer's pension contributions (2017: £6,698). Details of share options held by key management are shown in note 28. There was no share-based payment charge in 2018 (2017: £nil).

Disclosure of information about the parent company's staff numbers and costs is the same as the information for Directors' remuneration which is disclosed in note 6 and in the Directors' Report on page 14.

8 Finance income and finance cost

| | 2018 | 2017 |
|--|---------|---------|
| | £ | £ |
| Finance income | | |
| Interest income on bank deposits | 159 | 202 |
| | <hr/> | <hr/> |
| | 159 | 202 |
| | <hr/> | <hr/> |
| Finance cost | | |
| Interest expense on bank loan and invoice finance facility | (1,047) | (722) |
| Finance lease interest | (3,601) | (630) |
| | <hr/> | <hr/> |
| | (4,648) | (1,352) |
| | <hr/> | <hr/> |

Notes *(continued)***9 Other comprehensive income items**

| | 2018 £ | 2017 £ |
|--|-----------------------------|-----------------------------|
| Fair value (loss)/gain on equity investments not held for trading designated as fair value through OCI | (112,800) | 7,800 |
| | <u> </u> | <u> </u> |

10 Tax credit

| | 2018 £ | 2017 £ |
|---|-----------------------------|-----------------------------|
| Current tax | | |
| Deferred tax | | |
| Deferred tax (see note 14) | 49,545 | 21,700 |
| | <u> </u> | <u> </u> |
| Total tax credit in consolidated statement of profit or loss | 49,545 | 21,700 |
| | <u> </u> | <u> </u> |

Reconciliation of effective tax rate

The current tax expense for the year is lower (*2017: lower*) than the standard rate of corporation tax in the UK for small companies 19.00% (*2017: 19.25%*). The differences are explained below:

| | 2018 £ | 2017 £ |
|---|-----------------------------|-----------------------------|
| Profit/(loss) before tax | 106,204 | (693,268) |
| | <u> </u> | <u> </u> |
| Current tax at 19.00% (<i>2017: 19.25%</i>) | (20,178) | 133,454 |
| Effects of: | | |
| Expenses not deductible for tax purposes | (792) | (1,948) |
| Changes in amount of unrecognised deferred tax losses | 70,515 | (109,806) |
| | <u> </u> | <u> </u> |
| Total tax credit | 49,545 | 21,700 |
| | <u> </u> | <u> </u> |

Notes (continued)

11 Earnings per share

| | 2018 Number | 2017 Number |
|---|-------------|-------------|
| <u>Basic</u> | | |
| Weighted average number of shares in issue | 14,556,844 | 14,556,844 |
| Less weighted average number of own shares | (832,374) | (832,374) |
| | <hr/> | <hr/> |
| Weighted average number of shares in issue for basic earnings per share | 13,724,470 | 13,724,470 |
| | <hr/> | <hr/> |
| Basic earnings/(loss) per share | 1.13p | (4.89)p |
| | | |
| | 2018 Number | 2017 Number |
| <u>Diluted</u> | | |
| Weighted average number of shares in issue | 13,724,470 | 13,724,470 |
| Add shares which dilute | 666,847 | - |
| | <hr/> | <hr/> |
| Weighted average number of shares in issue for diluted earnings per share | 14,391,317 | 13,724,470 |
| | <hr/> | <hr/> |
| Diluted earnings/(loss) per share | 1.08p | (4.89)p |

The **basic** and **diluted** earnings/(loss) per share are calculated using the after-tax profit attributable to equity shareholders for the financial period of £155,749 (2017: loss £671,568).

In accordance with IAS 33 the diluted basic earnings/(loss) per share is stated at the same amount in 2017 as basic as there is no dilutive effect, whereas there is a dilutive effect in 2018.

| | 2018 | 2017 |
|---|-------|---------|
| <u>Pre-tax earnings/(loss) per share</u> | | |
| Basic pre-tax earnings/(loss) per share | 0.77p | (5.05)p |
| | <hr/> | <hr/> |
| Diluted pre-tax earnings/(loss) per share | 0.74p | (5.05)p |
| | <hr/> | <hr/> |

The basic and diluted **pre-tax** earnings/(loss) per share are calculated using the before tax earnings/(loss) attributable to equity shareholders for the financial period of £106,204 (2017: £693,268).

Notes (continued)**12 Property, plant and equipment**

| | Plant & equipment £ | Fixtures & Fittings £ | Network Equipment £ | Total £ |
|---|---------------------------|-----------------------------|---------------------------|------------------|
| Cost | | | | |
| At 1 January 2018 | 898,668 | 703,221 | 23,635 | 1,625,524 |
| Additions | 104,220 | 18,772 | - | 122,992 |
| Disposals and retirements | (7,860) | (733) | - | (8,593) |
| At 31 December 2018 | 995,028 | 721,260 | 23,635 | 1,739,923 |
| Depreciation & impairment losses | | | | |
| At 1 January 2018 | 852,951 | 548,100 | 23,635 | 1,424,686 |
| Charge for year | 33,909 | 59,392 | - | 93,301 |
| On disposals and retirements | (3,539) | - | - | (3,539) |
| At 31 December 2018 | 883,321 | 607,492 | 23,635 | 1,514,448 |
| Carrying amounts | | | | |
| At 31 December 2018 | 111,707 | 113,768 | - | 225,475 |
| Cost | | | | |
| At 1 January 2017 | 900,654 | 702,550 | 23,635 | 1,626,839 |
| Additions | 10,999 | 7,632 | - | 18,631 |
| Disposals and retirements | (12,985) | (6,961) | - | (19,946) |
| At 31 December 2017 | 898,668 | 703,221 | 23,635 | 1,625,524 |
| Depreciation & impairment losses | | | | |
| At 1 January 2017 | 825,449 | 473,826 | 23,635 | 1,322,910 |
| Charge for year | 39,422 | 80,904 | - | 120,326 |
| On disposals and retirements | (11,920) | (6,630) | - | (18,550) |
| At 31 December 2017 | 852,951 | 548,100 | 23,635 | 1,424,686 |
| Carrying amounts | | | | |
| At 31 December 2017 | 45,717 | 155,121 | - | 200,838 |

Finance leases

There were outstanding finance leases (see note 21) in respect of property, plant and equipment with a net book value of £76,699 (2017: £4,068).

Notes (continued)

13 Intangible assets

| | Customer relationships £ | Brand £ | Content delivery £ | Goodwill £ | Total £ |
|---|-----------------------------|---------------|-----------------------|------------------|------------------|
| Cost | | | | | |
| At 1 January 2018 | 729,847 | 51,546 | 88,974 | 1,173,310 | 2,043,677 |
| Additions | - | - | - | - | - |
| At 31 December 2018 | 729,847 | 51,546 | 88,974 | 1,173,310 | 2,043,677 |
| Amortisation & impairment losses | | | | | |
| At 1 January 2018 | 627,520 | 6,818 | 60,948 | 982,292 | 1,677,578 |
| Charge for year | 45,480 | 5,148 | 7,966 | - | 58,594 |
| At 31 December 2018 | 673,000 | 11,966 | 68,914 | 982,292 | 1,736,172 |
| Carrying amounts | | | | | |
| At 31 December 2018 | 56,847 | 39,580 | 20,060 | 191,018 | 307,505 |
| Cost | | | | | |
| At 1 January 2017 | 729,847 | 51,546 | 88,974 | 1,173,310 | 2,043,677 |
| Additions | - | - | - | - | - |
| At 31 December 2017 | 729,847 | 51,546 | 88,974 | 1,173,310 | 2,043,677 |
| Amortisation & impairment losses | | | | | |
| At 1 January 2017 | 582,040 | 1,718 | 52,583 | 982,292 | 1,618,633 |
| Charge for year | 45,480 | 5,100 | 8,365 | - | 58,945 |
| At 31 December 2017 | 627,520 | 6,818 | 60,948 | 982,292 | 1,677,578 |
| Carrying amounts | | | | | |
| At 31 December 2017 | 102,327 | 44,728 | 28,026 | 191,018 | 366,099 |

Notes (continued)*Impairment review and movements in intangible assets and goodwill*

The annual impairment review of goodwill in the Production segment (excluding separately acquired AVC) is undertaken by reference to its 'value in use'; the Production segment (to which all goodwill has been allocated) forms its own cash generating unit (CGU) within the Group.

The recoverable amount of the Production segment CGU was determined from value in use calculations covering a detailed forecast followed by an extrapolation of expected cash flows using growth rates determined by management. A growth rate of 2% was used to test value in use and reflects management's estimate of the potential change in the Production segment CGU over the medium term, excluding new business. Key assumptions for the value in use calculations are discount rates, growth rates and expected changes to selling prices and direct costs during the forecasting period. Management has estimated the discount rate using the weighted average cost of capital of the business.

Estimates of changes in selling prices and direct costs are based on past experience and expectations of future change in the market, excluding new business, and have been extrapolated over a five-year period starting 1 January 2018 followed by a long term growth rate of 1% thereafter.

The following assumptions were used to test the sensitivity of the value in use calculations: management's range of forecasts using minus 10% to plus 2% growth to extrapolate future cash flows, with a post-tax discount rate of 14.5% (2017: 14.5%) applied to its cash flow projections (equivalent to a pre-tax rate of approximately 17.5% (2017: 17.5%).

Management have also undertaken an impairment review of the other intangibles relating to AVC using the same methodology as above. Based on the reviews undertaken, no impairment is required.

14 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

| Deferred tax assets/(liabilities) | 1 January 2018 | Recognised in profit or loss | 31 December 2018 |
|--|----------------|---------------------------------|------------------|
| | £ | £ | £ |
| Non-current assets | | | |
| Unused tax losses | 61,329 | 26,046 | 87,375 |
| Fixed asset timing differences | (26,479) | 22,073 | (4,406) |
| Short term timing differences | - | 1,426 | 1,426 |
| | <u>34,850</u> | <u>49,545</u> | <u>84,395</u> |
| Deferred tax assets/(liabilities) | 1 January 2017 | Recognised in profit or loss | 31 December 2017 |
| | £ | £ | £ |
| Non-current assets | | | |
| Unused tax losses | 65,400 | 8,613 | 74,013 |
| Provisions | (52,250) | 13,087 | (39,163) |
| | <u>13,150</u> | <u>21,700</u> | <u>34,850</u> |

Notes (continued)

14 Deferred tax assets and liabilities (continued)

There are trading losses carried forward of £1,682,325 which create a potential deferred tax asset of £285,995 (2017: £359,882) of which £87,375 remains recognised in 2018 (£61,329 remained recognised in 2017). The balance has not been recognised as there is uncertainty over when these amounts will be utilised. Deferred tax liabilities relating to tangible and intangible assets total £4,406 in 2018 and £26,479 in 2017.

Within the parent company, a deferred tax liability of £12,684 was recognised in 2017 on gains from financial assets elected as fair value through OCI. A deferred tax asset of £12,750 was also recognised in respect of residual losses which will be utilised upon realisation of this gain. These amounts have both been reduced to £nil in 2018. The movements on deferred tax arising from valuation changes in financial assets measured at fair value through OCI and related losses have been offset within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

15 Inventories

| | Group | |
|------------------|---------|--------|
| | 2018 | 2017 |
| | £ | £ |
| Work in progress | 8,342 | 1,390 |
| Finished goods | 145,573 | 68,413 |
| | <hr/> | <hr/> |
| | 153,915 | 69,803 |
| | <hr/> | <hr/> |

Work in progress represents the cost of equipment installations in the course of completion where the project has not yet been handed over to customers. The inventory expense included in cost of sales in the consolidated statement of profit or loss was £808,025 (2017: £228,821). In 2018, there was a small net increase of impairment charges for obsolete and slow moving inventories totalling £800 (in 2017 a net increase of impairment charges totalling £6,217).

16 Investments in subsidiaries

Subsidiary undertakings - Company

| | 2018 | 2017 |
|--------------------------------|---------|---------|
| | £ | £ |
| <i>Cost and net book value</i> | | |
| At beginning and end of year | 766,278 | 766,278 |
| | <hr/> | <hr/> |

Notes *(continued)***16 Investments in subsidiaries** *(continued)*

The following companies are wholly owned subsidiaries whose ultimate parent company is Immedia Group Plc.

| Name | Registered No. | Country of incorporation | Shareholding | Activity |
|---------------------------------------|-----------------------|---------------------------------|---------------------|-------------------------|
| Immedia Broadcast Limited | 03873102 | England & Wales | 100% | Marketing services |
| Immedia Broadcasting Trustees Limited | 04552356 | England & Wales | 100% | Trustee to EBT; dormant |
| The Cube Group of Companies Limited | 03845864 | England & Wales | 100% | Dormant |
| Cube Music Limited | 03822694 | England & Wales | 100% | Dormant |
| Immedia Broadcasting Limited | 06336935 | England & Wales | 100% | Dormant |
| You TV Limited | 06546384 | England & Wales | 100% | Dormant |
| Immedia TV Limited | 06546391 | England & Wales | 100% | Dormant |
| Pay to Play Music Limited | 07303112 | England & Wales | 100% | Dormant |
| Play 4 Pay Limited | 07303130 | England & Wales | 100% | Dormant |
| Pay to Play Limited | 07303663 | England & Wales | 100% | Dormant |
| Dreamstream Music Limited | 07375463 | England & Wales | 100% | Dormant |

Notes (continued)

16 Investments in subsidiaries continued

All companies in Immedia Group Plc have their registered offices at 7-9 The Broadway, Newbury, Berkshire RG14 1AS.

At 31 December 2018 and 31 December 2017 the Company held 100% of the ordinary share capital of Immedia Broadcast Limited, The Cube Group of Companies Limited, Immedia Broadcasting Limited, You TV Limited and Immedia TV Limited.

At 31 December 2018 and 31 December 2017, Immedia Broadcast Limited held 100% of the ordinary share capital of Immedia Broadcasting Trustees Limited (a trust holding company), Pay to Play Music Limited, Play 4 Pay Limited, Pay to Play Limited and Dreamstream Music Limited.

At 31 December 2018 and 31 December 2017, The Cube Group of Companies Limited held 100% of the ordinary share capital of Cube Music Limited.

17 Trade and other receivables

| | Group | | Company | |
|--|----------------|----------------|---------------|---------------|
| | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| Trade receivables (i) | 637,687 | 517,606 | - | - |
| Contract assets | 4,735 | 523 | - | - |
| Amounts owed by subsidiary undertakings (ii) | - | - | 56,482 | 56,482 |
| Other debtors | 1,000 | 1,000 | - | - |
| | <u>643,422</u> | <u>519,129</u> | <u>56,482</u> | <u>56,482</u> |

A provision for impairment of trade receivables is established after using an expected loss model. Expected loss is calculated from a provision matrix based on the expected lifetime default rates and estimates of loss on default, using forward looking information.

At 31 December 2018 trade receivables are shown after provisions for impairment totalling £19,866 (31 December 2017: £35,308) arising from slow moving debts and disputed charges.

Movement in impairment provisions are summarised as below:

| | 2018 £ | 2017 £ |
|-------------------------|---------------|---------------|
| As 1 January | 35,308 | 13,016 |
| Utilisation during year | (23,163) | (4,651) |
| Increase in provisions | 7,741 | 26,943 |
| As 31 December | <u>19,886</u> | <u>35,308</u> |

Notes *(continued)***17 Trade and other receivables** *(continued)*

(i) At 31 December the total of trade receivables past due, net of provision for impairment, was as follows:

| | Group | |
|-----------------------------|-------------------|-------------------|
| | 2018 | 2017 |
| | £ | £ |
| Up to three months past due | 170,659 | 96,209 |
| Over three months past due | 31,958 | 24,720 |
| | <u> </u> | <u> </u> |

(ii) The above totals include the following amounts falling due after more than one year:

| | Company | |
|---|-------------------|-------------------|
| | 2018 | 2017 |
| | £ | £ |
| Amounts owed by subsidiary undertakings | 56,482 | 56,482 |
| | <u> </u> | <u> </u> |

Notes (continued)

18 Financial assets

In March 2014 the Group invested £90,000 in the purchase of 6,000,000 shares in AudioBoom Group Plc, an AIM-listed spoken-word audio platform for hosting distributing and monetising content, as part of the Group's strategy to broaden its digital marketing and communications services.

The Group has taken the irrevocable election to classify this investment as fair value through OCI (see note 3(h) above). At 31 December 2018 the fair value of the investment was £60,000 (31 December 2017: £172,800) with a net fair value loss in 2018 of £112,800 recognised in other comprehensive income (2017: gain £7,800).

As at the date of approval of this report, the investment represents c.0.005% of Audioboom Group Plc's ordinary shares in issue and has a fair value of £129,000.

19 Cash and cash equivalents

| | Group | | Company | |
|---------------------------|---------|--------|---------|-------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Bank balances | 368,586 | 53,716 | - | - |
| Call deposits | 1,112 | 27 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Cash and cash equivalents | 369,698 | 53,743 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |

20 Capital management and share capital

The Group's objectives when managing its capital structure are:

- to provide adequate working capital to support growth;
- to protect against volatility in earnings and net asset values;
- to ensure the Group's ability to continue as a going concern; and
- over the longer term, to provide adequate returns to equity shareholders.

The Group regularly reviews and manages its capital in order to maintain an optimal structure, taking account of its future capital requirements, projected profitability, operating cash flows, capital expenditure and projected strategic investment opportunities. The management regards capital as total equity and reserves.

Reconciliation of movement in capital

| Share capital | 2018 | 2017 |
|---|-----------|-----------|
| | £ | £ |
| <i>Authorised</i> | | |
| 36,000,000 Ordinary shares of 10 pence each | 3,600,000 | 3,600,000 |
| | <hr/> | <hr/> |
| <i>Allotted, called up and fully paid</i> | | |
| 14,556,844 Ordinary shares of 10 pence each | 1,455,684 | 1,455,684 |
| | <hr/> | <hr/> |

There are no restrictions on the transfer of shares in Immedia Group Plc. All shares carry equal voting rights.

Notes (continued)**21 Finance lease arrangements**

These are assets held under finance leases within Property, plant and equipment (note 12)

Future minimum finance lease payments at 31 December were as follows:

| Falling due: | Group | | Total £ |
|---------------------------|--------------------|-------------------|---------------|
| | Within 1 year £ | 1 to 5 years £ | |
| 31 December 2018 | | | |
| Lease payments | 35,174 | 54,864 | 90,038 |
| Future finance charges | (7,710) | (5,284) | (12,994) |
| | <u>27,464</u> | <u>49,580</u> | <u>77,044</u> |
| Net present values | 27,464 | 49,580 | 77,044 |
| 31 December 2017 | | | |
| Lease payments | 6,000 | 1,825 | 7,825 |
| Future finance charges | (486) | (283) | (769) |
| | <u>5,514</u> | <u>1,542</u> | <u>7,056</u> |
| Net present values | 5,514 | 1,542 | 7,056 |

The lease agreements include fixed payments and the option to purchase at the end of the lease terms. The agreements are non-cancellable and do not contain any further restrictions. Obligations under hire purchase contracts are secured against specific assets financed.

22 Trade and other payables

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| Current | | | | |
| Trade payables | 650,786 | 554,499 | - | - |
| Other taxation and social security | 122,363 | 95,524 | - | - |
| Amounts owed to subsidiary undertakings | - | - | 1,462,217 | 1,197,068 |
| Other trade payables and accrued expenses | 738,437 | 583,499 | 1,301 | 2,025 |
| | <u>1,511,586</u> | <u>1,233,522</u> | <u>1,463,518</u> | <u>1,199,093</u> |

Notes (continued)

23 Provisions

| | Leasehold premises dilapidations £ | Totals £ |
|-------------------------|---|---------------|
| At 1 January 2018 | 42,500 | 42,500 |
| Arising during the year | - | - |
| | <u>42,500</u> | <u>42,500</u> |
| At 31 December 2018 | <u>42,500</u> | <u>42,500</u> |

The provision is for the estimated cost of reinstating the Group's leasehold studios and offices in Newbury to their original state at the end of the current lease term.

24 Contract liabilities

| | Group 2018 £ | 2017 £ |
|----------------|--------------------|---------------|
| Media services | 121,746 | 66,657 |
| | <u>121,746</u> | <u>66,657</u> |

Where media services are billed in advance, income is deferred until it can be recognised in accordance with the revenue recognition policy as detailed in note 3(m). All of the prior year contract liability has been recognised in revenue this year, and all of the current year contract liability is expected to be recognised in revenue next year.

Analysis of future obligations

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Performance obligations to be satisfied in the next year | 1,354,074 | 2,716,294 |
| | <u>1,354,074</u> | <u>2,716,294</u> |
| Performance obligations to be satisfied in the subsequent year | 953,966 | 2,308,040 |
| | <u>953,966</u> | <u>2,308,040</u> |

Notes *(continued)***25 Financial instruments*****Treasury***

The Group's financial instruments through which it meets its day to day working capital requirements comprise cash and liquid resources, as well as receivables and payables. The principal risk on the financial assets is credit risk, which the Board has reviewed and manages through its policies summarised below. The Group maintains a policy of not trading in financial instruments. This policy has remained unchanged since the beginning of the year.

Borrowing facilities

There were no borrowing facilities available at 31 December 2018 or 31 December 2017.

During 2018 the Group arranged new finance leases for IT equipment, servers and telephone system at Newbury under a number of finance lease arrangements. At 31 December 2018 the Group owed £77,044 (secured) under these leases.

Interest rate risk

New leases arranged in 2018 carried fixed interest rates of circa 6%.

Liquidity risk (see also table 3 on page 60)

Short-term flexibility is normally achieved through the use of cash balances, primarily held on short-term deposit. Financial liabilities as shown in note 22 are payable within one year and between one and five years. The Directors consider that the Group's exposure to liquidity risk is minimal.

Foreign currency risk

The Group has no material financial exposure to foreign exchange gains and losses.

Credit risk

The Group's exposure to credit risk is mitigated by the quality of its predominantly blue chip customers. The trade receivables balance of £637,687 (2017: £517,606) represents the maximum exposure to credit risk, of which 7.4% (2017: 7.4%) relates to smaller and/or more recently established companies. Policies are maintained to ensure the Group makes credit sales only to customers with an appropriate credit rating, and credit limits are set and reviewed based on credit references, debt ageing and collection history.

Trade receivables are considered in default and subject to additional credit control procedures when they are more than 30 days past due in line with industry practice. Trade receivables are only written off when there is no reasonable expectation of recovery due to insolvency of the debtor.

The carrying amount of trade receivables represent the maximum credit exposure.

Notes (continued)

25 Financial instruments (continued)

Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the Statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

All financial assets held at fair value are measured at level 1 within the hierarchy in 2018 and 2017. There were no transfers between Level 1 and Level 2 in 2018 or in 2017.

Table 1: Categories of financial assets and liabilities: financial assets

| Group | Financial assets at fair value through other comprehensive income | Financial assets at amortised cost | Total |
|--|---|------------------------------------|-------------|
| | 2018 £ | 2018 £ | 2018 £ |
| Trade and other receivables (note 17) | - | 637,687 | 637,687 |
| Contract asset and other debtors (note 17) | - | 5,735 | 5,735 |
| Financial assets (note 18) | 60,000 | - | 60,000 |
| Cash and cash equivalents (note 19) | - | 369,698 | 369,698 |
| | <hr/> | <hr/> | <hr/> |
| Total financial assets | 60,000 | 1,013,120 | 1,073,120 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| | 2017 £ | 2017 £ | 2017 £ |
| Trade and other receivables (note 17) | - | 517,606 | 517,606 |
| Contract asset and other debtors (note 17) | - | 1,523 | 1,523 |
| Financial assets (note 18) | 172,800 | - | 172,800 |
| Cash and cash equivalents (note 19) | - | 53,743 | 53,743 |
| | <hr/> | <hr/> | <hr/> |
| Total financial assets | 172,800 | 572,872 | 745,672 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Notes (continued)**25 Financial instruments** (continued)**Table 2: Categories of financial assets and liabilities: financial liabilities at amortised cost**

| Group | Other trade payables and accrued expenses | Total |
|---|---|------------------|
| | 2018 £ | 2018 £ |
| Lease financing (note 21) | 77,044 | 77,044 |
| Trade and other payables (note 22) | 773,149 | 735,246 |
| Non-trade payables and accrued expenses (note 22) | 738,437 | 776,340 |
| | <hr/> | <hr/> |
| Total financial liabilities | 1,588,630 | 1,588,630 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | 2017 £ | 2017 £ |
| Lease financing (secured) (note 21) | 7,056 | 7,056 |
| Trade and other payables (note 22) | 650,023 | 650,023 |
| Non-trade payables and accrued expenses (note 22) | 583,499 | 583,499 |
| | <hr/> | <hr/> |
| Total financial liabilities | 1,240,578 | 1,240,578 |
| | <hr/> <hr/> | <hr/> <hr/> |

Table 3: Analysis of trade and other payables by due date

| | Due date as at 31 December 2018 | | | | Total £ |
|---|---------------------------------|-------------------|-----------------|----------------|------------|
| | < 30 days £ | >30<183 days £ | >183 < 366 £ | >366 days £ | |
| Trade and other payables | 220,633 | 222,324 | 312,473 | 17,719 | 773,149 |
| Non-trade payables and accrued expenses | 115,336 | 171,808 | 110,823 | 340,470 | 738,437 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| | Due date as at 31 December 2017 | | | | Total £ |
| | < 30 days £ | >30<183 days £ | >183 < 366 £ | >366 days £ | |
| Trade and other payables | 241,730 | 250,583 | 154,590 | 3,120 | 650,023 |
| Non-trade payables and accrued expenses | 124,248 | 173,076 | 51,347 | 234,828 | 583,499 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

Notes (continued)

26 Commitments

(a) The total of future minimum lease payments under non-cancellable operating leases is as follows:

| | 2018 | | 2017 | |
|---|--------------------|---------------|--------------------|---------------|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| Group | | | | |
| Amount payable | | | | |
| Not later than one year | 76,000 | 37,737 | 79,164 | 42,260 |
| Later than one year and not later than five years | 133,000 | 4,971 | 200,800 | 38,590 |
| | <u>209,000</u> | <u>42,708</u> | <u>279,964</u> | <u>80,850</u> |

The land and buildings leases shown above relate to the Group's rental of offices in Newbury and Aberdeen (2017: *Newbury and Aberdeen*).

(b) Capital commitments

There were no unprovided capital commitments at 31 December 2018 (2017: *£Nil*).

27 Related party disclosures

In 2018 Immedia Broadcast Limited paid £20,000 to Intrinsic Capital Services Limited, a company controlled by Mark Horrocks, and paid £60,380 to Morph Management Ltd, a company controlled by Tim Hipperson and paid £25,175 to Mantle Ltd, a company controlled by Simon Leathers. These payments were for non-executive director services. The company paid £20,000 to BBME Ltd, a company controlled by Bruno Brookes for executive director services. These amounts are included in the directors' remuneration table on page 14.

In 2017 Immedia Broadcast Limited paid £20,540 to Intrinsic Capital Services Limited, a company controlled by Mark Horrocks, and paid £15,263 to Morph Management Ltd, a company controlled by Tim Hipperson for non-executive director services and paid £18,016 to Mantle Ltd, a company controlled by Simon Leathers. These payments were for non-executive director services. These amounts are included in the directors' remuneration table on page 14.

In 2018, compensation payable to close family members of a key management member total £8,605 (2017: *£8,605*) and pension *£Nil* (2017: *£Nil*). During the year, management fees of £241,335 (2017: *£235,747*) were charged from Immedia Group Plc to Immedia Broadcast Ltd. At the year end, a balance of £1,462,217 (2017: *£1,197,068*) was owing from Immedia Group Plc to Immedia Broadcast Ltd.

28 Employee benefits

Pension schemes – Group and Company

The Group operates a defined contribution auto-enrolment workplace pension scheme (the Immedia Broadcast Limited Pension Scheme) administered by Scottish Widows Limited; the scheme was novated to the Group as part of the acquisition of AVC and is open to all eligible employees to join. Employer contributions paid or payable by the Group to the scheme during the year totalled £20,232 (2017: *£20,954*).

The Group also operates an historic defined contribution pension scheme (the Immedia Broadcast Limited Retirement Benefit Scheme) which has two members. This scheme remains closed to new members. There were no

contributions paid or payable by the Group to the scheme during the year (2017: £Nil) and there were no outstanding or prepaid contributions at either the beginning or the end of the current or previous financial years.

Notes (continued)

28 Employee benefits (continued)

Share-based payments – Group and Company

The number of share options outstanding at 31 December (including options awarded to Directors) was as follows:

| Option scheme | Terms note (page 58) | Date of grant | Exercise price per share | 2018 | 2017 |
|---------------------------------|-------------------------|---------------|-----------------------------|---------------------|---------------------|
| | | | | Number of shares | Number of shares |
| Immedia EMI Share Option Scheme | (i) | 18 Oct 2013 | 10.0 pence | 712,000 | 712,000 |
| Immedia EMI Share Option Scheme | (ii) | 18 Oct 2013 | 10.0 pence | 356,000 | 356,000 |
| Immedia EMI Share Option Scheme | (iii) | 01 Oct 2018 | 27.5 pence | 175,000 | - |
| Immedia EMI Share Option Scheme | (iv) | 01 Oct 2018 | 27.5 pence | 175,000 | - |
| Immedia Warrants | (v) | 01 Oct 2018 | 20.0 pence* | 300,000 | - |
| | | | | 1,718,000 | 1,068,000 |
| | | | | 1,718,000 | 1,068,000 |

* – three tranches of shares of 100,000 each.

The movements in the number of share options outstanding and their weighted average exercise prices are as follows:

| | Number of shares | Weighted average exercise price (pence) |
|--|------------------|---|
| Outstanding at 1 January 2017 and 31 December 2017 | 1,068,000 | 10.00 |
| Granted in the year | 650,000 | 24.03 |
| | 1,718,000 | 15.30 |
| | 1,718,000 | 15.30 |
| <i>Of which</i> | | |
| Exercisable at 31 December 2018 | 1,068,000 | 10.00 |
| | 1,068,000 | 10.00 |
| | 1,068,000 | 10.00 |
| Exercisable at 31 December 2017 | 1,068,000 | 10.00 |
| | 1,068,000 | 10.00 |
| | 1,068,000 | 10.00 |

Notes (continued)

28 Employee benefits (continued)

Share-based payments – Group and Company (continued)

Share options were last granted to employees (including Directors) during 2013 under the following terms and conditions:

(i) Share Options under the Immedia EMI Share Option Scheme. These options vested on 20 March 2014 with the publication of the Group's audited financial statements for the financial year ending 31 December 2013 and may be exercised over a ten-year period commencing on that date.

(ii) Share Options under the Immedia EMI Share Option Scheme. These options vested on 30 March 2015 with the publication of the Group's audited financial statements for the financial year ending 31 December 2014 and may be exercised over a ten-year period commencing on that date.

Three new tranches of options/warrants were issued during the year, details of which are included in (iii) – (v).

(iii) Options over a total of 20,000 shares were granted to non-board employees on 01 October 2018 subject to the Group achieving minimum audited profits before income tax for the financial year ending 31 December 2018 of £205,000. Options over a total of 105,000 shares were granted to Directors on 01 October 2018 subject to the Group achieving minimum audited profits before income tax for the financial year ending 31 December 2018 of £205,000. Options over a total of 50,000 shares were granted to employees subject to certain profit targets of AVC being met. All these options lapse on publication of the Group's audited financial statements for the financial year ending 31 December 2018..

(iv) Options over a total of 105,000 shares were granted to directors on 01 October 2018 subject to the average closing market price of the shares, over 3 days, exceeding 35 pence. Options over a total of 70,000 shares were granted to non-board employees on 01 October 2018 subject to the average closing market price of the shares, over 3 days, exceeding 35 pence.

(v) Warrants were issued to a company that one of the directors has a beneficial interest in. The warrants are exercisable in 3 tranches of 100,000 warrants each. The warrants vest if the share price reaches 30p/40p/50p and are exercisable for a period of 5 years from the date of issue.

The fair value of options granted in the year was estimated at the date of grant using a Black-Scholes option pricing model (which is believed to be appropriate given the immaterial amounts involved).

The Group have recognised a total expense of £nil related to equity-settled share-based payment transactions in the current year (2017: £nil) on the basis that any charge is considered immaterial.

At 31 December 2018 the Employee Benefit Trust (EBT) held 832,374 shares in Immedia Group Plc in trust for employees against the future exercise of share options granted under the Immedia EMI Share Option Scheme (2017: 832,374 shares).

Notes (continued)**28 Employee benefits** (continued)**Share-based payments – Group and Company** (continued)

At 31 December 2018 Directors' and other employees' share options outstanding were as follows:

| | Number of shares during the year | | | | Exercise price | Date from which exercisable | Expiry date | |
|---|----------------------------------|----------------|-----------|------------------------|------------------|-----------------------------|--------------------------|----------------------|
| | At start of year | Granted | Exercised | Cancelled or forfeited | | | | At end of year |
| T Brookes | 348,000 | - | - | - | 348,000 | 10p | See note (i) above | See note (i) above |
| T Brookes | 174,000 | - | - | - | 174,000 | 10p | See note (ii) above | See note (ii) above |
| T Brookes | - | 60,000 | - | - | 60,000 | 27.5p | See note (iii) above | See note (iii) above |
| T Brookes | - | 60,000 | - | - | 60,000 | 27.5p | See note (iv) above | See note (iv) above |
| R Penney | 177,000 | - | - | - | 177,000 | 10p | See note (i) above | See note (i) above |
| R Penney | 88,500 | - | - | - | 88,500 | 10p | See note (ii) above | See note (ii) above |
| R Penney | - | 45,000 | - | - | 45,000 | 27.5p | See note (iii) above | See note (iii) above |
| R Penney | - | 45,000 | - | - | 45,000 | 27.5p | See note (iv) above | See note (iv) above |
| T Hipperson | - | 300,000 | - | - | 300,000 | 20.0p | See note (v) above | See note (v) above |
| Others | 280,500 | - | - | - | 280,500 | 10p | See note (i), (ii) above | See note (i) above |
| Others | - | 70,000 | - | - | 70,000 | 27.5p | See note (iii) above | See note (iii) above |
| Others | - | 70,000 | - | - | 70,000 | 27.5p | See note (iv) above | See note (iv) above |
| Totals | 1,068,000 | 650,000 | - | - | 1,718,000 | | | |
| | | | | | | | 2018 | 2017 |
| Weighted average remaining contractual life of outstanding share options at 31 December | | | | | | | 3.22 years | 6.56 years |

29 Contingent liabilities

The Group is in discussion with certain music licensing authorities on the existence and amount of prior period liabilities for which management has included its best estimate within payables (as to disclose separately would be seriously prejudicial). Where a reliable estimate cannot be made, it is considered a contingent liability but full disclosure is not made as it would be seriously prejudicial.

Notes (continued)

30 Reconciliation of liabilities arising from financing activities – finance leases

| 2017 | Cash flow | Non - cash changes | 2018 |
|-------|-----------|-----------------------|--------|
| £ | £ | £ | £ |
| 7,056 | (12,898) | 82,886 | 77,044 |

| 2016 | Cash flow | Non - cash changes | 2017 |
|--------|-----------|-----------------------|-------|
| £ | £ | £ | £ |
| 10,783 | (3,727) | - | 7,056 |

The company has no liabilities arising from financing activities

31 Adoption of IFRS 9 and IFRS 15

IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers” were both adopted with effect from 1 January 2018 in line with the transitional provisions provided in the new standards. The changes in accounting policy have been described in note 3.

The effect of adopting IFRS 9 has been to reclassify investments previously held as available for sale using the irrevocable election to classify equity investments as fair value through other comprehensive income. The impact of any increased loss allowance is deemed immaterial.

The adoption of IFRS 15 has not resulted in any changes to existing revenue recognition policies and as a result there are no transitional adjustments made.

Notice of Annual General Meeting

Immedia Group Plc (“the Company”)

(Registered in England and Wales under number 04947859)

NOTICE is hereby given that the Annual General Meeting of the Company for the financial year ended 31 December 2018 will be held at Immedia’s offices at 7-9 The Broadway, Newbury, Berkshire RG14 1AS at 10 am on 26 June 2019 for the purpose of considering and, if thought fit, passing the following resolutions which in respect of resolutions numbered 1 to 6 (inclusive) will be proposed as ordinary resolutions and which in respect of resolutions numbered 7 to 9 will be proposed as special resolutions.

ORDINARY BUSINESS:

Ordinary Resolutions

- 1 To receive and adopt the Company’s annual accounts for the year ended 31 December 2018 together with the last Directors’ report and auditor’s report.
- 2 To receive and approve the Directors’ remuneration report for the year ended 31 December 2018.
- 3 To re-elect Ross Penney as a director of the Company, who retires by rotation.
- 4 To re-elect Mark Horrocks as a director of the Company, who retires by rotation.
- 5 To re-appoint the auditors, Nexia Smith & Williamson.
- 6 To authorise the Directors to fix the remuneration of the auditors.

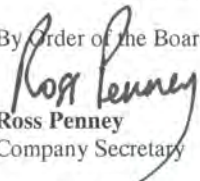
SPECIAL BUSINESS:

Special Resolutions

That in substitution for the existing authorities of the Company, the Directors be and they are hereby given the authority and power contained in Article 5 of the Company’s Articles of Association for the period ending on the date of the Annual General Meeting in 2020 or the date which is 15 months after the date of the passing of the Resolution, whichever is the earlier and for such period:

- 7 the Section 551 (CA 2006) Amount shall be £485,228; and
- 8 the Section 570 (CA 2006) Amount shall be £291,136;
- 9 that subject to the passing of resolutions 7 and 8 the Article 5.5.3 (relating to the Section 551 Amount) and Article 5.5.4 (relating to the Section 570 Amount) be amended to reflect the amounts given in these resolutions and that all reference to previous authorities be removed.

By Order of the Board


Ross Penney
Company Secretary

28 May 2019

Registered Office:

7-9 The Broadway
Newbury RG14 1AS

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
2. To be valid, a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of the Company’s registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR not less than 48 hours before the time for holding the meeting or the adjourned meeting. A form of proxy is enclosed with this notice.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of Members of the Company as at 10 am on 24 June 2018 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the register of members after 10am on 24 June 2018 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting. If the Annual General Meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the Company 48 hours before the time of the adjourned meeting.
6. Completion and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish.