

Group Information

Directors:	John Napier	Non-Executive Chairman
	Stephen Thomson	Joint Chief Executive
	Sarah Jane Thomson	Joint Chief Executive
	David Trendle	Finance Director
	Paul Gladman	IT Director
	Fiona Driscoll	Non-Executive Director

Registered Office: 1 Westmoreland Road
Bromley
Kent BR2 0TB

Nominated advisor and broker: Robert W Baird
Mint House, 77 Mansell Street
London E1 8AF

Solicitors: Jones Day
10 Old Bailey
London EC4M 7NG

DMH
40 High Street
Crawley
RH10 1BW

Auditors: BDO Stoy Hayward
8 Baker Street
London W1U 3LL

Registrars: Computershare Investor Services PLC
PO Box 82
The Pavilions
Bridgwater Road
Bristol BS99 7NH

Chairman's Statement

FINANCIAL RESULTS

I am delighted to report that the Group has recorded its maiden profit since flotation.

Turnover increased 47% to £2.74 million (2003: £1.86 million) with total sales contracts increasing by 40% to £3.11million (2003: £2.21 million). New business signed in this period showed substantial growth of 48% to £1.47m (2003: £0.99 million).

A combination of the increase in sales and the continuing emphasis on improving Thomson Intermedia's technology has enabled the Group's productivity to sharply increase. Gross margins lifted to 68.3% (2003: 53.5%).

The Group reported an underlying profit before tax of £248,000 (2003: loss of £463,000), before amortisation and share incentives. Pre-tax profit was £189,000 (2003: loss of £469,000).

Underlying earnings per share were 0.86 pence (2003: loss per share of 1.44 pence). Actual earnings per share were 0.66 pence (2003: loss per share of 1.46 pence).

The financial strength of our Balance Sheet continues to improve with the balance of future contracted revenues, at their highest ever level of £2.72m, £0.60m greater than at the comparable date last year. With net current assets in excess of £2 million there is no reduction in the emphasis placed on working capital management. Improving sales volumes mean that the business model will produce increasingly positive cash flow. The cash position at the half year end was £1.03 million.

STRATEGY

Our UK product offering is now comprehensive and unique. It relies on our proprietary databases and analytical systems to both, capture and deliver, real-time advertising data across multi media platforms. Systems provide creative executions linked to expenditure data and other metadata within minutes of advertisements airing for the first time. These are delivered to our clients in bespoke packages which enable them to understand the make up of their advertising space and react in a much more dynamic way than was previously possible.

Our systems now deliver complete data across Press, TV, Radio, Direct Mail, Door Drops, Internet, Outdoor and Cinema markets, making them the most comprehensive and timely information available to advertisers in the UK market place.

The tailored individual interfaces ensure that each client benefits from daily alerts and relevant aggregated data on their competitive market place. These empower our clients to review product pricing, offers and positioning of their products and therefore react to a dynamic market place.

Our systems now capture the data on the entire UK advertising market incorporating over 20,000 advertisers. Currently we have only 4% of the top 5,000 advertisers in

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the UK as clients and therefore further penetration of this customer base will result in continued growth to the bottom line.

Our vision has been to bring transparency to a complex market. The Advertising market is one of the last 'trust' markets which exists, inherently with little or no accountability of its costs. In a changing world of growing accountability and governance we have developed unique technologies and products to provide independent visibility and transparency which is increasingly becoming a necessity.

Our product range now includes, real-time competitive monitoring systems, placement verification tools and systems to analyse the effectiveness of advertising. These tools empower our customers to react quickly and make strategic advertising decisions.

OPERATIONAL REVIEW

Our alliance with dunhumby and the access this gives us to Tesco Clubcard sales data, is set to see a first trial of the product targeting high value FMCG markets. This initiative will combine the purchasing habits of 10 million customers with our own advertising expenditure data providing the first ever insights into the impact of advertising spend on sales. This important development is expected to increasingly contribute to the profitability over forthcoming trading periods.

The recent introduction of placement verification technologies, which alerts advertisers to incidents where their adverts have failed to appear as booked, is continuing to gain momentum and is contributing to profits. The Group is working alongside a number of key organisations to establish this unique service as an essential industry standard.

Our news division has benefited from further development of automatic capture technology which has enabled us to increase the acquisition of news stories from 15 publications to several hundred with minimal additional costs. Increased focus of sales resource will capitalise on the considerable opportunities this presents.

The profile of the Company is allowing us to improve not only the quantity but also more importantly the overall quality of one of our most valuable assets, our people. We have recently recruited a high calibre Sales & Marketing Director whose focus will be on driving UK sales to their maximum potential, and substantively growing the number of advertisers subscribing to our services. We have implemented a new sales structure to increase individual focus and are recruiting a number of additional people who have experience from a variety of media backgrounds. This initiative will enable rapid market penetration and maximise the opportunities available to us.

The recruitment of the Sales & Marketing director has further strengthened the group's management structure and has released resources to be directed towards the

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strategic development of the group. This has already resulted in a number of further developments most notably the replication of our business model in Germany, through our recently announced joint venture.

LAUNCH INTO GERMANY

The recently announced joint venture with Media Control, owned by Karlheinz Kogel in Germany is a major development for the Group. This joint venture will facilitate entry into Europe's largest advertising market with minimal risk and high potential reward. Media Control funds both start up and running costs of the joint venture and all revenues will be shared equally. This will result in our share of revenues contributing directly to the bottom line.

Equally exciting is that having adapted the systems into the German language, the technology is now capable of conversion into other languages, thus creating the opportunity for successive international expansion.

OUTLOOK

The second half has started strongly with a healthy pipeline and improving market conditions. The contracted future revenues provide excellent forward visibility and stability for future results.

The Group is now profitable from its UK core offering, net current assets are substantial and growing and there are significant benefits yet to be realised from the exciting new developments. Our entry into international markets for the first time, demonstrates the potential to leverage our IP assets in additional markets.

We are therefore confident of a continuing strong performance for the full year and beyond.

John Napier
Non-Executive Chairman
21st September 2004

Profit and Loss Account

	Notes	As restated		Audited Year ended 31 January 2004
		Unaudited Six months ended 31 July 2004	Unaudited Six months ended 31 July 2003	
		£'000	£'000	£'000
Turnover		2,741	1,860	4,047
Direct Expenses		(868)	(864)	(1,778)
Gross Profit		1,873	996	2,269
Operating Expenses	2	(1,699)	(1,476)	(2,934)
Operating Profit / (Loss)		174	(480)	(665)
Interest receivable		15	11	18
Loss on ordinary activities before taxation		189	(469)	(647)
Taxation	3	-	52	325
Profit / (Loss) on ordinary activities after taxation		189	(417)	(322)
Dividends	4	-	-	-
Retained Profit / (Loss) transferred to reserves		189	(417)	(322)
Earnings / (Loss) per share, pence				
- before amortisation & Share incentives		0.86	(1.44)	(0.97)
- basic	5	0.66	(1.46)	(1.12)
- diluted		0.64	(1.46)	(1.12)

All amounts relate to continuing activities.

Statement of Total Recognised Gains and Losses

		As restated		Audited Year ended 31 January 2004
		Unaudited Six months ended 31 July 2004	Unaudited Six months ended 31 July 2003	
	Notes	£'000	£'000	£'000
Consolidated statement of total recognised gains and losses				
Profit / (Loss) for the financial year		189	(417)	(322)
Total recognised gains and losses for the period				
Prior year adjustment	6		(369)	(369)
			(786)	(691)

All amounts relate to continuing activities

Balance Sheet

		As Restated	
	Unaudited Six months ended 31 July 2004	Unaudited Six months ended 31 July 2003	Audited Year ended 31 January 2004
	£'000	£'000	£'000
Fixed assets			
Intangible fixed assets	37	49	43
Tangible fixed assets	560	504	451
	597	553	494
Current assets			
Debtors	1,735	1,175	1,438
Cash at bank and in hand	1,030	667	1,229
	2,765	1,842	2,667
Creditors: Amounts falling due within one year	(603)	(459)	(637)
Net Current Assets	2,162	1,383	2,030
Total assets less current liabilities	2,759	1,936	2,524
Accruals and Deferred Income	(3,240)	(2,732)	(3,194)
Net Assets	(481)	(796)	(670)
Capital and Reserves			
Share capital	7,186	7,155	7,186
Share premium	5,064	5,064	5,064
Merger reserve	(5,250)	(5,250)	(5,250)
Profit and loss (note 6)	(7,481)	(7,765)	(7,670)
Equity shareholders' funds	(481)	(796)	(670)

Cash Flow Statement

	Unaudited Six months ended 31 July 2004	Unaudited Six months ended 31 July 2003	Audited Year ended 31 January 2004
	£'000	£'000	£'000
Cash outflow from operating activities	(129)	(270)	202
Taxation			
R&D tax credit received	136	52	189
Returns on investments and servicing of finance			
Interest Received	15	11	18
Capital expenditure			
Purchase of tangible fixed assets	(221)	(125)	(185)
Sales of tangible fixed assets	-	-	6
Net cash inflow / (outflow) before management of liquid resources and financing	(199)	(332)	230
Management of liquid resources			
(Increase) / Reduction in short term deposits	(173)	254	91
Financing			
Capital element of finance lease payments	-	(6)	(6)
Increase / (Decrease) in cash	(372)	(84)	315

Notes to the Cash Flow Statement

(a) Reconciliation of operating loss to operating cash flow:	Unaudited Six months ended 31 July 2004	Unaudited Six months ended 31 July 2003	Audited Year ended 31 January 2004
	£'000	£'000	£'000
Operating loss	174	(480)	(665)
Depreciation & Amortisation	119	108	223
Loss on sale of fixed asset	-	1	-
Other non-cash operating expenses	-	-	31
(Increase) in debtors	(434)	(179)	(306)
(Decrease) / Increase in creditors	(34)	(74)	106
Increase in accruals and deferred income	46	354	813
Net cash flow from operating activities	(129)	(270)	202

(b) Analysis of net funds	Opening balance 1 February 2004	Cash flow	Closing balance 31 July 2004
	£'000	£'000	£'000
Cash	470	(372)	98
Liquid resources	759	173	932
Cash at bank and in hand	1,229	(199)	1,030
Total	1,229	(199)	1,030

Notes to Accounts

1. Basis of preparation

The financial information set out above is extracted from the consolidated financial statements of Thomson Intermedia plc and its subsidiary Thomson Intermedia Associates Limited (together referred to as the “Group”). The accounts of the Group for the six months ended 31st July 2004, which are unaudited, were approved by the Board on 21st September 2004. These accounts have been prepared in accordance with the accounting policies set out in the Report and Accounts of Thomson Intermedia plc for the year ended 31st January 2004.

This interim statement does not constitute the company’s statutory accounts. The financial information presented for the 6 months ended 31 July 2003 and 2004 has not been audited. Statutory accounts for the year ended 31 January 2004 have been delivered to the Registrar of Companies. The auditors report on those statutory accounts was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The consolidated financial statements incorporate the results of Thomson Intermedia plc and its subsidiary undertaking as at 31st July 2004 using the merger method of accounting.

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity’s identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Acquisitions that entail significant market positions and which are of long-term strategic significance to the Group’s operations are classified as strategic acquisitions, with goodwill amortised over 20 years. For acquisitions of complementary operations in markets where the Group is already established, the amortisation period for goodwill is between 5 and 10 years.

2. Director’s Bonus scheme accrual

Due to the greater visibility for the results for the full year the Board now consider it prudent to accrue for potential Director’s bonuses in the Interim accounts. This has the effect of reducing profits by £136,000 in the six months ended 31 July 2004. The operating expenses for the six months ended 31 July 2003 have been restated to include 50% of the bonus due for the financial year ended 31 January 2004, which amounted to £87,000.

Notes to Accounts

3. Taxation

During the period the company received a R&D Tax credit of £136,000 relating to the year ended 31 January 2003. The company is currently pursuing R&D Tax credits for the year ending 31 January 2004.

4. Dividend

No interim dividend is being proposed.

5. Earnings / (Loss) per share

	Unaudited			Unaudited (As Restated)		
	Six months ended 31 July 2004			Six months ended 31 July 2004		
	£'000	Weighted average number of shares	Earnings / (Loss) per share pence	£'000	Weighted average number of shares	Earnings / (Loss) per share pence
Earnings / (Loss) per share before amortisation and share incentives	248	28,744,247	0.86	(411)	28,619,247	(1.44)
Adjustment for amortisation	(6)	-		(6)	-	
Adjustment for share incentives	(53)	-			-	
Basic Earnings / (Loss) per share	189	28,744,247	0.66	(417)	28,619,247	(1.46)
Effect of options	-	934,966		-	-	
Diluted earnings per share	189	29,679,213	0.64	(417)	28,619,247	(1.46)

Earnings per share before amortisation and share incentives are presented as the Directors consider that this presents a meaningful measure of performance of the group. For diluted earnings per share, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares: those share options granted to employees where the exercise price is less than the market price of the Company's ordinary shares. The impact of any potential ordinary shares

in the six months ended 31 July 2003 is antidilutive

6. Prior Year adjustment

On 25th March 2004 the Board approved a change in accounting policy relating to revenue recognition following the amendment to Financial Reporting Standard 5. Revenue arising from all contracts is now recognised evenly across the contractual period of those contracts. The change in policy has impacted the comparatives as shown below:

		Results under previous policy £'000	Movement £'000	As restated £'000
Turnover	Six months ended 31st July 2003	2,211	(351)	1,860
Deferred Income	At 31 July 03	1,404	720	2,177
	At 31 Jan 03	1,457	369	1,826
Profit and Loss account	At 31 July 03	(6,958)	(807)	(7,765)
		Six months ended 31 July 03	(351)	
		Relating to previous periods	(269)	
		Director's bonus accrual	(87)	
	At 31 Jan 03	(6,979)	(369)	(7,348)
		Relating to 02/03	(127)	
		Relating to previous periods	(242)	

The previous policy recognised a proportion of revenue on signature of the contracts to fairly reflect the delivery of the developed systems and extensive data library. The amended Financial Reporting Standard 5 "Commercial substance over legal form" (Application note G) only allows separate recognition of revenue where this

is recognised contractually and those revenue components are delivered separately. The Board implemented the change in policy to comply with the amendment to this Financial Reporting Standard.

7. Interim report

Copies of this interim report for the six months ended 31st July 2004 will be sent to shareholders. Further copies will be available from the Company Secretary at the registered office.