

18 October 2006

Thomson Intermedia plc

Adjusted pretax profits up 143%

Thomson Intermedia plc ("Thomson Intermedia" or the 'Group', AIM: THN), a leading provider of media intelligence, today announces its interim results for the six months ended 31 July 2006, under international financial reporting standards.

Highlights

- Revenue increased by 144% to £8.4m (2005: £3.5m)
- Adjusted pretax profit* increased by 143% to £1.7m (2005: £0.7m)
- Pretax profit £1.1m (2005: £0.6m)
- Adjusted earnings per share** doubled to 4.81p (2005: 2.41p)
- Basic earnings per share 3.39 pence (2005: 2.78p)
- Gross sales contracts significantly increased to £9.0m from £3.8m
- The Group's forward visibility remains strong with future contracted revenue of £5.7m.
- Contracts renewal rate of 90%
- Successful integration of the billets business
- Two new on line products developed and launched: Auditlive and Newslive
- Exclusive long-term deals secured with over 90% of regional publications

*pre amortisation of purchased intangibles, exceptional items and share based expenses

** pre amortisation of purchased intangibles, exceptional items, share based expenses and deferred tax

Sarah Jane Thomson, Joint Chief Executive Officer of Thomson Intermedia plc, said:

"This has been a very important period for us. We have not only developed all our businesses but seen a good operating performance across the Group. In addition we have seen our presence in the market considerably increased due to our acquisition and integration of the billets business.

"The scale and offerings of the enlarged Group have enabled us to develop some very exciting new products during this period and we look forward to reaping the benefits of these. Thomson Intermedia is now a significant force in the UK media landscape and I am confident we are now well positioned to maintain our considerable momentum."

Enquiries:

Thomson Intermedia

Sarah Jane Thomson, Joint Chief Executive
David Trendle, Finance Director

Today 020 7457 2020
Thereafter 020 8466 2906

College Hill

Adrian Duffield/Ben Way

020 7457 2815/2055

Financial Performance

Following the IFRS restatement of the Group's financial results, the Group presents its interim results for the period ended 31 July 2006, under IFRS for the first time.

Group revenue in the six months to 31 July 2006 increased by 144% to £8.4m (2005: £3.5m) with gross sales more than doubling to £9.0m (2005: £3.8m). New sales contracts continued at a strong pace amounting to £2.4m, with consultancy and project work securing a further £1.2m of revenue. Renewals of online advertising monitoring products and billets media audit products maintained at a satisfying level of 90%.

Gross profit increased by 97% to £4.9m (2005: £2.5m), providing a gross margin across the Group of 58.1% (2005 Thomson Intermedia only: 71.8%).

Adjusted operating profit increased by 171% to £1.8m (2005: £0.7m), before share based expenses (£124,000), amortisation of purchased intangibles (£194,000), and one off restructuring costs (£101,000). Adjusted operating margins improved to 21.6% (2005: 19.4%).

Adjusted Group pretax profit increased by 143% to £1.7m (2005: £0.7m). Group pretax profit was £1.1m (2005: £0.6m), after net financing costs of £133,000.

The Group has a nil net tax charge with tax on profits offset by deferred tax assets.

Adjusted earnings per share improved by 100% to 4.81p from 2.41p. Basic earnings per share improved from 2.78p to 3.39p.

The Board is not recommending the payment of a dividend, reflecting the high growth nature of the Group and the numerous opportunities available for further development. However, given the cash generative nature of the Group's business model this policy will be reviewed on an ongoing basis.

The Group has moved to a net debt position of £1.0m as at 31 July 2006. The Board expects cash flow in the second half to improve sharply as the net cash from operating activities is expected to be significantly stronger as a result of increased profitability and an improvement in working capital. The first half had an unusually high negative working capital movement during the integration process.

Thomson Intermedia is pleased to announce that billets achieved the maximum earn out for its results for the year ended 30 April 2006. As a result, on 8 August, the Group issued loan notes to the value of £3.7m, net of shareholder bonuses paid, with a maturity date of April 2008.

Following the integration of the businesses, one small office was closed resulting in a one off restructuring costs of £101,000 in the first half, but will result in annualised cost savings of approximately £230,000.

Operational Highlights

Thomson Intermedia has completed very successfully a notable period of change. Integrating the billets business has significantly strengthened the management team, enabled us to develop new and revolutionary online media performance products and considerably enhanced the position of the Group in the market place.

The enlarged and fully integrated Group had not only a good sales performance for the first half but notably benefited from the combination of the two complementary businesses. The fully integrated Group now operates via four divisions, benefiting from the expertise within each area as well as cross selling within the Group's customer base. These are:

- o Online systems
- o Media Owner platforms
- o Consultancy
- o International

UK Business

The Group is recognised as a leading provider of products and services to the media industry, providing information to enhance the impact and performance of companies' media expenditure. The Group's strength is based on the comprehensiveness and accuracy of its media data, technical expertise and considerable knowledge of the media industry which provide the springboard for the opportunities. This is set against an industry valued at £14 billion whose demands for this data are ever increasing.

Online Systems

Thomson Intermedia's online systems in the UK represent 39% of Group revenue (£3.3m). This area of the business is characterised by high operational gearing, significant barriers to entry and is internationally scaleable. The core data captured for these products is substantial with more than 40,000 adverts being added per day and a history of more than eight years of data. The market opportunity for these products is considerable with a largely fixed cost base to produce them.

The three products, Advertising Monitoring and the newly developed AuditLive and Newslive, are based on the same set of core data feeds.

Advertising Monitoring: The flagship online product, represents 88% of current turnover in this division and has a renewal rate of 83%. Its strong momentum has been considerably enhanced by the inclusion of 'accuracy of expenditure modules', the billets team's knowledge, and by increasing the capture of regional media data, Thomson Intermedia has secured exclusively more than 90% of regional media data.

This product enables the division's 235 clients to have a real time view of their competitors advertising and understand the impact of their own media spend and propositions on the target market.

As expected the focus for vouching has moved from retrospective to ongoing and therefore the vouching product has been amalgamated within the billets media audits product suite as part of an enhanced offering to clients. The Group also continues to have success in securing media owners to sign up for the e-vouching product (see Media Owner Platforms below).

AuditLive: This new product has been developed to provide media audit services to companies who have not before been able to afford the services of an audit consultancy. In today's environment of increased management accountability, marketers need more than ever to be able to demonstrate the effectiveness of their media budgets and to be confident that they are spending the budget as efficiently as possible. Auditlive enables them to do this in real time as their campaign runs.

It provides clear and actionable results and provides the following crucial facts to Marketing and Finance Directors: Have all your ads run as expected, have you paid a fair price for your media and have you received good quality placement of your media?

The Group's statistics demonstrate to clients that access to our audit products can save them up to 20% year on year.

Newslive: This product has been developed to benefit from the editorial data which is captured in the process of monitoring advertising and the exclusive pdf editorial data which has been secured via our Media Owner platform. This product is the first in the UK to monitor real time mentions of any entity,

company or person, across TV, Radio, Print and the Internet. In addition to all of this print capturing, we utilise speech to text technology in conjunction with close caption technology to provide links to the broadcast clip within TV or Radio and to automate a transcript and monitor the full spectrum of the Internet including sites, blogs and Webcasts.

The clippings market in the UK is estimated to be worth £80m and is dominated by largely print based serviced solutions. This new service will provide the market with the first comprehensive and real time view of the stories which impact their business and will be delivered within Thomson Intermedia's easy to use interface.

In addition the Group is currently developing Resultslive – the first of a suite of return on investment products. Resultslive is a powerful test and control system, allowing companies to test a strategy in a controlled environment and to evaluate the impact the strategy would have on a wider role out.

Media Owner Platform

The business impact in securing the tender for Press vouching is felt over the entire Group, having secured exclusive contracts with all significant regional media owners, which account for more than 90% of regional publications. Clients, and the media owners, use the technical system which has been developed to provide instant proof to agencies and direct advertisers of their advert appearing. The system provides significant cost efficiencies to media owners as it negates the need for them to send out a voucher copy to every advertiser within the publication.

This Thomson Intermedia system is now operational in 108 agencies and used daily to ensure the placement of their spend. The completion of the rollout will then enable further services to be implemented providing media owners with improved systems and further cost reductions and efficiency gains.

In addition to the revenue that the Group receives from this division, Thomson Intermedia also benefits considerably from the exclusive access to the data for use in its systems.

Consultancy

This division, made up of billett's media audits and billett's marketing sciences, contributes 40% of Group turnover (£3.4m). These two strong areas of the business work for 165 large blue chip clients providing products and services to demonstrate the value of their media spend.

billett's media audits has further consolidated its position as the UK market leader in this field. Growth has come from increased activity in interactive media as well as winning new clients and ad hoc projects. Improvements have also been made with better data provision and technology introduced by the original Thomson Intermedia business. Its data pool of cost and quality metrics is by far the most extensive and comprehensive in the UK, enabling the most robust and impartial viewpoint on the media performance of its clients. In addition to the contracted income which is recurring for the 157 clients, consultancy income is also received through ad hoc projects.

billett's marketing sciences provides consulting to assist the advertiser in achieving their maximum ROI by optimising payback and allocation of marketing spend across geographies, brands and marketing methods. This unit draws on advanced analytical techniques, marketing experience, benchmarks and tools to deliver improved and fact based marketing strategies. With increasing importance on return on investment and additional technological tools further growth is expected in this area.

International

International revenue now represents 21% of Group revenue (£1.8m). The Group has a number of significant international contracts for media auditing where it utilises international partners to secure required local data and to help in some elements of the service. Over the last three years the Group has seen revenue treble from this area with contracts extending to all key markets including Europe, North America and Asia.

MPMA, the US Auditing division, has made steady progress with an additional four new clients, increasing the client base to 14 with average values in excess of \$100k. MPMA contributed £0.5m of revenue in the first half, with a small positive contribution to operating profit.

The joint venture in Germany with Media Control which provides the advertising monitoring products to the German market, continues to move towards a breakeven position with further wins and maintaining a average contract value of €49k.

Whilst the Group has excellent relations with its various international partners, it is looking to invest further in key markets to establish operations which will provide the international content, and therefore improved margins, as well as growth in the local market. The Group continues to review its international strategy and are currently investigating a number of markets.

Integration

During the second half of the period the restructure of the business took effect with a number of senior personnel moving to new roles. One of the significant benefits of the acquisition was the high calibre additional management resource which existed in the billets business. The restructure maximises the potential of this resource within the Group to drive the integrated business forward.

The development team have been working extremely hard applying technology to the billets business which provides integrated databases across the Group business. They have developed powerful and impressive new systems.

The Group's streamlining of some operations resulted in a one off restructuring cost of £101,000, but ongoing cost savings in office and personnel costs.

Current trading and outlook

The Group has had a successful first half both in overall performance, integration of the businesses and the significant new product developments and launches.

The Board is confident that the integrated business is with its new management structure is in a very strong position to continue its UK penetration, with both existing and new products.

The Group has had a good start to the third quarter in line with Board expectations and have a strong pipeline of business across the entire product suite. The Group's forward visibility remains strong with future contracted revenue, secured as at 31 July 2006, of £5.7m. This, coupled with the new and powerful products, provides a very good platform for continued growth.

**Consolidated Income Statement
for the six months ended 31 July 2006**

| | Unaudited 6 months ended 31 July 06 | Unaudited 6 months ended 31 July 05 | *Audited Year ended 31 January 06 |
|--|---|---|---|
| | £'000s | £'000s | £'000s |
| Revenue | 8,428 | 3,457 | 11,136 |
| Cost of Sales | (3,532) | (976) | (4,129) |
| Gross Profit | 4,896 | 2,481 | 7,007 |
| Overheads | (2,773) | (1,543) | (4,131) |
| Share based expenses | (124) | (125) | (249) |
| Amortisation of intangible assets | (498) | (266) | (694) |
| Performance bonus | (176) | - | - |
| Restructuring costs | (101) | - | - |
| Total administrative expenses | (3,672) | (1,934) | (5,074) |
| Operating profit | 1,224 | 547 | 1,933 |
| Finance income | 30 | 22 | 49 |
| Finance expenses | (163) | - | (55) |
| Net financing income | (133) | 22 | (6) |
| Profit before taxation | 1,091 | 569 | 1,927 |
| Income tax | (190) | - | (126) |
| Deferred tax | 153 | 231 | 396 |
| Tax (expense)/income | (37) | 231 | 270 |
| Profit for the period | 1,054 | 800 | 2,197 |
| Attributable to: | | | |
| Equity holders of the parent | 1,062 | 800 | 2,207 |
| Minority interests | (8) | - | (10) |
| | 1,054 | 800 | 2,197 |
| Earnings per share | | | |
| Basic | 3.39p | 2.78p | 7.48p |
| Diluted | 3.26p | 2.65p | 7.13p |

*UK GAAP Figures were audited/extracted from the audited financial statement for 31 January 2006 prepared under UK GAAP, and converted to IFRS as disclosed in our statement of transition to IFRS, with a subsequent amendment to deferred tax as described in note 8 below.

**Consolidated Balance Sheet
as at 31 July 2006**

| | Unaudited as at 31 July 06 | Unaudited as at 31 July 05 | *Audited as at 31 January 06 |
|---|----------------------------------|----------------------------------|------------------------------------|
| | £'000s | £'000s | £'000s |
| Non current assets | | | |
| Goodwill | 7,905 | 31 | 7,905 |
| Other intangible assets | 4,958 | 1,807 | 5,096 |
| Property, plant & equipment | 644 | 616 | 706 |
| Investments | 115 | 36 | 122 |
| Deferred tax asset | 504 | 186 | 351 |
| | 14,126 | 2,676 | 14,180 |
| Current assets | | | |
| Trade & other receivables: Due within one year | 8,655 | 3,030 | 5,926 |
| Trade & other receivables: Due after one year | 1,448 | 447 | 1,235 |
| Cash & cash equivalents | 1,821 | 1,455 | 2,774 |
| | 11,924 | 4,932 | 9,935 |
| Current liabilities | | | |
| Trade & other payables | (1,390) | (657) | (2,041) |
| Current tax liabilities | (175) | - | (126) |
| Bank overdrafts & loans | (250) | - | (312) |
| Provisions | (3,850) | - | (3,850) |
| Accruals & deferred income | (5,230) | (3,872) | (3,979) |
| | (10,895) | (4,529) | (10,308) |
| Net current assets/(liabilities) | 1,029 | 1,131 | (373) |
| Non current liabilities | | | |
| Bank loans | (2,562) | - | (2,687) |
| Provisions | (325) | - | (269) |
| Accruals & deferred income | (1,628) | (507) | (1,374) |
| | (4,515) | (507) | (4,330) |
| Total liabilities | (15,410) | (5,036) | (14,638) |
| Net assets | 10,640 | 2,572 | 9,477 |
| Capital & Reserves | | | |
| Share capital | 7,828 | 7,186 | 7,823 |
| Share premium | 8,896 | 5,064 | 8,869 |
| Merger reserve | (4,504) | (5,250) | (4,504) |
| Retained earnings | (1,464) | (4,428) | (2,603) |
| Minority interest | (116) | - | (108) |
| Shareholders' funds | 10,640 | 2,572 | 9,477 |

*UK GAAP Figures were audited/extracted from the audited financial statement for 31 January 2006 prepared under UK GAAP, and converted to IFRS as disclosed in our statement of transition to IFRS, with a subsequent amendment to deferred tax as disclosed in note 8 below.

Consolidated Cashflow Statement for the six months ended 31 July 2006

| | Unaudited 6 months ended 31 July 06 | | Unaudited 6 months ended 31 July 05 | | *Audited Year ended 31 January 06 | |
|---|---|--------------|---|--------------|---|----------------|
| | £'000s | £'000s | £'000s | £'000s | £'000s | £'000s |
| Cashflows from operating activities | | | | | | |
| Profit before taxation | 1,091 | | 569 | | 1,927 | |
| Adjustments for: | | | | | | |
| Depreciation | 166 | | 119 | | 276 | |
| Amortisation | 498 | | 266 | | 694 | |
| Investment | - | | (36) | | - | |
| Share option charges | 124 | | 125 | | 249 | |
| Investment income | (30) | | (22) | | (49) | |
| Interest expense | 163 | | | | 55 | |
| | 2,012 | | 1,021 | | 3,152 | |
| Increase in trade receivables | (2,909) | | (1,185) | | (2,654) | |
| Increase in trade payables | 801 | | 538 | | 1,385 | |
| Cash generated from operations | (96) | | 374 | | 1,883 | |
| Interest expense | (107) | | - | | (71) | |
| Income taxes paid | (126) | | - | | (6) | |
| Net cash from operating activities | | (329) | | 374 | | 1,806 |
| Cashflows from investing activities | | | | | | |
| Purchase of subsidiary, net of cash acquired | - | | - | | (7,012) | |
| Purchase of property, plant & equipment | (97) | | (217) | | (264) | |
| Purchase of intangible assets | (361) | | (322) | | (644) | |
| Purchase of investments | - | | - | | (87) | |
| Investment income | 30 | | 22 | | 43 | |
| Net cash used in investing activities | | (428) | | (517) | | (7,964) |
| Cashflows from financing activities | | | | | | |
| Proceeds from issue of share capital | - | | - | | 4,343 | |
| Proceeds from longterm borrowings | - | | - | | 3,000 | |
| Repayment of bank loans | (124) | | - | | (63) | |
| Net cashflow used in financing activities | | (124) | | - | | 7,280 |
| Net (decrease)/increase in cash & cash equivalents | | (881) | | (143) | | 1,122 |
| Effect of foreign exchange rate changes | | (9) | | - | | (8) |
| Cash & cash equivalents at beginning of period | | 2,712 | | 1,598 | | 1,598 |
| Cash & cash equivalents at end of period | | 1,822 | | 1,455 | | 2,712 |

*UK GAAP Figures were audited/extracted from the audited financial statement for 31 January 2006 prepared under UK GAAP, and converted to IFRS as disclosed in our statement of transition to IFRS, with a subsequent amendment to deferred tax as disclosed in note 8 below.

Basis of preparation

The financial information presented in this documentation has been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that are expected to be applicable for the period ended 30 April 2007 (the Group's new period end). These are subject to ongoing review and endorsement by the European Commission, or possible amendment by the International Accounting Standards Board (IASB), and are therefore subject to possible change. Further standards or interpretations may also be issued that could be applicable for the period ended 30 April 2007. These potential changes could result in the need to change the basis of accounting or presentation of certain financial information from that presented in this document.

The Group may need to review some accounting treatments used for the purpose of this document as a result of emerging industry consensus on practical application of IFRS and further technical opinions. This could mean that the financial information in this document may require modification until the Group prepares its first complete set of IFRS financial statement for the period ended 30 April 2007.

The comparative figures for the year ended 31 January 2006 do not amount to full statutory accounts within the meaning of S240 of the Companies Act 1985. Those accounts which were prepared under UK GAAP have been reported on by the Group's auditors and delivered to the registrar of companies. Those accounts received an unqualified audit report which did not contain statements under sections 237(2) or (3) (accounting record or returns inadequate, accounts not agreeing with records and returns or failure to obtain necessary information and explanations) of the Companies Act 1985.

As permitted, the group has not applied IAS 34 'Interim Reporting' in preparing this interim report.

Basis of accounting

The financial statements have been prepared in accordance with all adopted International Financial Reporting Standards (IFRSs) for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRSs are given above. The financial statements have also been prepared in accordance with IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

IFRS1: First time adoption of International Financial Reporting Standards

The rules for first-time adoption of IFRS are set out in IFRS 1, which requires that the Group establishes its IFRS accounting policies at its date of transition, 1 February 2005, and apply these prospectively. The standard allows a number of optional exemptions on transition to help companies simplify the move to IFRS. The exemptions selected by Thomson Intermedia Plc are set out below:

Business Combinations (IFRS3)

The Group has elected to apply IFRS 3 prospectively from the date of transition to IFRS rather than to restate previous business combinations.

Share based payments

The Group has adopted the exemption to apply IFRS 2 'Share based payments' only to awards made after 7 November 2002 that had not vested by 1 January 2005.

Financial instruments

The Group has adopted the exemption not to restate comparatives for IAS 32 and IAS 39 and therefore the comparative information in the 2007 financial statements will be presented on the existing UK GAAP basis and will not be restated in line with IAS 32 and IAS 39.

Cumulative translation differences

Cumulative translation differences in respect of foreign operations have been deemed to be nil at the date of the transition.

Presentation of financial information

The layout of the primary financial information has been amended in accordance with IAS1 'Presentation of financial information' from that presented under UK GAAP. This format and presentation may require modification as practice and industry consensus develops.

1 Significant Accounting Policies

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated interim financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 July 2006. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

- Acquisition method of accounting

The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

- Merger method of accounting

Although IFRS 3 outlawed merger accounting, under IFRS 1, the Group is not required to re-state acquisitions or business combinations prior to the date of transition. Therefore the Group is permitted to retain their historical merger accounting position in the consolidated accounts.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit and loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill arising on other acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Income is recognised evenly over the period of the contract for subscription to systems and in accordance with the stage of completion of the contract activity for consultancy income.

If the outcome of a contract could not be estimated reliably, the contract revenue would be recognised to the extent of contract costs incurred that it is probable would be recoverable. Costs are recognised as an expense in the period in which they are incurred.

Foreign currencies

For the purposes of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of transactions. At each balance sheet date, monetary

assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, approximating to rates applicable at the dates of the transactions.

The exchange differences arising from the retranslation of the opening balance sheet amounts of subsidiaries and the difference on translation of the results of subsidiaries are dealt with through equity. All other exchange differences are dealt with through the income statement.

Operating profit

Operating profit is stated after charging restructuring costs, but before investment income and finance costs.

Taxation

The tax expense included in the Consolidated Income Statement comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted by the balance sheet date.

Tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is provided using the balance sheet 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 calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Consolidated Income Statement, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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

Deferred tax assets and liabilities are offset against each other when they relate to income taxes levied by the same tax jurisdiction and when the group intends to settle its current tax assets and liabilities on a net basis.

Internally-generated intangible assets – research and development expenditure

An internally-generated intangible asset arising from the Group's development expenditure is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where an internally-generated intangible asset can not be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Purchased intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the income statement. Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques. In-process research and development programmes acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development costs above are not met. The significant intangibles recognised by the group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

| | | |
|---|------------------------------|--|
| billets Media Consulting – customer relationships | Straight line over 10 years | Estimated discounted cash flow |
| billets Marketing Sciences – customer relationships | Straight line over 5 years | Estimated discounted cash flow |
| MPMA Customer relationships | Straight line over 2 years | Estimated discounted cash flow |
| Trade name | Straight line over 10 years | Estimated royalty stream if rights were to be licensed |
| Non-compete agreement | Straight line over 1.5 years | Estimated discounted cash flow of potentially lost revenue |

Plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, the rates generally applicable are:

| | |
|-------------------------------|--------------------------------|
| Motor vehicles | 25% per annum reducing balance |
| Furniture & fittings | 25% per annum reducing balance |
| Computer equipment & software | 25% per annum on costs |
| Plant & equipment | Straight line over 3-10 years |
| Operating leases | Over remaining useful life |

Impairment

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, estimates are made of the cashflows of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value, less costs to sell, and value in use. In assessing value in use, estimated future cashflows are discounted to their present value using a discount rate appropriate to the specific asset or cash generating unit.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying value of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in the income statement.

In respect of assets other than goodwill, 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 not impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

Financial instruments

Financial assets

The group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The group's accounting policy for each category is as follows:

- **Loans and receivables:** These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), but also incorporate other types of contractual monetary asset. They are carried at cost less any provision for impairment.
- **Held-to-maturity investments:** These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. These assets are measured at amortised cost, with changes through the income statement.

Financial liabilities

The group classifies its financial liabilities as 'Other financial liabilities', which includes the following items:

- **Trade payables and other short-term monetary liabilities,** which are recognised at amortised cost.
- **Bank borrowings, and loan notes issued by the group** are initially recognised at the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet. "Interest expense" in this context includes initial transaction costs as well as any interest or coupon payable while the liability is outstanding.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based Payment'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of options after 7 November 2002 that were unvested at 1 January 2005.

The Group issues equity-settled share-based payments only. These are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, with a corresponding credit to equity, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of a binomial model, Black-Scholes. The expected life used in the model has been adjusted, based on management's best estimated, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Retirement benefits

Defined contribution schemes: Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

Leased assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the income statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor. Where substantially all of the risks and rewards incidental to ownership are retained by the lessor (an "operating lease"), the total rentals payable under the lease are charged to the income statement on a straight-line basis over the lease term. The land and buildings elements of property leases are considered separately for the purposes of lease classification.

2. Taxation on profit

During the period the deferred tax asset has been increased by £153,000 to provide for the extent that trade losses will be recoverable against future profits in the foreseeable future.

The tax charge for the period is estimated to be £190,000 on profits not allowable to be offset against losses carried forward.

3. Dividends

No interim dividend is being proposed.

4. Earnings per share

The calculation of the basic and diluted earnings per share based on the following data:

| | 31 July 2006 | 31 July 2005 |
|---|-----------------|-----------------|
| | IFRS | IFRS |
| | £'000s | £'000s |
| Earning for the purpose of basic earnings per share being net profit attributable to equity holders of the parent | 1,062 | 800 |
| Adjustments for deferred tax | (153) | (231) |
| Adjustments for goodwill amortisation | | |
| Adjustments for 'purchased intangibles' amortisation | 194 | - |
| Adjustments for share incentives | 124 | 125 |
| Adjustments for performance bonus | 176 | - |
| Adjustments for restructuring costs | 101 | - |
| Earnings for the purpose of adjusted earnings per share | 1,504 | 694 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 31,296,925 | 28,744,247 |
| Effect of dilutive potential ordinary shares | | |
| Share options | 1,324,373 | 1,437,212 |
| Convertible loan notes | | |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 32,621,298 | 30,181,459 |
| Basic earnings per share | 3.39p | 2.78p |
| Diluted earnings per share | 3.26p | 2.65p |
| Adjusted basic earnings per share | 4.81p | 2.41p |
| Adjusted diluted earnings per share | 4.61p | 2.30p |

5. Other intangible assets

| | Internally generated intangible assets | Purchased intangible assets | Total intangible assets |
|--------------------------|---|------------------------------------|--------------------------------|
| | £'000s | £'000s | £'000s |
| Cost | | | |
| At 1 February 2006 | 3,304 | 3,395 | 6,699 |
| Additions | 360 | - | 360 |
| At 31 July 2006 | 3,664 | 3,395 | 7,059 |
| Amortisation | | | |
| At 1 February 2006 | (1,441) | (162) | (1,603) |
| Provision for the period | (304) | (194) | (498) |
| At 31 July 2006 | (1,745) | (356) | (2,101) |
| Net book value | | | |
| At 31 July 2006 | 1,919 | 3,039 | 4,958 |
| At 31 January 2006 | 1,863 | 3,233 | 5,096 |

On 23 August 2005 the Company acquired the entire share capital of BCMG Limited (billets) for a maximum total consideration of £13.1m. In line with IAS 38 intangible assets owned by billets have been independently valued by an external consultant and shown within 'other intangible assets' on the balance sheet.

Amortisation is charged so as to write off the cost of the purchased intangible assets over their estimated useful lives, the assets, initial values and periods used are as follows:

| Purchased intangibles | Asset value £'000s | Useful economic life Years |
|---|-------------------------------|---------------------------------------|
| Media Consulting Customer relationships | 2,859 | 10 |
| Marketing Sciences Customer relationships | 271 | 5 |
| MPMA Customer relationships | 43 | 2 |
| Trade name | 215 | 10 |
| Non-compete | 7 | 1.5 |
| | 3,395 | |

6. Debtors

| | Unaudited 6 months ended 31 July 06 | Unaudited 6 months ended 31 July 05 | Audited* Year ended 31 January 06 |
|--|--|--|--|
| | £'000s | £'000s | £'000s |
| Trade and other receivables due within one year | | | |
| Trade receivables | 4,672 | 1,383 | 3,875 |
| Other receivables | 277 | (30) | 427 |
| Prepayments & accrued income | 3,706 | 1,677 | 1,624 |
| | 8,655 | 3,030 | 5,926 |
| Trade and other receivables due after one year | | | |
| Prepayments & accrued income | 1,448 | 447 | 1,235 |

7. Post balance sheet event

On 23 August 2005 the company purchased the entire issued share capital of 'billets' (BCMG Ltd). The initial consideration was £7.5 million. Maximum potential deferred consideration at the time of acquisition was £3.85 million, dependant upon performance up to 30 April 2006 and a further £1.75 million on performance up to 30 April 2007. At 30 April 2006 billets achieved the maximum earnout amount and the deferred consideration was financed through loan notes issued on 8 August 2006 with a total value of £3.71 million, net of shareholder bonuses.

8. Amendment to transition to International Financial Reporting Standards

Subsequent to publication of our IFRS transition statement on 13 October 2006, clarification of the deferred tax impact of capitalisation of Development Expenditure has resulted in a further IFRS transitional adjustment being required which has the effect of reducing the deferred tax asset at each balance sheet date. A reconciliation of the impact of this is shown below:

| Balance Sheet As at 31 Jan 2005 | £,000 |
|---|-------------|
| Deferred Tax asset, as previously stated | 480 |
| Deferred Tax adjustment | (525) |
| Deferred Tax Liability as restated | (45) |

| Balance Sheet As at 31 Jan 2006 | £,000 |
|--|------------|
| Deferred Tax Liability - opening balance as restated | (45) |
| Movement as previously reported | 430 |
| Deferred Tax Adjustment | (34) |
| Deferred Tax asset – as restated | 351 |

Income Statement – Six months ended 31 July 2005 - Effect of transition to IFRS

| | UK GAAP | Goodwill | Research & development | | Share based remuneration | Deferred Tax | Preliminary IFRS Adjustments | Preliminary IFRS |
|--------------------------------------|----------------|----------|---|-----------------------|-----------------------------|-----------------|------------------------------------|---------------------|
| | £'000 | £'000 | Development expenditure expensed £'000 | Amortisation £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | 3,457 | | | | | | - | 3,457 |
| Cost of sales | (976) | | | | | | | (976) |
| Gross Profit | 2,481 | | | | | | | 2,481 |
| Share based expenses | (115) | | | | (10) | | (10) | (125) |
| Administrative expenses | (1,865) | | 322 | | | | 322 | (1,543) |
| Amortisation of intangible assets | (6) | 6 | | (266) | | | (260) | (266) |
| Total administrative expenses | (1,986) | 6 | 322 | (266) | (10) | | 52 | (1,934) |
| Operating profit | 495 | 6 | 322 | (266) | (10) | | 52 | 547 |
| Financial income | 22 | | | | | | | 22 |
| Financial expenses | - | | | | | | | - |
| Net financing income | 22 | | | | | | | 22 |
| Profit before taxation | 517 | 6 | 322 | (266) | (10) | | 52 | 569 |
| Deferred tax | 248 | | | | | (17) | (17) | 231 |
| Profit after taxation | 765 | 6 | 322 | (266) | (10) | (17) | 35 | 800 |
| Minority interest | - | | | | | | | - |
| Retained profit for the year | 765 | 6 | 322 | (266) | (10) | (17) | 35 | 800 |
| Attributable to: | | | | | | | | |
| Equity holders of the parent | 765 | | | | | | | 800 |
| Minority interests | - | | | | | | | - |

The restatement adjustments to the comparative interim period are similar in nature to those restatement adjustments for the year ended 31 January 2006 which are set out in the IFRS Restatement Statement available from our registered office, 1 Westmoreland Road, Bromley, Kent BR2 0TB.

Balance Sheet as at 31 July 2005 - Effect of transition to IFRS

| UK GAAP | Goodwill | Research & development | Deferred Tax | Preliminary IFRS Adjustments | Preliminary IFRS |
|---|----------------|-------------------------------------|----------------|------------------------------|------------------|
| | | Development expenditure capitalised | Amortisation | | |
| Non-current assets | | | | | |
| Goodwill | 25 | 6 | | 6 | 31 |
| Other intangible assets | | 2,982 | (1,175) | 1,807 | 1,807 |
| Property plant and equipment | 616 | | | | 616 |
| Investments | 36 | | | | 36 |
| Deferred tax asset | 728 | | | (542) | 186 |
| | 1,405 | 6 | (1,175) | (542) | 2,676 |
| Current assets | | | | | |
| Trade & other receivables: Due within one year | 3,030 | | | | 3,030 |
| Trade & other receivables: Due after one year | 447 | | | | 447 |
| Cash & cash equivalents | 1,455 | | | | 1,455 |
| | 4,932 | | | | 4,932 |
| Current liabilities | | | | | |
| Trade & other payables | (657) | | | | (657) |
| Accruals & deferred income | (3,872) | | | | (3,872) |
| | (4,529) | | | | (4,529) |
| Net current assets | 1,131 | | | | 1,131 |
| Non-current liabilities | | | | | |
| Accruals & deferred income | (507) | | | | (507) |
| | (507) | | | | (507) |
| Total liabilities | (5,036) | | | | (5,036) |
| Net assets | 1,301 | 6 | (1,175) | (542) | 2,572 |
| Capital & reserves | | | | | |
| Share capital | 7,186 | | | | 7,186 |
| Share premium | 5,064 | | | | 5,064 |
| Merger reserve | (5,250) | | | | (5,250) |
| Retained earnings | (5,699) | 6 | 2,982 | (1,175) | (542) |
| | 1,301 | 6 | 2,982 | (1,175) | (542) |
| | | | | | 1,271 |
| | | | | | 2,572 |

The restatement adjustments to the comparative interim period are similar in nature to those restatement adjustments for the year ended 31 January 2006 which are set out in the IFRS Restatement Statement available from our registered office, 1 Westmoreland Road, Bromley, Kent BR2 0TB.

Independent Review Report to Thomson Intermedia plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 July 2006 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cashflow Statement and related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with Listing Rules of the Financial Services Authority.

As disclosed in the basis of preparation section, the next annual financial statements of the company will be prepared in accordance with accounting standards adopted for use in the European Union. This interim report has been prepared in accordance with the basis set out in note 1.

The accounting policies are consistent with those that the directors intend to use in the next annual financial statements. As explained in the basis of preparation section, there is however, a possibility that the directors may determine that some changes are necessary when preparing the full annual financial statements for the first time in accordance with accounting standards adopted for use in the European Union. The IFRS standards and IFRIC interpretations that will be applicable and adopted for use in the European Union at 30 April 2007 are not known with certainty at the time of preparing this interim financial information.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 July 2006.

BDO Stoy Hayward LLP
Chartered Accountants
8 Baker Street
London
W1U 3LL

Date: 18 October 2006