

Interim Report

Six months ended 31 January 2007

Highlights

- Core business revenue increased by 22% to £7.7m (2006: £6.3m)
- International revenue up 50% to £1.7m (2006: £1.1m)
- Development revenue lower, in line with expectations
- Core underlying operating profit* up 75% to £1.4m (2006: £0.8m)
- Group underlying profit before tax* was £1.1m (2006: £1.7m)
- Sales pipeline remains strong – several projects expected to close this calendar year
- Group is on track to meet the Board's expectations for 15 months to 30 April 2007

* before Highlighted Items

Group Information

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Stephen Thomson
Sarah Jane Thomson
Michael Uzielli
Paul Gladman
Fiona Driscoll
Michael Greenlees

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Joint Chief Executive
Joint Chief Executive
Finance Director
IT Director
Non-Executive Director
Non-Executive Director

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Joint Chief Executives' Statement

Overview

Thomson Intermedia had a good underlying performance during the second six months of the financial year. On a headline basis, revenue from the Core business increased 22% to £7.7m and the pipeline of development projects remains strong. The Group is on track to deliver against the revised expectations issued in the trading update in January 2007.

The Board remains confident about the Group's opportunities and prospects as it starts to realise the benefits of having two integrated and complementary businesses, combining the UK's premier online data capture and analysis operation with media consultancy expertise.

The Group has two types of business, Core and Development:

Core business, which encompasses Subscriptions, Consultancy and International, has continued to grow strongly as it benefited from the combination of the two businesses, the launch of new and enhanced products and strong international revenues. The Core business will be strengthened further with the planned roll-out of the new combined offering and the imminent new agency/client product which will enable the Group to benefit from the GroupM partnership.

Development business, as highlighted in the trading update in January 2007, had lower revenues than originally anticipated. The majority of this revenue relates to projects which directly or indirectly lead to longer term core revenue streams. The Group is still working on a significant pipeline of projects and remains confident that a high proportion will be closed during the current calendar year and should therefore benefit the next financial year.

Financial Performance

Following the extension of the Group's accounting reference date to 30 April 2007, Thomson Intermedia is publishing its second interim results for the six month period ended 31 January 2007 and reporting the twelve month period ended on the same date. All figures are unaudited.

Revenue

	6 months ended 31 January 2007	6 months ended 31 January 2006	12 months ended 31 January 2007	12 months ended 31 January 2006
	£'000s	£'000s	£'000s	£'000s
Core	7,672	6,306	15,582	8,918
Development	343	1,373	861	2,218
Total Revenue	8,015	7,679	16,443	11,136

Total Group revenue increased by 5% to £8.0m (2006: £7.7m) for the second six months with Core revenue up 22% to £7.7m (2006: £6.3m). Total future contracted revenue as at 31 January 2007 was £6.7m. Development revenue was £0.3m (2006: £1.4m) reflecting the previously announced delays in project income and the high level of income in 2006 from retrospective vouching and developing the Publisher Platform.

Gross Profit

Gross profit was flat at £4.5m, yielding a gross margin of 56.6% (2006: 58.9%), as the Group continued to invest in new products and recruited additional consultancy, sales and commercial expertise to support the growth of the business.

In total, cost of sales and administrative expenses before highlighted items increased by 3% on a pro forma basis (adjusting 2006 to include billets for six rather than five months). The Group is currently reviewing its property portfolio with a view to consolidating from two London offices into one which will reduce cost over the medium term.

Operating Profit

	6 months ended 31 January 2007	6 months ended 31 January 2006	12 months ended 31 January 2007	12 months ended 31 January 2006
	£'000s	£'000s	£'000s	£'000s
Core	1,404	802	3,196	1,076
Development	(124)	902	(90)	1,300
Underlying Operating Profit	1,280	1,704	3,106	2,376
Highlighted Items	(862)	(318)	(1,464)	(443)
Reported Operating Profit	418	1,386	1,642	1,933

Underlying operating profit for the second six months was £1.3m (2006: £1.7m). The Core business increased operating profit by 75% to £1.4m (2006: £0.8m). The Development business recorded a loss of £0.1m (2006: £0.9m profit). Reported operating profit was £0.4m (2006: £1.4m).

For the 12 months to 31 January 2007, underlying operating profit increased by 30% to £3.1m (2006: £2.4m) whilst operating profit from the Core business increased by £2.1m to £3.2m (2006: £1.1m). Reported operating profit was £1.6m (2006: £1.9m).

Adjusting 2006 to include billets on a like for like basis, underlying operating profit from Core business for the last twelve months more than doubled from £1.5m to £3.2m.

Highlighted Items

Highlighted items comprise recurring and non-recurring items and have been highlighted to help the understanding of the underlying performance of the business.

	6 months ended 31 January 2007	6 months ended 31 January 2006	12 months ended 31 January 2007	Year ended 31 January 2006
	£'000s	£'000s	£'000s	£'000s
Share based expenses	(151)	(124)	(275)	(249)
Amortisation of purchased intangible assets	(194)	(162)	(388)	(162)
Acquisition related expenses	(83)	-	(360)	-
Provision for specific doubtful debts relating to a line of business which is no longer pursued	(301)	-	(301)	-
Other	(133)	(32)	(140)	(32)
	(862)	(318)	(1,464)	(443)

Note 2 to this statement sets out more detail on the Highlighted Items.

Profit Before Tax and EPS

Underlying profit before tax for the second six months was £1.1m (2005: £1.7m) reflecting higher interest charges due to vendor loan notes which were issued in August 2006. Reported profit before tax was £0.2m (2006: £1.4m).

Underlying earnings per share for the second six months was 2.72p (2005: 5.06p). Reported earnings per share was 1.18p (2006: 4.57p).

The Board are 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.

Cash and Debt

Cash balances increased during the second six months by £0.9m to £2.7m as a result of an improvement in working capital. The Group's net debt position increased from £0.9m to £3.7m due to the issuance, on 8 August 2006, of vendor loan notes to the value of £3.7m related to the billets acquisition.

Operational Highlights

Subscriptions

This area of the business is characterised by high operational gearing, high renewal rates, significant barriers to entry and international scalability. It comprises advertiser monitoring, news monitoring, e-vouching and audit services, although these products are aligned in new interfaces going forward and can be sold as a package.

This business currently has 360 clients, including 74 of the top 100 UK advertisers. Strong performance in this period has led to over 30 new contracts including Renault, Standard Life and Bird's Eye.

The recently announced partnership with GroupM removes a major sales barrier for Thomson Intermedia's monitoring products by facilitating access to a customer base of more than 650 of the UK's top advertisers. It also highlights the growing importance of the Group's systems in the media landscape. The Group is nearing completion of dedicated and tailored online systems and is dedicating additional sales resource to this partnership.

The dedicated online unit has seen revenues more than double since last year and now advises 13 of the top 25 online display advertisers in the UK.

Consultancy

This area of the business focuses on bespoke consultancy projects assisting advertisers in achieving their maximum return on investment by optimising payback and allocation of marketing spend across geographies, brands and marketing methods. The unit draws on advanced analytical techniques, marketing experience, benchmarks and proprietary tools to deliver improved and fact based marketing strategies. Given the growing interest in marketing ROI, further growth is expected in this area.

International

The Group's products and services have international appeal and are scaleable. International revenues now comprise 21% of Group revenue having increased by 50% over the same period last year. The Group currently has businesses in the USA and Germany and generates growing revenues from working with key partners in other territories.

USA: The Group owns 80% of MPMA, the US Auditing division which was established in 2003. It has continued to make excellent progress with an additional nine new clients, increasing the client base to 25. Its earn-out from the billets acquisition ends today and, looking forward, the Group intends to extend its range of products and services beyond audit.

Germany: The Group owns 50% of Thomson Media Control which currently offers media monitoring services in Germany. It has grown well with a current client base of over 35 of which 15 were signed in the past year. The Group is currently exploring opportunities to extend products and services in Germany.

Partners: The Group has partnerships with 16 companies in 25 countries to secure local data, benchmarks and media training insight in order to provide an international audit service. Whilst the Group has excellent relations with these international partners, the Group believes there is an opportunity to establish or acquire wholly-owned operations in certain larger key markets. This will improve margins but also put the Group in a stronger position to drive future growth and additional products and services in these local markets.

Development Income

Development income is characterised by one-off income which often leads to additional ongoing revenue sources. In the past, development income has been derived from areas such as retrospective vouching, licence fee income from Germany and the Publisher Platform.

The Publisher Platform has secured exclusive long term contracts with 10 regional media owners which account for more than 90% of regional publications. The platform provides the media owner with significant cost savings by removing the need to send out voucher copies. Discussions are ongoing with a number of other regional and national owners to sell more voucher technology and to expand the platform further. The Group has been developing new services, using the same data, which will enable media owners to save costs and improve efficiencies in other areas.

The Publisher Platform as well as opportunities which stem from the technology are currently in the pipeline for additional development income. The Group is confident that during the calendar year it will secure a number of these contracts.

Current Trading and Outlook

On 25 January 2007, the Group issued a trading update in which it indicated that it expected – for the 15 months to 30 April 2007 – revenue to be in the region of £20.6m and underlying operating profit of £3.3m. The Group confirms that it is on track to meet these expectations.

The Group acquired billets in August 2005. The final earn-out period from the transaction ends today and John Billett is leaving the Group at this juncture. billets has proved to have been a very successful acquisition for the Group and it is now a key part of the portfolio of services that the Group makes available to all participants in the marketing industry. The Board is grateful to John for all he has done in creating the billets brand and for entrusting it to the Group.

Over the past twelve months, the Group has built a much stronger position in the marketplace as a result of the integration of billets, the enhancement of data sets and products and the investment in relationships.

As a result, there is a significant pipeline of development projects which when concluded will deliver both immediate revenues and new recurring revenues for the future of the core business. At the same time, underlying growth in the existing Core business continues to be robust supported by market-leading products, increased presence in interactive media and more international contracts.

The Board remains confident that the progress made and platforms being built will continue to drive and exploit the Group's significant opportunities.

Stephen Thomson
Joint Chief Executive

Sarah Jane Thomson
Joint Chief Executive

Consolidated Income Statement

for the six months ended 31 January 2007

		Unaudited 6 months ended 31 January 2007	Unaudited 6 months ended 31 January 2006	Proforma unaudited 12 months ended 31 January 2007	*Year ended 31 January 2006
	Note	£'000s	£'000s	£'000s	£'000s
Revenue		8,015	7,679	16,443	11,136
Cost of Sales		(3,475)	(3,153)	(7,007)	(4,129)
Gross Profit		4,540	4,526	9,436	7,007
Administrative expenses – excluding highlighted items		(3,260)	(2,822)	(6,330)	(4,631)
Administrative expenses – highlighted items	2	(862)	(318)	(1,464)	(443)
Total administrative expenses		(4,122)	(3,140)	(7,794)	(5,074)
Operating profit		418	1,386	1,642	1,933
Finance income		28	27	58	49
Finance expenses		(216)	(55)	(379)	(55)
Net finance costs		(188)	(28)	(321)	(6)
Profit before taxation		230	1,358	1,321	1,927
Corporation tax	3	(176)	(126)	(366)	(126)
Deferred tax	3	361	165	514	396
Tax income		185	39	148	270
Profit for the period		415	1,397	1,469	2,197
Attributable to:					
Equity holders of the parent		386	1,407	1,432	2,207
Minority interests		29	(10)	37	(10)
		415	1,397	1,469	2,197
Earnings per share					
Basic	5	1.23p	4.79p	4.58p	7.51p
Diluted	5	1.18p	4.57p	4.40p	7.16p

*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 the Interim report for the six months ended 31 July 2006.

Consolidated Balance Sheet

as at 31 January 2007

	Note	Unaudited as at 31 January 2007 £'000s	*As at 31 January 2006 £'000s
Non current assets			
Goodwill*		8,924	8,924
Other intangible assets	6	4,869	5,096
Property, plant & equipment		670	706
Investment in joint ventures		115	122
Deferred tax asset		683	351
		15,261	15,199
Current assets			
Trade & other receivables: Due within one year	7	6,619	5,452
Trade & other receivables: Due after one year	7	93	-
Cash & cash equivalents		2,702	2,774
		9,414	8,226
Total Assets		24,675	23,425
Current liabilities			
Bank overdrafts		-	(62)
Other financial liabilities		(3,962)	(250)
Trade & other payables		(1,753)	(2,041)
Current tax liabilities		(130)	(126)
Provisions		(299)	(3,850)
Accruals & deferred income		(3,936)	(3,644)
		(10,080)	(9,973)
Non current liabilities			
Other financial liabilities		(2,438)	(2,687)
Provisions		-	(269)
Deferred tax liability		(854)	(1,019)
		(3,292)	(3,975)
Total liabilities		(13,372)	(13,948)
Net assets		11,303	9,477
Capital & Reserves			
Share capital		7,828	7,823
Share premium		8,896	8,869
Merger reserve		(4,504)	(4,504)
Retained earnings		(846)	(2,603)
Capital and reserves attributable to the equity holder of the parent		11,374	9,585
Minority interest		(71)	(108)
Total Equity		11,303	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 the interim report for the six months ended 31 July 2006 and to the presentation of accrued and deferred income

**Adjusted to reflect revised accounting for deferred tax as part of the billets acquisition as set out in note 1

Consolidated Cashflow Statement

for the six months ended 31 January 2007

	Unaudited 6 months ended 31 January 2007	Unaudited 6 months ended 31 January 2006	Proforma unaudited 12 months ended 31 January 2007	*Year ended 31 January 2006
	£'000s	£'000s	£'000s	£'000s
Cashflows from operating activities				
Profit before taxation	230	1,358	1,321	1,927
Adjustments for:				
Depreciation	156	157	322	276
Amortisation	498	428	996	694
Foreign exchange differences on operating activities	86	32	93	32
Investment	-	36	-	-
Share option charges	151	124	275	249
Finance income	(28)	(27)	(58)	(49)
Finance expense	216	55	379	55
	1,309	2,163	3,328	3,184
Decrease/(Increase) in trade receivables	1,682	240	(1,251)	(945)
(Decrease)/Increase in trade payables	(1,076)	(862)	(182)	(324)
Cash generated from operations	1,915	1,541	1,895	1,915
Finance expense	(196)	(71)	(379)	(71)
Income taxes paid	(217)	(6)	(343)	(6)
Net cash from operating activities	1,502	1,464	1,173	1,838
Cashflows from investing activities				
Purchase of subsidiary, net of cash acquired	-	(7,012)	-	(7,012)
Purchase of property, plant & equipment	(188)	(47)	(286)	(264)
Purchase of intangible assets	(409)	(322)	(769)	(644)
Purchase of investments	-	(87)	-	(87)
Finance income	28	21	58	43
Net cash used in investing activities	(569)	(7,447)	(997)	(7,964)
Cashflows from financing activities				
Proceeds from issue of share capital	-	4,343	-	4,343
Proceeds from long term borrowings	-	3,000	-	3,000
Repayment of bank loans	(125)	(63)	(249)	(63)
Net cashflow used in financing activities	(125)	7,280	(249)	7,280
Net increase in cash, cash equivalents and bank overdrafts	808	1,297	(73)	1,154
Effect of foreign exchange rate changes	73	(40)	63	(40)
Cash, cash equivalents and bank overdrafts at beginning of period	1,821	1,455	2,712	1,598
Cash, cash equivalents and bank overdrafts at end of period	2,702	2,712	2,702	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 the Interim report for the six months ended 31 July 2006.

1. Accounting policies

Basis of preparation

Following the extension of the Group's accounting reference date to 30 April 2007, the Group presents its second interim results for the 6 month period ended 31 January 2007, as required by the AiM rules. Proforma results for the 12 months ended 31 January 2007 have also been presented in order to show shareholders the current position for the period since the last audited annual report and accounts.

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.

We have reviewed the deferred tax accounting in relation to certain intangible assets recognised on the acquisition of billets, and in light of IFRS 3 and developing accounting practice we have increased Goodwill by £1,019,000 and created a deferred tax liability for a corresponding amount. The deferred tax liability is subsequently utilised in line with the amortisation of the purchased intangible fixed assets resulting in a tax credit in the income statement for the six months ended 31 January of £165,000, with the deferred tax liability reducing by the same amount.

The Group may need to further 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.

The Group has revised how it presents accrued and deferred income in the balance sheet in respect of future unearned contracted income. As a result, the balance sheet at 31 January 2006 has been restated to bring accounting treatments in line with this revised presentation. The effect of the adjustment on the 31 January 2006 balance sheet is to adjust both accrued and deferred revenue by the same amounts. This adjustment has no impact on the income statement or net assets of the Group.

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.

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

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.

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 January 2007. 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.

Using the liability method, deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, except for differences arising on:

- the initial recognition of goodwill;
- goodwill for which amortisation is not tax deductible;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

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 cannot 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:

Media Consulting – customer relationships	Straight line over 10 years	Estimated discounted cash flow
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 the Black-Scholes Model. 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. Highlighted items

Highlighted items comprise significant non-cash charges and non-recurring items which are highlighted in the income statement because separate disclosure is considered helpful in understanding the underlying performance of the business.

	6 months ended 31 January 2007	6 months ended 31 January 2006	12 months ended 31 January 2007	Year ended 31 January 2006
	£'000s	£'000s	£'000s	£'000s
Recurring:				
Share based expenses	(151)	(124)	(275)	(249)
Amortisation of purchased intangible assets	(194)	(162)	(388)	(162)
Foreign exchange gains/(losses)	(86)	(32)	(93)	(32)
Non recurring:				
Acquisition related - performance bonus	(30)	-	(206)	-
- restructuring costs	(53)	-	(154)	-
Provision for doubtful debts	(301)	-	(301)	-
Professional fees	(47)	-	(47)	-
	(862)	(318)	(1,464)	(443)

The performance bonus relates to the acquisition of billets in August 2005.

The restructuring costs relate to the closure of the acquired entity's previous head office.

The provision for doubtful debts relates to specific contracts from a line of business which the Group no longer pursues. All other provisions for doubtful debts are included within Administrative expenses.

Professional fees relate to legal and accounting advice in relation to the share premium reduction (see Note 8) and IFRS transition. All other professional fees are included within Administrative expenses.

3. Taxation on profit

During the period the deferred tax asset has been increased by £103,000 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 £176,000 on profits not allowable to be offset against losses carried forward.

4. Dividends

No interim dividend is being proposed.

5. Earnings per share

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

	6 months ended 31 January 2007	6 months ended 31 January 2006	12 months ended 31 January 2007	Year ended 31 January 2006
	£'000s	£'000s	£'000s	£'000s
Earning for the purpose of basic earnings per share being net profit attributable to equity holders of the parent	386	1,407	1,432	2,207
Adjustments:				
Deferred tax	(361)	(165)	(514)	(396)
Share incentives	151	124	275	249
Purchased intangibles amortisation	194	162	388	162
Foreign exchange (gain)/loss	86	32	93	32
Performance bonus*	30	-	206	-
Restructuring costs*	53	-	154	-
Provision for doubtful debts*	301	-	301	-
Professional fees*	47	-	47	-
Earnings for the purpose of underlying earnings per share	887	1,560	2,382	2,254
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	31,310,258	29,380,750	31,296,925	29,380,750
Effect of dilutive potential ordinary shares				
Share options**	1,272,453	1,432,829	1,272,453	1,432,829
Weighted average number of ordinary shares for the purpose of diluted earnings per share	32,582,711	30,813,579	32,569,378	30,813,579
Basic earnings per share	1.23p	4.79p	4.58p	7.51p
Diluted earnings per share**	1.18p	4.57p	4.40p	7.16p
Underlying basic earnings per share	2.83p	5.31p	7.61p	7.67p
Underlying diluted earnings per share	2.72p	5.06p	7.31p	7.31p

*Non recurring items (see note 2).

**Note that certain share options have been excluded from the calculation of diluted EPS as their exercise price is greater than the weighted average share price during the year (i.e. they are out-of-the-money) and therefore it would not be advantageous for the holders to exercise those options.

6. Other intangible assets

	Internally generated intangible assets	Purchased intangible assets	Total intangible assets
	£'000s	£'000s	£'000s
Cost			
At 1 August 2006	3,664	3,395	7,059
Additions	409	-	409
At 31 January 2007	4,073	3,395	7,468
Amortisation			
At 1 August 2006	(1,745)	(356)	(2,101)
Provision for the period	(304)	(194)	(498)
At 31 January 2007	(2,049)	(550)	(2,599)
Net book value			
At 31 January 2007	2,024	2,845	4,869

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	

7. Debtors

	31 January 2007	31 January 2006
	£'000s	£'000s
Trade and other receivables due within one year		
Trade receivables	4,111	3,875
Other receivables	56	427
Prepayments & accrued income	2,452	1,150
	6,619	5,452
Trade and other receivables due after one year		
Prepayments & accrued income	93	-

8. Post balance sheet events

During the period the parent company, by way of a special resolution, reduced its share premium account. This was approved by an Order of the High Court of Justice, Chancery Division on 31 January 2007. The Order was registered pursuant to section 138 of the Companies Act, 1985 on 10 February 2007 and so no adjustment has been made in this interim report. The impact on the results for the 15 month period to 30 April 2007 will be to reduce the share premium and reduce the accumulated deficit on retained earnings in the parent company by £7,056,000.

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 January 2007 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 rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market 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 the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

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 January 2007.

BDO Stoy Hayward LLP
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8 Baker Street
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30 April 2007

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