

INDEPENDENT MEDIA SUPPORT GROUP Plc

Interim results for the six months ended 30 June 2006

EXECUTIVE CHAIRMAN'S STATEMENT

Introduction

IMS is the only quoted business in the UK offering media access services to broadcasters, film and DVD distributors, advertisers and their agencies. The Group offers a wide range of services incorporating pre-recorded and real-time subtitling, translation, audio description, signing and voice-overs.

Financial results

Group turnover for the period was £3.014 million (2005: £3.258 million), with gross profit of £1.424 million (2005: £1.52 million). Operating profit before amortisation of goodwill was £280,000, broadly in line with the comparable period last year.

Profit on ordinary activities before taxation and goodwill amortisation was £270,000, a slight increase over the same period last year.

The Group has continued to demonstrate its ability to generate cash, improving its net cash funds position from December 2005 by £105,000 to £325,000.

The directors do not recommend the payment of a dividend at the interim stage.

Market and Business development

We note that the vast majority of broadcasters to whom Ofcom's Code on Television Access applies are now either meeting or exceeding their quotas for Subtitling, Signing and Audio Description. IMS's clients, in particular, have all demonstrated a commendable dedication to providing all of their viewers the best possible user experience.

It is also noticeable that many other media providers are now taking media accessibility very seriously, in particular theatrical movie distributors. Recently, IMS launched on its website the world's first microsite, built for a major distributor, which provides trailers of their best films accompanied by subtitles and audio description.

Current trading & Outlook

As we outlined in our preliminary results in March and explained further in July this year, IMS had been approached to review its pricing by one of its major customers in 2005 and that a three year contract has now been signed. Whilst we were obviously delighted at the continuation of this long-term relationship, we also noted that the newly agreed prices were substantially lower and that the Group would likely be loss-making in the second half of this year. The Group is likely, therefore, to report a small loss before tax for the full year from its trading activities, which will be further increased by the costs incurred, and to be incurred, in relation to the possible offer for the Group. The Group's trading continues broadly in line with expectations.

The major cost review announced at the time of our preliminary 2005 results is now complete, and its results are now being felt, but inevitably we will need to continue to focus on the Group's costs going forward in light of our current trading position.

Update on possible offer discussions

As has previously been announced, the Group has been approached by myself with regard to making a possible offer for the Group. Discussions on this subject are ongoing and, as and when there is any updated information in this respect, shareholders will duly be informed.

Finally, I would thank my colleagues and all our employees for their dedication and contribution during this difficult period of trading.

S.M.Sheridan OBE
Executive Chairman

Independent Media Support Group Plc
Consolidated Profit and Loss Account
For the six months ended 30 June 2006

	Notes	Unaudited six months to 30 June 2006			Audited	Unaudited
		Profit before goodwill amortisation	Goodwill amortisation	Total	Year ended 31 December 2005	Six months to 30 June 2005
		£000s	£000s	£000s	£000s	£000s
Turnover		3,014	-	3,014	6,425	3,258
Cost of sales		(1,590)	-	(1,590)	(3,543)	(1,738)
Gross profit		1,424	-	1,424	2,882	1,520
Administrative expenses before goodwill amortisation		(1,144)	-	(1,144)	(2,598)	(1,233)
Goodwill amortisation		-	(119)	(119)	(237)	(119)
Operating profit		280	(119)	161	47	168
Interest receivable		13	-	13	39	19
Interest payable		(23)	-	(23)	(69)	(39)
Disposal of associate investment		-	-	-	(2)	-
Share of associate's net losses		-	-	-	-	(2)
Profit on ordinary activities before taxation		270	(119)	151	15	146
Taxation on profit on ordinary activities	2	(80)	-	(80)	(82)	(82)
Profit/(loss) retained for the period	7	190	(119)	71	(67)	64
Earnings per 2.5p ordinary share (pence per share)						
Basic	4			0.27p	(0.26)p	0.25p
Diluted	4			0.26p	(0.24)p	0.23p
Adjusted earnings before goodwill amortisation						
Basic	4	0.73p			0.65p	0.70p
Diluted	4	0.71p			0.61p	0.65p

Note:
All amounts relate to continuing activity.

Independent Media Support Group Plc
Consolidated Balance Sheet
As at 30 June 2006

	Notes	Unaudited 30 June 2006 £000s	Audited 31 December 2005 £000s	Unaudited 30 June 2005 £000s
Fixed assets				
Intangible assets		4,139	4,258	4,376
Tangible assets		525	575	285
Investments		-	-	-
		4,664	4,833	4,661
Current assets				
Debtors		1,546	1,480	1,671
Cash at bank and in hand	6	825	732	1,023
		2,371	2,212	2,694
Creditors: amounts falling due within one year		(1,277)	(1,192)	(1,303)
Net current assets		1,094	1,020	1,391
Total assets less current liabilities		5,758	5,853	6,052
Creditors: amounts falling due after more than one year		(250)	(250)	(500)
Provisions for liabilities and charges		(16)	(182)	-
Net assets		5,492	5,421	5,552
Share capital and reserves				
Share capital	7	652	652	652
Share premium account	7	4,741	4,741	4,741
Profit and loss account	7	99	28	159
Equity shareholders' funds		5,492	5,421	5,552

Independent Media Support Group Plc
Consolidated Cash Flow Statement
For the six months ended 30 June 2006

	Notes	Unaudited six months to 30 June 2006 £000s	Audited year ended 31 December 2005 £000s	Unaudited six months to 30 June 2005 £000s
Net cash inflow from operating activities	5	156	690	203
Return on investments and servicing of finance				
Interest received		13	39	1
Interest paid		(23)	(69)	(36)
Net cash outflow from returns on investment and servicing of finance		(10)	(30)	(35)
Taxation		-	(168)	(3)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(41)	(414)	(37)
Net cash inflow/(outflow) before use of liquid resources and financing		105	(414)	128
Financing				
Repayment of bank loan		-	(250)	-
Capital element of finance lease payments		-	(9)	(6)
Net cash outflow from financing		-	(259)	(6)
Increase/(decrease) in cash in the period	6	105	(181)	122

Independent Media Support Group Plc
Notes to the interim results
For the six months ended 30 June 2006

1 Basis of preparation

The interim results for the six months ended 30 June 2006 have been prepared using accounting policies consistent with those set out in the Group's financial statements for the period ended 31 December 2005. The financial information contained in these interim statements does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The financial information for the period ended 31 December 2005 is an extract from the statutory financial statements for that period, which have been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under section 237 of the Companies Act 1985.

The interim results for the six months ended 30 June 2006, which are unaudited, were approved by the Board on 28th September 2006.

2 Taxation

The taxation charge is based upon United Kingdom taxable profits for the period at the anticipated effective rate for the year ending 31 December 2006.

3 Dividends

The directors do not recommend the payment of a dividend.

4 Earnings per 2.5p ordinary share (pence per share)

	Unaudited six months to 30 June 2006	Audited Year to 31 December 2005	Unaudited six months to 30 June 2005
	£000s	£000s	£000s
Profit for the period	71	(67)	64
Goodwill amortisation	119	237	119
Adjusted profit for the period	190	170	183
	000s	000s	000s
Weighted average number of shares	26,087	26,087	26,087
Diluted weighted average number of shares	26,819	27,891	28,002
	Pence	Pence	Pence
Basic earnings per share	0.27	(0.26)	0.25
Diluted earnings per share	0.26	(0.24)	0.23
Adjusted basic earnings per share before goodwill amortisation	0.73	0.65	0.70
Adjusted diluted earnings per share before goodwill amortisation	0.71	0.61	0.65

5 Reconciliation of operating profit to operating cash inflow

	Unaudited six months to 30 June 2006 £000s	Audited year ended 31 December 2005 £000s	Unaudited six months to 30 June 2005 £000s
Operating profit	161	47	168
Depreciation of tangible assets	91	158	71
Amortisation of goodwill	119	237	119
(Increase) in debtors due within one year	(66)	(55)	(229)
Increase in creditors due within one year	17	138	74
(Decrease)/increase in provisions for liabilities and charges	(166)	165	-
Net cash inflow from operating activities	156	690	203

6 Analysis of movement in net funds

	Audited 31 December 2005 £000s	Unaudited Cash flow £000s	Unaudited 30 June 2006 £000s
Cash at bank and in hand	732	93	825
Bank overdraft	(12)	12	-
Net cash balances	720	105	825
Debt:			
Debt falling due within one year	(250)	-	(250)
	(250)	-	(250)
Debt:			
Debt falling due after one year	(250)	-	(250)
Net funds	220	105	325

7 Share capital, reserves and shareholders funds

	Ordinary share capital	Share premium account	Profit and loss Account	Shareholders Funds
	£000s	£000s	£000s	£'000s
At 31 December 2005 - audited	652	4,741	28	5,421
Profit for the period	-	-	71	71
At 30 June 2006 - unaudited	652	4,741	99	5,492

8 Interim report

Copies of this interim report are being sent to all shareholders and are also available from the Company Secretary, Independent Media Support Group Plc, 10 Carlisle Street, London W1D 3BR.

DIRECTORS & ADVISORS

Directors

Sylvia Sheridan OBE	Executive Chairman
Mark Robinson	Managing Director
John Reiss	Non-Executive Director

Company Secretary Jock Rungay ACA

Registered & Head Office

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Principal Advisers

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