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Independent Media Distribution PLC

PRELIMINARY RESULTS

“Record Sales and UK Profits - European Expansion well underway”

Independent Media Distribution PLC (“IMD”) distributes the majority of all the TV and Radio ads aired across the UK. Bookings for over 85% by value of all TV ads aired in the UK are also administered by the Group, through its proprietary ‘industry standard’ CARIA[®] data exchange system. IMD also distributes nearly all of the UK’s music videos to TV channels. IMD describes all these activities as “Media Logistics”. IMD has operations in the UK, Republic of Ireland, Germany and France. Today it announces its Preliminary results for the year ended 31 December 2008.

Highlights

- Record sales
- Underlying pre-tax profits* up 45%
- Increased investment in Europe and Digital
- Germany at breakeven
- France preparing for launch
- Net debt down 81% to £0.12m (2007: £0.62m)

* NOTE: before amortisation of Optimad intangibles of £0.22m (2007: £0.22m) and excluding new business start up costs

Commenting David Haynes, Chairman, said:

“I am delighted to report that we have achieved record sales during 2008, consolidating our position as the number one in our sector. The figures also validate our strategy of investing in digital TV distribution and show a very strong cash flow, a crucial element in the current climate.

“As our services replace older and less efficient technology, we are confident that people will continue to switch to IMD and that our strategy of focused expansion into carefully chosen overseas markets will allow us to continue to build on this success and further develop the business.”

About IMD

Founded in 1996 and working with all of the UK's top creative advertising and media agencies, post production houses and broadcasters, AIM listed IMD connects more components of the UK's advertising and media community than anyone else.

IMD's media solutions are operated through four businesses: **IMD TV** and **IMD Radio** deliver the majority of the ads aired across the UK; **IMD Optimad** administers over 85% by value of all UK TV bookings (via its 'industry standard' CARIA® system); and **IMD Fastrax** distributes nearly all the music videos to UK TV channels.

IMD also operates IMD TV and CARIA® in the Republic of Ireland and IMD TV in Germany. IMD TV is on course to launch shortly in France.

IMD is at the forefront of a structural change that is taking place in the media distribution sector, as the market migrates to online digital distribution from traditional methods, such as tapes, couriers and faxes. This substitution of 'new for old' creates rapidly growing new markets for IMD.

CHAIRMAN'S STATEMENT

I am pleased to announce the Group's Preliminary results for the year to 31 December 2008 and am delighted to report record turnover of £7.4m (2007: £6.9m) - up 8% over last year – and Adjusted* pre-tax profit of £1.12m (2007: £1.25m) after investment in Europe and Digital media of £0.78m (2007: £0.06m). Our underlying [^] pre-tax profit, excluding business start up costs, is up 45% to £1.90m (2007: £1.31m).

RESULTS

	31 December 2008	31 December 2007
Turnover	£7.44m	£6.89m
Underlying profit before tax [^]	£1.90m	£1.31m
Adjusted profit before tax*	£1.12m	£1.25m
Profit per share (basic)	1.89p	2.09p
Profit per share (diluted)	1.88p	2.08p
Dividend per share	1.05p	1.03p

* **NOTE:** before amortisation of Optimad intangibles of £0.22m (2007: £0.22m)

[^] **NOTE:** excluding new business start up costs

Earnings per share for the year were 1.89p (2007: 2.09p). Cash generation was also very strong, with operating cash flow of £1.49m (2007: £2.05m) after new business investment of £0.79m (2007: £0.09m). At the year end, net borrowings were down to £0.12m (2007: £0.62m).

The five year table below illustrates how our strategic decision to enter the digital TV distribution business has been validated, as shown by the turnaround in the Group's fortunes to a position of profitability and strong cash flow:

	2004	2005	2006	2007	2008
	£m	£m	£m	£m	£m
Turnover	3.75	3.73	4.34	6.89	7.44
EBITDA*	1.38	0.40	0.84	2.31	1.81
Underlying PBIT*~	0.84	(0.47)	(0.07)	1.75	2.13
PBIT*	0.79	(0.50)	(0.08)	1.69	1.35
Operating cashflow	0.23	(0.56)	0.40	2.05	1.49

* **NOTE:** in order to have a true comparison with earlier years, these figures have been prepared under UK GAAP before amortisation of Optimad goodwill/intangibles and share option charges. IMD currently accounts under IFRS, where development expenditure is capitalised and written off over two years.

~ **NOTE:** before taking account of Europe and Digital investment costs

Dividend

A final dividend of 0.35p per share giving a total dividend for the year of 1.05p per share (2007: 1.03p) is recommended for payment on 29 May 2009 to shareholders on the register at 15 May 2009.

David Haynes
Chairman
3 March 2009

CEO's TRADING REVIEW

IMD has had a year of considerable progress, opening up new markets and meeting market expectations for profits and sales in a difficult business environment. Just as importantly and at the same time, the Group further reduced its reliance on external funding.

The company remains in a strong financial position to maintain its growth strategy. In view of the economic climate we are, however, being selective in our approach to investments to ensure that our balance sheet strength is maintained.

I am therefore delighted to report that both our results today and the new developments we have been pursuing remain consistent with our stated long term strategy, namely:

- Deeping and broadening our position in the UK, by growing revenues from existing and new services
- Rolling out internationally to develop revenues from overseas and
- Creating a position for ourselves in digital media i.e. internet media, including 'video on-demand' TV

Below I comment on each of our strategic elements:

“Deeper in the UK”

IMD TV's revenues grew by 13% during 2008. Our market share averaged 58% of all the digital deliveries of TV ads made in the UK last year as measured at Channel Four and Sky who are the only broadcasters who make this data available. As expected and in line with the advertising market as a whole, growth slowed significantly from 29% in the first half to 1% in the second, as marketing budgets declined, but this was mitigated by IMD's continued acquisition of new clients.

Combined revenues at IMD Radio, IMD Fastrax (music videos) and IMD Optimad (TV campaign administration) have remained flat over the year.

“Broader in the UK”

We continue to add services to meet more of our clients' needs and to increase our yield. For instance, at IMD TV we have seen increased take up of our premium priced Express TV delivery service where we can take in a TV commercial, process and deliver it right into the heart of multiple broadcasters' play out systems in less than an hour; the fastest such service in the UK.

As an example, we recently delivered the special 157 second T-Mobile dance commercial on a Friday evening, at the end of a very tight production schedule, to Channel Four - in time for its airing across an entire ad break during "Big Brother". We have also been promoting this service via advertising in the industry trade media *Campaign*, with the strap line "Your place to ours to air. Direct and non stop. In under 60 minutes" to highlight this unique service that only IMD can offer.

Our TV Admin service, which enables creative advertising agencies to outsource their TV admin work, continues to build its client base.

We have also just launched a digital asset management service, IMD Index, specifically targeted at the needs of people who administer TV and Radio campaigns in creative agencies and production companies to help them organise their 'back catalogue' libraries of TV and radio commercials and associated paperwork.

We are pleased to report that during the second half, IMD Optimad won an important commission from the TV industry to manage the delivery of information about detailed advertising transmissions (or 'spot' schedules) for all UK broadcasters. This will help to support its further growth in 2009.

IMD Optimad also achieved additional success by delivering (via CARIA®) its first advertising 'rotation' instructions direct from creative advertising agencies into a broadcaster's transmission system (at Channel Four). This is an important new milestone for IMD Optimad, following highly complex IT and software integration work at both IMD and the broadcaster's end to make this happen.

“Geographic Expansion”

We are especially pleased with our progress in Germany, a market where we only began making chargeable deliveries in late 2007 and where our operation has now reached breakeven on the back of very strong growth in the last quarter.

During 2008 we explored the potential in both France and Spain for our IMD TV service. Both markets are currently using 'old' tape based technology and represent opportunities with great potential for IMD's online digital delivery solutions. For the time being we have decided to limit our start up investments and focus our initial operations in France, it being the larger market.

“Digital Media”

Our work in digital media covered both the handling of data, with the initial development of the Legato system and the movement of commercials to digital media sites. In the latter area we have built some revenue from agencies and are now well advanced on a project for a major media owner. We did not, however, readily find customers for Legato, which is similar to our specialist CARIA® TV system but for use in the administration of internet, including on-demand TV, advertising. Nevertheless, we expect this work will help us to develop data services for digital media.

Outlook

Although we are enjoying strong growth in Germany and anticipate revenues from France later on in 2009, trading so far this year is below last year, albeit in line with our expectations. January and February are not necessarily good indicators for the full year however we expect that our overall growth will continue to be moderated by the current economic decline and in particular its impact on the UK advertising market.

Historically, all of IMD TV and IMD Radio services have always been sold direct to advertising agencies and post production companies, with the exception of one reseller. Since 2006, IMD has worked with this reseller to sell its IMD TV service to certain additional creative advertising agencies. As announced last month, this reseller has decided to stop reselling the IMD TV service and attempted to switch all its clients' TV commercials distribution business to our competitor. As we said at the time, notwithstanding the short term impact of this event, which will reduce 2009 revenues, we viewed this action by the reseller “with cautious optimism” because we are now able to sell our IMD TV service direct to the agencies involved and to offer them other IMD services as well.

I am therefore delighted to report that in only three weeks since we began 'selling direct', IMD has already won back a number of major accounts worth almost 30% of the previous revenue in question. IMD views this as a tremendous endorsement of the quality of our service over that of our competitor's and substantiates our claim that in 'going direct' IMD offers end user clients “a quicker, more efficient and better value” solution for their TV commercials distribution needs.

IMD Optimad, which accounts for around 20% of Group sales, has a high proportion of predictable, contracted revenues that are not linked to the advertising market's economic cycle. I am therefore pleased to report this division is growing and performing as expected with a strong pipeline of new business for 2009.

Despite the difficulties in the advertising market, a reflection of the general economic situation, IMD has good medium term growth prospects because it is involved in substituting new technology at lower cost, for older more expensive processes. IMD therefore remains an exciting business, with great people and is in a good position to weather the current storm.

Simon Cox
Chief Executive
3 March 2009

INDEPENDENT MEDIA DISTRIBUTION PLC

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	£'000	£'000
TURNOVER	7,444	6,894
Cost of sales and overheads, less other income	(6,514)	(5,757)
OPERATING PROFIT	<u>930</u>	<u>1,137</u>
Finance expenditure	(33)	(108)
PROFIT BEFORE TAX	<u>897</u>	<u>1,029</u>
Tax charge	(250)	(313)
PROFIT FOR THE YEAR	<u><u>647</u></u>	<u><u>716</u></u>
PROFIT PER SHARE		
BASIC	<u>1.89p</u>	<u>2.09p</u>
DILUTED	<u>1.88p</u>	<u>2.09p</u>

INDEPENDENT MEDIA DISTRIBUTION PLC

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008

	2008 £'000	2007 £'000
ASSETS		
Non-current assets		
Intangible assets	2,570	2,954
Property, plant and equipment	422	530
Deferred tax assets	296	387
	<u>3,288</u>	<u>3,871</u>
Current assets		
Trade and other receivables	1,823	1,780
Cash and cash equivalents	191	88
	<u>2,014</u>	<u>1,868</u>
	<u>5,302</u>	<u>5,739</u>
EQUITY		
Capital and reserves attributable to the Company's equity shareholders		
Called up share capital	3,415	3,415
Share premium account	86	86
Other reserve	(1,295)	(1,365)
Retained earnings	1,456	1,295
Total equity	<u>3,662</u>	<u>3,431</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	66	111
Current liabilities		
Bank loan	308	707
Trade and other payables	1,058	1,109
Current tax liabilities	208	381
	<u>1,574</u>	<u>2,197</u>
Total liabilities	<u>1,640</u>	<u>2,308</u>
Total equity and liabilities	<u>5,302</u>	<u>5,739</u>

INDEPENDENT MEDIA DISTRIBUTION PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	Year to 31 December 2008 £'000	Year to 31 December 2007 £'000
Cash flows from operating activities		
Profit for the period	647	716
<i>Adjustments for:</i>		
Tax charge	250	313
Finance expenditure	33	108
Depreciation and amortisation	1,174	1,386
Loss on disposal of fixed assets	(1)	(6)
Exchange rate differences	(8)	(2)
Share option charge	70	155
Increase in trade and other receivables	(43)	(6)
(Decrease)/increase in trade and other payables	(51)	135
Cash generated from operations	2,071	2,799
Tax paid	(377)	(6)
Net cash generated from operating activities	1,694	2,793
Cash flows from investing activities		
Purchases of property, plant and equipment	(313)	(258)
Proceeds from sale of property, plant and equipment	1	6
Intangible asset additions	(369)	(371)
Interest received	-	7
Interest paid	(33)	(115)
Net cash used in investing activities	(714)	(731)
Cash flows from financing activities		
Repayment of borrowings	-	(3,000)
Dividends paid to Company's shareholders	(478)	(224)
Net cash used in financing activities	(478)	(3,224)
Net decrease in cash and bank overdrafts	502	(1,162)
Cash and cash equivalents at beginning of year	(619)	543
Cash and bank overdrafts at end of year	(117)	(619)
Operating cash flow as quoted in the highlights is calculated as:		
Operating profit	930	1,137
Depreciation and amortisation	1,174	1,386
Share option charge	70	155
Capital expenditure	(682)	(629)
Operating cash flow	1,492	2,049

NOTES

1. ACCOUNTING POLICIES

This preliminary announcement is prepared on the basis of the accounting policies as stated in the last annual accounts.

2. ANNUAL REPORT

The information in this announcement, which was approved by the Board of Directors on 25 February 2009, does not comprise statutory accounts. The statutory accounts for the year ended 31 December 2007 have been delivered to the Registrar of Companies and included an audit report which was unqualified and did not contain statements under s237(2) or (3) of the Companies Act 1985 (the Act). The statutory accounts for the year ended 31 December 2008 will be delivered to the Registrar of Companies in accordance with Section 242 of the Act.

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