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Contact: Simon Cox (Chief Executive)
David Haynes (Chairman)
Independent Media Distribution
Tel: 020 7468 6868
Corporate Website: www.imdplc.com

Alistair Mackinnon-Musson
Nicola Savage
Hudson Sandler
Tel: 020 7796 4133
Email: imd@hspr.com

Leanne Tritton
Tracey Milham
ING MEDIA - Trade Press Enquiries
Tel: 020 7247 8334

Independent Media Distribution PLC

PRELIMINARY RESULTS – “RECORD PROFITS”

Independent Media Distribution PLC (“IMD”), the UK’s largest online digital distributor of TV & radio commercials, music videos and data for the media industry (which IMD calls “Media Logistics”) announces its Preliminary results for the year ended 31 December 2007.

IMD distributes the majority of all the TV and Radio ads aired across the UK. Over 85% by value of all TV ads aired are also administered by the Group, through its proprietary data exchange system - CARIA™.

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’ is creating rapidly growing new markets and fuelling IMD’s growth. Moreover, IMD continues to win market share in this fast expanding market.

RESULTS

	31 December 2007	31 December 2006
Turnover	£6.89m	£4.34m
Headline profit/(loss) before tax*	£1.25m	£(0.20)m
Headline profit/(loss) per share (basic)*	2.45p	(0.47)p
Profit/(loss) per share (basic)	2.09p	(0.48)p
Profit/(loss) per share (diluted)	2.08p	(0.48)p
Dividend per share	1.03p	0.975p

* before amortisation of Optimad intangibles of £0.22m (2006: £0.01m)

HIGHLIGHTS

- These are record results for the Group
- Return to profit after two years of losses, following heavy investment in TV distribution
- IMD’s TV market share has overtaken its major rival, from a ‘standing start’
- IMD is now the UK market leader in each of its three core areas: TV, Radio & Data
- International roll-out going well; Germany & Ireland successful
- Further profitable progress expected this year

Commenting David Haynes, Chairman, said:

“Having taken the bold decision to invest heavily, so that we could enter the TV distribution market and sustaining two years of losses as a result, I am delighted we have now returned to profit”.

“I am also thrilled that our investment has paid off, in short order we’ve already become the market leader in TV distribution, literally from a standing start. So we’re now the number one player in all three of our core sectors, TV, radio and data”.

“Along with our domestic business, our international expansion into Germany and Ireland is also going well, with other new territories under consideration. We therefore view the future with confidence”.

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 ads aired (via its ‘industry standard’ CARIA™ system); and **IMD Fastrax** distributes nearly all the UK’s music videos to TV channels.

IMD also operates IMD TV and CARIA™ in the Republic of Ireland and has recently launched IMD TV in Germany.

PRELIMINARY RESULTS FOR THE YEAR TO 31 DECEMBER 2007

CHAIRMAN’S STATEMENT

I am pleased to announce the Group’s Preliminary results for the year ended 31 December 2007, in which IMD returned to profit after two years of losses.

Since 2003, when we took the bold decision to broaden our business into the digital distribution of TV commercials, we have invested substantially in building towards this aim, leading to the Group sustaining losses for FY 2005 and 2006, as start up costs were absorbed. Previously, the Group’s core business was almost entirely based on the smaller market of distributing radio commercials.

As a result of successfully implementing our diversification strategy, in FY 2007 we began to deliver significant returns, with turnover up 59% to £6.89m (2006: £4.34m) and headline profit before tax* of £1.25m (2006: loss £(0.20)m) - record results for the Group.

Headline earnings per share* for the year were 2.45p, compared with a loss per share of (0.47)p in 2006. Cash generation was also very strong, with operating cash flow of £2.05m (2006: £0.40m). At the year end, net borrowings were down to £0.62m (2006: £2.46m).

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 cashflow:

	2003 £m	2004 £m	2005 £m	2006 £m	2007 £m
Turnover	3.43	3.73	3.73	4.34	6.89
EBITDA*	1.66	1.38	0.40	0.84	2.31
PBIT*	1.28	0.79	(0.50)	(0.08)	1.69
Operating cashflow	0.91	0.23	(0.56)	0.40	2.05

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

Our growth in FY 2007 was also driven by the acquisition of Optimad Media Systems (now IMD Optimad) in December 2006, which has not only been earnings enhancing in 2007 but has also strengthened the business strategically, enabling us to enter the TV campaign data exchange market with Optimad's proprietary system - CARIA™

IMD is now positioned as the leading provider of "Media Logistics" to the advertising industry in the UK. As the market leader in each of our businesses, we deliver more TV and radio commercials and handle more TV campaign data than anyone else. As a result, every day we connect online and digitally more creative advertising and media agencies; production and post production houses and media owners (broadcasters), than anyone else.

Expansion Strategy

Building on our profitable and leading UK position, our expansion strategy is now threefold:

- continuing to grow share and introduce new services in our home market
- rolling out these services internationally and
- developing services specifically for digital media

During 2007 we made very encouraging progress against each of these strategic objectives, which are detailed below in the CEO's Review. Amongst these, the recent launch of our operations in Germany, is a particularly important milestone for us.

Dividend

Finally, we propose to lift the final dividend to 0.70p per share, giving a total dividend for the year of 1.03p per share (2006: 0.975p per share), an increase of 5.6%. If approved, the final dividend will be paid on 30 May 2008 to shareholders on the register at 16 May 2008.

David Haynes
Chairman
 4 March 2008

CEO's TRADING REVIEW

IMD's media logistics business can be split into two parts:

- i) The digital distribution of content – being the online digital delivery of TV & radio commercials & music videos and
- ii) The exchange of data - predominantly the swapping of crucial TV campaign information, required to support the broadcast of the adverts themselves

Distribution of Content

IMD TV

IMD TV – our service for distributing TV commercials from their point of production to broadcasters – had a very strong year, with revenues up 76% to £3.08m (2006: £1.75m). This activity now accounts for over 50% of our content distribution revenues and has been established from literally a standing start.

Our growth has been driven on a number of fronts, namely by clients' continued conversion to IMD's online digital delivery technology, from using traditional video tape and couriers; market share gains from our major competitor; increased average order size in the first quarter and most encouragingly, continued growth in the volume of commercials that clients send via IMD.

This last driver reflects not only the upturn in the TV media market in 2007 but also an underlying trend towards advertisers engaging in more complex campaigns, requiring more content to be delivered.

IMD Radio

IMD Radio distributes more radio commercials in the UK than anyone else – over three times its nearest rival. This was largely the Group's sole activity prior to 2003. During 2007 radio revenues declined by 13% to £1.61m (2006: £1.84m) in a market that was generally flat, as we suffered some loss of market share due to a new market entrant in the second quarter. Since then, however, our market share has stabilised.

IMD Fastrax

IMD Fastrax delivers review and broadcast quality music videos to broadcasters and production companies on behalf of record labels. Revenues grew 13% during 2007 as more clients adopted our latest broadcast quality service.

IMDAdsat

IMDAdsat is our 50/50 joint venture based in Dublin, distributing TV adverts in the Republic of Ireland. Revenues grew by 25%, taking the joint venture into profit for the first time.

Exchange of Data

IMD Optimad had a very successful year, with revenues growing by 28% to £1.36m (2006: £1.06m). IMD Optimad, acquired in December 2006, operates a number of campaign data exchange services that predominantly support the booking and administration of TV commercials via its proprietary 'Industry Standard' system CARIA™.

The integration by IMD Optimad of CARIA™ with Virgin Media's air time sales system and also the successful roll-out of CARIA™ into media agencies and broadcasters in the Republic of Ireland, helped drive the strong growth in sales.

Winning a competitive pitch to handle the TV industry's Attribution Service was also important to IMD Optimad's growth and it marks the second centralised service IMD is operating for the industry at large. The Attribution Service standardises the 'naming' of advertisers and their products within TV campaign data, so the information can then be used by research companies and for follow up market analysis.

Progress towards longer term objectives

UK market share and service range

In 2007, IMD's share of the online delivery of TV commercials overtook its major competitor, making IMD now the biggest player in this marketplace. In radio, despite a small loss of share, IMD Radio also remains the clear market leader, by far.

IMD's service range in the UK was extended further in 2007, through the introduction of a premium priced 90 minute Express Service for delivering TV adverts, and also a new service enabling creative agencies to outsource their TV administration work.

International roll out

The shift of IMDAdsat into profit in 2007 for the first time, demonstrates how we can develop and manage an overseas operation to perform well for IMD. During the second half of 2007 we began operating in Germany via a new office, securing two large clients and building out our broadcaster network.

IMD's core broadcaster network in Germany serving all of the major German broadcasters, namely: ARD, ZDF, Viacom, Prosieben/Sat 1 and RTL, is now complete and we began making chargeable deliveries in the fourth quarter.

Spurred on by our early successes in Germany and Ireland, we have begun to investigate other opportunities in continental Europe, where distribution of TV commercials remains on tape in most countries. We believe converting this market to online digital delivery represents an important growth opportunity for IMD.

Digital Media

Our move into digital media is focussed on Internet based advertising and is our most recent and earliest-stage strategic initiative. We believe there are good opportunities for IMD both in the distribution of content and the exchange of data for Internet based advertising, the former concentrated on moving video advertising, which is growing as the web is increasingly becoming an entertainment medium.

Exchange of data between media buyers and web publishers for all types of Internet based advertising is currently still a very manual process and this also represents an opportunity for IMD, to introduce a more automated, online service – similar to that of CARIA™ for TV.

Outlook

Trading in the first two months of the new financial year was in line with our expectations, however, January and February are not traditionally good indicators for the full year, especially in the current climate.

While we will continue to make significant investments in our European expansion and in digital media, we expect to make further profitable progress this year.

Simon Cox
Chief Executive Officer
4 March 2008

INDEPENDENT MEDIA DISTRIBUTION PLC

CONSOLIDATED INCOME STATEMENT

	2007	2006
	£'000	£'000
TURNOVER	6,894	4,336
Cost of sales and overheads, less other income	(5,757)	(4,566)
OPERATING PROFIT/(LOSS)	<u>1,137</u>	<u>(230)</u>
Finance (expenditure)/income	(108)	22
PROFIT/(LOSS) BEFORE TAX	<u>1,029</u>	<u>(208)</u>
Tax (charge)/credit	(313)	41
PROFIT/(LOSS) FOR THE YEAR	<u><u>716</u></u>	<u><u>(167)</u></u>
PROFIT/(LOSS) PER SHARE		
BASIC	<u>2.09p</u>	<u>(0.48)p</u>
DILUTED	<u>2.08p</u>	<u>(0.48)p</u>

INDEPENDENT MEDIA DISTRIBUTION PLC

CONSOLIDATED BALANCE SHEET

	2007	2006
	£'000	£'000
ASSETS		
Non-current assets		
Intangible assets	2,954	3,355
Property, plant and equipment	530	886
Deferred tax assets	387	408
	<u>3,871</u>	<u>4,649</u>
Current assets		
Trade and other receivables	1,780	1,774
Cash and cash equivalents	88	543
	<u>1,868</u>	<u>2,317</u>
	<u><u>5,739</u></u>	<u><u>6,966</u></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	(1,365)	(1,520)
Retained earnings	1,295	805
	<u>3,431</u>	<u>2,786</u>
Total equity	<u>3,431</u>	<u>2,786</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	111	173
	<u>111</u>	<u>173</u>
Current liabilities		
Borrowings	707	3,000
Trade and other payables	1,109	975
Current tax liabilities	381	32
	<u>2,197</u>	<u>4,007</u>
Total liabilities	<u>2,308</u>	<u>4,180</u>
Total equity and liabilities	<u><u>5,739</u></u>	<u><u>6,966</u></u>

INDEPENDENT MEDIA DISTRIBUTION PLC

CONSOLIDATED CASH FLOW STATEMENT

	Year to 31 December 2007 £'000	Year to 31 December 2006 £'000
Cash flows from operating activities		
Profit/(loss) for the period	716	(167)
Adjustments for:		
Tax charge/(credit)	313	(41)
Finance expenditure/(income)	108	(22)
Depreciation and amortisation	1,386	1,539
Profit on disposal of fixed assets	(6)	(5)
Exchange rate differences	(2)	2
Share option charge	155	122
Increase in trade and other receivables	(6)	(399)
Increase in trade and other payables	135	90
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Cash generated from operations	2,799	1,119
Tax (paid)/repaid	(6)	20
	<hr/>	<hr/>
Net cash generated from operating activities	2,793	1,139
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	-	(3,086)
Purchases of property, plant and equipment	(258)	(443)
Proceeds from sale of property, plant and equipment	6	5
Purchases of intangible assets	(371)	(592)
Interest received	7	32
Interest paid	(115)	(10)
	<hr/>	<hr/>
Net cash used in investing activities	(731)	(4,094)
	<hr/>	<hr/>
Cash flows from financing activities		
Issue of shares	-	128
(Repayment of)/proceeds from borrowings	(3,000)	3,000
Dividends paid to Company's shareholders	(224)	(443)
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Net cash used in financing activities	(3,224)	2,685
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Net decrease in cash and bank overdrafts	(1,162)	(270)
Cash and bank overdrafts at beginning of year	543	813
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Cash and bank overdrafts at end of year	(619)	543
	<hr/> <hr/>	<hr/> <hr/>
Operating cash flow as quoted in the highlights is calculated as:		
Operating profit/(loss)	1,137	(230)
Depreciation and amortisation	1,386	1,539
Share option charge	155	122
Capital expenditure	(629)	(1,035)
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Operating cash flow	2,049	396
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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 3 March 2008, does not comprise statutory accounts. The statutory accounts for the year ended 31 December 2006 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 2007 will be delivered to the Registrar of Companies in accordance with Section 242 of the Act.

- ENDS -