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Independent Media Distribution PLC

INTERIM RESULTS

Return to profit – Results ahead of expectations

Independent Media Distribution PLC (“IMD”), the UK’s leading digital distributor of advertising commercials, music videos and data to TV and radio broadcasters, announces its Interim results for the six months ended 30 June 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 system - CARIA™.

In 2003 the Board of IMD took the strategic decision to diversify its business into the digital distribution of TV commercials. Previously, the Group’s core business was almost entirely based on the smaller market of distributing radio commercials. IMD has since successfully delivered on this transition in corporate strategy as TV related revenues now exceed radio.

IMD is at the forefront of a structural change that is taking place in the media distribution sector, as the market migrates towards digital technology from traditional methods (e.g. tapes, couriers and faxes). The substitution of ‘new for old’ is creating rapidly growing new markets and fuelling IMD’s growth. Moreover, IMD is winning market share in this fast expanding market.

Highlights

- Return to profitability after two years of losses and investment
- Profit before tax of £425,000 (2006: loss £146,000)
- Group turnover up 63% (31% on a like for like basis)
- Operating cash flow of £1,040,000 (2006: £160,000)
- New corporate strategy – new services & geographic expansion

Commenting David Haynes, Chairman, said:

“I am delighted to report that IMD’s strategic decision to diversify into the digital distribution of TV commercials has been strongly vindicated. It is a great pleasure to be able to announce the

Group's return to profitability with a very creditable profit before tax of £425,000, significantly ahead of the market's expectations. After the successful integration of the Optimad acquisition, the Group has entered a new phase of investment in organic growth, expanding into Europe and establishing a presence in online and on demand TV.

"We have secured further market share gains and industry forecasts for advertising point to growth during 2007; however, this positive outlook for the year should be seen in the context of the short term nature of media spending and an uncertain economic outlook."

About IMD

Founded in 1996 and working with all of the UK's top creative and media agencies, post production houses and broadcasters, AIM listed IMD is the UK's leading **digital** distributor of advertising commercials, music videos and data to TV & radio broadcasters. Distributing these 'packages' online is by far the most efficient method of doing so and it explains why the sector is rapidly migrating towards using electronic means and away from traditional methods (eg tapes, couriers and faxes).

IMD connects more components of the UK's advertising and media community than anyone else. IMD calls this 'Media Logistics'.

IMD's media solutions are operated through four business: **IMD TV** and **IMD Radio** deliver over half 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 music videos & audio files to TV channels and radio stations.

INDEPENDENT MEDIA DISTRIBUTION PLC

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2007

CHAIRMAN'S STATEMENT

I am pleased to announce the Group's Interim results for the six months to 30 June 2007 and am delighted to report a return to profit for the period.

Group turnover increased by a very healthy 63% and we achieved profit before tax of £425,000 (2006: loss £146,000) – significantly ahead of market expectations.

Results

	30 June 2007	30 June 2006
	£'000	£'000
Turnover	3,313	2,032
Profit / (loss) before tax	425	(146)
Profit / (loss) after tax	364	(90)
Profit / (loss) per share (basic & diluted)	1.06p	(0.27p)
Dividend per share	0.33p	0.65p

For the first time, included in the figure for Group turnover above, is an amount of £659,000 generated from IMD Optimad, which was acquired in December 2006. Excluding this contribution, the Group's underlying organic sales grew by 31% on a like for like basis, again a very creditable performance.

Cash Flow

Operating cash flow (defined as profit plus depreciation, amortisation and share option charges less investment in tangible and intangible assets) improved to £1,040,000 from £160,000. The cash generated exceeds reported profit mainly because of the ongoing depreciation and amortisation charges that relate to our historic and high level of investment in establishing our TV distribution business. Net borrowings incurred to finance the purchase of IMD Optimad last December reduced from £2.5m to £1.1m.

Dividend

The Group has entered a new phase of investment in organic growth, in addition to which it is well placed in a marketplace that presents a number of good opportunities to make further acquisitions. The Board has decided to maintain the interim dividend at the level of last year's final dividend, so 0.33p per share will be paid on 31 October 2007 to shareholders registered on 5 October 2007.

David Haynes
Chairman

3 September 2007

INDEPENDENT MEDIA DISTRIBUTION PLC

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2007

CEO'S TRADING REVIEW

Having already achieved our short term goal of generating greater revenues from TV than radio, during 2006 we developed a new strategy with three key features, namely:

- Deepening and broadening our position in the UK, by growing revenues from existing services and offering more services;
- Rolling out our offer internationally, to develop revenues from overseas; and
- Creating a position for IMD in online and on demand TV.

I am pleased to report in the first half of 2007 we have demonstrated good progress in each of these highlighted areas, which I comment upon below:

“Deeper in the UK”

Sustained profitability in each month of the first half has delivered our first profitable reporting period for two years, thanks to strong revenue growth delivered against a stable cost base.

IMD TV's UK distribution revenues grew 97% as a result of further market share gains against our competition, conversion of clients to online delivery from tape methods and a more positive advertising market.

Revenues at IMD Radio held up well during the first half, reducing by only 9%. Although fierce competition in the radio market persists, IMD continues to hold its own.

IMD Fastrax grew steadily by 10% as more clients have chosen to deliver 'broadcast' and 'review' quality music videos to broadcasters using IMD's online solutions, as opposed to video tape.

Optimad was acquired at the end of last year and has made a significant, earnings enhancing contribution. Revenue growth at IMD Optimad was 30% in the first six months. IMD Optimad's core revenues are under contract and are therefore largely both stable and predictable. On top of this, the first half saw additional revenues being generated from the integration of the Group's proprietary CARIA™ system directly into the software at the Sales Division of Virgin Media. This brought to the Group one-off project-based revenue, as well as securing an ongoing income stream derived from future IT support fees.

“Broader in the UK”

With a solid operational and financial base now in place, we have been able to focus on developing new revenue streams in the UK.

IMD Optimad won an important three and a half year contract to operate the 'Attribution Service' for the UK's TV industry.

The Attribution Service involves IMD collecting data on all new advertising campaigns from all the UK's broadcasters and subsequently configuring it into a consistent format providing an essential data source for the industry.

Building on IMD Optimad's CARIA™ system, the 'industry standard' booking and administration system for TV ads, this marks the second award to IMD of an important central outsourcing role. It also presents an additional opportunity to integrate CARIA™ and Attribution, to improve still further the service offered by IMD to advertisers and broadcasters.

“Geographic Expansion”

The first half saw the successful launch of IMD Optimad's CARIA™ system in the Republic of Ireland. After just four months, I am pleased to report that over 65% by value of all TV ad bookings are now being made via CARIA™ in Ireland.

Our expansion into Continental Europe has started well, with the signing of long term contracts in Germany with two key clients for TV ad distribution. We have now moved into an investment phase and have incurred start up costs in the first half of the year which will continue into the second half of 2007.

“New Media”

In the UK we are concentrating on establishing a position in new media, especially around online and on demand TV. In June we therefore launched a service to deliver advertising content to these channels. At this stage volumes are negligible, but this could become an important market for IMD.

Optimad Integration

The first half saw the successful integration of Optimad (acquired in December 2006) into the Group. This acquisition has not only been earnings enhancing, helped by realising annual cost savings of over £200,000, but has brought with it valuable collaboration between the businesses.

This cooperation has so far extended to the following areas: sales (including winning and now delivering the Attribution Service mentioned above); software development; business development and marketing. The entire team has performed superbly in integrating the Group's first acquisition on plan. IMD continues to look for possible acquisitions.

Outlook

Trading in July and August has been good with sales up over 25% on 2006 on a like for like basis. The company has now delivered 12 consecutive months of profitable trading and we have recently secured further market share gains.

IMD's largest distribution businesses, IMD TV and IMD Radio, earn a disproportionately high amount of their revenues in the last four months of the financial year. However, this revenue is sensitive to the general level of advertising activity, especially in radio. Although industry forecasts for advertising point to growth during 2007, the short term nature of media spending, combined with the uncertain outlook regarding consumer expenditure, mean that we cannot predict the out-turn.

Simon Cox
Chief Executive
3 September 2007

INDEPENDENT MEDIA DISTRIBUTION PLC
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	Six months to 30 June 2007 £'000	Six months to 30 June 2006 £'000	Year to 31 December 2006 £'000
TURNOVER		3,313	2,032	4,336
Cost of sales and overheads		(2,817)	(2,193)	(4,566)
OPERATING PROFIT/(LOSS)		<u>496</u>	<u>(161)</u>	<u>(230)</u>
Finance income		4	15	22
Finance charges		(75)	-	-
PROFIT/(LOSS) BEFORE TAX		<u>425</u>	<u>(146)</u>	<u>(208)</u>
Tax (charge)/credit		(61)	56	41
PROFIT/(LOSS) FOR THE PERIOD		<u><u>364</u></u>	<u><u>(90)</u></u>	<u><u>(167)</u></u>
PROFIT/(LOSS) PER SHARE				
BASIC AND DILUTED	3	<u><u>1.06p</u></u>	<u><u>(0.27p)</u></u>	<u><u>(0.48p)</u></u>

INDEPENDENT MEDIA DISTRIBUTION PLC
CONSOLIDATED INTERIM BALANCE SHEET

30 JUNE 2007

	At 30 June 2007 £'000	At 30 June 2006 £'000	At 31 December 2006 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	634	1,044	886
Intangible assets	3,144	621	3,355
Deferred tax asset	328	-	408
	<u>4,106</u>	<u>1,665</u>	<u>4,649</u>
Current assets			
Trade and other receivables	1,415	1,459	1,774
Cash and cash equivalents	134	419	543
Current tax assets	-	10	-
	<u>1,549</u>	<u>1,888</u>	<u>2,317</u>
Total assets	<u><u>5,655</u></u>	<u><u>3,553</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	3,411	3,415
Share premium account	86	85	86
Other reserve	(1,438)	(1,640)	(1,520)
Retained earnings	1,056	1,101	805
	<u>3,119</u>	<u>2,957</u>	<u>2,786</u>
Total equity	<u><u>3,119</u></u>	<u><u>2,957</u></u>	<u><u>2,786</u></u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	34	186	173
	<u>34</u>	<u>186</u>	<u>173</u>
Current liabilities			
Financial liabilities	1,250	-	3,000
Trade and other payables	1,027	410	975
Current tax liabilities	225	-	32
	<u>2,502</u>	<u>410</u>	<u>4,007</u>
Total liabilities	<u><u>2,536</u></u>	<u><u>596</u></u>	<u><u>4,180</u></u>
Total equity and liabilities	<u><u>5,655</u></u>	<u><u>3,553</u></u>	<u><u>6,966</u></u>

INDEPENDENT MEDIA DISTRIBUTION PLC

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital £'000	Share Premium £'000	Other Reserve £'000	Retained Earnings £'000	Total £'000
Balance at 1 January 2006	3,367	6	(1,642)	1,412	3,143
Loss for the period	-	-	-	(90)	(90)
Employee share option credit	-	-	2	-	2
Dividend	-	-	-	(221)	(221)
Share issue	44	79	-	-	123
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 30 June 2006	3,411	85	(1,640)	1,101	2,957
Profit for the period	-	-	-	(77)	(77)
Employee share option credit	-	-	120	-	120
Exchange differences	-	-	-	3	3
Dividend	-	-	-	(222)	(222)
Share issue	4	1	-	-	5
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 December 2006	3,415	86	(1,520)	805	2,786
Profit for the period	-	-	-	364	364
Employee share option credit	-	-	82	-	82
Exchange differences	-	-	-	(2)	(2)
Dividend	-	-	-	(111)	(111)
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Balance at 30 June 2007	<u>3,415</u>	<u>86</u>	<u>(1,438)</u>	<u>1,056</u>	<u>3,119</u>

INDEPENDENT MEDIA DISTRIBUTION PLC
CONSOLIDATED INTERIM CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Six months to 30 June 2007 £'000	Six months to 30 June 2006 £'000	Year to 31 December 2006 £'000
Cash flows from operating activities			
Profit/(loss) for the period	364	(90)	(167)
<i>Adjustments for:</i>			
Tax charge/(credit)	61	(56)	(41)
Finance income	(4)	(15)	(22)
Finance charges	75	-	-
Depreciation and amortisation	744	779	1,539
Loss on disposal of fixed assets	-	-	(5)
Exchange rate difference	-	-	2
Share option charge	82	2	122
Decrease/(increase) in trade and other receivables	358	(279)	(399)
(Increase)/decrease in trade and other payables	52	(197)	90
	<hr/>	<hr/>	<hr/>
Cash generated from operations	1,732	144	1,119
Tax refunded	72	5	20
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	1,804	149	1,139
	<hr/>	<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of subsidiary (net of cash acquired)	-	-	(3,086)
Purchases of property, plant and equipment	(89)	(140)	(443)
Sale of property plant and equipment	-	-	5
Purchases of intangible assets	(192)	(320)	(592)
Interest received	4	15	32
Interest paid	(75)	-	(10)
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Net cash used in investing activities	(352)	(445)	(4,094)
	<hr/>	<hr/>	<hr/>
Cash flows from financing activities			
Issue of shares	-	123	128
Dividends paid to Company's shareholders	(111)	(221)	(443)
Proceeds of revolving credit facility	-	-	3,000
Repayment of revolving credit facility	(1,750)	-	-
	<hr/>	<hr/>	<hr/>
Net cash used in financing activities	(1,861)	(98)	2,685
	<hr/>	<hr/>	<hr/>
Net decrease in cash and bank overdrafts	(409)	(394)	(270)
Cash and bank overdrafts at beginning of period	543	813	813
	<hr/>	<hr/>	<hr/>
Cash and bank overdrafts at end of period	134	419	543
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Operating cash flow as quoted in the highlights is calculated as:			
Operating profit/(loss)	496	(161)	(230)
Depreciation and amortisation	744	779	1,539
Share option charge	82	2	122
Capital expenditure	(281)	(460)	(1,035)
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Operating cash flow	1,041	160	396
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

INDEPENDENT MEDIA DISTRIBUTION PLC
NOTES TO THE INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2007

1. BASIS OF PREPARATION

These interim consolidated financial statements are for the six months ended 30 June 2007. They have been prepared in accordance with IAS 34, Interim Financial Reporting. These interim financial statements have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (September 2007). The IFRS standards and IFRIC interpretations that will be applicable at 31 December 2007, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing these interim financial statements. The policies set out below have been consistently applied to all the years presented.

These consolidated interim financial statements have been prepared under the historical cost convention.

The information set out in this interim report for the six months ended 30 June 2007 does not comprise statutory accounts within the meaning of section 240 of The Companies Act 1985. The statutory accounts for the year ended 31 December 2006, incorporating an unqualified auditors' report, have been filed with the Registrar of Companies.

2. BASIS OF CONSOLIDATION

On 21 February 2002 the Company, then named Chemex International plc, became the legal parent company of Independent Media Distribution plc in a share-for-share transaction. Due to the relative values of the companies, reverse acquisition accounting was adopted as the basis of consolidation.

The joint venture is accounted for using the proportional consolidation method.

The results of the wholly owned subsidiary Optimad Media Systems Limited have been consolidated using the purchase method.

3. PROFIT/(LOSS) PER SHARE

The calculation of the profit/(loss) per share is based on the following loss and number of shares:

	Six months to 30 June 2007	Six months to 30 June 2006	Year to 31 December 2006
Profit/(loss) for the period (£'000)	364	(90)	(167)
Weighted average number of shares (000s)	34,145	33,895	34,145
Adjusted for share options (000s)	75	-	-
Weighted average number of shares for diluted earnings per share (000s)	34,220	33,895	34,145
Basic and diluted profit/(loss) per share	1.06p	(0.27p)	(0.48p)

INDEPENDENT MEDIA DISTRIBUTION PLC

INDEPENDENT REVIEW REPORT

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2007

We have been engaged by the company to review the condensed set of financial statements in the interim report for the six months ended 30 June 2007 which comprises the consolidated income statement, consolidated interim balance sheet, consolidated interim statement of changes in shareholders' equity, consolidated interim cash flow 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 information in the condensed set of financial statements.

Directors' Responsibilities

The interim report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the AIM rules. As disclosed in note 1, the annual financial statements of Independent Media Distribution plc are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this interim report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim report for the six months ended 30 June 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

haysmacintyre
Chartered Accountants
Registered Auditors

3 September 2007

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