15 March 2017

Zinc Media Group plc ("Zinc Media" or the "Company")
Unaudited Interim Results for the six months ended 31 December 2016

Zinc Media Group plc, the TV and multimedia content producer, today announces its unaudited interim results for the six months to 31 December 2016.

Financial performance

- Group revenues of £9.19m (H1 16: £10.18m)
- Gross margin increased from 28.5 per cent. (H1 16) to 30.8 per cent. with renewed focus on quality of revenue and cost control
- Adjusted EBITDA profit of £0.07m (H1 16: EBITDA loss of £(0.14)m) *
- Loss before tax from continuing operations of £(0.43)m (H1 16: £(0.14)m) **
- Diluted loss per share from continuing activities (0.09)p (H1 16: (0.03)p) **
- Total assets £12.99m (H1 16: £18.94m)
- Cash at £1.63m (H1 16: £2.05m)
- £1.27m fundraising and debt restructuring completed

Highlights

- The Group turnaround continues, with profitability achieved for the half year at an adjusted EBITDA level from continuing operations for the first time in recent years
- Management expect profitability to accelerate in the traditionally busier second half of the year, particularly in the TV division, which would expect to earn the majority of its profits in the second half
- Current TV commissioned order book at circa. 77 per cent. of forecasted TV revenues for the year which gives a basis for confidence in the outlook for the full year
- The first half of the year was a transitional period for the Group with decisive action taken to position the Group for profitability and a significantly simplified product offering
- Main focus of the Group now on its award-winning (including a BAFTA in May 2016) TV division, with a complementary digital communications business alongside
- Strategic shift in TV programming, with a move towards higher value series for international broadcasters, bolstered by the Company's 2015 acquisition of Reef Television ("Reef") which has integrated well
- The digital communications division had a particularly strong first half, reflecting the quality of its product offering to a blue chip client base and a focus on tight cost and margin control
- Majority of the Group's publishing business exited from, leaving Macclesfield-based LABC division, which is operating profitably

* Adjusted EBITDA defined as EBITDA before restructuring and exit costs in relation to the publishing business
** Prior year loss before tax from continuing operations was after exceptional income of £0.33m which included the write back of interest charges and loan writedowns from the debt restructuring that took place in July 2015

Outlook

The first half of the year was a period of significant restructuring of the business and with this now behind us the focus is on improving the profitability of the businesses we have retained and driving future growth. The shape of the business has transformed over the last year, having exited from a business heavily focussed on B2B print publishing and a shift in focus to a predominantly TV production business, specialising in non-scripted factual content.

Management expect the overall profitability to accelerate in the second half of the year, which is traditionally busier for the Group; particularly in the TV production businesses. Commissioned programmes currently account for 77 per cent. of the forecasted TV revenues for FY17, which gives management confidence in the outlook and the accelerating profitability for the full year.

The Group's focus over the coming months will be to convert its pipeline into commissions and ensure that as much production activity as possible falls into the current financial year, whilst also building a strong pipeline into the next financial year. The current pipeline has a strong mix and volume of programme proposals across the different factual genres and across multiple broadcasters, both domestic and international.

Chairman's Statement

The strategy of the Group is now to focus predominantly on its core strength of television production. Based on current budgets, over 80 per cent. of the Group's revenues are expected to be derived from television production in FY17.

The remedial action required to reshape the business and withdraw from the old loss making Ten Alps print publishing businesses continued at pace during the first six months of the financial year. All of the Group's loss making publishing businesses were exited from, leaving only the Macclesfield publishing division which concentrates primarily on one contract in the home and build sector for LABC. The Macclesfield publishing division was profitable at the half year.

The digital communications division continues to develop its product offering and had a strong first half, exceeding management expectations. The acquisition in FY16 of Straker Films has strengthened the product offering, which has helped to drive significant profitability in the division, and integration of the business has gone well. We continue to see opportunities for short-form film production to complement our TV production business, particularly as the boundaries change between the traditional platforms for consuming TV content and the new platforms and devices that make video content ever more prevalent.

The Directors continue to believe that there is a clear opportunity for the Group to expand its position as one of the UK's leading independent television production businesses. The Company is known and recognised for being a leader in the production of factual television content, spanning heavily formatted daytime TV series to single high production value landmark documentaries, supplying its content to the majority of broadcasters in the UK and now also to certain broadcasters internationally. The Directors are also actively exploring acquisition opportunities in the TV production sector and believe that there exists an opportunity to grow through carefully selected acquisitions. The independent television production market is consolidating as there is a drive towards scale, in what is a cyclical industry which is dependent upon a relatively small number of customers and broadcasters. Having successfully integrated Reef Television into the Group, the Directors believe they can achieve further success by pursuing more such deals.

As mentioned in our FY16 results, the renewal of the lease on our London property until 2020 and the integration of our TV production, programme editing and digital communications businesses into one location has created a new dynamism and spirit. Furthermore, with management no longer distracted with the loss making non-core publishing businesses, we believe we are primed to build the business into one of the UK's leading independent TV production companies.

Peter Bertram, Chairman, commented:

"We are delivering on our plan to return the Group to profitability, after the losses of recent years. The team has been strongly focussed on a difficult and painful restructuring, the majority of which is now behind us. The strategy now is to accelerate profitability and deliver growth in the TV production businesses."

For further information, please contact:

Zinc Media Group plc **+44 (0) 20 7878 2311**
Peter Bertram, Chairman
David Galan, Chief Operating and Financial Officer
www.zincmedia.com

N+1 Singer (NOMAD and Broker to Zinc Media) **+44 (0) 20 7496 3000**
Shaun Dobson / Lauren Kettle

BUSINESS OVERVIEW

The first half of our financial year has seen significant change for the Group. Throughout the summer the Group increased the pace of its restructuring, exiting from the vast majority of the loss making print publishing businesses. The publishing business was spread across several Group companies and locations, increasing the complexity of the restructuring. The withdrawal involved terminating unprofitable contract publishing relationships, the creditors voluntary liquidation of Ten Alps Media Limited, the sale of the trade of Grove House Publishing Limited and the closure of multiple divisions. The remaining publishing unit in Macclesfield is now profitable, for the first time in recent years and has a standalone management team and operations.

The withdrawal from the publishing businesses has allowed the Group to focus on the core area of TV production, which the Directors believe will drive future growth and profitability.

At the half year the TV division made a small overall loss, although the first half of the year is traditionally slower due to the summer months being quiet in the industry. Management expect this loss to reverse and for the TV division to be profitable for the full year.

The acquisition of Reef Television ("Reef"), completed in July 2015, was an important step towards the diversification of our television business into new genres and now represents a significant part of the overall division. Integration of Reef has progressed well and Reef has traded strongly in the period post acquisition, exceeding management expectations. Reef completed the first year of a three year earnout, exceeding the targets set in the deal, and the first earnout payment of £1m was settled in full in the period, half in cash and half through the issue of new shares to the Reef vendors.

In the period, the Group also successfully completed a fundraising and restructured its debt, improving the Company's balance sheet and ensuring that the debt repayment profile matches the anticipated turnaround in the Group's profitability. The Company raised over £0.8m by way of a placing and raised over £0.4m in a new loan. The Company negotiated a debt variation over all its short and long term loans, through the amendment of the repayment dates of all short and long term loans to a single repayment (of both principal and interest) due to be repaid on 31 December 2020. At 31 December 2016 the Group's long term debt obligations stood at £3.3m (not including deferred consideration payable in respect of Reef). Following the debt restructuring the Group has no short term debt obligations.

Management remains confident in returning the Group to profitability in the current financial year. Although the Group made a relatively small adjusted EBITDA profit at the half year, management expects this to accelerate by the time of the full year results. Revenues for the first half of the year were £9.19m, compared to £10.18m in the prior year and the adjusted EBITDA profit was £74k compared to a loss of £139k in the prior year.

TV activity is encouraging, with a good spread of programming across the different factual television genres, including daytime and long running popular factual series. This is a positive trend away from the narrow specialisation in current affairs programming that characterised the past Ten Alps TV businesses. Current affairs programming still plays an important part in our product offering, but it is now only one part of our broad offering across the factual spectrum. Our ability to deliver excellence in our TV product has meant that we are now pitching ideas and being commissioned by international broadcasters such as National Geographic and Smithsonian.

Management decided to exit from the Group's investment in TV drama start-up Chrysalis Vision Limited and sold its interest in the company to Sky Ventures Limited in December 2016. The sale proceeds were not material to the Group and the decision was driven by our current strategy to stick to our core strengths of factual programming and to become the leading independent TV production business in that space. The cash requirements of financing an early stage drama start-up did not fit with that strategy and therefore the decision was made to exit the investment. We of course wish the Chrysalis Vision team well for the future.

The communications division traded strongly in the first six months of the year, reflecting the benefits of the acquisition of Straker Films, which gave the business a strong footprint into the short-form video market. The integration of the Straker Films business is proceeding well and the aim is to cross-sell digital communications and short-form video across each other's blue chip client bases and present to the market as an integrated offering. The client list is strong, including organisations such as TfL, National Grid, Nationwide, Rio Tinto, Vodafone and certain UK civil service departments to name just a few. The division is also seeking to grow its presence and market share through collaborations and partnerships with alternative channels to market. This includes PR, marketing, advertising and communications agencies that may not have the same core competencies as our Communications division but have client relationships with our target audience.

The remaining Macclesfield publishing unit has gone through a significant restructuring. The business now concentrates primarily on one contract in the home and build sector for LABC. This accounts for the majority of the revenue in the unit, with the remainder of the revenue currently made up of advertising sales from approximately four trade magazines which we retained in the restructuring, focussed on B2B titles, as they were profitable and had a low fixed cost base. Macclesfield now operates as a stand-alone unit, which is separate from the rest of the Group, with its own senior management. The unit was profitable at the half year and further efficiencies have either been made, or are in the process of being made, which the Board anticipates should lead to increased profits by the time of the full year results.

Although our medium term strategy in the TV division is to grow through carefully selected acquisitions, we appreciate the value of organic growth, particularly through the acquisition of talented staff who already have strong track records. We made several key hires during the first half of the year.

Highlights

TV

- *'Murder Detectives'* – a series following a real murder investigation in Bristol, won Best Documentary Series at the prestigious Grierson Awards

- *Secrets of a Deathly Tomb'* – a landmark drama documentary on the First Emperor of China was commissioned by BBC and National Geographic. This was one of the largest ever commissions produced by Brook Lapping and rated extremely highly both on the BBC and National Geographic. This commission highlights the success of our strategy to seek commissions from international broadcasters for higher budget productions. Blakeway and Brook Lapping are now considered preferred suppliers of National Geographic

- *'Bargain Loving Brits in the Sun'* – an eight part series for Channel 5 was commissioned as a follow up to the highly successful 20-part series Benidorm ER. The series is currently airing on Channel 5 and has achieved high audience numbers for its time slot

- *'Julian Clary's Greatest Ever Christmas Ads'* – another Blakeway North commission for Channel 5

- *'9/11 Investigation'* – for ITV

- 2 awards in the Royal Television Society's North West Awards

- *'Inside Obama's White House'* – a four part series including an exclusive interview with President Obama, originally commissioned for BBC Two, ARTE and Al Jazeera US was rebroadcast on National Geographic in the week of the inauguration of Donald Trump

- Following the success and critical acclaim of *'Inside Obama's White House'*, Norma Percy, the executive producer responsible has secured another major documentary commission to make a four part programme about the European 'project', with production due to commence in the second half of FY17

- *'Expedition New Earth'* – a landmark space exploration documentary series commissioned by BBC and Smithsonian, to be presented by the eminent scientist Stephen Hawking, about the challenges and possibilities involved in the human race colonising the planet Mars

- *'Paul Hollywood's City Bakes'* – Series 2 commissioned at double the slot length for Food Network EMEA for delivery in Spring 2017

- *'Put Your Money Where Your Mouth Is'* – series 14 delivered to BBC Daytime and new 60 minute versions played to strong audiences in peak time at 7.00pm

- New BBC One Daytime format '*Getting the Builders In'* commissioned and in production from a new regional satellite office in Bristol

- *'West Side Stories'* broadcast on Boxing Day on BBC Two to great acclaim

- New landmark two part opera series with Lucy Worsley commissioned by BBC Two

The core TV division has experienced several management changes during the period. The promotion of Lucy Van Beek, from executive producer in Brook Lapping to managing director of Blakeway has significantly extended Blakeway's client base. The strategy is to broaden the genre base into more highly priced specialist factual programming. In line with this, natural history series are under consideration at both Channel 5 and Channel 4, both with international co-production interest and an archaeology series is in development with National Geographic.

Brook Lapping has benefitted from the new leadership of Greg Sanderson. The Brook Lapping team now consists of three executive producers, including Norma Percy, and was further strengthened by the arrival in January 2017 of Emma Hindley, a highly respected executive producer in the world of documentaries and specialist factual television. Her most recent series was the popular drama documentary 'Six Wives of Henry VIII' on BBC One.

Films of Record has underperformed financially over the last eighteen months and the short term position was further exacerbated by the departure of the managing director. Films of Record has a fantastic reputation and heritage and an experienced documentary executive producer, Katie Buchanan, has been hired and is already winning commissions. The Directors believe that over time it will deliver an improved performance.

Reef has been in production with multiple projects during the first half of the year, notably with a second series of the Food Network's 'Paul Hollywood City Bakes' and series 14 of BBC 'Daytime's Put Your Money Where Your Mouth Is'. Furthermore, the company has broken new ground with significant talent signings such as a new Lucy Worsley project for BBC Two and a new format for BBC Daytime called 'Getting The Builders In'. Reef has several series that are due to air shortly on Channel 4, and is well positioned for these shows to return in 2017. Reef successfully restructured its management team with the appointment of Rob Dersley as Director of Production. Rob has a background as a senior producer at Reef, as well as a background as a TV journalist, including BBC, Sky and Channel 5. The company's completed shows continue to sell well internationally.

Communications

- **Mattel: Fisher-Price Code a Pillar® Challenge**
  To support the launch of a new children's product, Think & Learn Code-a-Pillar®, a caterpillar that encourages experimentation while developing coding and sequencing skills in children, we developed a bespoke website with an online toolkit for education practitioners to use and integrate into their formal teaching techniques.

- **Merlin Entertainment: Chessington World of Adventures**
  Following the successful delivery of projects for Thorpe Park and Madam Tussauds, we created a communications and resource package to add educational values to a park visit and to encourage school group bookings. Content will be available from March 2017 in line with the opening of the new Gruffalo River Ride Adventure.

- **Siemens: See Women Events**
  To support Siemens address the gender imbalance in STEM industries, together with BBC science presenter Fran Scott we created a stage show challenging gender stereotypes and perceptions that engineering is a "man's world". Working with the Girls Schools Association, the show was performed in schools around the UK with Siemens apprentices.

- **Sellafield: Careers Resource**
  Working in partnership with the Centre of Nuclear Excellence we created a bespoke, interactive and curriculum linked presentation based on real life insights into the industry.

- **Nationwide: Bereavement Film**
  We developed a film to accompany the Nationwide staff training programme, to improve the way employees deal with bereaved customers. We produced a moving portrayal of what customers may

feel when a partner dies, to heighten the awareness of employees and highlight how they can behave sensitively towards those who are bereaved.

- **Rio Tinto Fatality at Paraburdoo**
  A 3D animation has been produced to tell the story of an employee who was killed carrying out a routine maintenance task, sensitively showing exactly what happened so the organisation can learn and improve their safety practices and ensure it never happens again.

Peter Bertram	**David Galan**
Chairman	**Chief Operating and Financial Officer**

FINANCIAL REVIEW

Revenue from continuing operations was £9.19m (H1 16: £10.18m), the decrease being mainly due to lower TV revenues in the first half and management's expectation that the TV division will be more second half weighted than usual in the current year. TV divisional revenues were £6.72m in the first half, a decrease of £1m on the prior period. The Communications division, bolstered through the acquisition of Straker Films, saw revenues of £1.57m, an increase of £0.46m on the prior period. The Publishing division, which is now a materially different business from the comparable period in the prior year, delivered revenues of £0.9m from continuing operations. As discussed earlier the continuing operations represent our Macclesfield publishing business, all other units having been closed during the period.

Gross margin increased from 28.5 per cent. to 30.8 per cent. in the period, with operating expenses increasing slightly to 29.9 per cent. of revenues (H1 16: 28.8 per cent.). The increase in gross margin is due to an ongoing focus on cost control and the quality of revenue across the divisions.

For the first time in recent years, the Company reported a profit at the adjusted EBITDA level of £0.07m (H1 16: loss of £0.03m). Adjusted EBITDA is reported before restructuring and exit costs in relation to the publishing businesses. Operating loss increased to £0.38m (H1 16: loss of £0.28m), reflecting the above restructuring and exceptional transactions and after an amortisation charge of £0.21m (H1 16: £0.20m). The increased amortisation cost reflects the amortisation of intangible assets acquired as part of the Reef acquisition.

The finance charges for the period were £0.15m (H1 16: £0.80m) and reflect the accrued costs on the Company's outstanding long term debt obligations. As the Group recorded losses at period end, no corporation tax charge was incurred, although there was a credit in respect of movement in deferred taxation. The loss for the period was £0.49m (H1 16: £0.35m).

Earnings per share

Basic and diluted loss per share from continuing operations in the period was 0.09p (H1 16: loss 0.03p) and was based on the losses for the period of £0.43m (H1 16: loss of £0.14m) with a weighted average number of shares in issue during the year of 468,567,143 (H1 16: 392,018,309). Adjusted basic and diluted loss per share (adjusting for amortisation, restructuring and exceptional costs) from continuing operations in the period was 0.002p (H1 16: loss 0.07p) and was based on the adjusted losses for the period of £0.001m (H1 16: loss of £0.257m).

Dividend

No dividend is proposed. The Board considers the Group's investment plans, financial position and business performance in determining when to pay a dividend.

Statement of Financial Position

Assets

Non-current assets consisted of goodwill and intangibles of £7.12m (H1 16: £11.84m), investment in associate of £nil, (H1 16: £0.1m), property, and plant and equipment of £0.28m (H1 16: £0.25m). The reduction in goodwill and intangibles is a result of the year end impairment of carrying values relating to the Publishing businesses. The £0.1m prior period investment in associate reflected the investment in TV drama production company Chrysalis Vision Limited which, as discussed earlier in this statement, the Group decided to dispose of at cost as part of its change in focus to its core strengths of factual programme making.

Inventories and trade receivables have significantly reduced to £0.49m (H1 16: £1.01m), reflecting the fact that the Group has exited from the majority of the publishing businesses which held larger levels of inventories. Trade receivables have reduced to £1.51m (H1 16: £1.82m) reflecting the change in the revenue mix in the business, namely the reduction in publishing revenues.

The Group had a cash balance of £1.63m as at 31 December (H1 16: £2.05m). The Group's net debt at period end stood at £1.67m, after taking into account the restructured long term debt facility of £3.3m, maturing in December 2020 but not including a total of £2.0m deferred consideration and loan note consideration issued and payable in respect of the acquisition of Reef.

Total assets of the Group were £12.99m (H1 16: £18.94m) with the main movements being a decrease in goodwill and intangibles as a result of the impairment of the publishing businesses.

Equity and Liabilities

Retained losses as at 31 December 2016 were £31.04m (H1 16: losses: £24.53m) and total shareholders' equity at that date was £2.57m (H1 16: £7.67m).

In November 2016, the Company carried out an equity placing and a debt variation, together with entering into a new loan, to raise approximately £1.2m (gross). The debt variation amended the repayment date on all the Company's short and long term debt obligations to a bullet repayment date of 31 December 2020. Therefore all debt is now shown as non-current liabilities. The Group had an outstanding balance on long term debt of £3.3m at the period end (H1 16: £2m), held by two of the Company's shareholders and with no financial covenants relating to the debt. Total non-current liabilities total £4.3m, also including £1.0m of the £2.0m deferred consideration and loan note consideration in respect of the acquisition of Reef. The other £1.0m of deferred consideration and loan note consideration in respect of the acquisition of Reef is treated as a current liability.

Current liabilities consisting of trade, other creditors, deferred consideration payable and deferred income is broadly unchanged at £6.1m (H1 16: £6.2m).

David Galan
CFO

Board Changes

To reflect his additional responsibilities in addition to his role as Chief Financial Officer, David Galan has been appointed as Chief Operating Officer with immediate effect and will continue to work closely with Peter Bertram, Chairman, to drive the strategy and turnaround of the Group.

Due to his numerous other time consuming commitments in other businesses, Luke Johnson has decided to step down from the Board with immediate effect. Luke has played a pivotal part in the Group turnaround and the rest of the Board is very grateful for his involvement and wise counsel over the last two years.

We are in advanced discussions for a replacement non-executive director and expect to update the market shortly.

Zinc Media Group plc consolidated income statement
For the six months ended 31 December 2016

	Unaudited	Unaudited	Audited
	Half year to 31 Dec 2016 £'000's	Half year to 31 Dec 2015 £'000's	12 months to 30 June 2016 £'000's
Continuing operations			
Revenue	**9,190**	10,181	22,622
Cost of sales	**(6,364)**	(7,283)	(16,228)
Gross Profit	**2,826**	2,898	6,394
Operating expenses	**(2,751)**	(3,037)	(6,827)
EBITDA	**74**	(139)	(433)
Reorganisation and restructuring costs	**(64)**	(17)	(44)
Exceptional transactions	**(146)**	333	-
Depreciation	**(37)**	(39)	(91)
Amortisation and impairment of intangible assets	**(211)**	(195)	(3,184)
Operating loss	**(383)**	(57)	(3,752)
Finance costs	**(146)**	(79)	(183)
Finance income	**-**	-	279
Loss before tax	**(529)**	(136)	(3,656)
Taxation	**98**	-	(54)
Loss for the period	**(431)**	(136)	(3,710)
Discontinued operations			
Profit/(loss) for the period from discontinued operations	**(59)**	(218)	(2,661)
Loss for the period	**(490)**	(354)	(6,371)
Continuing operations attributable to:			
Equity holders	**(431)**	(136)	(3,710)
Discontinued operations attributable to:			
Equity holders	**(59)**	(218)	(2,661)
Retained profit for the year	**(490)**	(354)	(6,371)
Basic earnings per share			
From continuing operations	**(0.09)p**	(0.03)p	(0.91)p
From discontinued operations	**(0.01)p**	(0.06)p	(0.65)p
Total	**(0.10)p**	(0.09)p	(1.56)p
Diluted earnings per share			
From continuing operations	**(0.09)p**	(0.03)p	(0.91)p
From discontinued operations	**(0.01)p**	(0.06)p	(0.65)p
Total	**(0.10)p**	(0.09)p	(1.56)p

Zinc Media Group plc consolidated statement of comprehensive income
For the six months ended 31 December 2016

	Half year to 31 Dec 2016 £'000's	Half year to 31 Dec 2015 £'000's	12 months to 30 June 2016 £'000's
Loss for the period	**(490)**	(354)	(3,710)
Other comprehensive income	**-**	-	-
Total comprehensive income for the period	**(490)**	(354)	(3,710)
Attributable to:			
Equity holders	**(490)**	(354)	(3,710)
	(490)	(354)	(3,710)

Zinc Media Group plc consolidated statement of financial position
For the six months ended 31 December 2016

	Unaudited	Unaudited	Audited
	31 Dec	31 Dec	30 June
	2016	2015	2016
	£ '000	£ '000	£ '000
Assets			
Non-current			
Goodwill and intangibles	**7,120**	11,842	7,330
Investment in associate	**-**	100	100
Property, plant and equipment	**277**	245	212
	7,397	12,187	7,642
Current assets			
Inventories	**494**	1,014	202
Trade receivables	**1,508**	1,824	2,341
Other receivables	**1,960**	1,871	1,357
Assets classified as held for sale	**-**	-	147
Cash and cash equivalents	**1,626**	2,046	3,537
	5,588	6,755	7,584
Total assets	**12,985**	18,942	15,226
Equity and liabilities			
Shareholders' equity			
Called up share capital	**5,926**	5,925	5,925
Share premium account	**24,076**	22,671	22,671
Merger reserve	**696**	696	696
Preference shares	**2,909**	2,909	2,909
Retained earnings	**(31,039)**	(24,532)	(30,549)
Total shareholders' equity	**2,568**	7,669	1,652
Liabilities			
Non-current			
Borrowings	**3,295**	2,000	2,007
Other non-current liabilities	**1,000**	3,107	2,000
	4,295	5,107	4,007
Current liabilities			
Trade payables	**1,450**	2,192	1,987
Other payables	**4,485**	3,974	6,295
Liabilities classified as held for sale	**-**	-	159
Current tax liabilities	**34**	-	89
Deferred tax	**153**		263
Borrowings - current	**-**	-	774
	6,122	6,166	9,567
Total equity and liabilities	**12,985**	18,942	15,226

Zinc Media Group plc consolidated statement of cash flows
For the six months ended 31 December 2016

	Unaudited Half year to 31 Dec 2016 £ '000	Unaudited Half year to 31 Dec 2015 £ '000	Audited 12 months to 30 June 2016 £ '000
Operating activities			
Reconciliation of profit to operating cash flows			
Loss for the period	**(490)**	(354)	(6,371)
Add back:			
Taxation	**(98)**	-	192
Depreciation	**37**	41	94
Amortisation & impairment of intangibles	**211**	195	4,806
Finance costs	**146**	79	183
Finance income	**-**	-	(279)
(Proceeds) on disposal of assets	**-**	-	(40)
	(194)	(39)	(1,415)
(Increase)/decrease in work in progress	**(292)**	(234)	780
Decrease in trade and other receivables	**342**	1,018	1,080
(Decrease) in trade and other creditors	**(2,652)**	(4,491)	(3,713)
Cash (used in) from operations	**(2,796)**	(3,746)	(3,268)
Finance costs paid	**-**	(86)	(75)
Tax paid	**(12)**	(94)	(40)
Net cash flows used in operations activities	**(2,808)**	(3,926)	(3,383)
Investing activities			
Disposal of subsidiary undertakings, net of cash and overdrafts acquired	**-**	88	19
Payment of deferred consideration	**(500)**	-	-
Purchase of property, plant and equipment	**(38)**	(82)	(89)
Proceeds on disposal of assets	**-**	-	40
Investment in associate	**100**	(100)	(100)
Net cash flows used in investing activities	**(438)**	(94)	(130)
Financing activities			
Issue of ordinary share capital	**881**	4,495	4,495
Borrowings repaid	**-**	(116)	(116)
Borrowings received	**432**	-	750
Net cash flows from financing activities	**1,313**	4,379	5,129
Net increase/(decrease) in cash and cash equivalents	**(1,933)**	359	1,616
Translation differences	**(12)**	(3)	7
Cash and cash equivalents at beginning of period	**3,571**	1,914	1,914
Cash and cash equivalents at end of period	**1,626**	2,270	3,537

Zinc Media Group plc consolidated statement of changes in equity

For the six months ended 31 December 2016

	Share capital £000	Share premium £000	Merger reserve £000	Preference shares £000	Retained earnings £000	Total equity £000
Balance at 1 July 2016	**5,925**	**22,671**	**696**	**2,909**	**(30,549)**	**1,652**
Loss for the period	-	-	-	-	(490)	(490)
Total comprehensive income	**-**	**-**	**-**	**-**	**(490)**	**(490)**
Equity share-based payments	-	165	-	-	-	165
Shares issued	1	1,338	-	-	-	1,339
Expenses of issue of shares	-	(98)	-	-	-	(98)
Balance at 31 December 2016	**5,926**	**24,076**	**696**	**2,909**	**(31,039)**	**2,568**
Balance at 1 July 2015	**5,534**	**15,228**	**696**	**-**	**(24,178)**	**(2,720)**
Loss for the period	-	-	-	-	(354)	(354)
Total comprehensive income	**-**	**-**	**-**	**-**	**(354)**	**(354)**
Equity share-based payments	26	504	-	-	-	530
Shares issued	365	6,939	-	2,909	-	10,213
Balance at 31 December 2015	**5,925**	**22,671**	**696**	**2,909**	**(24,532)**	**7,669**
Balance at 1 July 2015	**5,534**	**15,228**	**696**	**-**	**(24,178)**	**(2,720)**
Loss for the period	-	-	-		(6,371)	(6,371)
Total comprehensive income	**-**	**-**	**-**	**-**	**(6,371)**	**(6,371)**
Equity share-based payments	26	504	-	-	-	530
Shares issued	365	6,939	-	2,909	-	10,213
Balance at 30 June 2016	**5,925**	**22,671**	**696**	**2,909**	**(30,549)**	**1,652**

Notes to the consolidated financial statements

1) GENERAL INFORMATION

The condensed interim financial statements for the six months ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 14 March 2017.

The Company is a public limited company incorporated in the United Kingdom. The address of its registered office is 7 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN.

The Company is listed on the London Stock Exchange's AIM Market.

These financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the six months ended 30 June 2016, which were approved by the Board of Directors on 4 November 2016, received an unqualified auditors' report and have been delivered to the delivered to the Registrar of Companies. The interim financial information contained in this report is unaudited.

2) BASIS OF PREPARATION

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2016.

3) SEGMENTAL INFORMATION

The operations of the group are managed in three principle business divisions, TV, Digital Communications and Publishing. These divisions are the basis upon which the management reports its primary segment information.

Revenues by Business Division	**Unaudited 6 months to 31 Dec 2016 £'000**	Unaudited 6 months to 31 Dec 2015 £'000	Audited 12 months to 30 June 2016 £'000
TV	**6,705**	7,778	16,330
Communications	**1,567**	1,109	2,2,12
Publishing	**904**	1,262	4,002
Other	**14**	32	78
Total	**9,190**	10,181	22,622

4) EARNINGS PER SHARE

	6 months to Dec 2016 Number of Shares	6 months to Dec 2015 Number of Shares	12 months to June 2016 Number of Shares
Weighted average number of shares used in basic earnings per share calculation	**468,567,143**	392,018,309	406,760,864
Dilutive effect of share options	-	-	-
Weighted average number of shares used in diluted earnings per share calculation	**468,567,143**	392,018,309	406,760,864
	£'000	£'000	£'000
Loss for the period from continuing operations attributable to shareholders	**(431)**	(136)	(3,710)
Amortisation of intangible assets post deferred tax impact	**211**	195	4,806
Restructuring costs	**64**	17	144
Exceptional transactions	**146**	**(333)**	-
Adjusted (loss)/profit for the period from continuing operations attributable to shareholders	**(475)**	(257)	1,140

Loss for the period from discontinued operations attributable to shareholders	**(59)**	(218)	(2,661)
Continuing operations			
Basic loss per share	**(0.09)p**	(0.03)p	(0.91)p
Diluted loss per share	**(0.09)p**	(0.03)p	(0.91)p
Adjusted basic (loss)/earnings per share	**(0.002)p**	(0.07)p	0.28p
Adjusted diluted (loss)/earnings per share	**(0.002)p**	(0.07)p	0.28p
Discontinued operations			
Basic loss per share	**(0.013)p**	(0.06)p	(0.65)p
Diluted loss per share	**(0.013)p**	(0.06)p	(0.65)p

5) SHARE CAPITAL

	31 Dec 2016	31 Dec 2015	30 Jun 2016
Ordinary shares with a nominal value of:	**0.00025p**	0.1p	0.1p
Authorised:			
Number	**Unlimited**	Unlimited	Unlimited
Issued and fully paid:			
Number	**619,775,478**	419,397,339	419,397,339
Nominal value (£'000)	**1.5**	419	419
Deferred shares with a nominal value of 1.9p			
Authorised, issued and fully paid:			
Number	**276,666,012**	276,666,012	**-**
Nominal value (£'000)	**5,506**	5,506	**-**
D Deferred shares with a nominal value of 0.09975p			
Authorised, issued and fully paid:			
Number	**419,397,339**	-	**-**
Nominal value (£'000)	**418**	-	**-**
Preference shares with a nominal value of 0.01p			
Authorised, issued and fully paid:			
Number	**2,908,631**	2,908,631	2,908,631
Paid up value (£'000)	**2,909**	2,909	2,909

Ordinary shares	**Number of shares**	**Share Capital £'000**	**Share Premium £'000**
Details of share issues			
Balance as at 1 July 2016	**419,397,339**	**419**	**22,671**
Nominal value transferred to deferred share capital	-	**(418)**	-
Share placing	**111,711,471**	**0.28**	**838**
Deferred consideration paid in shares	**66,666,667**	**0.17**	**500**
Other fees paid in shares	**22,000,001**	**0.05**	**165**
Expenses of issue of shares	**-**	**-**	**(98)**
Balance as at 31 December 2016	**619,775,478**	**1.5**	**24,076**

Deferred shares Details of share issues	**Number of shares**	**Share Capital £'000**
Balance as at 1 July 2016	**276,666,012**	**5,506**
Balance as at 31 December 2015	**276,666,012**	**5,506**

D Deferred shares Details of share issues	**Number of shares**	**Share Capital £'000**
Balance as at 1 July 2016	**-**	**-**
Deferred shares arising on sub-division of ordinary shares	**419,397,339**	**-**
Nominal value transferred from ordinary share capital	**-**	**418**
Balance as at 31 December 2015	**419,397,339**	**418**

Preference shares Details of share issues	**Number of shares**	**Preference Share Capital £'000**
Balance as at 1 July 2016	**2,908,631**	**2,909**
Balance as at 31 December 2016	**2,908,631**	**2,909**

6) SHARE CAPITAL REORGANISATION

On 16 November 2016 the ordinary share capital of the Company was split with each ordinary share which had a nominal value of 0.1 pence being sub-divided and re-designated into one ordinary share of 0.00025 pence and one D deferred share of 0.09975 pence.

The D deferred shares have very limited rights and are effectively valueless. They have no voting rights and have no rights as to dividends and only very limited rights on a return of capital. They are not admitted to or listed on any stock exchange and are not freely transferable.

7) NOVEMBER 2016 PLACING, DEBT VARIATION, NEW LOAN AND CHANGE OF NAME

The Placing

In November 2016 the Company raised approximately £0.8m (before expenses) through a placing of 111,711,471 of new ordinary shares at 0.75p per share.

The Deferred Consideration

In November 2016 the Company issued 66,666,667 new ordinary shares, due under the Reef share purchase agreement, which was entered into in June 2015.

In Lieu of Fees

In November 2016 the Company issued 22,000,001 new ordinary shares in lieu of certain adviser fees, non-executive director fees and a settlement agreement.

Debt Variation

In November 2016, in order to provide a capital structure which is in line with the current strategy of the business, the Company negotiated a debt variation, through the amendment of the repayment dates of all short and long term debt, so that the repayments will become a single repayment (of both principal and interest) due to be repaid on 31 December 2020.

New loan

In November 2016 the Company secured a new long term loan of £0.4m.

Change of Name

In November 2016 the Company changed its name to Zinc Media Group plc.

ENDS