MediaZest Plc - Final Results

PR Newswire

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MediaZest Plc
("MediaZest"or the "Company"; AIM: MDZ)

Final Results Year Ended 31 March 2017

MediaZest, the creative audio-visual company, is pleased to provide shareholders with final results for the year ended 31 March 2017.

CHAIRMAN'S STATEMENT

Introduction

The results for MediaZest plc (the "Group") for the year ended 31 March 2017 incorporate the results of its subsidiary, MediaZest International Limited, which is wholly owned.

Results for the year

- Revenue for the period was £3,013,000 down 4% (2016: £3,144,000).
- Gross profit was £1,313,000 - 1% change (2016: £1,331,000).
- Gross margins improved to 44% (2016: 42%).
- EBITDA was a loss of £2,000 (2016: loss of £81,000).
- Loss after tax of £142,000 fell 43% (2016: loss of £248,000).
- The basic and fully diluted loss per share was 0.01 pence (2016: 0.02 pence).
- Cash in hand at period end £160,000 (2016: £9,000).

Business overview

The Group continued to make progress during the year, delivering a full year unadjusted EBITDA loss of £2,000 (2016: loss of £81,000). Loss after tax reduced to £142,000 (2016: loss of £248,000) after depreciation and amortisation plus interest - predominantly on shareholder loans.

The operational business, MediaZest International Limited, made a profit after tax of £118,000 (2016: £60,000) again showing improvement year on year. In addition there was a reduction in overhead cost attributable to MediaZest plc of £50,000.

This improvement in financial results was achieved through strategic focus on permanent installation work, with accompanying growth in recurring revenues, and continued tight cost control over Administrative Expenses. This policy continues to be applied and is delivering further progress in the current year. Finance costs fell to £67,000 (2016: £87,000) largely as a result of reclassification of fees included within this category compared to the prior year.

Turnover for the year decreased by £131,000 or 4.2% year on year partly due to timing on two large projects which were completed shortly after the year end. However, gross margin increased to 44%

(2016: 42%) and as a result, gross profit was almost identical to the prior year. This increase in margin is largely a function of the increase in recurring revenues.

Project highlights for the year included:

- third Rockar deployment, at Westfield Stratford, on this occasion with Jaguar Land Rover
- a substantial retail innovation project for Clydesdale Bank at their new "Studio B" location (completed in April 2017)
- ongoing work with fashion brands Ted Baker and Diesel
- initial phases of a major retail store for VW at Birmingham Bullring (completed in July 2017)
- substantial ongoing works with Hyundai in UK showrooms
- a growing number of permanent overseas deployments for clients such as Farrow & Ball, Ugg (part of Deckers Brands) and Ted Baker

The combined effect of improved margins and reduced administrative expenses resulted in a substantial reduction in loss after tax to £142,000 (2016: £248,000).

STRATEGY

The Board continues to have the following policy to maximise revenues and long term value in the company:

- Emphasis on maximising opportunities by concentrating the Group's marketing and sales efforts on acquiring and developing business relationships with large scale customers which have both the desire and potential of rolling out digital signage in multiple locations;
- Improve the Group's recurring revenue streams through different managed service offerings;
- Maintain the emphasis on proprietary products such as MediaZest Retail Analytics which can generate intellectual property on the statement of financial position and provide ongoing sustainable revenue streams; and
- Market the Group's 'one stop shop' positioning to a wide range of global retailers in conjunction with existing partners and continue to grow the number of overseas deployments.

This strategy has resulted in progress over the last 12 months. In particular, the growth in recurring revenues has been encouraging and the Group now provides ongoing managed services for approximately 2,000 screens around the world. Deployments as far away as Australasia, North America and Asia Pacific have been added during the last 12 months, and the Board believes this represents a sizeable opportunity for future growth as more UK and European based brands look to us our services to maintain consistency in their stores worldwide.

Consistent with the prior year, the Group continues to see growth in the development of touchscreen driven customer experiences allowing the consumer to browse, learn about and interact with our clients' products. MediaZest is able to design, program, deploy, support and update content on these systems using our in-house team and this proposition continues to be well received by clients.

FUNDRAISING DURING THE PERIOD

On 11 May 2016, Board moved to add to working capital funds with a successful placing of 166,666,800 shares at 0.15p per share to raise £250,000 before expenses.

The shares were admitted to trading on AIM in June 2016.

In addition, £50,000 of the outstanding interest due on shareholder loans was also converted to 33,333,333 shares at the same price.

In the prior year the Group issued share options to employees in order to align further with shareholder interests and provide additional incentives over Group performance whilst maintaining close control over wages. No further options were issued in the financial year ended 31 March 2017.

BOARD APPOINTMENTS AND RESIGNATIONS

Andy Last resigned from the Board on 31 July 2016 and left the Group on 5 August 2016.

The Group has subsequently promoted a new Group Financial Controller internally to lead the finance team.

Outlook

The Group continues to make progress, whilst the Board recognise further work needs to be done to realise the Company’s full potential.

The increase in recurring revenue contracts has provided a solid base for the new financial year. It has continued to grow in the current period.

The new year has begun well with the successful completion of the Clydesdale Bank and VW projects, plus the acquisition of several new clients with substantial projects in the coming months.

Lance O’Neill
Chairman
Date: 30 August 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017	2016
		£'000	£'000
Continuing operations			
Revenue		3,013	3,144
Cost of sales		(1,700)	(1,813)
Gross profit		1,313	1,331
Administrative expenses		(1,315)	(1,412)

EBITDA		(2)	(81)
Administrative expenses – depreciation & amortisation		(77)	(79)
Operating loss	**2**	(79)	(160)
Finance costs		(67)	(87)
Loss on ordinary activities before taxation		(146)	(247)
Tax on loss on ordinary activities		4	(1)
Loss for the year and total comprehensive loss for the year attributable to the owners of the parent		(142)	(248)
Loss per ordinary 0.1p share			
Basic		(0.01p)	(0.02p)
Diluted		(0.01p)	(0.02p)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	2017	**2016**
	£'000	**£'000**
Non-current assets		
Goodwill	2,772	2,772
Tangible fixed assets	51	78
Intangible fixed assets	14	39
Total non-current assets	2,837	2,889
Current assets		
Inventories	69	68
Trade and other receivables	243	353
Cash and cash equivalents	160	9
Total current assets	472	430
Current liabilities		
Trade and other payables	(860)	(944)
Financial liabilities	(424)	(452)
Total current liabilities	(1,284)	(1,396)

Net current liabilities	(812)	(966)
Non-current liabilities		
Financial liabilities	(18)	(57)
Total non-current liabilities	(18)	(57)
Net assets	2,007	1,866
Equity		
Share capital	3,499	3,299
Share premium account	5,221	5,138
Share options reserve	146	146
Retained earnings	(6,859)	(6,717)
Total equity	2,007	1,866

The financial statements were approved and authorised for issue by the Board of Directors on 30 August 2017 and were signed on its behalf by:

Geoffrey Robertson
CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Share	Share	Share Options	Retained	**Total**
	Capital	Premium	Reserve	Earnings	**Equity**
	£'000	£'000	£'000	£'000	**£'000**
Balance at 1 April 2015	3,299	5,138	7	(6,469)	**1,975**
Loss for the year	-	-	-	(248)	**(248)**
Total comprehensive loss for the year	-	-	-	(248)	**(248)**
Share based payment charge	-	-	139	-	**139**
Balance at 31 March 2016	3,299	5,138	146	(6,717)	**1,866**
Loss for the year	-	-	-	(142)	**(142)**
Total comprehensive loss for the year	-	-	-	(142)	**(142)**
Issue of share capital	200	100	-	-	**300**
Share issue costs	-	(17)	-	-	**(17)**

Balance at 31 March 2017	3,499	5,221	146	(6,859)	**2,007**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

		2017	**2016**
		£'000	**£'000**
Net cash used in operating activities		222	(103)
Taxation		9	111
Cash flows used in investing activities			
Purchase of plant and machinery		(23)	(26)
Disposal of plant and machinery		11	14
Purchase of intellectual property		-	(14)
Purchase of leasehold improvements		(4)	-
Net cash used in investing activities		(16)	(26)
Cash flow from financing activities			
Other loans repayments		(42)	-
Other loans		-	50
Shareholder loan repayments		(66)	(7)
Interest paid		(25)	(87)
Proceeds of share issue		250	-
Share issue costs		(17)	-
Net cash generated from / (used in) financing activities		100	(44)
Net increase / (decrease) in cash and cash equivalents		315	(62)
Cash and cash equivalents at beginning of year		(223)	(161)
Cash and cash equivalents at end of the year	**3**	92	(223)

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006. The financial statements have been prepared under the historic cost convention unless otherwise stated.

Going concern

The directors have carefully considered the going concern assumption on the basis of financial projections and the factors outlined below.

The directors have considered financial projections based upon known future invoicing, existing contracts, pipeline of new business and the increasing number of opportunities it is currently working on, particularly in the retail sector.

In addition, these forecasts have been considered in light of the ongoing economic difficulties in the global economy and the result of the recent EU referendum, previous experience of the markets in which the company operates and the seasonal nature of those markets, as well as the likely impact of ongoing reductions to public sector spending. These forecasts indicate that the company will generate sufficient cash resources to meet its liabilities as they fall due over the 12 month period from the date of the approval of the accounts.

The directors have obtained a letter of support from a shareholder who has provided a loan to the Group totalling £250,000 at 31 March 2017 (2016: £250,000) stating that they will not call for repayment of the loan within the 12 months from the date of approval of these financial statements or, if earlier, until the Group has sufficient funds to do so.

As a result the directors consider that it is appropriate to draw up the accounts on a going concern basis. Accordingly, no adjustments have been made to reflect any write downs or provisions that would be necessary should the Group prove not to be a going concern, including further provisions for impairment to goodwill and investments in Group companies.

2. OPERATING LOSS

	2017	**2016**
	£'000	**£'000**
This is stated after charging/(crediting):		
Depreciation of owned tangible assets	23	32
Amortisation of intangible assets	25	24
Depreciation of assets held under hire purchase agreements	29	23
Pension contributions	4	5
Operating lease rentals paid:		
- land and buildings	89	69
- other	1	1

3. CASH AND CASH EQUIVALENTS

	The Group	**The Group**	**The Company**	**The Company**
	2017	**2016**	**2017**	**2016**
	£’000	**£'000**	**£’000**	**£'000**
Cash held at bank	160	9	-	-
Invoice discounting facility	(68)	(232)	-	-

NOTE TO THE PRELIMINARY RESULTS ANNOUNCEMENT OF MEDIAZEST PLC FOR THE YEAR ENDED 31 MARCH 2017

The financial information set out above does not constitute the Group's financial statements for the years ended 31 March 2017 or 2016, but is derived from those financial statements. Statutory financial statements for 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the Group's annual general meeting. The auditors have reported on the 2016 and 2017 financial statements which carried an unqualified audit report, did not include a reference to any matters to which the auditor drew attention by way of emphasis and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRS), this announcement does not in itself contain sufficient information to comply with IFRS. The accounting policies used in preparation of this preliminary announcement are consistent with those in the full financial statements that have yet to be published.

AVAILABILITY OF THE REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

The Report and Consolidated Financial Statements for the year ended 31 March 2017 will be posted to shareholders on 4 September 2017 and will also be available to download from the Company's website**:** www.mediazest.com

This announcement contains inside information.

Enquiries:

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Notes to Editors:

About MediaZest

MediaZest is a creative audio-visual systems integrator that specialises in providing innovative marketing solutions to leading retailers, brand owners and corporations, but also works in the public sector in both the NHS and Education markets. The Group supplies an integrated service from content creation and system design to installation, technical support, and maintenance. MediaZest was admitted to the London Stock Exchange's AIM market in February 2005. For more information, please visit www.mediazest.com

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