

Prime Focus London Plc

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

Highlights

The Board of Prime Focus London plc, a Visual Entertainment Services Group, is pleased to announce its results for the six months to 30 September 2009.

Overview

- Profit before tax of £7,613 on turnover of £8,191,748 (6 months to 30 September 2008: £102,321 on turnover of £8,821,463)
- EPS at 0.09p (6 months to 30 September 2008: 0.31p)

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Prime Focus London Plc

UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS

ENDED 30 SEPTEMBER 2009

Prime Focus London Plc

Unaudited Interim Results for the six months ended 30 September 2009

Chairman's Statement

The Board of Prime Focus London Plc is pleased to announce its unaudited results for the six months to 30 September 2009.

In the 6 months to 30 September 2009 the Prime Focus London Plc group of companies ("the Group") made a profit before tax of £7,613 on turnover of £8,191,748 compared to a profit before tax of £102,321 on turnover of £8,821,463 for the 6 months to 30 September 2008. Earnings per share were 0.09p per ordinary share (6 months to 30 September 2008: 0.31p).

Net debt increased from £3,830,263 at 30 September 2008 to £4,384,879 at 30 September 2009 and gearing consequently rose from 32.73% to 53.13%. Capital expenditure during the period amounted to £954,530.

Following a twelve month audit and analysis of the global group and its various brands, Prime Focus celebrated the unveiling of its new worldwide brand identity at the end of September 09 with spectacular launch events in London's Leicester Square and Hollywood, CA. Repositioning the company as a global Visual Entertainment Services group, we united our 15 facilities across North America, the UK and India under one new brand – Prime Focus. The evenings were an immense success, with around 500 clients and VIPs in attendance at each event. These high-profile events were also used to launch View-D™, our proprietary 2D-to-3D conversion process and CLEAR™, the Group's web-based media asset management service.

The repositioning of the group as a global Visual Entertainment Services company also allows us to engage in markets which would not normally have been considered relevant under the narrower definition of the company as a post production group. We are now engaging clients, not just in traditional areas such as film, commercials and broadcast, but also in new areas such as gaming, internet and wider media industries. It has also begun to help us in becoming partners to these companies, rather than just suppliers.

I am pleased to announce the launch of a new initiative in London, which will see the Group invest in the growth of the feature film visual effects arm of the business in the UK. Our aim is to expand the UK film VFX division to bring it alongside the capacity and capabilities of the North American division, which has recently completed work on Hollywood blockbusters 'Avatar', 'The Twilight Saga: New Moon' and 'G.I. Joe: The Rise of Cobra'. Early progress on this front is encouraging, with the UK division winning key VFX work on Ridley Scott's next movie 'Robin Hood' and on Kevin Macdonald's forthcoming film 'The Eagle of the Ninth'. There has also been a big win for the animation team in the UK, as they have secured an 18 month contract to produce an animated feature film tentatively titled 'Bus Tales', based on the 'Busy Buses' children's television series which Prime Focus previously produced (as 'the hive animation').

The Corporate Restructuring exercise set out in my statement which accompanied the Annual Accounts for the year ended 31 March 2009 continued during this period. As set out above, the first part of this exercise is complete with the restructuring of the Group's operating companies, and therefore recognised brands - relaunching all as simply Prime Focus. The remainder of this exercise will be completed by March 2010.

A new service, 'WorldVersioning™', has also been unveiled by Prime Focus during this period. The service, which utilises the existing infrastructure of the group, is designed to help meet the ever changing needs and demands of international advertisers and agencies worldwide, by assisting them

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with the smooth roll-out of global and regional marketing campaigns. Prime Focus WorldVersioning™ manages the complete process - from initial cultural and language checks, through to script and copy translation and finally to video and print output in all chosen media. The Prime Focus global presence is being used to align with other worldwide companies who already manage global multi-lingual campaigns for leading brands, and through CLEAR™, we provide clients with real-time input, status and tracking of their campaigns at any stage of the process. We're confident of substantial production and delivery cost reductions for our clients, across all media and at every stage of the process, and feel this is a strong and exciting offering.

I am pleased to report that the Group was ranked 5th among all UK post production facilities in the Televisual Magazine Top 50 for 2009, including being ranked 1st in the UK for kit and infrastructure. Televisual is the leading journal for the post production industry and its annual survey ranks UK facilities houses on the basis of a number of criteria, including equipment available, client comments and competitor perception. I am pleased to see that we are achieving such a high ranking within this influential poll.

Market conditions have remained very challenging in this period. The current economic climate has seen advertisers cutting back on budgets and reducing the number of new productions, and rates are under constant pressure as our competition seek to win projects by cutting their bids, devaluing the offering of the market. The Group is fighting hard to maintain margins, and keeping a keen eye on developments. We will keep shareholders abreast of developments in the Annual Report and Accounts to 31 March 2010.

I am very pleased that during these difficult times, the Prime Focus London Plc group is working harder than ever to drive the business forward. I believe that following the relaunch, the Group has never been better structured and positioned, and through the continuing integration with Prime Focus Limited in India and with our companies in North America, and the launch of proprietary products and services such as View-D™, CLEAR™ and WorldVersioning™, we are able to offer more value and competitive services to our clients than any of our worldwide competitors.

Namit Malhotra

23rd December 2009

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Unaudited Interim Results for the six months ended 30 September 2009

Consolidated income statement

For the six months ended 30 September 2009

	Unaudited 6 months ended 30 September 2009	Unaudited 6 months ended 30 September 2008
Revenue	8,191,748	8,821,463
Less: Cost of sales	(653,053)	(713,677)
Gross Profit	7,538,695	8,107,786
Administration expenses	(7,297,233)	(7,884,903)
Group operating profit	241,462	222,883
Other Income	-	49,616
Finance Income	-	-
Finance costs	(233,849)	(170,178)
Profit before taxation	7,613	102,321
Taxation – Corporation Tax	-	(1,395)
Deferred tax	20,194	-
Profit on ordinary activities after taxation	27,807	100,926
Basic and diluted earnings per share	0.09p	0.31p

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Unaudited Interim Results for the six months ended 30 September 2009

Consolidated balance sheet

As at 30 September 2009

	Unaudited As at 30 September 2009	Unaudited As at 30 September 2008
ASSETS		
Non-current assets		
Intangible Assets	1,964,693	3,182,546
Property, plant and equipment	8,283,825	10,368,348
Deferred Tax Assets	770,298	20,152
Other Receivables	1,822,000	120,000
Available for sale investments	48,125	575,623
	<hr/> 12,888,941	<hr/> 14,266,669
Current assets		
Inventory	33,543	32,727
Trade and other receivables	12,205,207	6,771,466
Cash and cash equivalents	177,135	421,106
	<hr/> 12,415,885	<hr/> 7,225,299
Total Assets	<hr/> 25,304,826	<hr/> 21,491,968
EQUITY		
Capital and reserves attributable to equity shareholders		
Share capital	1,631,578	1,631,578
Share premium	6,498,786	10,267,463
Capital redemption reserve	270,000	270,000
Fair value reserve	19,250	107,981
Retained earnings	(166,145)	(574,696)
Total equity	<hr/> 8,253,469	<hr/> 11,702,325
LIABILITIES		
Current liabilities		
Borrowings	533,645	163,350
Hire purchase creditors	761,270	416,395
Trade and other payables	10,979,121	5,511,774
Current tax liabilities	1,475	26,500
	<hr/> 12,275,511	<hr/> 6,118,019
Non-current liabilities		
Borrowings	3,267,099	3,671,624
Other payables	1,160,205	-
Deferred tax liability	348,541	-
	<hr/> 4,775,845	<hr/> 3,671,624
Total equity and liabilities	<hr/> 25,304,826	<hr/> 21,491,968

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Consolidated cash flow statement

for the six months ended 30 September 2009

	Unaudited 6 months ended 30 September 2009	Unaudited 6 months ended 30 September 2008
Cashflow from operating activities		
Operating profit before taxation	241,462	272,499
Profit on disposal of tangible assets	-	-
Depreciation	598,248	709,108
(increase) in trade and other receivables	312,118	(1,355,474)
Increase in trade and other payables	695,908	(121,977)
(Increase) / decrease in inventories	(1,379)	(2,386)
Impairment of investment adjustment	-	(258,125)
Net cash inflow from operations	1,846,357	(756,355)
Net interest paid	(233,849)	(170,178)
Net cash inflow/(outflow) from operations	1,612,508	(926,533)
Taxation	-	(1,395)
Cashflow from investing activities		
Purchase of tangible fixed assets	(954,530)	(752,104)
Purchase of investments available for sale	-	283,125
Repayment of Debt and refinancing	109,545	(3,014,063)
Net cash inflow from investing activities	(844,985)	(3,483,042)
Cashflow from financing activities		
Cash flow from decrease in debt and lease financing	(109,545)	3,014,063
Cashflow from issue of shares at premium	-	1,010,102
Net cash inflow from financing activities	(109,545)	4,024,165
Net cash inflow	657,978	(386,804)
Cash and cash equivalents at the start of the period	(4,158,205)	(4,049,008)
Cash and cash equivalents at the end of the period	(3,500,227)	(4,435,812)

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Consolidated statement of changes in equity

for the six months ended 30 September 2009

	Share capital	Share premium	Capital redemption Reserve	Fair Value Reserve	Retained earnings	Total equity
At 01 April 2009	1,631,578	6,498,786	270,000	-	(193,952)	8,206,412
Total recognised income for the period	-	-	-	-	27,807	27,807
Revaluation of Financial Assets	-	-	-	19,250	-	19,250
Shares Issued during the period	-	-	-	-	-	-
At 30 Sept 2009	1,631,578	6,498,786	270,000	19,250	(166,145)	8,253,469

Notes to the interim results

1. GENERAL INFORMATION

Prime Focus London Plc (the "Company") is a company domiciled in England whose registered office address is 64 Dean Street, London W1D 4QQ. The condensed consolidated half-yearly financial statements of the Company for the six months ended 30 September 2009 comprise the Company and its subsidiaries (together referred to as "the Group"). The condensed consolidated half-yearly financial statements do not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The auditors' report on the statutory accounts for the year ended 31 March 2009 was unqualified and did not contain a statement under Section 237 of the Companies Act 1985. A copy of those financial statements has been filed with the Registrar of Companies.

The condensed consolidated half-yearly financial statements were authorized for issue on 23rd December 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The condensed consolidated financial statements are unaudited and have been prepared on the historical cost basis in accordance with IFRS adopted by the EU using the same accounting policies and methods of computation as were used in the annual financial statements for the year ended 31 March 2009.

The condensed half-yearly financial statements do not include all the information required for full annual financial statements and hence cannot be construed as in full compliance with IFRS.

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3. EARNINGS PER SHARE

	Unaudited 6 months ended 30 September 2009 No.	Unaudited 6 months ended 30 September 2008 No.
Weighted average number of 5p ordinary shares in issue during the period	32,631,528	32,631,528
For basic earnings per share		
Weighted diluted average number of 5p ordinary shares	32,631,528	32,631,528
Profit for the financial period		
Profit / (Loss) for the period ended	27,807	100,926
Profit / (Loss) for earnings per share	27,807	100,926
Basic and diluted earnings per share	0.09p	0.31p

4. AVAILABILITY OF ACCOUNTS

A copy is available on the Company's website at www.primefocusworld.com.