30 September 2008

LUDORUM PLC INTERIM RESULTS

Ludorum plc, an AIM-listed media investment company, today announces its results for the half year ended 30 June 2008.

Highlights

- Broadcast of the first episodes of Chuggington brought forward by six months with commencement of broadcast on the BBC on 29 September 2008
- Major global broadcast partners in place including BBC, Super RTL (Germany), TF1 (France), ABC (Australia) and The Disney Channel (Latin America & Asia) with broadcast to over 80 countries in place for 2009.
- A number of regional home entertainment partners secured.
- Extensive line-up of third party UK licensees now in place
- Multi-territory long term publishing joint venture signed with Parragon Books
- Ludorum appointed by D C Thomson & Co to represent all worldwide rights, excluding publishing, for Dennis and Gnasher and also Marvo the Wonder Chicken

Rob Lawes, Ludorum's Chief Executive Officer said:

We are pleased with the progress we have continued to make in the first six months of 2008 and are on track for revenue generation in the second half of 2008. The global reaction to Chuggington has been very strong, as evidenced by the significant number of agreements we have concluded across broadcast, consumer products, home entertainment and publishing. We believe that we are well positioned in the current market place to deliver real value for our shareholders.

Chief Executive's Review

Overview

Ludorum plc is an AIM-listed media investment company. The Group is focused on creating or acquiring and subsequently exploiting the rights for children's entertainment properties through both conventional media and new media channels.

The Company continues to make substantial progress with the development, production and launch of its first in-house developed property Chuggington, a new train-based series and interactive website for 2-6 year olds. As outlined in the Chuggington review below, we have been pleased with the global response to the property and have already assembled a formidable line up of key strategic licensees on a global basis across broadcast, home entertainment, consumer products and publishing. We are greatly encouraged by our early success, and have confidence that our first property will create material value for our shareholders over the longer term.

The Company also announced at the start of the year our appointment as global distributor to the iconic DC Thomson & Co Ltd property, Dennis the Menace, as well as the rights to their Dandy comic character Marvo. To manage and drive these properties forward we have recently recruited and hired a small, skilled team based in our London office.

Chuggington

Chuggington has been very well received by a large number of broadcasters around the world as evidenced by pre-sale commitments for the series from leading broadcasters in their respective territories, including the BBC (UK), Super RTL (Germany), TF1 (France), and ABC (Australia). Following the April 2008 MIP festival, we continue to see positive global demand for Chuggington and have agreed terms with a number of other broadcasters including The Disney Channel (Latin America) and Disney Channel (Asia), NRK (Norway), MTV (Finland), TV2 (Denmark) and Treehouse (Canada). Chuggington will commence broadcast in over 80 countries over the coming 12 months, with more territories coming on stream all the time.

We are also seeing strong demand for the Chuggington home entertainment rights and have reached agreement with a number of leading organisations including 2Entertain (UK), Roadshow Films (Australia) and AB Svensk (Scandinavia).

At the request of the BBC, we've agreed to bring the broadcast date for the first 26 episodes forward by six months, with first broadcast in the United Kingdom started on the 29 September 2008 on the Cbeebies block on BBC2.

We have been focussed on building a strong line up of consumer products partners. Racing Champions International Ltd ("RCIL") a division of RC2 and a leading global toy manufacturer based in the US, has been granted the master toy licence on a worldwide basis. RCIL contribute to production costs and will participate in the net profits of the property. RCIL will develop a substantial global line of new and innovative toys with both on and off-line applications. To work alongside RCIL in the UK market we have already reached agreement with a strong line up of other third party licensees including Aykroyds & TDP Licensing, Blues Clothing, Character World, David Halsall International, Gemma International, Pyramid Posters and Roy Lowe & Sons and have a number of other licensing proposals under review.

In July we concluded a joint venture profit share publishing agreement with Parragon Books Limited. Parragon will be the master publisher of Chuggington books in certain key markets including UK, Australia, Germany, Scandinavia and Benelux.

We believe Chuggington represents a new and innovative entertainment property and provides an opportunity to create substantial long term value for the Company. We believe Chuggington will be the first global train property to be launched since Thomas the Tank Engine, which was first published in 1948. The first series consists of a high quality computer-generated 3D animated series of 52 x 10 minute episodes, 26 episodes have already been completed and delivered to the BBC with the balance of the episodes being completed by the end of 2008.

The Chuggington series follows the adventures of Wilson, Brewster and Koko, trainee engines called "Chuggers", each with his own unique personality and learning style. The series is set in a contemporary world much like our own with cities, villages and diverse cultures and geography. Entertainment, learning, sharing and enjoyment are at the heart of Chuggington, and embedded within each story are important developmental messages centred on social-emotional development including the appropriate expression of various of life's emotions. The series deals with an extensive range of destinations to explore and adventures though which children can benefit from the underlying value of positive life-learning lessons.

Chuggington is directed by Sarah Ball, who won a BAFTA award for her work as a director and writer of Bob the Builder. The series has been designed by a team led by Don Toht who has, in the past, been instrumental in the design and creation of the Thomas & Friends and Bob the Builder toy and play systems.

Chuggington was conceived to seamlessly integrate television, books and interactive view-and-play. We believe that the on-line component is a crucial platform for building awareness and interaction as well as offering an enhanced source of entertainment in the franchise.

Chuggington.com, the interactive site, will allow parents to prioritise the developmental and learning issues that they believe are important to their children. The site's Virtual World features will present an immersive and entertaining world of Chuggington which is both graphically and textually consistent with the television series. Through quest-based play, users will be able to enjoy activities based on plot lines and settings taken directly from the television series.   These activities will be created in a modular fashion to allow us to offer assets to our commercial partners and on the site. Further information and progress updates are available at at www.chuggington.com.

Dennis and Gnasher

In January 2008, Ludorum agreed a long-term agency agreement with D C Thomson & Co. Ltd. to represent global broadcast, home entertainment, consumer product and new media rights to Dennis and Gnasher, the iconic characters from the Beano comics which will also be the name given to the television series.

The new series of 52 x 11 minute episodes propels Dennis and Gnasher into the 21st century with a new modern-day look and contemporary storylines. The series, aimed at five to ten year olds, promises to deliver fun, over-the-top, high spirited, seat-of-the-pants humour while retaining Dennis's classic characteristics and it is currently in production for delivery in autumn 2009. Production is fully funded by D C Thomson & Co. Ltd.

Dennis & Gnasher has thus far been pre-sold to the BBC (who intend to launch the series in the autumn of 2009) and to the Nine Network in Australia.

Marvo

Marvo the Wonder Chicken is the second property which D C Thomson & Co. Ltd. has appointed Ludorum to represent all rights, excluding publishing, worldwide.

Marvo is a series of comedy shorts in the tradition of Looney Tunes and he is the ultimate “show” chicken.   Together with his faithful assistant, Henry, Marvo attempts to put on the “Greatest Shows on Earth” but everything that can go wrong does go wrong in a very spectacular way.

52 x 2 minute interstitials are in production for delivery in the autumn of 2008. The shows carry no dialogue as the humour is visual, providing the series with further global appeal. Marvo was launched at MIP in April this year and was well received. We are engaged in advanced discussions with a number of major broadcast partners. We believe, due in part to its short running times and the absence of any language barriers, that Marvo offers several potential global “new media” opportunities including mobile phone and internet applications.

Financial Review

Ludorum did not generate any revenues in first half of 2008. Revenues from Chuggington and Marvo are anticipated to commence in the second half of this year. Ludorum generated an operating loss for the first six month of 2008 of £1.07m (£0.64m in the period to 30 June 2007). The underlying administrative expenses, excluding costs attributable to the Incentive Option

Plan, were £0.86m an increase of £0.37m over the £0.48m in the period to 30 June 2007. The increase in administrative expenses mainly relates to costs expensed on the Chuggington on-line development, style guide, market attendance at Mip-TV and New York licensing show and increased headcount.

At the end of the period, the Company had cash resources of £0.57m (2007: £0.68m). In April 2008 the Company obtained banking facilities of £1.5m compromising a variable interest rate overdraft facility and a fixed interest rate loan facility. Neither facility had been utilised by 30 June 2008.

Summary

We believe that we can create material capital value for our shareholders by focussing on the creation, acquisition and representation of children's intellectual property assets that have global appeal. We have a formidable line up of partners already in place for Chuggington (before any episode has been on-air) and this early success is encouraging and serves to illustrate our strategic aims. We are looking to be as selective as possible in our investments and are looking to engage market leading creative teams aligned with a small and dynamic sales and marketing capability to operate with minimal internal overheads.

The company is placing the appropriate emphasis on being at the forefront of new media exploitation for its intellectual property assets. Our on-line activities are an important part of our long-term strategic planning for our properties. The on-line world of Chuggington.com will have an increasingly important role in building brand awareness and in delivering enhanced interaction and entertainment value. Moreover, we believe that it has the potential to unlock further value in subscription models, fan clubs, download to own and digital streaming opportunities and that it will serve to link the traditional activities in broadcast, consumer products, publishing and home entertainment.

Ludorum will continue to develop its own new properties and to explore corporate acquisition opportunities which we believe will create value for our shareholders.

Our strong management team has many years' experience of managing and creating iconic children's properties. With the early success of Chuggington, we are well positioned in the marketplace and look forward to the future with confidence.

Ludorum plc
Consolidated income statement
for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 £000	(see Note 5) Restated Six months ended 30 June 2007 £000
Continuing operations			
Revenue		-	-
Cost of sales		-	-
Gross loss		-	-
Other income		-	61
Costs attributable to the Incentive Option Plan		**(210)**	(214)
Other administrative expenses		**(857)**	(484)
Total administrative expenses		**(1,067)**	(698)
Operating loss		**(1,067)**	(637)
Finance cost - bank interest		**(4)**	(8)
Finance income - bank interest		**26**	57
Loss before taxation on continuing operations		**(1,045)**	(588)
Taxation		**(3)**	(2)
Loss for the period on continuing operations		**(1,048)**	(590)
Loss on discontinued operations	**5**	**-**	(1,648)
Loss for the period		**(1,048)**	(2,238)
Loss per share on continuing operations (basic and diluted)		**(12.9p)**	(11.8p)
Loss per share on discontinued operations (basic and diluted)		**-**	(33.0p)
Loss per share (basic and diluted)		**(12.9p)**	(44.8p)

Ludorum plc
Consolidated balance sheet as at 30 June 2008

	Notes	30 June 2008 £000	31 December 2007 £000	30 June 2007 £000
Assets				
Non-current assets				
Property, plant and equipment		**14**	6	14
Intangible assets	6	**965**	536	493
		979	542	507
Current assets				
Trade and other receivables		**459**	547	434
Cash and cash equivalents		**565**	1,750	680
		1,024	2,297	1,114
Liabilities				
Current liabilities				
Income tax payable		**(4)**	(1)	(1)
Trade and other liabilities		**(862)**	(864)	(518)
		(866)	(865)	(519)
Net current assets		**158**	1,432	595
Non-current liabilities				
Provisions		**(85)**	(67)	(46)
Net assets		**1,051**	1,907	1,056
Shareholders' equity				
Ordinary shares		**81**	81	50
Deferred shares		**50**	50	50
Share premium		**7,435**	7,435	4,575
Other reserves		**892**	700	490
Retained losses		**(7,407)**	(6,359)	(4,109)
Total shareholders' equity		**1,051**	1,907	1,056

Ludorum plc
Statement of changes in shareholders' equity
for the six months ended 30 June 2008

30 June 2008

	Share capital June 08 £000	**Share premium June 08 £000**	**Retained earnings June 08 £000**	**Other reserves June 08 £000**	**Total shareholders' equity June 08 £000**
At 1 January 2008	**131**	**7,435**	**(6,359)**	**700**	**1,907**
Loss for the period	**-**	**-**	**(1,048)**	**-**	**(1,048)**
Charge relating to incentive option plan	**-**	**-**	**-**	**192**	**192**
New shares issued	**-**	**-**	**-**	**-**	**-**
Costs relating to the issue of shares	**-**	**-**	**-**	**-**	**-**
At 30 June 2008	**131**	**7,435**	**(7,407)**	**892**	**1,051**

30 June 2007

	Share capital June 07 £000	Share premium June 07 £000	Retained earnings June 07 £000	Other reserves June 07 £000	Total shareholders' equity June 07 £000
At 1 January 2007	100	4,575	(1,871)	294	3,098
Loss for the period	-	-	(2,238)	-	(2,238)
Charge relating to incentive option plan	-	-	-	196	196
New shares issued	-	-	-	-	-
Costs relating to the issue of shares	-	-	-	-	-
At 30 June 2007	100	4,575	(4,109)	490	1,056

Ludorum plc
Consolidated cash flow statement
for the six months ended 30 June 2008

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000
Cash flows from operating activities		
Cash used in operations	**(768)**	(2,355)
Interest received	**26**	57
Interest paid	**(4)**	(8)
Taxation paid	**-**	(2)
Net cash used in operating activities	**(746)**	(2,308)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(11)**	(3)
Investment in intangible assets	**(429)**	(479)
Net cash used in investing activities	**(440)**	(482)
Cash flows from financing activities		
Net proceeds from issue of share capital	**-**	-
Net cash generated from financing activities		-
Net decrease in cash and cash equivalents	**(1,185)**	(2,790)
Cash and cash equivalents at 1 January	**1,750**	3,470
Cash and cash equivalents at 30 June	**565**	680

1 General information

The company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Building 3 Chiswick Park, 566 Chiswick High Road, London. The registered number is 5595899. The company is listed on AIM.

The condensed consolidated interim financial information was approved for issue on 30 September 2008.

2 Basis of preparation

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with IFRSs.

The condensed consolidated interim financial information do not constitute statutory accounts. Statutory accounts for the year ended 31 December 2007 have been filed with Companies House. The auditors gave an unqualified opinion on those accounts.

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following standards, amendments to standards or interpretations are effective from 1 January 2008 but are not relevant for the group:

IFRIC 11, 'IFRS 2 - Group and treasury share transactions'
IFRIC 12, 'Service concession arrangements'
IFRIC 14, 'IAS 19' - the limit on a defined benefit asset, minimum funding requirements and their interaction'.

The following standards, amendments to standards or interpretations have been issued but are not effective for the year commencing 1 January 2008 and have not been early adopted by the group.

IFRS 8, 'Operating segments'
IAS 23 (amendment), 'Borrowing costs'
IFRS 2 (amendment), 'Share based payment'
IFRS 3 (amendment), 'Business combinations'
IAS 1 (amendment), 'Presentation of financial statements'
IAS 32 (amendment), 'Financial instruments: presentation'
IFRIC 13, 'Customer loyalty programmes'
IFRIC 15, 'Agreements for the construction of real estate'
IFRIC 16, 'Hedges of a net investment in a foreign operation'

4 Segmental reporting

The following table presents information regarding the Group's geographical segments:

	UK £000	USA £000	Total £000
30 June 2008			
Continuing operations			
Total segment revenue	**-**	**108**	**108**
less inter-segmental revenue	**-**	**(108)**	**(108)**
Revenue	**-**	**-**	**-**
Operating profit/(loss)	**(1,077)**	**10**	**(1,067)**
Net finance income	**22**	**-**	**22**
30 June 2007			
Continuing operations			
Total segment revenue	-	88	88
less inter-segmental revenue	-	(88)	(88)
Revenue	-	-	-
Operating profit/(loss)	(641)	4	(637)
Net finance income	49	-	49
Discontinued operations			
Revenue	15	-	15
Operating loss	(1,648)	-	(1,648)

5 Discontinued operations

Discontinued operations comprised the business of the acquisition and exploitation of rights in Japanese anime which was operated by GONG Limited, a Group subsidiary. In 2007 it was decided to withdraw from this business and, in December 2007, the anime assets were sold. The loss on discontinued operations represented the loss incurred by GONG Limited for the six months ended 30 June 2007 and also included the costs of aborted acquisitions and transactions which were incurred by the Group in the six months ended 30 June 2007 in respect of developing the anime business.
In the interim accounts for the period ended 30 June 2007, these activities were included in continuing operations and have been restated as discontinued operations in these interim accounts. In January 2008, GONG Limited changed its name to Ludorum Enterprises Limited.

The loss on discontinued operations is analysed as follows:

	Six months ended 30 June 2008 £000	Six months ended 30 June 2007 £000
Revenue	-	15
Cost of sales	-	(147)
Administrative expenses	-	(484)
Costs of aborted acquisitions and transactions	-	(1,032)
Loss on discontinued operations	-	(1,648)

6 Intangible assets

	Capitalised development 30 June 2008 £000	**Regionalisation costs 30 June 2008 £000**	**Acquired rights 30 June 2008 £000**	**Total 30 June 2008 £000**
30 June 2008				
Cost				
At 1 January	**-**	**-**	**536**	**536**
Additions	**-**	**-**	**429**	**429**
At 30 June	**-**	**-**	**965**	**965**
Accumulated amortisation				
At 1 January	**-**	**-**	**-**	**-**
Charge for the period	**-**	**-**	**-**	**-**
At 30 June	**-**	**-**	**-**	**-**
Net book value at 30 June 2008	**-**	**-**	**965**	**965**

30 June 2007	Capitalised development 30 June 2007 £000	Regionalisation costs 30 June 2007 £000	Acquired rights 30 June 2007 £000	Total 30 June 2007 £000
Cost				
At 1 January	-	16	48	64
Additions	269	-	210	479
At 30 June	269	16	258	543
Accumulated amortisation				
At 1 January	-	6	10	16
Charge for the period	-	2	32	34
At 30 June	-	8	42	50
Net book value at 30 June 2007	269	8	216	493

7 Banking facilities

In April 2008 the company obtained banking facilities comprising a variable interest rate overdraft facility of £300,000 and a fixed interest rate loan facility of £1,200,000. The overdraft and loan are secured by a fixed and floating charge on the assets of the company. Neither facility has been utilised by 30 June 2008.

8 Related party transactions

During the period, Ludorum Inc, a group company, rented an office from a company controlled by Richard Rothkopf, a director of the company. The rent payable during the period was £5,750 (30 June 2007: £4,600).

Included in trade and other liabilities at 30 June 2008 is £95,908 in respect of unpaid remuneration owed to Robert Lawes and Charles Caminada, directors of the company (30 June 2007: nil, 31 December 2007: £44,908). A further £9,588 has been included in trade and other liabilities in respect of the employer's National Insurance payable on this remuneration (30 June 2007: nil, 31 December 2007: £5,748).

9 Commitments

The company has entered into an agreement with a toy manufacturer under the terms of which the toy manufacturer will fund 50% of the production cost of the company's animated series "Chuggington" in return for which it has a global master toy licence and the right to participate in the net profit of the property. The agreed budget for the production of the first series of 52 episodes is $6.3 million (£3.15 million) and it is expected that all the episodes will be completed by the end of 2008.

The company has entered into an agreement with Shanghai Motion Magic Digital Entertainment Inc ("Motion Magic") under the terms of which Motion Magic will provide animation and editing services for the production of Chuggington. Under the terms of the agreement, Motion Magic is to deliver 52 episodes prior to 31 October 2008 for which the company is committed to pay a total of RMB 18.9 million (£1.38 million) in instalments over the period of production. As at 30 June 2008 the company had paid RMB 8.75 million (£617,000), (30 June 2007 RMB 3.7 million (£0.25 million), 31 December 2007 RMB 5.7 million (£370,000)).As at 30 June 2008 RMB 10.15 million (£ 763,000) remained outstanding.

Under the terms of the agreement with the toy manufacturer described above, 50% of the amounts paid and payable to Motion Magic has been or will be refunded to the company by the toy manufacturer.