30 September 2009

LUDORUM PLC INTERIM RESULTS

Ludorum plc, the AIM-listed media investment company, today announces its results for the half year ended 30 June 2009.

Highlights

- First turnover generated in the period of £940,000 (2008: £0) Operating loss in the period of 982,000k (2008: £1.1m)
- Chuggington has now been licensed for broadcast to 165 countries with significant ratings success in initial broadcast markets of the UK, Germany, Australia, Canada and France
- A multi-rights agreement was signed in April 2009 with Fuji Networks in Japan with broadcast commencing July, 2009
- Broadcast agreement reached with The Disney Channel in June 2009 with anticipated US broadcast scheduled for early 2010
- Over 75 consumer products and home entertainment license agreements have been concluded throughout the world.
- Fifty-two episodes completed; agreement entered into in February, 2009 to produce a further 26 X 10" episodes which have been pre-sold to the BBC
- Very successful initial DVD releases in the UK and Australia
- Placing to raise £440,000 successfully concluded in May 2009

Rob Lawes, Chief Executive Officer said:

"We are delighted with the progress we have continued to make in the first six months of 2009. We have been able to build a formidable global broadcast base across 165 countries with broadcast partners of the highest calibre as evidenced by the two deals recently concluded with Fuji Networks in Japan and Disney Channel in the US. We have now also concluded over 75 consumer products and home entertainment licenses in territories throughout the world. We believe that our first property, Chuggington, is now well positioned in the marketplace and will 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 has made substantial progress with securing broadcast in nearly all major markets through-out the world. We are now at the stage where we are concluding key home entertainment, consumer products, publishing and agency agreements to help support and maximise the popularity of Chuggington. In addition, we are continuing to invest significantly in new episodes of Chuggington, internet website, interstitials, trademark protection, our internal infrastructure and in marketing and associated branding materials.

We are greatly encouraged by Chuggington's early success, and have confidence that our first property will create material value for our shareholders.

Chuggington

Chuggington is a computer generated 3D series of 78 x 10" minute episodes, 39 shorter mini-episodes and a fully immersive interactive website. 52 episodes and 26 mini-episodes are complete, and the others are currently in production. The series follows the adventures of Wilson, Brewster and Koko, all trainee engines and each with their own unique personality and learning style. The series is set in a world much like our own with cities, villages and diverse cultures and geography. Entertainment and enjoyment is at the heart of Chuggington, but embedded within each story are important educational and developmental messages centred on learning and social-emotional development. The series offers an extensive range of destinations to explore and adventures through which children and parents can benefit from the underlying value of positive life-learning lessons.

Broadcast

We have concluded broadcast agreements with leading broadcasters in their respective territories for broadcast into 165 countries. During the period under review we concluded two significant agreements: one with Disney Channel in North America, where we are creating an American voiced version of Chuggington for broadcast beginning early 2010, and the second an agreement with Fuji Networks in Japan (their first western pre-school programming acquisition in more than 15 years) where broadcast commenced July 2009. In addition to major terrestrial broadcasters in key territories, we have also concluded agreements with Disney channels in Latin America, Far East, Italy and Scandinavia.

Chuggington launched on Cbeebies channel in the UK in January 2009 and has established a consistent status as one of the top rating shows on the channel. The series has also been launched in a number of key international markets: in Germany in January 2009 where it has already achieved significant ratings success, in Australia on the ABC where the show has quickly established itself as a top rating series, capturing a 70% share of 0-4 year olds, and in France, where Chuggington premiered on TF1, the dominant commercial broadcaster, on

1 April 2009 and has also enjoyed strong ratings. The property is scheduled to launch in other key territories around the world during the remainder of 2009 and 2010.

Consumer Products, Home Entertainment and Publishing

The Company has concluded a number of agreements with leading home entertainment partners in key territories. These include 2entertain (UK), Universal Pictures (Germany), TF1 Vision (France), Fuji Group (Japan), Roadshow (Australia) and Daewon in Korea. The first Chuggington UK DVD was released on 31 March 2009 and had a very successful launch achieving sell-through of over 13,000 units in the first week, the highest level achieved for a new release pre-school property in the UK since 2007. That release has gone on to sell well over 40,000 units. In Australia, the first Chuggington DVD has also been released to great success becoming the number one children's title in that market.

Learning Curve Brands, Inc, 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. Learning Curve is well advanced with its product plans with a substantial line of new and innovative toys with both on and offline applications. First products will start to roll-out in Spring 2010. Learning Curve contributes to the animated production costs and will participate in the net profits of the property.

In addition to the Learning Curve master toy licence, the Company has entered into a significant number of consumer products agreements with leading organisations. For example, in the UK, there are now a total of 27 licence agreements in place covering a broad range of product categories including clothing, bedding, games and puzzles, bicycles, celebration cakes and greetings cards. Product under these arrangements will also start to roll-out in early 2010.

The Company concluded a joint venture profit-share publishing agreement with Parragon Books Limited, a leading UK and international publisher. Parragon will be the master publisher of Chuggington books in several key markets including UK, Australia, Germany, Scandinavia and Benelux and the Company is committed to producing very broad range of high quality books across all categories. The first books went into the UK market place with Marks and Spencer in July 2009 and have had a very encouraging start.

The Company has appointed highly regarded agents in several international markets to represent certain categories of our business. To-date we have concluded more than 50 license agreements for territories outside the UK.

Production

The first series of 52 episodes was fully completed in January 2009. In February 2009 the Company entered into a new agreement with its production partner in Shanghai to produce a further 26 episodes which will be delivered in the Spring of 2010. The Company has pre-sold the second series to the BBC.

Financial Review

Ludorum generated revenues of £0.94m for the first six months of 2009 (2008: £0). This comprised income from broadcast and consumer products agreements. Broadcast revenues represented 85% of turnover with consumer products being the balance. The UK represented 24% of revenues, Europe 42%, Asia and Australasia 29% and Rest of World 5%.

Total administrative costs, excluding costs attributed to the Incentive Option Plan, were £1.17m, an increase of £0.32m over the period to 30 June 2008. The increase mainly relates to exchange rate costs of £0.07m (2008: £0.02m), increased market and marketing costs of £0.11m and increased staff costs over the period of £0.15m due to increased headcount.

The operating loss for the six month period fell to £0.98m (£1.07m in the period to 30 June 2008).

As at the 30 June the Company had cash and cash equivalents of £0.24m and borrowings of £0.91m (2008: £0.57m of cash resources). In April 2008 the Company obtained banking facilities of £1.5m comprising a variable interest rate overdraft facility and a fixed interest rate loan facility.

Ludorum plc

Consolidated Statement of Comprehensive Income for the six months ended 30 June 2009

	Notes	**Six months ended 30 June 2009 £000**	Six months ended 30 June 2008 £000
Continuing operations			
Revenue	2	**940**	-
Cost of sales		**(596)**	-
Gross profit		**344**	-
Costs attributable to the incentive option plan		**(154)**	(210)
Other administrative expenses		**(1,172)**	(857)
Total administrative expenses		**(1,326)**	(1,067)
Operating loss		**(982)**	(1,067)
Finance cost – bank interest		**(5)**	(4)
Finance income – bank interest		**-**	26
Loss before taxation		**(987)**	(1,045)
Taxation		**(2)**	(3)
Loss for the period		**(985)**	(1,048)
Other comprehensive income: foreign exchange differences		**(10)**	-
Total comprehensive income for the period		**(995)**	(1,048)
Loss per share (basic and diluted)		**(12.0p)**	(12.9p)

Ludorum plc
Consolidated balance sheet as at 30 June 2009

	Notes	**30 June 2009**	31 December 2008	30 June 2008
		£000	£000	£000
Assets				
Non –current assets				
Property, plant and equipment		**49**	14	14
Intangible assets	3	**1,671**	1,477	965
		1,720	1,491	979
Current assets				
Trade and other receivables		**920**	720	459
Cash and cash equivalents		**244**	46	565
		1,164	766	1,024
Liabilities				
Current Liabilities				
Income tax payable		**(7)**	(3)	(4)
Trade and other liabilities		**(3,231)**	(2,221)	(862)
		(3,238)	(2,224)	(866)
Net current (liabilities) / assets		**(2,074)**	(1,458)	158
Non – current liabilities				
Provisions		**(116)**	(104)	(85)
Net (liabilities) / assets		**(470)**	(71)	1,051
Shareholders' equity				
Ordinary shares		**84**	81	81
Deferred shares		**50**	50	50
Share premium		**7,886**	7,435	7,435
Incentive Plan valuation		**1,227**	1,085	892
Foreign currency translation		**(2)**	8	-
Accumulated losses		**(9,715)**	(8,730)	(7,407)
Total shareholders' equity		**(470)**	(71)	1,051

Ludorum plc

Statement of changes in shareholders' equity

	Share Capital	**Share Premium**	**Accumulated losses**	**Incentive Plan Valuation**	**Foreign currency translation**	**Total Shareholder (deficit)/ Equity**
30 June 2009	**June 09 £000**	**June 09 £000**	**June 09 £000**	**June 09 £000**	**June 09 £000**	**June 09 £000**
At 1 January 2009	**131**	**7,435**	**(8,730)**	**1,085**	**8**	**(71)**
Loss for the period	-	-	**(985)**	-		**(985)**
Other comprehensive income: Foreign exchange differences	-	-	-	-	**(10)**	**(10)**
Total comprehensive income for the period to 30 June 2009	-	-	**(985)**	-	**(10)**	**(995)**
Transactions with owners						
Charge relating to incentive option plan	-	-	-	**142**	-	**142**
New shares issued	**3**	**451**	-	-	-	**454**
At 30 June 2009	**134**	**7,886**	**(9,715)**	**1,227**	**(2)**	**(470)**
	Share Capital	Share Premium	Accumulated losses	Incentive Plan Valuation	Foreign currency translation	Total Shareholder (deficit)/ Equity
30 June 2008	June 08 £000	June 08 £000	June 08 £000	June 08 £000	June 08 £000	June 08 £000
At 1 January2008	131	7,435	(6,359)	700	-	1,907
Loss for the period	-	-	(1,048)	-	-	(1,048)
Total comprehensive income for the period to 30 June 2008	-	-	(1,048)	-	-	(1,048)
Transactions with owners						
Charge relating to incentive option plan	-	-	-	192	-	192
At 30 June 2008	131	7,435	(7,407)	892	-	1,051

Ludorum plc

Consolidated cash flow statement for the six months ended 30 June 2009

	Six months ended 30 June 2009 £000	Six months ended 30 June 2008 £000
Cash flows from operating activities		
Cash used in operations	**(618)**	(768)
Interest received	**-**	26
Interest paid	**(6)**	(4)
Taxation paid	**-**	-
Net cash used in operating activities	**(624)**	(746)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(37)**	(11)
Investment in intangible assets	**(320)**	(429)
Net cash used in investing activities	**(357)**	(440)
Cash flows from financing activities		
Net proceeds from issue of share capital	**454**	-
Increase in loans	**661**	-
Net cash generated from financing activities	**1,115**	-
Net increase/(decrease) in cash and cash equivalents	**133**	(1,185)
Cash, cash equivalents and bank overdraft at 1 January	**(140)**	1,750
Cash, cash equivalents and bank overdraft at 30 June	**(7)**	565

Ludorum plc
Notes to the consolidated interim financial statements for the six months ended 30 June 2009

1.Accounting policies

General Information

The company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is 2B River Court, 27 Brewhouse Lane, Putney Wharf, London SW15 2JX. The registered number is 5595899. This company is listed on AIM.

The condensed consolidated interim financial information was approved for issue on 30 September 2009.

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 2008, 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 2008 have been filed with Companies House. The auditors gave an unqualified opinion on those accounts.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those financial statements, except that the following standards and amendments to existing standards which are effective from 1 January 2009 have been adopted by the Group:

IAS 1 (Revised). This standard deals with presentation of financial statements and requires the presentation of a new separate Statement of Comprehensive Income.

IAS 23 (Amendment), 'Borrowing costs'. This standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset.

IFRS8, 'Operating segments'. This standard replaces IAS14, 'Segment reporting'. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting. Accordingly, full segmental analysis will be prepared in accordance with IFRS8 in the financial statements for 2009.

2. Segmental analysis

The group currently has one operating segment, the development and exploitation of its rights in Chuggington.

	Six months ended 30 June 2009 £000	Six months ended 30 June 2008 £000
Revenue by geographical area		
United Kingdom	**225**	-
Europe	**391**	-
Asia & Australasia	**274**	-
Americas	**50**	-
	940	-

3. Intangible assets

	Capitalised development
	£000
30 June 2009	
Cost	
At 1 January 2009	**1,526**
Additions	**320**
At 30 June 2009	**1,846**
Accumulated amortisation	
At 1 January 2009	**49**
Charge for the period	**126**
At 30 June 2009	**175**
Net book value at 30 June 2009	**1,671**

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

4. Borrowings

The following borrowings are included in trade and other liabilities:

	30 June 2009	31 December 2008	30 June 2008
	£000	£000	£000
Bank overdraft	**251**	186	-
Fixed interest rate loan	**661**	-	-
	912	186	-
Undrawn borrowing facilities			
Bank overdraft	**49**	114	-
Fixed interest rate loan	**539**	1200	-
	588	1314	-

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. The overdraft facility has been utilised from November 2008. The overdraft facility is scheduled to be reviewed in November 2009. The loan facility was first drawn down in March 2009 and is for a fixed term of two years.

5. Share capital

In April 2009 the company placed 324,000 new ordinary shares of 1p each at £1.40 per ordinary share. The total proceeds from the share issue was £454,000.

In February 2009 the company implemented a share option scheme for the benefit of group employees, excluding directors. The company issued share options in respect of 94,000 ordinary shares at an exercise price of £1.015. The options can be exercised after three years and lapse, if not exercised, after ten years. 15,000 share options were cancelled on the departure of an employee. There were 79,000 share options in issue at 30 June 2009.

6. 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 £4,600 (30 June 2008: £5,750).

Included in trade and other liabilities at 30 June 2009 is £nil in respect of unpaid remuneration owed to directors of the company (30 June 2008: £95,908, 31 December 2008: £124,908). A further £nil has been included in trade and other liabilities in respect of the employer's National Insurance payable on this remuneration (30 June 2008: £9,588, 31 December 2008: £10,240).

7. Commitments

In 2007 the company entered into an agreement with a toy manufacturer under the terms of which the toy manufacturer agreed to 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 was $6.3 million (£3.15 million). Production of the first 52 episodes was completed in early 2009. The company and the toy manufacturer have now agreed to jointly fund, on the same terms as the first series, the production of a second series of 26 episodes of Chuggington. The budget for the second series is $3.5 million (£2.1 million). It is expected that all the episodes in the second series will be completed by early 2010.

In 2007, the company entered into an agreement with Shanghai, Motion Magic Digital Entertainment Inc ("Motion Magic") under the terms which Motion Magic provided animation and editing services for the production of Chuggington. Under the terms of the agreement, Motion Magic was to deliver 52 episodes for which the company was committed to pay a total of RMB 18.9 million (£1.38 million) in instalments over the period of production. As at 30 June 2009 the company had fully discharged its obligation to Motion Magic. As at 30 June 2008 the company had paid RMB 8.75 million (£617,000) and a further RMB 10.15 million (£763,000) remained outstanding. As at 31 December 2008 RMB 5.1 million (£519,000) remained outstanding.

In 2009, the company entered into a further agreement with Motion Magic under the terms of which Motion Magic is to provide animation and editing services for the production of a second series of 26 episodes of Chuggington. The company is committed to pay between RMB 10.3 million and RMB 10.9 million (between £910,000 and £960,000.) As at 30 June 2009, the company had paid RMB 1 million (£92,000).

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

8. Post balance sheet events

Following approval given at the company's Annual General Meeting on 24 July 2009, the company has withdrawn its Incentive Option Plan and all the participants in the Plan have renounced their interests in it. With the approval of the Annual General Meeting, the company has replaced the Incentive Option Plan with a Share Ownership Agreement whereby the company issued 936,000 ordinary shares to an Employee Benefit Trust ("EBT"). The shares are jointly owned by the EBT and the participants in the previous Incentive Option Plan. Participants hold the shares in the same proportion as their interest in the previous Incentive Option Plan.