Pilat Media Group announce results for first six months of 2003

Submitted by: Lothbury Financial
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Pilat Media Global PLC

('The Company' or 'PMG')

Results for the six months and second quarter ended 30 June 2003

Pilat Media Global plc ('PMG'), the London-based AIM-traded supplier of business management software to broadcasters around the world, today announces its results for the six months and for the three months ended 30 June 2003.

Summary:

· Six months revenues up by 21 % to £2,978,000 (2002: £2,470,000), second quarter revenues of £1,586,000 (2002: £1,582,000); as in previous years, second half revenues expected to exceed significantly first half's revenues

· Reduced six month pre-tax loss of £1,245,000 (2002: £1,337,000), pre-tax loss of £649,000 (2002: £374,000) for the second quarter; as in previous years, second half performance expected to improve significantly

· Five new contracts were signed during the period with TV 3 (New Zealand), Foxtel (Australia), LA 7 (Italy), ProPlus (Slovenia) and TV Cabo (Portugal)

· Strong pipeline of prospects including two major broadcasters where PMG has been selected as preferred vendor and contract negotiations have commenced.

Commenting on the results, Michael Rosenberg, Chairman of Pilat Media Global plc, said:

'I am glad to report that all the Letters of Intent we reported on in our first quarter statement have been converted to contracts. Work on all the contracts has commenced and in the case of TV Cabo the software installation has been completed and is being actively used. In addition we signed two additional contracts in Europe, one with LA7 in Italy and the other with ProPlus, in Slovenia, which is part of the CME Group.

As in previous years, we are expecting that the revenues to be recognised from the contracts signed in the first half of the year, together with new contracts we are hoping to sign in the near future, will contribute towards achieving a further year of strong performance.'

For further information:

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Chairman's Statement

Pilat Media Global plc is pleased to announce its results for the six months ended 30 June 2003 and for the quarter ended 30 June 2003 ('Q2').

The good start reported in the first quarter has continued in Q2. Five new contracts were signed in the first half of this year, the contract with TV Cabo in Portugal has already been completed and Integrated Broadcast Management System (IBMS) was installed there by 30 June 2003. The other four contracts are expected to be completed in the coming months.

The pipeline of prospects remains strong, including two major broadcasters who have already selected PMG as their preferred vendor and started contract negotiations. Whilst successful contract completion can never be guaranteed, we are hopeful that in the near future we will be able to announce the signing of at least one contract that could contribute significantly to revenues and profits this year and next.

We continue to build our delivery and service infrastructure globally to facilitate further growth. We have now opened an office in Sydney, Australia to serve our eight existing clients and additional prospects in the region, and further cement our position as market leader there. We have also increased management and operational resources in North America and in our London headquarters.

Revenue recognition and profitability

Q2 revenues of £1,586,000 (Q2 2002: £1,582,000) were slightly behind management's expectation as were the cumulative figures for the six-month period, since we had anticipated an earlier completion of negotiations on the contracts signed. We anticipate however that this shortfall will be redressed in the second half of the year. The revenues include £1,034,000 of implementation, consulting, customisation and system integration fees for work delivered and recognised during Q2, mostly derived from the continuation of work in Q1 for Southern Cross and Playboy as well as the continuing work on Discovery and 'five'. The total revenues for Q2 also included £328,000 of recurring maintenance and support fees from existing clients.

PMG generates the majority of its revenues from new IBMS implementations each year and therefore only a longer-term (i.e. annual) view of revenues can provide a reliable basis for analysis and comparison. Previous year quarterly comparisons could prove misleading, since in most cases the timing of recognition of licence fees depends upon the date of clients formal acceptance of the system.

Gross profit in Q2 was £585,000 (Q2 2002: £925,000), which represents a margin of 37% compared to 58% in Q2 2002. The gross margin in this period is lower than the average for last year (62%) as the proportion of licence fee revenue recognised in this quarter is significantly lower than in 2002.

The level of research and development expenditure is greatly reduced from the levels of previous quarters as the core development of the air-time sales module has been completed. The Company will continue to improve and refine IBMS software in response to requests from its existing customers and market demands.

Selling and marketing costs in Q2 2003 at £363,000 increased over the equivalent period in 2002 (Q2 2002: £248,000) as the Company was involved in making a number of large presentations to potential clients. In addition PMG has increased its sales and marketing effort in response to requests from the market as the IBMS product becomes more widely known. General and Administration costs in Q2 2003 at £740,000 were higher than the equivalent period in 2002 (Q2 2002: £662,000) due to increased travel costs and losses on foreign exchange.

The loss for the six months to June 2003 was £1,245,000, which was higher than budgeted due to the shortfall in revenue resulting from the longer than anticipated time it took to complete the new contract negotiations. However we expect that this shortfall will be made up in the second half of the year.

Prospects

Our pipeline of prospects remains strong and we are hopeful of new contract signings in the near future. As a result we expect a significant improvement in performance in the second half of the year as various installations of the IBMS are completed.

Balance Sheet

Debtors reduced primarily due to a reduction in trade debtors from their year end level as clients paid their outstanding balances. Based on current trading and the prospective contracts and tenders with which the Company is involved, the directors are confident that PMG has sufficient funds to carry out its operations successfully for the foreseeable future.

Michael Rosenberg
Chairman
1st September 2003