



iMedia Announces First Quarter Results -Sales Increase 219% to \$1.42 MM While Gross Profits Increase 153% to \$477,000

SANTA MONICA, CA, Wednesday, May 24, 2006 - iMedia International, Inc. (OTC BB: IMNL) (www.imedia-intl.com) announced today the results of its operations for the first quarter of 2006.

For the three-month period ending March 31, 2006, the Company saw an increase in net sales of 219%, with revenues of \$1,424,000, an increase of \$978,000 from the comparative period in 2005.

Even with a substantial increase in net sales, general and administrative expenses decreased \$1,603,000 or 74% to \$552,000, from \$2,155,000. Correspondingly, net loss decreased by \$3,689,000 or 87% to \$572,000, from \$4,262,000 during the same comparable three-month period. On a fully diluted basis, net losses decreased to \$0.01 per share from \$0.06 per share during the comparative period in 2005.

The net loss as disclosed in the Company's financial statements included two significant non-cash items. The Company recorded estimated non-cash other income of \$1,398,000 from gains associated with the revaluation of outstanding warrants, and expenses of \$160,000 related to the issuance of warrants allocated to various general and administrative costs.

"Our first quarter results are very encouraging as we continue to see an increase in net sales and a decrease in our net losses" said David MacEachern, Chairman and CEO of iMedia International. "These improvements are the direct results of our concerted effort to boost sales and contain overhead expenses related to our growth. I am confident that as we continue to expanding in new markets and secure new syndication partners for our branded publications, we will continue to see significant in the circulation of Hollywood Previews, and in our net sales and revenues."

The Company reports that their net sales reported for this first quarter period was specifically limited to the production of custom interactive disc programs, and did not include revenues related to their newspaper syndication program which was launched in Dallas, Texas during the second quarter. This program continues to expand, with secured distribution now ahead of Company projections. The Company has recently secured its second distribution agreement with a major independent East Coast newspaper which will bring the total monthly distribution of Hollywood Previews Entertainment iMagazine to approximately 1,542,000 by fourth quarter 2006. This single contract will help make Hollywood Previews one of the largest entertainment-based monthly magazines circulated in the United States.

According to Mr. MacEachern, the Company intends to make a formal announcement for this and each new partnership agreement as they are formalized and approved.

About iMedia International Inc.

iMedia International, Inc. (IMNL) is a publicly held digital media solutions company producing DVD's, and CD-ROM's for digital multimedia marketing and promotional campaigns. iMedia publishes proprietary and custom digital iMagazines and offers expert digital media solutions services including: strategic planning, content aggregation and production, disc audio/video design, authoring, editing and compression, disc packaging, manufacturing and distribution. A key feature of iMedia's technology is its

iReporting™ real-time, online tracking system which provides quantitative data on disc viewer usage patterns and effectiveness of iMedia marketing and promotional campaigns.

For more information on iMedia International, Inc. please contact:

Kelly R. Konzelman, Executive Vice President
1721 21st Street, Santa Monica, CA 90404
Phone: (310) 453-4499
Fax: (310) 453-6120
kellyk@imedia-intl.com

The information in this news release includes certain forward-looking statements that are based upon assumptions that in the future may prove not to have been accurate and are subject to significant risks and uncertainties, including statements to the future financial performance of the Company. Although the Company believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurance that such expectations or any of its forward-looking statements will prove to be correct. Factors that could cause results to differ include, but are not limited to, successful performance of internal plans, product development and acceptance, the impact of competitive services and pricing, general economic risks and uncertainties, and various other information detailed from time to time in the Company's filings with the United States Securities and Exchange Commission. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date thereof. Please refer to the full filing of the Company's Quarterly Report on Form 10-QSB at <http://www.sec.gov>.

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iMedia International, Inc.
Condensed Combined Balance Sheet
As of March 31, 2006 (unaudited)

Assets

Current Assets

Cash	\$ 1,272,823
Accounts receivable, net of allowance for doubtful accounts of \$34,000.	838,762
Work in process	19,066
Due from affiliate	13,331
Prepaid expense	<u>8,684</u>

Total current assets 2,152,666

Property and equipment, net 148,751

Total Assets \$ 2,301,417

Liabilities and shareholders' deficit

Current liabilities:

Accounts payable and accrued expenses	\$ 1,364,620
Accrued liquidated damages	1,723,860
Deferred revenue and customer deposits	174,194
Note payable - related party	<u>2,011</u>

Total current liabilities 3,264,685

Warrant liability 3,716,963

Total Liabilities 6,981,648

Commitments and contingencies

Mandatory redeemable convertible preferred stock,
net of discount of \$1,807,111 1,232,889

Total shareholders' deficit (5,913,120)

Total liabilities and shareholders' equity \$ 2,301,417

iMedia International, Inc.
Condensed Combined Statements of Operations
For the Three Months Ended March 31, 2006 and 2005 (unaudited)

	2006	2005
Net Sales	\$ 1,424,077	\$ 446,464
Cost of sales	<u>977,372</u>	<u>267,954</u>
Gross profit	446,705	178,510
Operating expenses:		
Selling and marketing	1,192,654	339,690
General and administrative	551,610	2,154,563
Operating expenses-related party	<u>165,000</u>	<u>156,000</u>
Total operating expenses	<u>1,909,264</u>	<u>2,650,253</u>
Loss from operations	<u>(1,462,559)</u>	<u>(2,471,743)</u>
Other (income) expense:		
Net gain on revaluation of warrants	(1,398,342)	-
Penalty on late filing of SB2	514,342	-
Interest (income) expense, net	(7,498)	132,546
Loss on investment		143,477
Impairment loss on investment in available for sale securities	<u>-</u>	<u>1,513,030</u>
Total other (income) expense	(891,498)	1,789,053
Loss before provision for income taxes	(571,061)	(4,260,796)
Provision for income taxes	<u>1,092</u>	<u>800</u>
Net loss	(572,153)	(4,261,596)
Interest on fixed conversion feature and amortization of debt discount on Series A redeemable preferred stock	(379,998)	-
Preferred stock dividends Series A and B	(119,400)	-
Preferred stock dividends – iPublishing, an affiliated company	<u>(6,750)</u>	<u>(6,750)</u>
Net loss allocable to common shareholders	<u>1,078,301</u>	<u>(4,268,346)</u>
Net loss per common share allocated to common shareholders, Basic and Diluted	<u>\$ (0.01)</u>	<u>\$ (0.06)</u>

Weighted average common outstanding shares
Basic and Diluted

72,986,850

67,027,824

iMedia International, Inc.
Condensed Combined Statements of Cash Flows
For the Three Months Ended March 31, 2006 (unaudited)

	<u>2006</u>	<u>2005</u>
Net loss	\$ (572,153)	\$ (4,261,596)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	15,014	15,323
Allowance for doubtful accounts	8,700	-
Loss on sale of investments	-	143,477
Unrealized loss on investment in available for sale securities	-	1,513,030
Change in warrant liability due to revaluation	(1,398,342)	-
Issuance of warrants for services	127,149	1,147,437
Issuance of common stock for services	76,000	1,926,750
Net increase in deferred compensation	(16,236)	(1,429,211)
Amortization of note discount	-	47,203
Changes in assets and liabilities		
Accounts receivable	973,021	(296,046)
Work in process	8,713	-
Prepaid expenses and other assets	4,879	-
Accounts payable and accrued expenses	146,581	46,818
Accrued liquidated damages	514,342	-
Deferred revenue and customer deposits	83,754	83,920
Net cash provided by/(used in) operating activities	<u>(28,578)</u>	<u>(1,062,895)</u>
Cash flows from Investing activities		
Purchase of equipment	(23,280)	(833)
Sale of investment in available for sale securities	-	201,882
Due to/from affiliates, net	<u>(60,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	(83,280)	201,049
Cash flows from financing activities		
Payments on notes payable	(6,473)	-
Proceeds from notes payable - related parties	-	41,445
Proceeds from issuance of common stock for cash	-	446,789

Dividend on iPublishing preferred	<u>(6,750)</u>	<u>(6,750)</u>
Net cash provided by/(used in) financing activities	(13,223)	481,484
Net change in cash	(125,081)	(380,362)
Cash, beginning of period	<u>1,397,904</u>	<u>453,304</u>
Cash, end of period	<u>\$ 1,272,823</u>	<u>\$ 72,942</u>

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