

TV Company Ten Alps Communications PLC - interim results

17 November 2003

Television-orientated media group Ten Alps Communications PLC ('Ten Alps') today announces its interim results for the six months ended September 30, 2003.

Highlights:

- Group revenues increased 33.4% to £7.2m (2002: £5.4m)
- Group EBITDA increased 32.3% to £311,000 (2002: £235,000)
- Adjusted EPS increased by 25%
- Cash balance increased by 30.5% to £3.4m (2002: £2.6m)
- Net assets of £6.6m (2002: £6.5m)
- Increased revenues from television and advertising activities
- Significant improvement in events business
- Nigel Dacre, former editor of News at Ten and ITN News Channel, joins company
- Share capital unchanged for past 24 months

Current trading:

- TV production revenues will be significantly higher in the second half
- TV shows now in production for BBC1, BBC2, Channel 4 and US networks
- Advertising business on track to exceed last year's performance

Commenting, Chairman Brian Walden said:

"We have cash in the bank and organic growth, and significant potential in current major projects under discussion. We are optimistic that we can make progress in the next six months towards our goal of being a significant TV production business."

Chairman – Brian Walden

Ten Alps' aim is to become a force in the UK and European TV production business over the next 5 years - and this set of results is an encouraging step in the right direction.

We have had growing turnover, very healthy cash balances (for our size), zero gearing, positive cash flow and a strong talent base. We make some very good TV programmes. And we have weathered what is generally viewed as the worst of the advertising sector recession. So our challenge is how to take the very small but robust outfit we have, and turn it into a serious contender.

We are therefore targeting much larger TV contracts, and acquisitions of a far greater scale than we have done so far. We have specific opportunities in our sights in both regards, and seeking to bring them to a conclusion will be our focus for the next six months. It's a case of 'think big.'

Chief Executive – Alex Connock

Ten Alps believes that the UK independent TV production sector stands to benefit from significant opportunities as a result of the 2003 Communications Act. As a profitable company with a strong base in quality factual programming, and as one of only a very few listed independents, we believe we are well placed to take this market on – not least with the talent base we have.

We have had 100% stability in our management team over the past two and a half years, and are now able to add to it.

Nigel Dacre, formerly Editor at News At Ten and the ITN News Channel, has joined our team and has already made a pivotal contribution to an interest we have in factual TV channel development. We also have a talent agency (Know Comment) which now represents around 40 commentators for TV appearances, including for our own shows where appropriate. Bob Geldof and Brian Walden (non executive directors) have been instrumental in putting together TV programmes recently. And Brian Lapping and Norma Percy at Brook Lapping continue to win awards around the world for their documentaries. We will always seek relationships with more talented people.

Advertising

This was a good period for our agencies which continue to deliver growth in revenues. They are well-managed and have prospered with relatively stable client bases.

Ten Alps RMA has had superb results, as ever. The company continues to enjoy particularly strong relationships in the maritime industry, with over 20 clients exhibiting at the Southampton Boat Show alone.

Ten Alps MTD has seen revenues and profits jump, a particularly strong performance given the wider gloom in the Scottish advertising market, in which one or two major players have actually folded. The period saw significant sales growth and account wins.

Television

Our TV business has grown in this period relative to last year, and we have a good order book for the period to March 2004.

In current affairs television we produced political show *The Sharp End* with Clive Anderson, *I Met Osama Bin Laden* and started work on documentary series *Pax Americana*, all for BBC2. We also made *Spies* for Five, and a number of other programmes. Meanwhile in entertainment TV we started work on *John Thompson's Stands up for Comedy* for Bravo and made a five-part series with Jeremy Vine for BBC1 in which he interviewed major stars, such as Sting. Our agency Red Welly is currently in production on its second 3-D animated game for clients including the BBC.

Radio

Our business continued at a stable but modest level relative to our other activities. We continued to co-produce the Sunday morning current affairs programme *Julian Worricker* for BBC Radio 5 Live. We produced documentaries *The History of Disco*, *The Story of Rolling Stone Magazine* and *Arthur Smith Lectures* for BBC Radio 2, and started work on *The History of Betting* and *History of King Tuts* for BBC Scotland.

Events production

As a whole our events business was restored to a small profit. Our Dr Party events business achieved growth in sales over the first six months of the year. Significant repeat business was carried out for O2 and Sony Playstation. However sales for the Christmas period are as yet currently looking weak compared to the previous year, a likelihood which has been addressed by cost-cutting. Given the relatively small size of Dr Party, this should not have a material impact on group finances. Meanwhile our Ten Alps Events business improved on its previous interim results, with new client wins including British Airways. Ongoing work has been carried out for NCR, EMI, Corus, RMC and others. Sales are ahead of the same period last year, but again we have low visibility so we remain cautious.

To address costs and sharpen up the sales function, we will in the New Year be merging and rebranding our two events companies into one agency, and putting more effort into rights-owned event properties such as our *Firedance* concept.

FINANCIAL DETAIL

TEN ALPS COMMUNICATIONS PLC CONSOLIDATED PROFIT AND LOSS ACCOUNT SIX MONTHS ENDED 30 SEPTEMBER 2003

	Six months ended 30 Sept 2003	Six months ended 30 Sept 2002	Year ended 31 Mar 2003
	Total Unaudited £'000	Total Unaudited £'000	Total Audited £'000
Turnover	7,230	5,420	13,059
Cost of sales	(4,954)	(3,499)	(8,779)
Gross profit	<u>2,276</u>	<u>1,921</u>	<u>4,280</u>
Administrative expenses	(2,054)	(1,745)	(3,832)
Amortisation of Goodwill	(217)	(190)	(404)
Operating profit/(loss) before interest	<u>5</u>	<u>(14)</u>	<u>44</u>
Net interest receivable	23	20	35
Profit on ordinary activities before tax	<u>28</u>	<u>6</u>	<u>79</u>
Tax (charge)/credit	(1)	0	9
Profit on ordinary activities after tax	<u>27</u>	<u>6</u>	<u>88</u>
Minority Interest	0	0	0
Retained profit for the period	<u><u>27</u></u>	<u><u>6</u></u>	<u><u>88</u></u>
Basic earnings per share	0.06 p	0.014 p	0.20 p
Adjusted earnings per share before goodwill amortisation	0.55 p	0.44 p	1.11 p

**TEN ALPS COMMUNICATIONS PLC
CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2003**

	As at 30 Sept 2003 Unaudited £ '000	As at 30 Sept 2002 Unaudited £ '000	As at 31 Mar 2003 Audited £ '000
Fixed assets			
Intangible	3,500	3,422	3,717
Tangible assets	515	443	560
	<u>4,015</u>	<u>3,865</u>	<u>4,277</u>
Current assets			
Work in progress	465	59	482
Debtors	2,776	2,268	2,215
Cash at Bank	3,350	2,568	3,339
	<u>6,591</u>	<u>4,895</u>	<u>6,036</u>
Creditors			
Amounts falling due within one year	<u>(3,626)</u>	<u>(2,166)</u>	<u>(3,344)</u>
NET CURRENT ASSETS	2,965	2,729	2,692
Total assets less current liabilities	<u>6,980</u>	<u>6,594</u>	<u>6,969</u>
Creditors			
Amounts falling due after more than one year	(331)	(54)	(347)
	<u>6,649</u>	<u>6,540</u>	<u>6,622</u>
Capital and reserves			
Called up share capital	883	883	883
Share premium account	2,999	2,999	2,999
Merger Reserve	2,930	2,930	2,930
Profit and loss account	(164)	(273)	(191)
Equity shareholders' funds	<u>6,648</u>	<u>6,539</u>	<u>6,621</u>
Equity Minority Interest	1	1	1
	<u>6,649</u>	<u>6,540</u>	<u>6,622</u>

TEN ALPS COMMUNICATIONS PLC
CONSOLIDATED CASHFLOW STATEMENT
SIX MONTHS ENDED 30 SEPTEMBER 2003

	Six months ended 30 Sept 2003	Six months ended 30 Sept 2002	Year ended 31 Mar 2003
	Unaudited £'000	Unaudited £'000	Audited £'000
Net cash inflow from operating activities	102	179	1,579
Return on investments and servicing of finance	23	20	35
Taxation	(52)	-	(124)
Capital expenditure and financial investment	(43)	(105)	(166)
Acquisitions and disposals	-	(60)	(505)
Net cash inflow before financing	30	34	819
Financing			
Capital element of finance lease rentals and media loans	(19)	(12)	(25)
Net cash (outflow) from financing	(19)	(12)	(25)
Increase in cash	11	22	794
Reconciliation of net cash flow movement to movement in net debt			
Increase in cash in the period	11	22	794
Cash outflow from decrease in lease financing and media loans	19	12	25
Change in net debt resulting from cash flows	30	34	819
Finance leases	-	-	(34)
Loans acquired with subsidiaries	-	-	(414)
Movements in loans	-	-	1
Exchange adjustments	-	-	(39)
Net funds at beginning of period	2,791	2,458	2,458
Net funds at end of period	2,821	2,492	2,791

Notes to Cashflow:

Analysis of cash flows for headings netted in cash flow statement

Reconciliation of operating loss to net cash inflow/(outflow) from operating activities:

	Six months ended 30 Sept 2003	Six months ended 30 Sept 2002	Year ended 31 Mar 2003
	Unaudited £'000	Unaudited £'000	Audited £'000
Operating profit/(loss)	6	(14)	44
Depreciation	89	59	148
Goodwill amortisation	217	190	404
Loss/ (gain) on sale of fixed assets	-	-	(1)
Foreign exchange loss/(gain) on media loans	-	-	39
Change in work in progress	17	(15)	(145)
Change in debtors	(562)	(142)	388
Change in creditors	335	101	702
Net cash inflow from operating activities	102	179	1,579

1. The financial information in this statement does not constitute statutory accounts. The financial information in respect of the year ended 31 March 2003 has been extracted from the statutory accounts which received an unqualified auditors' report and have been delivered to the Registrar of Companies.
- 2 Adjusted earnings per share has been provided in order that the effects of goodwill amortization can be fully appreciated.

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