

30 June 2014

Ten Alps Plc

Unaudited Interim Results

Ten Alps Plc (“Ten Alps” or the “Group”), producer of high quality TV and radio together with integrated publishing and communications content, today announces its half year results for the six months to 31 March 2014. As announced on 1 April 2014, the Group has changed the year end to 30 June and a full 15 month statement will be announced later in the year.

The key focus going forward continues to be the return to Group profitability, with particular emphasis on quality and delivery of products and services within the Group's divisions.

Highlights for the period include:

Performance

- Group revenues of £12.43m (2013: £14.17m)
- Adjusted EBITDA loss of £(0.64)m (2013: £(1.98)m)
- Reorganisation and restructuring costs of £0.04m (2013: £0.34m)
- Amortisation charge of £0.1m (2013: £3.69m)
- Operating Losses of £(0.85)m (2013: £(6.11)m)
- Loss for the period after tax £(1.09)m (2013: £(6.06)m)
- Diluted loss per share (0.39)p (2013: (2.58)p)
- Total Assets £17.58m (2013: £17.24m)
- Net Debt of £6.37m* (2013: £6.08m) with facilities maturing in 2016

** £986k is secured on a specific long term production of which 50% has already been delivered to the Broadcaster*

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BUSINESS REVIEW

Quality, Delivery, Diversity and Digital

The Group is now structured in a streamlined entity of two core divisions namely Broadcasting and Integrated Services. With this simpler and more effective Group structure, together with a leaner senior management team (the "Management"), the Group can deliver on its stated goals of quality, delivery, diverse and digital services.

The Management intends to manage these goals through key performance indicators ("KPIs") which have been designed to focus not just on short term profitability but on quality, reputation enhancement and long term growth.

Although we are still not profitable, the Management believe we are on the right track. Our ability to do so has been strengthened by the actions taken in the last few years. To that end, although our focus has changed, our KPIs have fundamentally not altered. We are therefore setting similar KPIs for the coming year with clear emphasis on:

- creative and digital content and products
- cash generation
- core market growth
- enhanced overall performance and
- investment opportunities

These KPIs should enable us to continue to address the interests of the various stakeholders of the Group.

Business Overview and Highlights

The Group has continued to rationalise its fixed overhead and further reduced this cost across the Publishing division with the integration of 2 business units in London during the period.

As stated about the Group continues to focus on quality revenues with higher margins and the highlights illustrated below emphasis these key KPIs:

Ten Alps Broadcasting

- Broadcasting Division's award highlights include: Blakeway North achieving 6 nominations in the RTS North West Awards. Films of Record "*Iceland: Life in the Freezer Cabinet*" makes a star of CEO Malcolm Walker and the series trends on twitter during transmission on BBC2. Blakeway's *Plebgate* film for C4 ` *Police, Lies and Videotape* ' wins *Independent of the Year* for Blakeway at the RTS journalism awards
- In terms of production the division produced their first commission for C4 Music with "*F**K Me*" a documentary on the influence of folk on modern music. Blakeway North's "*My Baggy Body*" gets 2.5m viewers at 10pm, the highest ever audience for the C4 "*First Cut*" strand. "Hunted" an hour long special for C4 Dispatches about homophobia in Russia transmitted to coincide with the start of the Sochi Winter Olympics. The programme will be shown on HBO in the US in the autumn. And a third series of *Great Ormond Street hospital* from Films of Record moves into production for the BBC2.

Ten Alps Integrated Services

Ten Alps Publishing

- The Key highlights include the continued development of Market sector focus. The Business portfolio has been extended to include the magazines *CEO*, *Director of Finance*, *SME*, *Business Today*, *In Business Midlands* and *Facilities Manger* creating an impressive and vibrant portfolio. Each magazine is supported by a web site and digital newsletters. The first digital only issue of *SME* was successfully launched this month and the portfolio is extending its professional business data to increase targeted digital publications, direct mail and other data services
- Contract Publishing unit has also won recently the contract to launch the *Euro Parts* magazine, which will have a national distribution

Ten Alps Communicate

- New private sector clients for the Communicate Agency in the period were *Reckitt Benckiser*, *Sellafield* and *NAPP Pharma*
- Awards for the Agency included *Best Health and Safety Communication sponsored by The Communication Director's Forum Bronze: Wise up to STI's*, *Best Direction sponsored by A VisionSilver: Wise up to STI's*, *Best Use of Music sponsored by MerchantCantos Highly Commended: Wise up to STI's* all for *Sanofi Pasteur MSD*

FINANCIAL REVIEW

Revenue from continuing operations was down 13.28% to £12.43m (2013: £14.17m) however gross profit increased by 14.49% to £3.95m (2013: £3.47m). The main variance in revenues came in the integrated marketing division which saw revenues decrease by 19.73% equal to £1.95m year on year.

Gross margin increased from 24.54% to 31.8% in the period, with operating expenses representing 36.99% of revenues (2013: 38.4%). This is a consequence of significant restructuring undertaken by the Group over the last three years and the aim is to have that below 30% by 2015. The charge for reorganisation and restructuring was £0.04m (2013: £0.39m). The reduced charge reflects the Group's previous statement that significant planned reorganisations and restructures have now been implemented.

Adjusted EBITDA or headline profit, a key performance indicator used by the board, was a loss of £0.64m (2013: loss of £1.97m). Operating loss improved to £0.85m (2013: loss of £6.11m) after an amortisation charge of £0.1m (2013: £3.69m).

As the Group made losses for the period end to 31 March there was no corporation tax charge in the period. However, the Group reflected a movement in the deferred tax asset by incurring a credit for the period of £0.01m (2013: £0.2m). The loss for the period was £1.09m (2013: £6.06m).

Earnings per share

Basic and diluted loss per share from continuing operations in the year was 0.39p (2013: loss 2.58p) and was calculated on the losses for the year attributable to Ten Alps shareholders of £0.95m (2013: loss £2.176m)

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divided by the weighted average number of shares in issue during the year being 276,666,012 (2013: 234,738,814).

Effectively all share options at 31 March 2014 were 'not in the money' and, therefore, deemed non-dilutive.

Statement of Financial Position

Assets

Inventories and trade receivables have decreased by £0.52m to £5.33m (2013: £5.85m) reflecting the impact of a reduction in revenue. Other receivables have increased to £1.38m (2013: £0.78m) reflecting an increase in accrued income in the period.

The Group had a cash balance of £2.99m as at 31 March 2014 (2013: £2.56m). The balance is marginally higher than last year, reflecting the favourable movement in working capital in the period of £0.03m (2013: £(0.4)m) and increase in gross debt from £8.65m to £9.36m. Net debt at the period end was £6.37m (2013: £6.08m)

Total assets for the Group were £17.58m (2013: £17.24m) with the main movements being working capital assets in the period.

Equity and Liabilities

Retained losses as at 31 March 2014 were £21.9m (2013: losses: £20.81m) and total shareholders' equity at that date was £(0.44)m (2013: £0.65m).

The Group has been given a commitment to call upon an unsecured loan note of up to £0.35m for business development and general working capital requirements. If called upon, the Group will issue the said loan notes to certain existing shareholders.

The Group had an outstanding long term debt of £8.37m (2013: £8.26m). The borrowings are split into three categories. The unsecured debt facility of £4.36m (2013: £4.34m), secured loan notes of £2.60m (2013: £2.52m) and unsecured loan notes of £1.41m (2013: £1.37m). The debt facility is due in February 2016 and the loan notes in March 2016 with no mandatory repayments on either of these amounts until the due dates.

Current liabilities consisting of trade and other creditors have increased by £0.72m to £8.66m (2013: £7.94m). Deferred income of £2.03m (2013: £2.54m) has decreased due to disposals in the comparative period. The Group has a production finance loan of £0.99m (2013: £0.42m) relating to a specific long term production and is secured on the assets of that production alone.

Cash flows

During the period the Group generated £0.04m (2013: used £0.41m) from day to day operations. After accounting for finance costs and investing activities the Group expended cash of £0.14m (2013: £0.46m). Following an increase in borrowings of £0.56m (2013: £1.08m) the net movement in the period was an increase in cash of £0.42m (2013: £0.62m).

Peter Bertram- Chairman

Condensed consolidated interim income statement

	Note	Unaudited 6 Months to 31 March 2014 £'000's	Unaudited 6 Months to 31 March 2013 £'000's	Audited Year to 31 March 2013 £'000's
Continuing operations				
Revenue	4	12,427	14,169	27,641
Cost of sales		(8,474)	(10,701)	(19,535)
Gross Profit		3,953	3,467	8,106
Operating expenses		(4,597)	(5,441)	(10,818)
Adjusted EBITDA		(644)	(1,974)	(2,712)
Reorganisation and restructuring costs		(36)	(338)	(461)
Depreciation		(73)	(108)	(254)
Amortisation and impairment of intangible assets		(100)	(3,694)	(4,217)
Operating loss		(853)	(6,114)	(7,644)
Finance costs		(247)	(172)	(359)
Finance income		-	(2)	1
Loss before tax		(1,100)	(6,287)	(8,002)
Taxation		11	230	230
Loss for the period		(1,089)	(6,057)	(7,772)
Discontinued operations				
Loss for the year from discontinued operations	5	-	(619)	(727)
Loss for the period		(1,089)	(6,676)	(8,499)
Continuing operations attributable to:				
Equity holders		(1,089)	(6,057)	(7,772)
Discontinued operations attributable to:				
Equity holders		-	(619)	(640)
Minority interest		-	-	(87)
Retained profit for the year		(1,089)	(6,676)	(8,499)
Basic earnings per share				
	6			
From continuing operations		(0.39)p	(2.58)p	(3.15)p
From discontinued operations		N/a	(0.26)p	(0.26)p
Total		(0.39)p	(2.84)p	(3.42)p
Diluted earnings per share				
	6			
From continuing operations		(0.39)p	(2.58)p	(3.15)p
From discontinued operations		N/a	(0.26)p	(0.26)p
Total		(0.39)p	(2.84)p	(3.42)p

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**Ten Alps plc consolidated statement of comprehensive income
 For the period ended 31 March 2014**

	Unaudited 6 Months to 31 March 2014 £'000's	Unaudited 6 Months to 31 March 2013 £'000's	Audited Year to 31 March 2013 £'000's
Profit for the period	(1,089)	(6,676)	(8,499)
Other comprehensive income			
Foreign investment translation differences	-	(14)	(14)
Total comprehensive income for the period	(1,089)	(6,690)	(8,513)
Attributable to:			
Equity holders	(1,089)	(6,690)	(8,426)
Minority interest	-	-	(87)
	(1,089)	(6,690)	(8,513)

Condensed consolidated statement of financial position

		Unaudited 31 March 2014 £ '000	Unaudited 30 September 2013 £ '000	Audited 31 March 2013 £ '000
	Note			
Assets				
Non-current				
Goodwill and intangibles		6,983	7,084	7,305
Property, plant and equipment		184	259	331
Deferred tax		716	706	742
		7,883	8,049	8,378
Current assets				
Inventories		1,291	1,712	1,710
Trade receivables		4,041	4,135	4,828
Other receivables		1,384	779	1,001
Cash and cash equivalents		2,985	2,561	3,130
		9,701	9,187	10,669
Total assets		17,584	17,236	19,047
Equity and liabilities				
Shareholders' equity				
Called up share capital	7	5,534	5,534	5,534
Share premium account	7	15,228	15,228	15,228
Merger reserve		696	696	696
Exchange reserve		-	-	-
Retained earnings		(21,895)	(20,806)	(20,294)
Total shareholders' equity		(437)	652	1,164
Non-controlling interest		-	-	-
Total equity		(437)	652	1,164
Liabilities				
Non-current				
Borrowings		8,371	8,225	6,872
Other non-current liabilities		-	-	-
		8,371	8,225	6,872
Current liabilities				
Trade payables		3,762	3,750	4,959
Other payables		4,902	4,189	6,052
Current tax liabilities		-	-	-
Borrowings - current		986	420	-
		9,650	8,359	11,011
Total equity and liabilities		17,584	17,236	19,047

Condensed consolidated statement of cash flows

	Unaudited 6 months to 31 March 2014 £ '000	Unaudited 6 Months to 31 March 2013 £ '000	Audited Year to 31 March 2013 £ '000
Operating activities			
Reconciliation of profit to operating cash flows			
Loss for the period	(1,089)	(6,676)	(8,499)
Add back:			
Taxation	(11)	(220)	(230)
Depreciation	72	149	318
Amortisation & impairment	100	3,659	4,270
Finance costs	247	172	359
Finance income	-	-	(3)
Share based payment charge	-	-	159
Loss on disposal of subsidiaries	-	(2)	255
Loss on sale of fixed assets	-	104	104
	(681)	(2,814)	(3,267)
Decrease/(increase) in work in progress	422	135	(240)
(Decrease)/increase in trade and other receivables	(511)	2,997	4,305
Increase /(decrease) in trade and other creditors	803	(731)	(2,076)
Cash generated/(used in) from operations	33	(413)	(1,278)
Finance costs	(100)	(100)	(196)
Finance income	-	-	3
Tax paid	-	(42)	(42)
Net cash flows (used in) operations activities	(67)	(555)	(1,513)
Investing activities			
Acquisition of subsidiary undertakings, net of cash and overdrafts acquired			
Payment of deferred consideration	(72)	-	(126)
Purchase of property, plant and equipment	(2)	(39)	(118)
Proceeds of sale of property, plant and equipment	-	15	15
Disposal of subsidiaries	-	120	368
Net cash flows used in investing activities	(74)	96	139
Financing activities			
Issue of ordinary share capital	-	483	1,061
Borrowings repaid	-	592	592
Borrowings received	565	-	-
Capital element of finance lease payments	-	-	(4)
Net cash flows from financing activities	565	1,075	1,649
Net increase/decrease in cash and cash equivalents	424	616	275
Translation differences	-	5	(9)
Cash and cash equivalents at beginning of period	2,561	2,509	2,864
Cash and cash equivalents at end of period	2,985	3,130	3,130

Condensed consolidated statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Exchange reserve £000	Retained earnings £000	Total £000	Non-controlling interest £000	Total equity £000
Balance at 1 April 2012	2,651	14,630	696	14	(12,041)	5,950	199	6,149
Loss for the Period	-	-	-	-	(8,412)	(8,412)	(87)	(8,499)
Other comprehensive income								
Foreign investment translation differences	-	-	-	(14)	-	(14)	-	(14)
Total comprehensive income	-	-	-	(14)	(8,412)	(8,426)	(87)	(8,513)
Equity-settled share-based payments	-	-	-	-	159	159	-	159
Disposal of non-controlling interest	-	-	-	-	-	-	(112)	(112)
Shares issued	2,883	598	-	-	-	3,481	-	3,481
Balance at 31 March 2013	5,534	15,228	696	-	(20,294)	1,164	-	1,164
Balance at 1 October 2012	5,051	15,228	696	-	(13,618)	7,357	-	7,357
Loss for the Period	-	-	-	-	(6,676)	(6,676)	-	(6,676)
Other comprehensive income								
Total comprehensive income	-	-	-	-	(6,676)	(6,676)	-	(6,676)
Shares issued	483	-	-	-	-	483	-	483
Balance at 31 March 2013	5,534	15,228	696	-	(20,294)	1,164	-	1,164
Balance at 1 October 2013	5,534	15,228	696	-	(20,806)	652	-	652
Loss for the Period	-	-	-	-	(1,089)	(1,089)	-	(1,089)
Total comprehensive income	-	-	-	-	(1,089)	(1,089)	-	(1,089)
Shares issued	-	-	-	-	-	-	-	-
Unaudited Balance at 31 March 2014	5,534	15,228	696	-	(21,895)	(437)	-	(437)

Notes to the consolidated financial statements

1) GENERAL INFORMATION

The condensed interim Financial Statements for the six months ended 31 March 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 30 June 2014.

The Company is a public limited company incorporated in the United Kingdom. The address of its registered office is 7 Exchange Crescent, Conference Square, Edinburgh, EH3 8AN.

The Company is listed on the London Stock Exchange's Alternative Investment Market.

These extracts do not comprise statutory accounts within the meaning of Section 235 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2013 were approved by the Board of Directors on 20 June 2012 which received an unqualified auditors' report and have been delivered to the Registrar of Companies. The financial information contained in this report is unaudited.

2) BASIS OF PREPARATION

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 March 2013.

3) ACCOUNTING POLICIES

The accounting policies applied in these condensed interim Financial Statements are consistent with those of the annual Financial Statements for the year ended 31 March 2013, as described in the annual Financial Statements.

4) SEGMENTAL INFORMATION

The operations of the group are managed in two principle business divisions, Broadcast and Integrated Marketing Services. The Integrated Marketing Services division is made up of publishing and communications agency (formerly CSR) units. These divisions are the basis upon which the management reports its primary segment information.

	Unaudited 6 Months to 31 March 2014 £'000's	Unaudited 6 Months to 31 March 2013 £'000's	Audited Year to 31 March 2013 £'000's
Revenues by Business Division			
Broadcast - TV and Radio	4,483	4,273	8,294
<i>Integrated Marketing:</i>			
Publishing	6,848	8,787	17,189
Communications Agency	1,096	1,109	2,158
Total	12,427	14,169	27,641

5) **DISCONTINUED OPERATIONS**

There were no disposals during the six month period to 31 March 2014.

During the six-month period ended 30 September 2013, the Agencies cash generating unit in Publishing was disposed of.

During the year ended 31 March 2013, two cash generating units were disposed of: Ten Alps Communications Asia unit (consisting of the following legal entities: Ten Alps Asia Holdings Pte Limited and Ten Alps Communications Asia Pte Limited) in the Publishing unit and Below the Radar Limited in the TV division. The Edinburgh office was closed as part of the ongoing Publishing units overall Group restructuring:

Analysis of the result of the discontinued operations is as follows:

	Unaudited 6 months 31 Mar 2014 £'000	Unaudited 6months 31 Mar 2013 £'000	Audited Year to 31 March 2013 £'000
Revenue		2,881	6,954
Cost of sales		(1,854)	(5,264)
Gross Profit	-	1,027	1,690
Operating expenses		(1,242)	(2,030)
Reorganisation and restructuring costs		(389)	(272)
Depreciation		(41)	(64)
Amortisation and impairment of intangible assets		35	(53)
Operating profit	-	(610)	(729)
Finance income	-	2	2
Profit before tax	-	(608)	(727)
Taxation		(10)	-
(Loss) for the year from discontinued operations	-	(618)	(727)
Gain on disposal of discontinued operations		-	-
Taxation on disposal	-	-	-
(Loss)/profit for the year from discontinued operations	-	(618)	(727)

The net cash flows attributable to the discontinued operations are as follows:

	Unaudited 6 months 31 Mar 2014 £'000	Unaudited 6 months 31 Mar 2013 £'000	Audited Year to 31 March 2013 £'000
Operating cash flows	-	(922)	(872)
Investing cash flows	-	265	(72)
Financing cash flows	-	-	-
Total cash flows	-	(657)	(944)

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6) EARNINGS PER SHARE

	6 months to 31 March 2014	6 months to 31 March 2013	Year to 31 March 2013
	Number of Shares	Number of Shares	Number of Shares
Weighted average number of shares used in basic earnings per share calculation	276,666,012	234,738,814	243,664,300
Dilutive effect of share options	-	-	-
Weighted average number of shares used in diluted earnings per share calculation	276,666,012	234,738,814	243,664,300
	£'000	£'000	£'000
Profit for year from continuing operations attributable to shareholders	(1,089)	(6,057)	(7,685)
Amortisation of intangible assets post deferred tax impact	100	3,544	4,103
Restructuring costs	36	338	461
Share-based payments	-	-	159
Adjusted profit for year attributable to shareholders	(953)	(2,176)	(2,962)
(Loss)/profit for year from discontinued operations attributable to shareholders	-	(619)	(640)
Continuing operations			
Basic Earnings per Share	(0.39)p	(2.58)p	(3.15)p
Diluted Earnings per Share	(0.39)p	(2.58)p	(3.15)p
Adjusted Basic Earnings per Share	(0.34)p	(0.93)p	(1.22)p
Adjusted Diluted Earnings per Share	(0.34)p	(0.93)p	(1.22)p
Discontinued operations			
Basic Earnings per Share	N/a	(0.26)p	(0.26)p
Diluted Earnings per Share	N/a	(0.26)p	(0.26)p

7) SHARE CAPITAL

	Shares	Share capital £'000	Share premium £'000
At start of 1 April 2012	132,541,012	2,651	14,630
Shares issued as remuneration	10,800,000	256	35
Shares issued as private placement	133,325,000	2,627	563
At 31 March 2013	276,666,012	5,534	15,228
Shares issued as remuneration	-	-	-
Shares issued as private placement	-	-	-
At 1 October 2013	276,666,012	5,534	15,228
Shares issued as remuneration	-	-	-
Shares issued as private placement	-	-	-
At 31 March 2014	276,666,012	5,534	15,228

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