Ten Alps Plc
Preliminary Results 2014

**04 December 2014**

**Ten Alps Plc**
**Audited Preliminary Results**

Ten Alps Plc (“Ten Alps” or the “Group”), multimedia producer of high quality TV and radio together with integrated publishing and communications content, today announces its final results for the fifteen months to 30 June 2014.

The key focus of the Group has been on completing a comprehensive restructuring of the business which now positions the Group to return to sustainable growth and profitability. With a reputation for high-quality products and digital innovation, the Group is now focussed on growing revenues and building on an already encouraging order pipeline for the coming year ahead.

During the period, the Group changed its financial year end from 31 March to 30 June. Accordingly, the Group's audited accounts cover the 15 months to 30 June 2014, with the comparative period being for the 12 months ended 31 March 2013. Subsequent financial years will end on 30 June in the relevant year. The Board took this decision in order to reflect the varying cyclical nature of the business units.

Highlights for the 15 month period include (2013: 12 month period):

**Underlying Performance**

- Group revenues of £29.45m (2013: £27.64m)
- Adjusted EBITDA loss of £(1.13)m (2013: £(2.71)m)
- Reorganisation and restructuring costs of £0.33m (2013: £0.46m)
- Impairment and amortisation of £0.35m (2013: £4.22m)
- Cash at £2.58m (2013: £3.13m)
- Gross Debt of £8.45m (2013: £6.87m), which matures in 2016
- Net Debt of £5.87m (2013: £3.74m)
- Outlook encouraging, with TV order book at £5.2m, Publishing at £2.5m and Communications Agency at £0.6m

**Statutory Performance**

- Operating Losses of £1.99m (2013: £7.64m)
- Loss before tax £2.56m (2013: £8.0m)
- Diluted loss per share from continuing activities 1.01 p (2013: loss of 3.15p)
- Total Assets £15.35m (2013: £19.05m)

**Business Overview and Highlights**

- Key highlights in Broadcasting include:

    - Blakeway collaborates with Fly Film Company for its first ever theatric documentary film: **“***Hockney***”,** backed by the BFI, Screen Yorkshire and British Film Company. The film was nominated for an award in the Documentary Category of the London Film Festival and went on general release in November 2014
    - Ten Alps programmes won more than 14 awards over the period, including highly prestigious honours from the RTS, Grierson and British Journalism Awards
    - Brook Lapping’s delivers 3 part series *“The Iraq War”* to the BBC
    - Blakeway delivers second 6 part series on *“My Shakespeare”* to Sky
    - Films of Record production *“Iceland: Life in the Freezer Cabinet”* makes a star of CEO Malcolm Walker and the series trends on twitter during transmission on BBC2
    - Blakeway signs another output deal with C4 Dispatches; its ‘Plebgate’ film *`Police, Lies and Videotape’* wins the Breaking News Award in the British Journalism Awards
    - Blakeway named Independent of the Year at the RTS journalism awards
    - Ten Alps TV win their first commission for C4 Music with *“F**K Me”* a documentary on the influence of folk on modern music
    - Brook Lapping maintain their run of securing a commission in every series of ITV’s current affairs strand ‘Exposure’ with *“Too Late to Save your Life”* and another for the Winter 2014 run

- Blakeway North's *"My Baggy Body"* gets 2.5m viewers at 10pm, the highest ever audience for the C4 *"First Cut"* strand
- Blakeway North produce twenty more episodes of their successful series Benidorm ER for C5, delivered "*Women of the English Defence League"* for BBC3 and *"My Life: The Most Famous School in the World"* featuring scholarship boys at Eton for CBBC.
- A third series of Great Ormond Street hospital from Films of Record is in production for the BBC
- Division delivers three programmes for ITV's 'Perspectives' strand: *"The Man with the Hat - Will Young"* and *"Under My Skin - Emeli Sande"* from Blakeway North, and Brook Lapping's "*Freddie Mercury Saved My Life"* presented by Alfie Boe.

- Key highlights in Publishing include:

  - Secured five-year major contract renewal in building services sector
  - Focussed core B2B publishing on cross-platform products in Finance, Health, Farming and Infrastructure. Key titles include Director of Finance, Primary Care and Farm Business.
  - Recruitment of new talent in sales and editorial, including sector specialists
  - Making efficient use of customer data to target B2B products and develop higher-value advertising channels.
  - Launched first ipad and digital editions of core titles, developed new websites, including Community Practitioner http://www.commprac.com/ and Home & Build http://homeandbuild.co.uk/
  - Continued development of events and conferences, launching the successful *Cream Awards* and the *CPHVA Awards* in the farm sector and scheduling new in Finance and Primary Care.

- Key highlights in the Communications Agency include:

  - **Nationwide Building Society**
    Four short animated films developed to support the launch of *FlexOne*, Nationwide's first current account aimed at young people http://www.nationwideeducation.co.uk/finance-education/banking-basics/index.php

  - **Sanofi Pasteur MSD**
    New functionality added to the multi-media tool kit, '*Wise Up to STI's'* (Sexually Transmitted Infections) on behalf of Sanofi Pasteur MSD http://wise-up.me/home.aspx

  - **AstraZeneca**
    '*Share good times not Flu*', a schools campaign to communicate the national nasal spray flu programme. http://www.sharegoodtimesnotflu.co.uk/

  - **Siemens**
    Created, refreshed and updated the Siemens Education website, including an interactive *'Inside the Human Body'* game, showcasing how Siemens technology supports doctors in diagnosing and treating patients and helping pupils understanding systems of the body http://www.siemens.co.uk/education/en/students/interactives.htm

    The website was selected for honours at the annual Siemens Business Conference in Berlin, where it won first prize in the Sustainability category.

    Siemens Education resources from Ten Alps were also identified by leading qualifications body OCR as exemplars for teaching and learning when OCR and Siemens launched a partnership to tackle the skills gap in engineering and manufacturing.

  - **Go Safe Glasgow**
    *Cycle Aware*: An interactive training programme which aims to increase safety awareness among road users and reduce casualties
    http://www.gosafeglasgow.com/drive-safe/cycle-aware/interactive

*Safer Routes to School*: Interactive game to help young children develop road skills and knowledge
http://www.gosafeglasgow.com/public/interactives/safer_routes/safer_routes_to_school.html

**Peter Bertram, Chairman, commented:**

"This has been a transformative period for the Group, but we have now largely completed a restructuring programme which positions the business for profitable growth. We are encouraged by a significantly improved new business pipeline and see good prospects for a better performance in the year ahead.

We maintain a focus on our core markets, where we have strong skill sets and see opportunities for significant organic growth. With the appointment of our new non-executive director, Mark Wood, we have added digital expertise which will help us advance in digital communications and content marketing as well as in television and publishing.

I would like to once again acknowledge our key asset - our employees. We continue to employ and attract remarkably talented individuals across all our divisions. They consistently and impressively create award-winning programmes and content, something the Board is very proud of."

For further information, please contact:

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**STRATEGIC REPORT**

The Directors of the Company and its subsidiary undertakings (which together comprise “the Group”) present their Strategic Report for the period ended 30 June 2014.

In accordance with Section 414A of the Companies Act 2006, the directors serving during the period ended 30 June 2014 and up to the date of signing the financial statements are pleased to present their Strategic Report on the development and performance of the Group during the period ended 30 June 2014, the financial position of the Group as at 30 June 2014 and the principal risks to which the Group is exposed.

This report is a key component of the annual report and accounts which provides an opportunity for the directors to communicate our strategy and goals **(Our Strategy),** the measures we use to determine how well the business is performing **(Key Performance Indicators)** and the principal risks **(Principal Risks)** faced by the business which could prevent these goals being achieved.

We also provide an overview of how our business is structured **(Our Business Model)** and a review of the Group’s performance for the period ended 30 June 2014 **(Review of Performance)** in order to add context to the results shown in the financial statements. This review includes commentary on the three main pillars of our business model.

Finally, we summarise the financial position of the business **(Financial Review).**

**Principal Activity**

Ten Alps is a multimedia company which produces and delivers high quality TV and radio together with integrated publishing and communications content.

**Our Strategy**

***Quality, Delivery, Diversity and Digital***

After a period of restructuring, the Group has evolved into a streamlined entity of two core divisions, Broadcasting and  Publishing and Communications Agency With a simpler and more effective Group structure, together with a leaner senior management team, the Group can deliver its stated goals of profitability, quality, delivery, diversity and a growing focus on digital services.

Management intends to achieve 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 strategic growth.

Management set out to improve our performance from the last financial period and, as the results show, we are on the right track. We are generating profits across most of the business and have a clear strategy to improve overall company performance in the period ahead.
Our key areas of focus remain the same as previous years:

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

By continuing to implement the current plans and keeping the focus of the Group on growing quality revenues, the Directors believe that Ten Alps' assets across the business will be stronger and thereby increase in value in the coming years. To ensure we are successful in the implementation and delivery of these strategies, we will have to increase our internal investment and deploy our resources in a planned and assessed manner.

The Board monitors the progress of the Group against its strategic objectives on a regular basis. The performance of the Group is measured against strategy, budgets and forecasts using a variety of financial and non-financial indicators as described in this report. The most significant financial Key Performance Indicators ("KPI's") used by the Group and the basis of calculation are set out below:

**Key Performance Indicators (KPIs)**

**Growth in Revenue (%)**

Revenue was £29.45m for the period and on a like for like basis decreased by £4.08m to £23.56m on an annualised basis (2013: £27.64m). This has been mainly in the publishing unit where revenue decreased by £4.49m in the year as the unit reduced the number of publications and continued to exit from non-profitable contracts.

**Gross margin (%)**

Gross margin is the ratio of gross profit to sales expressed as a percentage. Gross margin has increased on last year to 32% (2013: 29.33%) and reflects the change of the product mix and and better cost control.

**Growth in Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (%)**

This is a key measure we use to assess the results of the Group in any one period/year as growth in the adjusted EBITDA figure ensures that the Group can increase margins as well as revenue. The Group recorded a loss in the period of £(1.13)m (£(0.9)m on an annualised basis) (2013: loss of £(2.71)m) as described in the overall financial review section.

**Cashflow**

This is a key KPI and is constantly under review and updated. The Group has implemented more focused strategies on cash generation and conversion and has looked to rebalance the working capital as it aimed to reduce trade and other payables significantly. The Group will continually target positive cash generation as it aims to return to profitability and reduced restructuring costs going forward.

**Risks and Uncertainties**

In this section we describe the principal risks and uncertainties that the Directors believe could materially affect our business. Sound risk management is an essential discipline for running the business efficiently and pursuing our strategy successfully.

The Group operates in a highly competitive environment that is subject to constant and unpredictable changes in client demand and the advertising economy. In order to remain competitive it must continue to invest in and adapt its Broadcast, Publishing and Communications Agency assets.

Risk is reduced by creating and maintaining a balanced portfolio of products which evolves to meet the needs of our clients. Investing internally in people and infrastructure while maintaining the highest quality in the factual media content we produce and manage will further mitigate these risks.

**Going Concern**

The Group's business activities and analysis for the period are detailed in the **Our Business and Review** Statement below. The financial results and cash position including borrowing facilities are described in the **Financial Review** with further details in Note 1.3 regarding going concern.

Although the company has incurred significant losses in the period, a majority of these losses are costs for provisions, restructuring, write offs and non-cash items. The Group will benefit from the recent funding activity and the cost restructurings that have taken place and the Directors believe they are beginning to have an impact on the results and financial position.

The Group continues to be successful in raising finance and implementing restructures quickly and efficiently. The Directors are confident one of the strategies will be achieved.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and has committed funding in place that the Group can call upon should it be required. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements

**Economic Environment**

The Group operates solely in the United Kingdom but with extensive international sales. As such it is impacted by the current and foreseeable significant economic challenges the UK and world economy faces. We have attempted to mitigate these risks through the considerable restructuring implemented over the last few years, enabling us to reduce headcount, move to more variable costs and restructure debt. Further we have increased our controls over working capital and expenditure.

**Publishing Advertising Revenue**

A significant proportion of our revenues derive from this sector, which tends to be cyclical and sensitive to any economic slowdown or recession. There is also increasing competition for these revenues, especially from online advertising.

We address these risks by ensuring we have a wide range of B2B clients and a mix of revenues.

**Competitive Environment**

The Group is active in highly competitive markets with low barriers to entry in some sectors. Consequently loss of clients can have a material impact on the results of the Group. We seek to mitigate this by cultivating good relations with clients and building the company's reputation for quality and reliability.

**Key Management Staff**

We operate in an industry sector that is attractive for potential employees but there is intense competition for experienced and highly skilled individuals. We face risks of failing to recruit and retain the highest qualified and able staff to deliver and grow our business. As we cannot predict the future calibre and availability of these people, we place significant emphasis on succession planning by developing and retaining management talent.

We do this by:

- Offering a number of incentive schemes to attract key senior managers and staff
- Training and motivating staff
- Career opportunities across the Group

**Our Business and Review**

**Broadcasting – *delivering engaging, intelligent and entertaining content***

*TV and Radio*

The strategy remains that of producing high quality programming under the Blakeway, Brook Lapping and Films of Record brands, content which is intelligent, engaging and entertaining and developed in close partnership with our customers, the major broadcast channels. The division continues to grow its output in various new genres, increasing its diversity and range. A key KPI has been the deliverable of a theatrical release, which was achieved in 2014 with the screening of *Hockney* in London.

As the focus of the Group is to increase the quality of its revenues, the division will be looking for strategic additions to its talent pool. In order to address this strategy, we will look for more imaginative ways to enhance our offering to attract new talent, which will inevitably call for more internal investment. We believe this investment is required to ensure we can deliver the growth strategy of the division, including development of a digital video platform.

**Publishing and Communications**

***Publishing –B2B and consumer content which informs and helps decision-making***

We have implemented a major rationalisation programme within this unit and we now believe we have the right foundations for growth. It has been a long journey for our shareholders but now that we have exclusively UK based assets managed by a focussed and streamlined team we can look at enhancing the quality of the services we provide and to further expand our offering.

We secured a 5-year renewal of one our biggest contracts, producing building services print and digital content nationwide.

The division's management has been concentrating on the delivery of increasingly high quality revenue streams and products. These will provide the ability to upscale new offerings which can expand the diversity of our client base and increase our footprint in new growth markets. Further, we have centralised our digital offering in order to deliver better products across the portfolio.

We continue to monitor advertising sales run-rates, the cost of selling and new business targets as they remain critical to the unit. To that end we have retained the same KPIs as last year, namely a return to profitability, cash generation, retention of clients and new business wins.

***Communications Agency – creating content that counts***

This division, formerly known as DBDA, was rebranded Ten Alps Communicate (www.tenalpscommunicate.com) and is expanding its offering to a more diverse client base. The aim of this division continues to be that of increased revenues, greater focus on the quality of digital offering though creative campaigns and programmes and exploitation of owned IP assets.

The unit has won important new business from Nationwide Building Society, Siemens and other major clients with products which are strong in design, animation and digital functionality. It is aiming to grow in key sectors in which it believes it has a market advantage, namely education, health, finance, environment and safety.

The KPIs will continue to be similar to previous years, including continued emphasis on increasing revenues, improving margins and controlling costs. However, to achieve future growth, the unit will look to enhance employee skills through strategic training, further develop its own IP assets and thereby expand its offering in selected sectors which are set to grow in the coming years.

**Financial Review**

We are confident the Group is now moving in the right direction. The extensive divisional consolidation programme over the last few years has been completed and the results are starting to show stability and future growth potential. We believe we have stable foundations to build upon and see an encouraging new business pipeline.

Revenue from continuing operations for the 15 month period was £29.45m (2013: 12 month period £27.64m) and gross profit increased to £9.42m (2013: £8.11m). The main variance came in Publishing, which saw revenues decrease by 26.1% or £4.49m year on year, as the unit continued to streamline its portfolio and exit non-profitable contracts.

Gross margin increased from 29.3% to 32% in the period, with operating expenses representing 35.82% of revenues (2013: 39.14%). 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 2015/16. The charge for reorganisation and restructuring was £0.33m (2013: £0.46m).

Adjusted EBITDA equated to a loss of £1.13m (2013: loss of £2.71m). Operating loss decreased to £1.99m (2013: loss of £7.64m) after an amortisation charge of £0.35m (2013: £1.04m). Impairment charge in the period was £Nil (2013: £3.18m).

The loss was mainly attributable to one of the four units within Publishing, which has since been restructured. All other parts of the businesses were operating profitably before allocation of central overheads of publishing and plc costs.

As the Group made losses for the period to 30 June there was no corporation tax charge in the period. However, the Group reflected a movement in the deferred tax asset by decreasing the asset for the period by £(0.25)m (2013: 0.23m) due to reversal of temporary differences and changes to future corporation tax rates. The asset carried on the balance sheet is £0.49m (2013: £0.74m)

Discontinued operations relate to the Fareham Agency held within Publishing which was disposed of in May 2013. The Fareham Agency was considered a non-core business unit. The results for the period include a gain on discontinued operations of £0.24m (2012: loss of £0.73m).

*Earnings per share*

Basic and diluted loss per share from continuing operations in the period was 1.01p (2013: loss 3.15p) and was calculated on the losses for the period attributable to Ten Alps shareholders of £2.8m (2013: loss £7.69m) divided by the weighted average number of shares in issue during the period being 276,666,012 (2013: 243,664,300).

*Statement of Financial Position*

*Assets*

The Group's non-current assets comprise of goodwill of £6.95m (2013: £6.95m), reflecting no impairment for the period ended 30 June 2014 (2013: charge of £3.18m), intangibles of £Nil (2013: £0.36m), property, plant and equipment of £0.19m (2013: £0.33m) and deferred tax asset of £0.49m (2013: £0.74m).

Inventories and trade receivables have decreased by £3m to £3.54m (2013: £6.54m) reflecting the impact of the disposals in the period and an inventories review which resulted in the write off of £0.2m (2013: £Nil). Other receivables have increased to £1.6m (2013: £1m) reflecting an increase in accrued income in the period.

The Group had a cash balance of £2.58m as at 30 June 2014 (2013: £3.13m). The balance is lower than last year, reflecting the unfavourable movement in net working capital in the period of £1.87m (2013: £1.51m, share issuance in 2013 and increase in gross debt from £6.87m to £8.45m).

Total assets for the Group were £15.35m (2013: £19.05m).

*Equity and Liabilities*

Retained losses as at 30 June 2014 were £22.85m (2013: losses: £20.29m) and total shareholders' equity at that date was loss of £(1.4)m (2013:asset £1.16m).

On 23 September 2013, the Group announced that it received an unsecured loan note of £1.25m for business development and general working capital requirements. As a consequence the Group had an outstanding long term debt debt of £8.45m (2013: £6.87m).

The borrowings are split into three categories. The unsecured debt facility of £4.34m (2013: £4.32m), secured loan notes of £2.67m (2013: £2.35m) and unsecured loan notes of £1.44m (2013: £0.2m). 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. Net debt as at 30 June 2014 was £5.87m (2013: £3.75m).

Current liabilities consisting of trade and other creditors have decreased by £2.71m to £8.3m (2013: £11.01m). Deferred income of £2.04m (2013: £2.54m) has decreased due to disposals in the period and clients paying later which has had an impact on the cash balance at the period end. The Group has a production finance loan of £0.45m (2013: £Nil) relating to a specific long term production and is secured on the assets of that production alone and has since been completed and repaid post 30 June 2014.

The Group had  no deferred consideration commitments in the period ending 30 June 2014 (2013: £0.1m). The amounts in 2013 relate to earn out payments due on the acquisition of Grove House Publishing.

*Cash flows*

During the period the Group took the opportunity to normalise its day to day working capital by taking a long term loan of £1.25m as mentioned above. As a consequence the Group used cash of £1.87m in the 15 month period (2013: annualised £1.51m) in its operations. The net movement in the period was a decrease in cash of £0.56m (2013: increase of £0.28m).

| | |
|---|---|
| Peter Bertram | Nitil Patel |
| Chairman | Chief Financial Officer |

# Consolidated income statement

| | Notes | **15mth Period ended 30 June 2014 £'000** | Year ended 31 March 2013 £'000 |
|---|---|---|---|
| **Continuing Operations** | | | |
| **Revenue** | 2 | **29,454** | 27,641 |
| Cost of Sales | 2 | **(20,030)** | (19,535) |
| **Gross Profit** | | **9,424** | 8,106 |
| Operating expenses before restructuring costs, depreciation, amortisation and impairment | 6 | **(10,549)** | (10,818) |
| **Adjusted EBITDA** | | **(1,125)** | (2,712) |
| Restructuring costs | | **(330)** | (461) |
| Depreciation | | **(179)** | (254) |
| Amortisation and impairment of intangible assets | 6 | **(352)** | (4,217) |
| **Operating loss** | | **(1,986)** | (7,644) |
| Finance costs | | **(570)** | (359) |
| Finance income | | **-** | 1 |
| **Loss before tax** | | **(2,556)** | (8,002) |
| Income tax (expense)/credit | | **(247)** | 230 |
| **Loss for the period/year** | | **(2,803)** | (7,772) |
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations | 3 | **243** | (727) |
| **Loss for the period/year** | | **(2,560)** | (8,499) |
| Continuing operations attributable to: | | | |
| Equity holders of the parent | | **(2,803)** | (7,772) |
| Discontinued operations attributable to: | | | |
| Equity holders of the parent | | **243** | (640) |
| Non-controlling interest | | **-** | (87) |
| | | **(2,560)** | (8,499) |
| **Basic earnings per share** | | | |
| From continuing operations | 4 | **(1.01)p** | (3.15)p |
| From discontinued operations | 4 | **0.09p** | (0.26)p |
| Total | | **(0.92)p** | (3.41)p |
| **Diluted earnings per share** | | | |
| From continuing operations | 4 | **(1.01)p** | (3.15)p |
| From discontinued operations | 4 | **0.09p** | (0.26)p |
| Total | | **(0.92)p** | (3.41)p |

The accompanying principal accounting policies and notes from part of these consolidated financial statements.

# Consolidated statement of comprehensive income

| | **15mth Period ended 30 June 2014 £'000** | Year ended 31 March 2013 £'000 |
|---|---|---|
| **Loss for the period** | **(2,560)** | (8,499) |
| **Other comprehensive income:** | | |
| Items that will be subsequently reclassified to profit and loss | **-** | - |
| Foreign investment translation differences | **-** | (14) |
| **Total comprehensive income for the period** | **(2,560)** | (8,513) |
| Attributable to: | | |
| Equity holders | **(2,560)** | (8,426) |
| Non-controlling interest | **-** | (87) |
| | **(2,560)** | (8,513) |

# Consolidated statement of financial position

| | Note | **As at 30 June 2014 £ '000** | As at 31 March 2013 £ '000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current** | | | |
| Goodwill and intangibles | 6 | **6,953** | 7,305 |
| Property, plant and equipment | | **186** | 331 |
| Deferred tax | | **493** | 742 |
| | | **7,632** | 8,378 |
| **Current assets** | | | |
| Inventories | | **989** | 1,710 |
| Trade receivables | | **2,552** | 4,828 |
| Other receivables | | **1,596** | 1,001 |
| Cash and cash equivalents | | **2,578** | 3,130 |
| | | **7,715** | 10,669 |
| **Total assets** | | **15,347** | 19,047 |
| **Equity and liabilities** | | | |
| **Shareholders' equity** | | | |
| Called up share capital | 5 | **5,534** | 5,534 |
| Share premium account | | **15,228** | 15,228 |
| Merger reserve | | **696** | 696 |
| Exchange reserve | | **-** | - |
| Retained earnings | | **(22,854)** | (20,294) |
| **Total shareholders' equity** | | **(1,396)** | 1,164 |
| **Non-controlling interest** | | **-** | - |
| **Total equity** | | **(1,396)** | 1,164 |
| | | | |
| **Liabilities** | | | |
| **Non-current** | | | |
| Borrowings | | **8,447** | 6,872 |
| Other non-current liabilities | | **-** | - |
| | | **8,447** | 6,872 |
| **Current liabilities** | | | |
| Trade payables | | **3,013** | 4,959 |
| Other payables | | **5,283** | 6,052 |
| Current tax liabilities | | **-** | - |
| Borrowings – current | | **-** | - |
| | | **8,296** | 11,011 |
| **Total equity and liabilities** | | **15,347** | 19,047 |

The consolidated financial statements were approved by the Board on 03 December 2014 and are signed on its behalf by N. Patel

# Consolidated statement of cash flows

| | Note | 15mth Period ended 30 June 2014 £'000 | Year ended 31 March 2013 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the period | | **(2,560)** | (8,499) |
| **Adjustments for:** | | | |
| Income tax expense/(credit) | | **247** | (230) |
| Depreciation | | **179** | 317 |
| Amortisation and impairment of intangibles | **6** | **354** | 4,271 |
| Finance costs | | **570** | 359 |
| Finance income | | **-** | (1) |
| Share based payment charge | | **-** | 159 |
| (Profit)/Loss on disposal of subsidiaries | | **(237)** | 255 |
| Loss on sale of property, plant and equipment | | **4** | 104 |
| | | **(1,443)** | (3,265) |
| (Increase)/decrease in inventories | | **709** | (240) |
| Decrease in trade and other receivables | | **1,483** | 4,305 |
| Decrease in trade and other payables | | **(2,323)** | (2,118) |
| Cash used in operations | | **(1,574)** | (1,318) |
| Finance costs paid | | **(295)** | (196) |
| Finance income received | | **-** | 3 |
| **Net cash flows used in operating activities** | | **(1,869)** | (1,511) |
| **Investing activities** | | | |
| Disposal of subsidiary undertakings, net of cash and overdrafts acquired | | **163** | 368 |
| Payment of contingent consideration | | **(100)** | (126) |
| Purchase of property, plant and equipment | | **(5)** | (118) |
| Proceeds of sale of property, plant and equipment | | **3** | 15 |
| **Net cash flows used in investing activities** | | **61** | 139 |
| **Financing activities** | | | |
| Issue of ordinary share capital | | **-** | 1,061 |
| Borrowings received | | **1,250** | 592 |
| Capital element of finance lease payments | | **-** | (4) |
| **Net cash flows from financing activities** | | **1,250** | 1,649 |
| Net increase/(decrease) in cash and cash equivalents | | **(558)** | 277 |
| Translation differences | | **6** | (11) |
| Cash and cash equivalents at 1 April | | **3,130** | 2,864 |
| **Cash and cash equivalents at 30 June 2014 and 31 March 2013** | | **2,578** | 3,130 |

# Consolidated statement of changes in equity

| | Note | Share capital £000 | Share premium £000 | Merger reserve £000 | Exchange reserve £000 | Retained earnings £000 | Total attributable to equity shareholders £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 year | | - | - | - | - | (8,412) | (8,412) | (87) | (8,499) |
| **Other comprehensive income** | | | | | | | | | |
| 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) |
| Dividends paid | | 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 April 2012** | | **5,534** | **15,228** | **696** | **-** | **(20,294)** | **1,164** | **-** | **1,164** |
| Loss for the year | | - | - | - | - | (2,560) | (2,560) | - | (2,560) |
| **Other comprehensive income** | | | | | | | | | |
| Translation differences | | - | - | - | - | - | - | | - |
| **Total comprehensive income** | | **-** | **-** | **-** | **-** | **(2,560)** | **(2,560)** | **-** | **(2,560)** |
| Equity-settled share-based payments | | - | - | - | - | - | - | - | - |
| Disposal of non-controlling interest | | - | - | - | - | - | - | - | - |
| Shares issued | | - | - | - | - | - | - | - | - |
| **Balance at 30 June 2014** | | **5,534** | **15,228** | **696** | **-** | **(22,854)** | **(1,396)** | **-** | **(1,396)** |

## 1) ACCOUNTING POLICIES

### 1.1) General Information

Ten Alps plc and its subsidiaries (the Group) is a multi-media Group which produces high quality TV and radio together with integrated publishing and communications content.

Ten Alps plc is the Group's ultimate parent and is a public listed company incorporated in Scotland. The address of its registered office is 7 Exchange Crescent, Conference Square, Edinburgh EH3 8AN. Its shares are traded on the AIM Market of the London Stock Exchange plc (LSE:TAL).

These consolidated financial statements have been approved for issue by the Board of Directors on 03 December 2014.

### 1.2) Basis of Preparation

The Group's accounting policies are consistent with those applied in the year to 31 March 2013, amended to reflect any new standards. The adoption of new standards in the year has not resulted in a significant impact to the group's accounting policies. The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial information contained in this document does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006. The consolidated statement of financial position as at 30 June 2014 and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement, consolidated statement of changes in shareholders' equity and associated notes for the year then ended have been extracted from the Group's 2014 statutory financial statements upon which the auditors' opinion is unqualified, and does not include any statement under Section 498 (2) or (3) of the Companies Act 2006.

During the period the Group changed its financial year end from 31 March to 30 June. Accordingly, the Group's audited accounts cover the 15 months to 30 June 2014, with the comparative period being for the 12 months ended 31 March 2013. Subsequent financial years will end on 30 June in the relevant year. The Board took this decision in order to reflect the new cyclical nature of the business units.

The financial information relating to the period ended 30 June 2014 has not yet been filed with the Registrar of Companies. Copies of the Company's Annual Report and Accounts for 2014 will be sent to shareholders as soon as practicable and will also be made available on the Company's website. The Annual General Meeting of the Company will be convened at 9:00am, on 31 December 2014, at Grant Thornton UK LLP, 30 Finsbury Square, London, EC2P 2YU.

### 1.3) Going Concern

Although the Group has incurred significant losses during the period, it has completed and implemented significant funding activities, disposals and cost restructurings to mitigate this. The Group has long term debt due in February and March 2016 on which the financial covenants have been waived by the debt holders.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current financing.

Management's strategy has been incorporated into scenario based forecasts which highlight the Group's need to raise additional finance and/or dispose of assets, however certain mitigating actions could be taken to manage cash resources if required.

The Group continues to be successful in raising finance and implementing restructures quickly and efficiently. The Directors are confident one of the strategies will be achieved.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and has committed funding in place that the Group can call upon should it be required. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

## 2) SEGMENTAL INFORMATION

Management currently identifies the Group's three service lines as two operating segments, Broadcast and Publishing and Communications, with the latter housing Publishing and Agency and further described in the accounting policy note. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

In addition, items included under 'Central and Plc' relate mainly to Group activities based in the United Kingdom.

| | **Publishing** | | **Broadcast** | | **Agency** | | **Central and PLC** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| **Continuing Operations** | **£ '000** | £ '000 | **£ '000** | £ '000 | **£ '000** | £ '000 | **£ '000** | £ '000 | **£ '000** | £ '000 |
| Revenue | **15,874** | 17,189 | **10,733** | 8,294 | **2,423** | 2,158 | **424** | - | **29,454** | 27,641 |
| EBITDA | **(733)** | (2,337) | **321** | 510 | **152** | 46 | **(865)** | (932) | **(1,125)** | (2,713) |
| Restructuring costs | **(284)** | (384) | **-** | (25) | **(45)** | (27) | **-** | (25) | **(329)** | (461) |
| Depreciation | **(111)** | (173) | **(51)** | (61) | **(17)** | (16) | **-** | (3) | **(179)** | (253) |
| Amortisation | **16** | (944) | **-** | - | **(74)** | (244) | **(295)** | 146 | **(353)** | (1,042) |
| Impairment loss | **-** | - | **-** | - | **-** | - | **-** | (3,175) | **-** | (3,175) |
| Operating (loss)/profit | **(1,112)** | (3,838) | **270** | 424 | **16** | (241) | **(1,160)** | (3,989) | **(1,986)** | (7,644) |
| **Segment Assets** | **8,709** | 11,415 | **5,101** | 4,831 | **1,600** | 1,677 | **(63)** | 1,124 | **15,347** | 19,047 |
| **Segment Liabilities** | **(4,140)** | (7,344) | **(2,661)** | (2,354) | **(512)** | (447) | **(9,430)** | (7,738) | **(16,743)** | (17,883) |
| **Other Segment Items:** | | | | | | | | | | |
| Expenditure on intangible assets | - | - | **-** | - | **-** | **-** | **-** | - | - | - |
| Expenditure on tangible assets | **4** | 106 | **-** | 5 | **1** | 7 | **-** | - | **5** | 118 |

The internal reporting of the Group's performance does not require that costs and/or Statement of Financial Position information are gathered on the basis of the geographical streams.

The Group's principal operations are in the United Kingdom. Its revenue from external customers in the United Kingdom is £25.12m (2013: £24.18m), and the total revenue from external customers in other countries is £4.33m (2013: £3.46m).

## 3) DISCONTINUED OPERATIONS

During the period to 30 June 2014, the Fareham Agencies unit in the Publishing and Communications division 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 on-going Publishing units overall Group restructuring.

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

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Revenue** | **333** | 6,954 |
| Cost of sales | **(250)** | (5,264) |
| **Gross Profit** | **83** | 1,690 |
| Operating expenses | **(77)** | (2,030) |
| Reorganisation and restructuring costs | **-** | (282) |
| Depreciation | **(1)** | (117) |
| **Operating profit/(loss)** | **5** | (739) |
| Finance income | **-** | 2 |
| **Profit/(Loss) before tax** | **5** | (737) |
| Taxation | **-** | 10 |
| **Pre-tax gain on disposal of discontinued operations** | **238** | |
| **Profit/(Loss) for the year from discontinued operations** | **243** | (727) |

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

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Operating cash flows | **110** | (872) |
| Investing cash flows | **-** | (72) |
| Financing cash flows | **-** | - |
| **Total cash flows** | **110** | (944) |

**4) EARNINGS PER SHARE**

| | 2014 | 2013 |
|---|---|---|
| **Weighted average number of shares used in basic earnings per share calculation** | **276,666,012** | 243,664,300 |
| Dilutive effect of share options | - | - |
| **Weighted average number of shares used in diluted earnings per share calculation** | **276,666,012** | 243,664,300 |
| | **£'000** | £'000 |
| **Loss for period attributable to shareholders** | **(2,803)** | (7,685) |
| Amortisation and impairment of intangible assets adjusted for deferred tax impact | 327 | 4,103 |
| Restructuring | 329 | 461 |
| Gain on extinguishment of bank debt | - | - |
| Share-based payments | - | 159 |
| **Adjusted loss for period attributable to equity holders of the parent** | **(2,147)** | (2,962) |
| | | |
| **Profit/(Loss) for year from discontinued operations attributable to shareholders** | **243** | (640) |
| | | |
| **Continuing operations:** | | |
| Basic Loss per Share | **(1.01)p** | (3.15)p |
| Diluted Loss per Share | **(1.01)p** | (3.15)p |
| Adjusted Basic Loss per Share | **(0.78)p** | (1.22)p |
| Adjusted Diluted Loss per Share | **(0.78)p** | (1.22)p |
| **Discontinued operations:** | | |
| Basic Profit/(Loss) per Share | **0.09 p** | (0.26)p |
| Diluted Profit/ Loss per Share | **0.09 p** | (0.26)p |

## 5) SHARE CAPITAL

| | **2014** Shares | Share capital £'000 | Share premium £'000 | 2013 Shares | Share capital £'000 | Share premium £'000 |
|---|---|---|---|---|---|---|
| Authorised ordinary shares of 2p each | **No Maximum** | **N/A** | | No maximum | N/A | |
| **Allotted, called up and fully paid ordinary of 2p each:** | | | | | | |
| At start of year | **276,666,012** | **5,534** | **15,228** | 132,541,012 | 2,651 | 14,630 |
| Shares issued as consideration | **-** | **-** | **-** | - | - | - |
| Shares issued as remuneration | **-** | **-** | **-** | 10,800,000 | 256 | 35 |
| Shares issued as private placement | **-** | **-** | **-** | 133,325,000 | 2,627 | 563 |
| **At end of period/year** | **276,666,012** | **5,534** | **15,228** | 276,666,012 | 5,534 | 15,228 |

## 6) INTANGIBLE ASSETS

| | **Goodwill £'000** | **Customer Relationships £'000** | **Magazine titles £'000** | **Customer Contracts £'000** | **Websites £'000** | **Total £'000** |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 April 2012 | 26,013 | 3,818 | 1,753 | 171 | 1,310 | 33,065 |
| Revaluation of contingent consideration | - | - | - | - | - | - |
| Disposals & retirements | (351) | - | (651) | - | - | (1,002) |
| Exchange movements | - | - | 16 | - | - | 16 |
| At 31 March 2013 | 25,662 | 3,818 | 1,118 | 171 | 1,310 | 32,079 |
| Additions | - | - | - | - | - | - |
| Internal development | - | - | - | - | - | - |
| Revaluation of contingent consideration | - | - | - | - | - | - |
| Disposals & retirements | - | - | - | - | - | - |
| Exchange movements | - | - | - | - | - | - |
| **At 30 June 2014** | **25,662** | **3,818** | **1,118** | **171** | **1,310** | **32,079** |
| **Amortisation** | | | | | | |
| At 1 April 2011 | (15,617) | (3,158) | (1,335) | (144) | (758) | (21,012) |
| Charge for the year | - | (570) | (251) | (27) | (248) | (1,096) |
| Impairment charge | (3,175) | - | - | - | - | (3,175) |
| Disposals & retirements | 27 | - | 494 | - | - | 521 |
| Exchange movements | - | - | (12) | - | - | (12) |
| At 31 March 2013 | (18,765) | (3,728) | (1,104) | (171) | (1,006) | (24,774) |
| Charge for the year | - | (90) | (14) | - | (248) | (352) |
| Impairment charge | - | - | - | - | - | - |
| Disposals & retirements | - | - | - | - | - | - |
| Exchange movements | - | - | - | - | - | - |
| **At 30 June 2014** | **(18,765)** | **(3,818)** | **(1,118)** | **(171)** | **(1,254)** | **(25,126)** |
| **Net Book Value** | | | | | | |
| **At 30 June 2014** | **6,897** | **-** | **-** | **-** | **56** | **6,953** |
| **At 31 March 2013** | 6,897 | 90 | 14 | - | 304 | 7,305 |

### Goodwill
Goodwill arising on acquisitions after the date of transition to IFRS is attributable to operational synergies and earnings potential expected to be realised over the longer term.

### Customer Relationships
Customer relationships relating to contract publishing relationships are amortised over an 8 year period which is representative of the average length of the contract publishing relationships acquired.

### Magazine Titles
Magazine titles are magazines for which the intellectual property is wholly owned by the company.

**Websites**
Development costs of revenue generating websites are capitalised as intangible assets.

**Impairment Tests for Goodwill**
The carrying amount of goodwill by operating segment is:

| | **2014** | 2013 |
|---|---|---|
| | **£'000** | £'000 |
| Publishing | **4,399** | 4,399 |
| TV | **1,611** | 1,611 |
| Agency | **887** | 887 |
| **Total** | **6,897** | 6,897 |

Goodwill is not amortised but tested annually for impairment with the recoverable amount being determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rates and forecasts in income and costs.

The Group assessed whether the carrying value of goodwill was supported by the discounted cash flow forecasts of operating segment based on financial forecasts approved by management covering a seven-year period, taking in to account both past performance and expectations for future market developments. Management has used a seven year model predominately because the earnout models used on acquisitions have been based on seven year scenarios. Management estimates the discount rate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to media businesses.

In assessing the divisions the Group reviewed the management forecasts for a projection of 2 years at 2% for 2015 and 2.5% for 2016 in line with long term growth rate. Management believe this rate does not exceed the growth rate of the industry and the UK economy in the long term. After the 2 year period, management reflected the significant cost benefits and restructure incurred by the Group over the last three years into the forecasts and concluded that no further benefit or growth rate would be applied thereafter. The management forecasts include restructurings which have been completed prior to 30 June 2014.

In evaluating the recoverable amount, we employ the discounted cash flow methodology, which is based on making assumptions and judgements on forecasts, margins, discount rates and working capital needs. These estimates will differ from actuals in the future and could therefore lead to material changes to the recoverable amounts.

The discount rate applied across all the segments for 2014 was 7.5% (2013: 9.3%). The reduction reflects the weighting of the debt and equity valuation of the Group, the overall calculation and methodology remains unchanged from prior periods. As the overall debt has increased and the equity value decreased in the period, the discount rate has fallen to reflect the lower debt borrowing costs. A sensitivity analysis of an increase in the discount rate by 2% is shown below.

**Broadcast**
A pre-tax discount rate of 7.5% (2013: 9.3%) has been used. The main assumptions on which the forecast cash flows were based include revenue growth and margin growth. All key assumptions used by management within the cash flow forecasts are based on past experience, sector experience.
**Publishing**
A pre-tax discount rate of 7.5% (2013: 9.3%) has been used. The main assumptions on which the forecast cash flows were based include revenue growth and margin growth. All key assumptions used by management within the cash flow forecasts are based on past experience, sector experience.
**Agency**
A pre-tax discount rate of 7.5% (2013: 9.3%) has been used. The main assumptions on which the forecast cash flows were based include revenue growth and margin growth. All key assumptions used by management within the cash flow forecasts are based on past experience, sector experience.

Changes in these assumptions can have a significant effect on the recoverable amount and therefore the value of the impairment recognised.

| Assumption | Judgement | Sensitivity |
|---|---|---|
| Discount Rate | As indicated above the rate used is 7.5% | An increase in the discount rate by 2% will result in a decrease in the overall goodwill carried at the period end by £0.29m. A decrease in the discount rate by 1% will not result in an impairment charge. |
| Growth Rate and Strategic plans | A rate of 2% and 2.5% has been used for the first 2 years respectively. | If 0% growth rate was applied and all benefits from the restructuring and reorganisation were eliminated then the Publishing unit would be impaired by £3.21m and Agency by £0.36m. Broadcast division would not be impaired. |
| Cashflows | Cash collection is consistent with previous years with no significant bad debts being incurred due to write offs taken in the previous years and provisions for this period. | A 15% fall in cashflow estimates would result in an overall impairment of £0.79m in the period. |