

Ten Alps PLC

Interim Results for the six months period ended 30 September 2008

Ten Alps Plc ("Ten Alps" or the "Company" or the "Group"), the factual media company, announces interim results for the six month period ended 30 September 2008.

Ten Alps produces and sells business-to-business ("B2B") and public sector media content - online, on TV and in print. It is expanding particularly fast in online B2B video, and has announced today a significant trade deal with BT Tradespace, a division of British Telecom ("BT").

With revenues expected to be significantly weighted towards the second half of the financial year, the Company is on track for its seventh consecutive year of growth.

Trading since September has been on target with operating margins improved.

Headlines

- Detailed strategy to 2012 outlined below
- Consolidating strong position in B2B and public sector media, with B2B online video as a unique skill of the group
- Deal today with BT Tradespace to provide online video advertising production to its 200,000 customers is a major opportunity
- Launch today of specialist online video channel GPtv aimed at health professional working across primary care
- Ten Alps now have over 40 staff fully employed making or selling online video, plus the 40-strong Teachers TV team.

Financial Highlights

- Revenues of £37.1m (2007: £37.6m)
- Gross profit up by 11.3% to £11.8m (2007: £10.6m)
- EBITDA up by 8.7% to £2.5m (2007: £2.3m)
- Operating profit down 3.4% to £1.74m (2007: £1.8m) due to increased amortisation charge of £334,000 (2007: £168,000)
- Adjusted Basic EPS down 13.1% to 2.13p (2007: 2.45p) due to increased finance charges
- Expenses of £130,000 to execute cost reductions incurred during the period

Operational Highlights for the six month period

- Began a second Teachers TV contract worth £50m+
- Strong sales, performance and 2008-9 visibility in specialist factual TV
- Revenues resilient in all Communications units with underlying advertising growth at 3.8%
- Launched 13 new owned print titles and 3 new owned events
- Won net 13 new publishing contracts and net 14 new communications projects
- Retained largest advertising client – Caravan Club
- Acquired Films of Record – specialist factual TV producer with strong slate of projects
- Launched TV operation in Manchester with work for Sky, BBC, and ITV
- Acquired Twenty First Century Media, adding to strong online video growth

Commenting today Alex Connock, Chief Executive of Ten Alps, said:

“The strategy to 2012 is about market leadership in factual online TV – both public sector and B2B. We are deploying our skills, scale and assets in TV, online and print production to that end. Serious times call for serious media - and this year there has been robust demand for our kind of content.”

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Chairman's Statement

Ten Alps produces and sells B2B and public sector factual media, with a unique selling point as an online video specialist.

Since April, it has been a challenging nine months but the Company has performed well and is on track to meet market expectations.

Rapid progress is being made in the provision of online video to both B2B and public sector customers, and today the Company is providing not only a detailed overview of our trading and output, but also the our long term plan to turn Ten Alps into a substantial media asset by 2012.

Brian Walden, Chairman

Chief Executive's Statement and outline of Strategy to 2012

During the past 9 months the Company's output has benefited from its large proportion of public sector and fee-based work with the B2B advertising component holding up well. The Company has also reduced costs substantially and taken significant steps in the online space.

The Company's content division (producing TV and public sector online TV) has good prospects in place for the remainder of the financial year and has enjoyed a strong first six months. The demand for factual TV has increased since the current recession began, and we believe this will continue.

The Communications division (including publishing, website, event management, video production and specialist communication services) has also had a strong six months. In this challenging advertising market it is the Company's goal to maintain the current performance by focusing on the Group's trade-specific titles in the coming quarters. The Company has maintained that there is little correlation between niche business advertising and traditional B2C advertising benchmarks, and this has been the illustrated by an underlying growth in advertising revenues of 3.8% in the first six months compared to the prior year.

Product and business development has been strong in the period with the launch of 13 new owned print titles and 3 new owned events. The Company also won 13 new publishing contracts, 14 new communications projects and the publishing operation successfully retained its largest advertising client, The Caravan Club.

The Company's cash flow remains strong and the Company will see additional benefits from the reductions in costs made during the Summer of 2008.

The Company continues to develop its B2B online TV offering and today's announcement of a deal with BT Tradespace further underlines this progress. The Company now has over 40 staff fully employed in either making or selling online video, plus an additional 40 staff working exclusively on Teachers TV. As one of the early national players, the Company are effectively creating the online video advertising market in B2B and the board of directors (the "Board") believes that this market has major potential.

The drop in pre-tax profit is due to an increased amortisation charge on acquisitions related to our adoption of IFRS last year, and interest rates pushed up by LIBOR during the period. The decrease in cash from the same period last year is due to an adjustment in payment timings from Teachers TV. We have not categorised as exceptional the £130k in redundancy costs which we incurred during the Summer.

The Board continues to ensure the business is in the best possible position for the closing months of this financial year, despite the current unpredictable economic climate.

Overview of output

Ten Alps produces and sells business to business and public sector factual media, with a unique selling point: online TV.

Client Base

The Company's client base is business to business ("B2B") (24% by revenue), public sector (37%), publisher (17%), business to consumers ("B2C") (8%) and broadcast (14%) and derive from an attractive sector spread across the economy.

Health	11%	Education	20%
Technology	3%	Broadcast	14%
Defence	1%	Transport	3%
Finance	1%	Infrastructure	2%
Lifestyle	15%	Commerce	13%
Government	10%	Marine	2%
Grey	5%		

Sources of revenue

Based on the Company's client relationships, Ten Alps' income is split between fee (59%) and advertising (41%). The advertising is split further into contract (20%), owned titles (13%) and sales agent (8%).

The advertising component of the Company's income, of which a significant proportion is derived from B2B, is believed by the Board and the management team to be robust for the following reasons:

- It is derived from a wide spread of some 700 titles, contracts and sectors in niche B2B, professional and public sector fields
- The purely advertising based revenue model can be balanced by having a fee relationship with the client. For example, the Company has seen a shift toward fee based contract publishing models in the medical sector. As recruitment advertising expenditure has reduced in this sector, clients have engaged with Ten Alps via a service fee instead of an advertising sales model.
- Ten Alps has historically been very successful in being able to secure new business or new products to replace any titles it has lost. For example, the Company has won new contracts with the British Retail Consortium, Oxford University Press, The British Wind Energy Association and launched new owned products, such as the Sustainable Communities conference, the Central Government Project Management event, pre clinical medical publications and the Home and Build website in the last six months.
- Ten Alps has also a strong record of being able to balance any loss with product specification changes. For example it has managed a notable shift in the last six months toward digital distribution rather than the physical distribution of printed material which offers significant savings in print and carriage costs and will aid margin build in the medium term
- Advertising sales staff (of whom Ten Alps employs around 300) have 'scaleable' pay which is related to their delivery of sales, giving a variable, sales-correlated cost base. Ten Alps manages its cost of selling in each of its operating units by exercising these sales resource and reward packages against the commercial revenues available and the contractual models at play. In other words, Ten Alps has a degree of built-in flexibility in its operational gearing.

Market-leading in online video – a key USP

There are three elements to Ten Alps growth in online video: public sector, B2B online video advertising production, and the creation of commercial online video channels.

In public sector online video channels, the success of *Teachers TV* and *Kent TV* has established a market-leading reputation. Ten Alps is currently involved in several other significant tender processes and there is further scope for major expansion.

In the nascent UK B2B online video advertising market, Ten Alps has also played a leading role. The Company believes there are no other national players visible at present. This has been achieved in three ways:

- The acquisition of the thriving online video advertising production company Twenty First Century Media (Newcastle-based)

- The agreement, announced today with BT Tradespace whereby Ten Alps becomes the default producer of competitively-priced online video advertising for customers on this major business portal.
- The Company's drive to increase its resources dedicated to the sale of on line video advertising.

Finally, in the provision of commercial B2B online video channels Ten Alps has a strong market position. These channels use the client-funded or advertising-funded business model in a similar way to the contract publishing models in which Ten Alps has great experience and success. Ten Alps' online channels include *Optometry TV*, *Vets TV* and *GPTV* (which was launched today) which will all be consolidated within *Public TV* which will be launched in January 2009 with a large database and up to 200 channels.

Creative work with asset value

Ten Alps continues to produce high impact factual and specialist programming for BBC, Channel 4, Discovery US and other major broadcast channels. Notable programmes in this six month period have included *The Faker 9/11(C4)*, *Crippen (Five)*, *Attack on the Pentagon (Discovery US)*, *Sleepers (ITV1)*, *The Lost Prince (C4)* and *The Trouble with British Airways (Dispatches- C4)*.

Notable other productions ongoing include *Iran and the West (BBC2)*, *Versailles-The Dream of a King (BBC2)*, *Binmen (C4)*, *UR50 VAIN (C4)*, *Wall Street Crash (BBC2)*, *Children of Congo (Dispatches- C4)* and *A Mother Like Alex (Sky Real Lives)*.

This factual TV production has value in two respects:

- As a creative business in its own right, this kind of programme production can be journalistically important, creatively rewarding and above all profitable,
- It gives credibility to the Company's proposals to win other large public sector content contracts, and the Board believes that Ten Alps would not have won the £50m Teachers TV contract had it not been a credible producer of factual programming.

Strategy to 2012

The strategic goal to keep building Ten Alps as a substantial media asset remains the same.

The Board are now putting in place long term plans to continue the seven years of unbroken growth Ten Alps has had since listing in 2001. Below we set out our three-year strategy to the beginning of 2012, focussing specifically on three fronts:

- Expanding the Company's existing output
- Growing new markets
- Increasing margins and profits

Expanding the Company's existing output

In online TV, the Group continues to develop new features for its existing public sector channels, such as the geography-based *What's On in Kent* guide, which was launched on *Kent TV* in October. Outside of the public sector, the Group are creating

commercially-funded niche online video channels on an “own-title” publishing model, such as *OPTV* (Optometrists TV, launched in November), *GPTV* (launched today) and Public TV (an overall portal, expected to re-launch in January 2009.)

In specialist factual TV, constant innovation and development are essential to a competitive offering. The addition of Films of Record (acquired in July 2008) to the Group's existing companies, Brook Lapping and Blakeway, was a major step forward in this respect. The Company has turned our Kentish Town office (three storeys with approximately 80 staff) into one of the most creatively productive documentary units in Britain, broadcasters included, where an efficient back office structure supports distinct editorial operations.

The Board believes this approach is working well, and the structure is in place for this to continue to be successful. Currently programmes are being made for Channel 4 (including numerous *Dispatches* documentaries), BBC (including forthcoming major political series on *Iran* and *Chinese Communism* and *Great Ormond Street*), Discovery US (major docudramas), *Teachers TV* (around 5 series at any given time), BBC Radio 2, 3 and 4, and other broadcasters. Ten Alps' strategy is to grow all of its factual TV brands and develop new broadcast markets. Small, regional, tactical acquisitions in this space are possible in the next few months.

Equally important is to deploy the Group's expertise to win even more public sector business. TV journalism remains a key, stated requirement in all current public sector tenders underway. This factor alone is a key reason why TV production remains core to the Group, quite apart from its considerable merits as a standalone business.

Ten Alps is also taking steps to develop its portfolio of owned assets on the communications side of the business, particularly in events which are in themselves brand extensions of existing successful publishing titles. A good example of this would be the Passenger Transport Events, where the Group achieved £160,000 of revenue arranging six events during the first half. A further six events are planned for the full financial year which will cover topics such as Energy and Environment and Rail 2009.

Growing New Markets

In online video, Ten Alps is not just competing for an increased market share, but actually creating the market.

The Company is working in three key categories on this development:

- Sales of online video advertising production,
- Creation and sale of commercial online video channels, and
- Creation with major partners of new content-driven online TV sites.

In the first category - online video advertising sales - the Group can illustrate its market creation with today's BT Tradespace agreement, where Ten Alps is joining forces with BT to offer video advertising production services to 200,000 business customers for the first time.

Ten Alps' units in London, Manchester and Newcastle are achieving strong sales in online video production. The Board believes that this service is particularly popular and it is an area that can only grow as offline directories lose favour and small businesses look for a marketing outlet with online video being an attractive solution. Ten Alps offers online video production for videos to be used both on companies own websites and on a syndicated basis across other sites and directory sites.

For the second category – commercial online video channel creation – Ten Alps is exploiting the expertise, business models and client relationships across its 700 contract publishing customers to create new, financially viable niche online channels. The Group has barely begun tapping into its existing customer base and there are exciting possibilities, as illustrated by the enthusiasm of Ten Alps' advertising sales directors, to migrate offline products in healthcare and other fields to online video.

The Company is pioneering video publishing for vets, optometrists and GPs with the business models mirroring the contract publishing arrangements with trade organisations. The Group's target is to have a healthy portfolio of these channels in the next year or so.

Through its corporate video production unit Twenty First Century Media, Ten Alps is able to produce larger films and to take advantage of economies of scale. The Board believes the BT Tradespace deal could create further advertising revenues.

In the final category - channel creation with partners – Brook Lapping, Ten Alps' documentary production subsidiary, is developing *Newton TV* with the Science Museum and the Royal Institution which is an editorially high-end, but accessible, video science channel. The business model aims to be a hybrid for public sector funding, advertising and sponsored-content. This is a project for 2009 and, whilst attractive to Ten Alps, will be contingent on its own discreet investment funding from third parties.

Other channel ideas are being worked on, and they all have potential global appeal, since online TV is not constrained by the same geographic boundaries as terrestrial or satellite TV.

Growing margins and profits

Both the above categories have the potential to increase profits, but there has been and will continue to be a degree of re-engineering of the business, aimed at fundamentally changing how margins are earned.

Firstly, Ten Alps aims to improve margins in the communications division, which over the next three years will be a major value driver. One component of this will be a overhead reduction in the final remaining areas where cost inefficiencies remain. At the same time the Board believes margin growth can be further improved by stronger utilisation of our buying power in both print and IT, and through migrating print products online. Additionally the product range of the communications division will be partially rationalised with a move to owned assets which deliver higher margins.

Second, in the content division, the Company will make moves to target “series-based” TV production rather than one-off productions and, where possible, reduce staff overheads across the entire Group. In addition the Board intends to have an appraisal of our facilities with the aim of reducing cost, improving occupancy, and driving further efficiencies through the pooling central services.

Alex Connock, Chief Executive

Finance Director's Statement

The first half of the year has seen Ten Alps maintain a steady course despite the market becoming increasingly difficult.

Group revenue was marginally down by 1.1% to £37.1m (2007: £37.6m) with gross profit increasing by 11.3% to £11.8m (2007: £10.6m) signifying that we were able to control costs.

Gross margin has improved from 28.2% to 31.8% in the year. Administrative expenses have also increased as a percentage and now represent 26.4% of revenue (2007: 23%), reflecting the full impact of the acquisitions and costs of redundancies during the period. Last year's acquisitions have meant that the Group's revenues will now normally be more weighted than previously towards the second half of the year.

EBITDA or headline profit, a key performance measure used by the Board, increased by 8.7% to £2.5m (2007: £2.3m), even after the continued investment in the online strategy, TV development and redundancy costs. Operating profit was down 3.4% to £1.74m (2007: £1.8m) after an amortisation charge of £334,000 (2007: £168,000).

For the period to 30 September 2008, the Group paid tax at a rate of 28% on profits chargeable to corporation tax. However the effective rate is lower (20.9%), driven by utilisation of losses acquired in the period and in preceding years and an overprovision in the prior year.

Earnings per share

Basic earnings per share in the year was 1.64p (2007: 2.20p) and was calculated on the profits after taxation of £0.85m (2007: £1.15m) divided by the weighted average number of shares in issue during the period being 52,243,005 (2007: 52,157,080). The number of shares has increased due to employees exercising share options during the period, performance targets being met by certain employees, and payment of an element of an earn out in shares.

Diluted basic earnings per share in the year was 1.61p (2007: 2.16p) and is based on the basic earnings per share calculation above, except that the weighted average number of shares includes all dilutive share options granted as if those options had been exercised on the first day of the accounting year or the date of the grant, if later.

This gives a weighted average number of shares in issue of 52,815,409 (2007: 53,247,229) reflecting the impact of the outstanding share options as at 30 September 2008.

Balance Sheet

The Group continues to maintain a significant cash balance and held £7.5m as at September 2008 (2007: £10.8m). The balance is £3.3m lower than at the last comparative reflecting the decreased contract value of the new Teachers' TV contract. However, the Group's net current assets have improved to £2.4m (2007: £0.8m).

The Group has provided for deferred consideration of £3.2m (2007: £2.4m) on the balance sheet of which £0.77m (2007: £Nil) is due after more than one year. These relate to earn out payments due to be made over the next few years in relation to the acquisitions of Mongoose Media, Atalink and DBDA.

As at the period end, the Group had outstanding bank loans of £14.45m (2007: £12.05m) of which £11.95m (2007: £8.8m) is due after more than one year. The Group also had outstanding media loans of £317,000 at the year end (2007: £274,000).

Shareholders' Equity

Called up share capital increased to £1.05m (2007: £1.042m) and the share premium increased to £7.37m (2007: £7.2m).

Retained earnings as at 30 September 2008 were £6.48m (2007: £4.2m) and total shareholders' equity at that date was £17.83m (2007: £15.39m)

Minority Interests

Minority interest in the income statement reflects the *Teachers' TV* consortium members share in the year being 25% (2007: 30%). The balance as at 30 September 2008 was £279,000 (2007: £352,000).

Nitil Patel, Finance Director

Ten Alps Plc

Condensed Consolidated Interim Financial statements for the period ended 30 September 2008

Condensed consolidated interim income statement

	6 months to 30 September 2008 (Unaudited) £'000's	6 months 30 September 2007 (Unaudited) £'000's	Year to 31 March 2008 (Audited) £'000's	
	Notes			
Revenue	37,143	37,566	81,389	
Operating costs before amortisation of intangible assets	(35,071)	(35,599)	(76,766)	
Earnings before interest, tax and amortisation (EBITA)	2,072	1,967	4,623	
Amortisation of intangible assets	(334)	(168)	(765)	
Total operating costs	(35,405)	(35,767)	(77,531)	
Operating profit	1,738	1,799	3,858	
Finance costs	(622)	(410)	(1,060)	
Finance income	134	105	354	
Profit before tax	1,250	1,494	3,152	
Income tax expense	(261)	(202)	(324)	
Profit for the period	989	1,292	2,828	
Attributable to:				
Equity holders of the parent	855	1,150	2,533	
Minority interest	134	142	295	
	989	1,292	2,828	
Basic earnings per share	5	1.64 p	2.20 p	4.87 p
Diluted earnings per share	5	1.61 p	2.16 p	4.79 p

Ten Alps Plc
Condensed Consolidated Interim Financial statements for the period ended 30
September 2008

Condensed consolidated interim balance sheet

	30 September 2008 (Unaudited) £ '000	30 September 2007 (Unaudited) £ '000	31 March 2008 (Audited) £ '000
Note			
Assets			
Non-current			
Goodwill	23,279	18,766	23,106
Other intangible assets	3,848	3,903	4,023
Property, plant and equipment	1,792	1,744	1,870
	28,919	24,413	28,999
Current assets			
Inventories	4,044	3,586	3,603
Trade and other receivables	18,037	16,300	19,459
Cash and cash equivalents	7,525	10,812	11,148
	29,606	30,698	34,210
Liabilities			
Current liabilities			
Trade and other payables	(23,889)	(25,699)	(29,473)
Current tax liabilities	(421)	(622)	(539)
Borrowings & other financial liabilities	(2,882)	(3,609)	(3,642)
Derivative financial instruments	(20)	-	(25)
	(27,212)	(29,930)	(33,679)
Net current assets	2,394	768	531
Non-current liabilities			
Borrowings & other financial liabilities	(12,002)	(8,800)	(10,564)
Derivative financial instruments	(12)	-	(25)
Deferred tax	(192)	(400)	(128)
Other liabilities	(1,002)	(235)	(1,888)
	(13,208)	(9,435)	(12,605)
Net assets	18,105	15,746	16,925
Equity			
Called up share capital	6	1,050	1,042
Share premium account	6	7,365	7,198
Merger reserve		2,930	2,930
Retained earnings		6,481	4,224
		17,826	15,394
Total attributable to equity shareholders of parent		17,826	16,780
Minority interest		279	145
Total equity		18,105	16,925

Ten Alps Plc
Condensed Consolidated Interim Financial statements for the period ended 30
September 2008

Condensed consolidated interim cash flow statement

	6 months to 30 September 2008 (Unaudited) £ '000	6 months to 30 September 2007 (Unaudited) £ '000	Year to 31 March 2008 (Audited) £ '000
Cash flows from operating activities			
Profit for the period	989	1,292	2,828
Adjustments for:			
Income tax expense	261	202	324
Depreciation	428	360	767
Amortisation and impairment of intangibles	334	168	765
Finance costs	622	410	1,060
Finance income	(134)	(105)	(354)
Share based payment charge	66	10	13
(Profit)/loss on sale of property, plant and equipment	-	(4)	(5)
	2,566	2,333	5,398
(Increase)/decrease in inventories	(438)	(373)	874
Decrease/(increase) in trade and other receivables	1,909	(4,166)	(7,152)
Decrease in trade and other creditors	(5,288)	(428)	(870)
Cash (used in)/generated from operations	(1,251)	(2,634)	(1,750)
Finance costs paid	(946)	(410)	(1,010)
Finance income received	134	105	354
Foreign exchange loss on media loans	-	10	19
Tax paid	(368)	(137)	(315)
Net cash flows (used in)/from operating activities	(2,431)	(3,066)	(2,702)
Investing activities			
Acquisition of subsidiary undertakings, net of cash and overdrafts acquired	(490)	(1,943)	(2,823)
Payment of deferred consideration	(1,093)	-	-
Purchase of property, plant and equipment	(241)	(460)	(961)
Proceeds of sale of property, plant and equipment	-	64	131
Development of websites	(54)	-	(106)
Net cash flows used in investing activities	(1,878)	(2,339)	(3,759)
Financing activities			
Issue of ordinary share capital	10	9	9
Borrowings repaid	-	(34)	(1,000)
Borrowings received	700	1,900	4,600
Capital element of finance lease payments	(24)	(26)	(8)
Dividends paid to minority interests	-	-	(360)
Net cash flows from financing activities	686	1,849	3,241
Net decrease in cash and cash equivalents	(3,623)	(3,556)	(3,220)
Cash and cash equivalents at 1 April	11,148	14,368	14,368
Cash and cash equivalents	7,525	10,812	11,148

Condensed consolidated interim statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total £000	Minority interest £000	Total equity £000
Balance at 1 April 2007	1,041	7,190	2,930	3,064	14,225	210	14,435
Profit for the Period	-	-	-	1,150	1,150	142	1,292
Total recognised income and expense	-	-	-	1,150	1,150	142	1,292
Equity-settled share-based payments	-	-	-	10	10	-	10
Dividends paid	-	-	-	-	-	-	-
Shares issued	1	8	-	-	9	-	9
Balance at 30 September 2007	1,042	7,198	2,930	4,224	15,394	352	15,746
Balance at 1 April 2007	1,041	7,190	2,930	3,064	14,225	210	14,435
Profit for the Period	-	-	-	2,533	2,533	295	2,828
Total recognised income and expense	-	-	-	2,533	2,533	295	2,828
Equity-settled share-based payments	-	-	-	13	13	-	13
Dividends paid	-	-	-	-	-	(360)	(360)
Shares issued	1	8	-	-	9	-	9
Balance at 31 March 2008	1,042	7,198	2,930	5,610	16,780	145	16,925
Balance at 1 April 2008	1,042	7,198	2,930	5,610	16,780	145	16,925
Profit for the Period	-	-	-	855	855	134	989
Total recognised income and expense	-	-	-	855	855	134	989
Equity-settled share-based payments	-	-	-	16	16	-	16
Dividends paid	-	-	-	-	-	-	-
Shares issued	8	167	-	-	175	-	175
Balance at 30 September 2008	1,050	7,365	2,930	6,481	17,826	279	18,105

Notes to the condensed consolidated interim financial statements

1) General information

The condensed interim Financial Statements for the six months ended 30 September 2008 were authorised for issue in accordance with a resolution of the Board of Directors on 5 December 2008.

The Company is a public limited company incorporated in the United Kingdom. The address of its registered office is 9 Savoy Street, London, WC2E 7HR.

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

These condensed interim Financial Statements do not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts for the year ended 31 March 2008 were approved by the Board of Directors on 16 June 2008 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 interim Financial Statements should be read in conjunction with the annual Financial Statements for the year ended 31 March 2008, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

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 2008, as described in the annual Financial Statements.

4) Segmental Analysis

The operations of the group are managed in two principle business divisions, content and communications. These divisions are the basis upon which the management reports its primary segment information.

Revenues by Business Division

Division	6 months to 30 September 2008 £ '000	6 months to 30 September 2007 £ '000	Year to 31 March 2008 £ '000
Communications	28,280	24,645	55,654
Content	8,863	12,921	25,735
Total	37,143	37,566	81,389

5) Earnings Per Share

	30 September 2008	30 September 2007	31 March 2008
Weighted average number of shares used in basic earnings per share calculation	52,243,005	52,157,080	52,047,080
Dilutive effect of share options	572,404	1,090,149	845,068
Weighted average number of shares used in diluted earnings per share calculation	52,815,409	53,247,229	52,892,148
Profit for period attributable to shareholders	855	1,150	2,533
Amortisation and impairment of intangible assets adjusted for deferred tax impact	240	118	607
Share-based payments	16	10	13
Adjusted profit for period attributable to shareholders	1,111	1,278	3,153
Basic Earnings per Share	1.64 p	2.20 p	4.87 p
Diluted Earnings per Share	1.62 p	2.16 p	4.79 p
Adjusted Basic Earnings per Share	2.13 p	2.45 p	6.06 p
Adjusted Diluted Earnings per Share	2.10 p	2.40 p	5.96 p

6) Share Issues

Shares issued and outstanding for the period to 30 September 2008 can be summarised as follows:

	Number of shares	Share capital	Share premium
As at 01 April 2007	52,047,080	1,041	7,190
Shares issued on exercise of share options	55,000	1	8
As at 30 September 2007 and 31 March 2008	52,102,080	1,042	7,198
Shares issued as deferred consideration for DBDA on 24 June 2008 at £0.51 per share	224,390	5	110
Shares issued to an employee in line with certain performance targets being met on 5 August 2006 at £0.47 per share	106,383	2	48
Shares issued on exercise of share options	50,000	1	9
As at 30 September 2008	52,482,853	1,050	7,365

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