Press Release 17 June 2008

Ten Alps PLC

“Ten Alps” or “The Company” or “the Group”

Ten Alps, the multi-platform factual media company, announces its preliminary results for 12 months to March 31, 2008.

Full year results are above market expectations, following successful implementation of the strategy to build a fully integrated, multi-platform factual media company - on TV, online and in print. This has been achieved through organic growth, cross-selling and a significant contribution from acquisitions.

Financials

- Revenue £81.4m, up 18% (2007: £69m)
- EBITDA £5.4m, up 39% (2007 £3.9m)
- Pre-tax profit (PBT) £3.15m, up 15% (2007: £2.74m)
- Net profit £2.8m, up 40% (2007: £2.0m)
- Basic EPS 4.87p, up 38% (2007: 3.52p)
- Adjusted Basic EPS 6.06p, up 69% (2007: 3.59p)
- Shareholders’ Equity £16.8m, up 18% (2007: £14.2m)

Operational

- Renewal of *Teachers TV* contract, to a date between mid-2013 and the end of 2015, following a successful tender process.
- Acquisitions of DBDA (corporate social responsibility content), MMA (online video production), Mongoose Media (specialist advertising sales) and Sovereign (B2B publishing.)
- Expansion of communications revenue by 40% to £55.7m
- Continued consolidation in UK B2B media with increase in print titles managed or owned by 50% to 758. Within that, owned titles increased 40% to 104 publications, and contracted titles were up 52% to 654 publications.
- Development of digital output and capability with 155% increase in revenues.
- Public sector-related proportion of business in 2007-8 was 45%

Commenting on the results Alex Connock, Chief Executive of Ten Alps, said:

“This year saw strong performance in the face of the poor economic conditions. The Company has achieved a number of milestones, and our multi-platform capability enabled increased cross-selling to our existing client base. The new financial year has begun with a strong order book in place. We will continue to focus on ownership of content and its production across multiple platforms, capitalising on existing strong UK market positions through growth and strategic acquisitions.”

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Chairman

Our view is that growth opportunities in the media sector, particularly in B2B, lie in the changing nature of consumption. Customer loyalty is now linked to brands and interests, rather than the medium in which they appear.

In order to address this change, Ten Alps has built a multi-platform offering which encompasses high-ranking UK market positions in contract publishing, independent factual TV production and B2B online TV.

By putting those skills together, we can meet the multi-platform demands of our 63,000 customers.

This approach enabled Ten Alps to achieve a seventh consecutive year of growth in 2007, through inward investment and the strategic acquisitions made over the past two years.

With product diversification and an in depth understanding of our clients' changing requirements Ten Alps, we believe, is well positioned to continue this growth in the coming year and deliver considerable value to our investors.

Brian Walden, Chairman

Chief Executive's statement

Ten Alps is run in two divisions, each multi-platform and each housing key digital projects.

- The Content division produces, and in many cases owns, high-value, factual content, in TV, radio and online TV.
- The Communications division provides clients with content to communicate their message to specialist audiences – from public sector bodies to businesses - in print, events, online TV and websites.

Whilst run as separate profit centres, the divisions share offices and resources, and collaborate for clients.

Content Division

Revenue in 2007-8 was £25.7m with EBITDA of £1.8m (before plc overheads). The division has grown largely organically, with total net acquisition investment over the past six years of c. £3m.

The division produces TV and radio programmes and has a management role in *Teachers TV* and *Kent TV*, as well as radio programmes and its own online TV projects. It is run by Nitil Patel (also Group Finance Director) from offices in London and Manchester, with up to 150 staff (depending on productions), and includes reputed TV executives such as Fiona Stourton, Brian Lapping, Norma Percy and Denys Blakeway.

This division aims to profit from producing output paid for by customers, but over time develop significant and valuable rights positions of its own.

2008-9 has already begun stronger than in 2007-8, with robust order books at TV production companies Blakeway and Brook Lapping, and the first business won by the new Manchester-based operation, Blakeway North. New TV commissions include three docudramas for the US market.

Factual television and radio production

During 2007-8 a team at Blakeway produced a sequence of high profile current affairs programmes which have established them as a leader in the field. For Channel 4 *Dispatches* were the BAA investigation *Checking-in to Airport Chaos*, *Kidnapped to Order, From Jail to Jihad* and *Britain Under Attack*. *Heat or Eat* was a shocking expose of the financial choice facing many pensioners. Other investigative programmes are currently in progress.

Production company Brook Lapping has spent the past two years filming a major BBC political series on *Iran*. There were also projects on *Gordon Brown, Tony Blair* and *Louis XIV*.

Ten Alps Radio continued to deliver high-profile documentaries and special features for BBC Radio. The *Sgt Pepper's 40th Anniversary* was a ground-breaking cross-platform project for the BBC - incorporating radio, TV, internet and interactive components. Other features included a second series of *Classic Singles* and the Andy Warhol biography *The Warhol Effect*, along with the 15th series of *The Smith Lectures* and documentaries about *Star Wars, Elvis Presley, Buddy Holly,* the *Monterey Pop Festival* and Jerry Hall's *Aspects of Love*.

Teachers TV

The award by the Department of Children, Schools and Families of a second *Teachers TV* contract, after an exacting tender process, was the key achievement in the first half of 2008. The new contract is significantly longer; for an initial five year period to mid-2013, with a possible two and a half year extension thereafter. Ten Alps, via Brook Lapping, has a 75% stake in the new management company for the project, alongside ITN with 25%.

The wider growth of Ten Alps means that *Teachers TV* is expected to account for circa 12% of group revenue in 2008-9, compared to around 60% when the first contract was won in 2004.

The production expertise in editorially high quality, cost-effective programmes, learned from producing for *Teachers TV* has earned Brook Lapping other video production work, for the *European Space Agency*, the *Royal Bank of Scotland and others*.

Online TV projects

Kent TV, the pioneering local authority-funded channel, saw a rise in its viewing figures throughout the year to 70,000 in May 2008 (against the target of 50,000) and has continued to expand its output. (www.kenttv.com)

Local authorities nationwide are currently investing significant amounts on media output already to communicate with their customers. Ten Alps has 217 existing local authority print customers and we believe further local online TV operations will be launched.

In addition, Ten Alps is also actively looking at producing and part-owning online TV channels in science and other fields, in what is an exciting growth area.

Content division growth objectives

The Content division is looking to expand by organic growth rather than major acquisitions. But the division is currently looking at smaller acquisitions, which tend to be sector-specific, both in TV and online.
Ten Alps is also investing in producers. It is doing joint venture and talent-based deals to incentivise individuals to create new media projects with long term value for the Group.

Communications Division

Revenues from this division for the full year were £55.7m, up 40%, and EBITDA (before plc overheads) was £4.5m.

Growth was driven by the successful integration of acquisitions in the period supplementing strong organic growth. The division is run by Adrian Dunleavy with over 400 staff, and offers a multi-platform proposition including print, online, events and online video titles. The financial models operated are:

(1) Owned Titles.

Ten Alps produces an increasing range of titles and websites of its own, such as *Public Sector Review*, *Climate Change*, *UK Power, Offshore Technology, Hospital Decisions, The Pharmacist, Facilities Manager, Museums and Heritage, The Freight Industry Yearbook, Director of Finance* (matched by www.dofonline.co.uk), and *The Pharmacist* (matched by www.thepharmacist.co.uk.) Successful website launches have included the innovative local authority purchasing database site www.lapod.co.uk.

Ten Alps also owns a number of its own conference-based assets with a portfolio ranging from *Integrated Transport* to *Energy & Environment*. These events are often created from the subject matter of print-based products, and this year saw revenues rise by 71.1% and the portfolio increase to 21 events.

(2) Fee-based production.

Ten Alps provides a content production service, fully-funded by the customer. In print Ten Alps produces titles including *Insurance Professional and Young Performer*. Online it produces CSR-focused and educational websites to clients such as *BP, Nationwide, Transport for London* and *BMW*. Content-based website customers range from *ASLEF* to the *Institute of Export*, via the *Royal Yachting Association*, *Golden Charter Funeral Plans* and *Ahlstrom Fibercomposites.*

In 2007-8, Ten Alps also produced, on a fee-based model, major events for corporate customers such as *BP* (several major international conferences), *Dr Martens* (in Ibiza) and *Channel 4* (the *Skins* roadshow), and managed London's *Covent Garden Christmas Event*.

(3) Advertising-based contract publishing.

Working multiplatform, Ten Alps produces hundreds of titles, websites and now online TV sites for customers where the content is funded by the sale of advertising. In print this includes titles for

The British Chambers of Commerce, The Womens Institute, The Road Haulage Association and The U.K. Science Park Association.

The addition of complementary electronic formats (e-books) has opened further sales opportunities for advertising, and Ten Alps has now delivered over 7500 editions of its publications in this format.

A number of the contract published and owned titles are migrating to pure online, such as *Essex Chamber Of Commerce, North East Business Directory, Mental Health Nursing, Link2Export* and the *GSCC Social Care Council*, with others coming on stream. The chief benefit of this should be an increase in margins, as a result of the drop in print costs.

There has been noticeable migration to online TV too, with *Vets.TV* and *Optometry TV* (a direct result of the *Optometry Today* publication), and a range of others under development.

(4) Advertising sales.

Through a number of its operations Ten Alps provides an advertising sales service to many established brands, ranging from *Newsweek* to *Private Eye*, from *Time Out* to the *Aeronautical Journal*. It sells on *Chartered Secretary, Professional Investor, IKEA Family, Country, Mental Health Nursing, IT Now, Defence Focus, Cycle, Veterinary Record, Internal Auditing*, amongst many others.

UK force in contract publishing

In two years, Ten Alps has established itself as one of the leading contract publishers in Britain, and is the market-leading public sector contract publisher. The breadth of titles and customers the Company represents mean that the B2B advertising portfolio is not dependent on any one sector or customer.

In this period five recent acquisitions have been made, on attractive multiples of between 3 and 5 times EBIT. An extensive programme of rapid consolidation, centralisation and development of these acquisitions has taken place. This is likely to be supplemented by significant acquisitions this year.

Growing opportunity in online corporate video

This is a new and exiting growth area where Ten Alps can develop its offering and maximise communications production for clients.

We have moved rapidly into online corporate video, producing video content for advertisers to distribute online. Customers include *Manchester Chamber of Commerce*, the engineering company *Seacon* and *Glasgow Concert Halls*. Our experience to date suggests that the majority of UK businesses are considering online video as a communications tool.

This idea was driven first by the acquisition of *MMA,* strengthened by the formation of *Ten Alps DFD*, and we are currently looking at further acquisitions in this specific area. This would enable us to establish a scaleable online corporate video production operation across the UK starting with Ten Alps' own 63,000 existing clients, to whom four offices are now marketing online video services at price points starting from £3,000. This has the potential to be a significant business on its own for Ten Alps, with the advantage over a banners/click-through business model in online video that it generates a return at the moment of production.

Many offline clients are driving the combination of video and traditional communication media themselves. For instance, Ten Alps recently signed a major, 4-year contract with the *Scottish Chambers of Commerce*, which for the first time included the opportunity to produce 22 bespoke videos, as well as the traditional range of print titles.

Communications division growth objectives

The Communications division intends to continue its rapid expansion by a combination of organic growth and further acquisitions. Some potential targets have already been isolated; these are significant in size and reasonably priced, making finance the only real constraint.

Alex Connock, Chief Executive

<u>Finance Director</u>

The year has once been again a period of sustained investment and profit stability. Results were ahead of expectations.

Group revenue grew by 17.8% to £81.4m (2006: £69.1m) and gross profit increased by 21.7% to £23m (2007: £18.9m) signifying that we were able to continue delivering profitable growth.

Gross margin has improved slightly from 27.4% to 28.2% in the year. Administrative expenses have also remained constant as a percentage and now represent 21.5% of revenue (2007: 21.8%). This year's acquisitions have meant that the Group's revenues and gross margin are now 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 39% to £5.37m (2007: £3.85m), even after both continued investment in the online strategy and TV development. All development costs were in fact written off directly to the income statement. Operating profit was up 23% to £3.86m (2007: £3.15m) after an amortisation charge of £765,000 (2007: £24,000).

For the year ended 31 March 2008, the Group pays tax at a rate of 30% on profits chargeable to corporation tax. However the effective rate is lower (10.3%), driven by utilisation of losses acquired in this and preceding years and an overprovision in the previous year.

Earnings per share

Basic earnings per share in the year was 4.87p (2007: 3.52p) and was calculated on the profits after taxation of £2.5m (2007: £1.8m) divided by the weighted average number of shares in issue during the period being 52,047,080 (2007: 51,943,330). The number of shares has increased due to employees exercising share options during the year. The last time the group issued equity for fundraising was in March 2006 to part fund the acquisition of McMillan-Scott, the core of what is now the Communications Division. The previous occasion was in 2001 when Ten Alps listed via a reverse takeover of Osprey Communications.

Diluted basic earnings per share in the year was 4.79p (2007: 3.44p) 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 52,892,148 (2007: 53,031,885) reflecting the impact of the outstanding share options as at 31 March 2008.

The Group continues to maintain a significant cash balance and held £11.2m as at March 2008 (2007: £14.4m). The balance is £3.2m lower than as at the last financial year-end, reflecting increased cash outflows on acquisitions and an increase in trade and other receivables from £16.3m in September 2007 to £19.5m in March 2008, arising from a late payment of March public sector invoices.

The Group has provided for deferred consideration of £4.71m (2007: £0.4m) on the balance sheet of which £1.7m (2007: £Nil) is due after more than one year. These relate to earnout payments due to be made over the next few years in relation to the acquisitions of Mongoose Media, DBDA and McMillan Scott.

As at the year end, the Group had outstanding bank loans of £13.75m (2007: £10.15m) of which £10.48m (2007: £9.15m) is due after more than one year. The Group also had outstanding media loans of £317,000 at the year end (2007: £298,000)

Shareholders' Equity

Called up share capital increased to £1.042m (2007: £1.041m) and the share premium increased to £7.2m (2007: £7.19m).

Retained earnings as at 31 March 2008 were £5.6m (2007: £3.1m) and total shareholders' equity at that date was £16.8m (2007: £14.2m)

Minority Interests

Minority interest in the income statement reflects the *Teachers' TV* consortium members share in the year (30%). The balance as at 31 March 2008 was £145,000 (2007: £210,000)

International Financial Reporting Standards ('IFRS')

These summarised consolidated financial statements have been prepared in accordance with the accounting policies set out in note 1 which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 31 March 2008, the first annual reporting date at which we were required to use IFRS.

The Group has adopted IFRS from 1 April 2006. The first set of statements issued under IFRS was our interim accounts for the six-month period ending 30 September 2007.

The Group's financial statements had, until 31 March 2007, been prepared in accordance with United Kingdom Accounting Standards (UK GAAP). The date of transition to IFRS was 1 April 2006: as such comparative figures in respect of previous financial year have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in these summarised financial statements.

Nitil Patel, Finance Director

Ten Alps Plc
Preliminary Announcement of Results for year ended 31 March 2008

Consolidated income statement

	Year ended 31 March 2008 £'000	Year ended 31 March 2007 £'000
Revenue	**81,389**	69,045
Operating costs before amortisation of intangible assets	**(76,766)**	(65,875)
Earnings before interest, tax and amortisation (EBITA)	**4,623**	3,170
Amortisation of intangible assets	**(765)**	(24)
Total operating costs	**(77,531)**	(65,899)
Operating profit	**3,858**	3,146
Finance costs	**(1,060)**	(684)
Finance income	**354**	281
Profit before tax	**3,152**	2,743
Income tax expense	**(324)**	(708)
Profit for the year	**2,828**	2,035
Attributable to:		
Equity holders of the parent	**2,533**	1,826
Minority interest	**295**	209
	2,828	2,035
Basic earnings per share	**4.87 p**	3.52 p
Diluted earnings per share	**4.79 p**	3.44 p

All results for the Group are derived from continuing operations in both the current and prior year.

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

Ten Alps Plc
Preliminary Announcement of Results for year ended 31 March 2008

Consolidated balance sheet

	As at 31 March 2008 £ '000	As at 31 March 2007 £ '000
Assets		
Non-current		
Goodwill	**23,106**	16,210
Other intangible assets	**4,023**	1,445
Property, plant and equipment	**1,870**	1,650
Deferred tax	**-**	317
	28,999	19,622
Current assets		
Inventories	**3,603**	2,762
Trade and other receivables	**19,459**	11,194
Cash and cash equivalents	**11,148**	14,368
	34,210	28,324
Liabilities		
Current liabilities		
Trade and other payables	**(29,473)**	(22,303)
Current tax liabilities	**(539)**	(414)
Borrowings and other financial liabilities	**(3,642)**	(1,087)
Derivative financial instruments	**(25)**	-
	(33,679)	(23,804)
Net current assets	**531**	4,520
Non-current liabilities		
Borrowings and other financial liabilities	**(10,564)**	(9,472)
Derivative financial instruments	**(25)**	-
Deferred tax	**(128)**	-
Other liabilities	**(1,888)**	(235)
	(12,605)	(9,707)
Net assets	**16,925**	14,435
Equity		
Called up share capital	**1,042**	1,041
Share premium account	**7,198**	7,190
Merger reserve	**2,930**	2,930
Retained earnings	**5,610**	3,064
Total attributable to equity shareholders of parent	**16,780**	14,225
Minority interest	**145**	210
Total equity	**16,925**	14,435

Ten Alps Plc
Preliminary Announcement of Results for year ended 31 March 2008

Consolidated cash flow statement

	Year ended 31 March 2008 £ '000	Year to 31 March 2007 £ '000
Cash flows from operating activities		
Profit for the period	**2,828**	2,035
Adjustments for:		
Income tax expense	**324**	708
Depreciation	**767**	685
Amortisation and impairment of intangibles	**765**	24
Finance costs	**1,060**	684
Finance income	**(354)**	(281)
Share based payment charge	**13**	23
(Profit)/loss on sale of property, plant and equipment	**(5)**	2
	5,398	3,880
Decrease in inventories	**874**	590
(Increase)/decrease in trade and other receivables	**(7,152)**	2,632
Decrease in trade and other payables	**(870)**	(2,168)
Cash (used in)/generated from operations	**(1,750)**	4,934
Finance costs paid	**(1,010)**	(684)
Finance income received	**354**	281
Foreign exchange loss on media loans	**19**	5
Tax paid	**(315)**	(712)
Net cash flows (used in)/from operating activities	**(2,702)**	3,824
Investing activities		
Acquisition of subsidiary undertakings, net of cash and overdrafts acquired	**(2,823)**	(1,430)
Payment of deferred consideration	**-**	(1,075)
Purchase of property, plant and equipment	**(961)**	(642)
Proceeds of sale of property, plant and equipment	**131**	21
Development of websites	**(106)**	(104)
Net cash flows used in investing activities	**(3,759)**	(3,230)
Financing activities		
Issue of ordinary share capital	**9**	67
Borrowings repaid	**(1,000)**	(2,263)
Borrowings received	**4,600**	1,800
Capital element of finance lease payments	**(8)**	(45)
Dividends paid to minority interests	**(360)**	(300)
Net cash flows from financing activities	**3,241**	(741)
Net decrease in cash and cash equivalents	**(3,220)**	(147)
Cash and cash equivalents at 1 April	**14,368**	14,515
Cash and cash equivalents at 31 March	**11,148**	14,368

Ten Alps Plc
Preliminary Announcement of Results for year ended 31 March 2008

Consolidated statement of changes in equity

	Share capital £000	Share premium £000	Merger reserve £000	Retained earnings £000	Total attributable to equity shareholders £000	Minority interest £000	Total equity £000
Balance at 1 April 2006	**1,035**	**7,129**	**2,930**	**1,215**	**12,309**	**301**	**12,610**
Profit for the Year	-	-	-	1,826	1,826	209	2,035
Total recognised income and expense	**-**	**-**	**-**	**1,826**	**1,826**	**209**	**2,035**
Equity-settled share-based payments	-	-	-	23	23	-	23
Dividends paid	-	-	-		-	(300)	(300)
Shares issued	6	61	-	-	67	-	67
Balance at 31 March 2007	**1,041**	**7,190**	**2,930**	**3,064**	**14,225**	**210**	**14,435**
Balance at 1 April 2007	**1,041**	**7,190**	**2,930**	**3,064**	**14,225**	**210**	**14,435**
Profit for the Year	-	-	-	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**

Notes to the preliminary statements

1) ACCOUNTING POLICIES

General Information

Ten Alps plc and its subsidiaries (the Group) is a factual media company which provides and manages content on TV, radio, online TV and print.

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 Great Michael House, 14 The Links Place, Edinburgh, EH6 7EZ. Its shares are listed on the Alternative Investment Market of the London Stock Exchange.

Basis of Preparation

These summarised consolidated 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 1985 applicable to companies reporting under IFRS. The summarised financial statements have been prepared primarily under the historical cost convention. Areas where other bases are applied are identified in the accounting policies below.

Following the transition to IFRS, the Group's accounting policies as set out below, have been applied consistently throughout the Group to all the periods presented, unless otherwise stated. The Group's consolidated financial statements were prepared in accordance with United Kingdom Generally Accepted Accounting ("UK GAAP") principles until 31 March 2007.

Transition to adopted IFRSs

IFRS 1 sets out the requirements for the first time adoption of IFRS. The Group is required to establish its IFRS accounting policies for the year to 31 March 2008 and, in general, apply these retrospectively to determine the IFRS opening balance sheet at its date of transition, 1 April 2006. The Group has elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations prior to 1 April 2006.

IFRSs not yet adopted or applied

At the date of authorisation of the financial statements, the following Standards and Interpretations which have not been applied in these summarised financial statements were in issue but not yet effective:

- *IAS1* *Presentation of Financial Statements (Revised)*
- *IAS 23* *Borrowing Costs (Amendments)*
- *IAS 27* *Consolidated and Separate Financial Statements (Amended)*
- *IFRS 2* *Share Based Payment: Vesting Conditions and Cancellations (Amendments)*
- *IFRS 3* *Business Combinations (Amendments)*
- *IFRS 8* *Operating Segments*
- *IFRIC 12* *Service Concession Arrangements*
- *IFRIC 13* *Customer Loyalty Programmes*
- *IFRIC 14* *An interpretation of IAS 19*

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the consolidated financial statements of the Group except for additional disclosures and the presentational effects of IAS 1.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the company and of its subsidiary undertakings drawn up to 31 March 2008. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable from customers, net of trade discounts, VAT, other sales related taxes, and after eliminating sales within the Group. Revenue is recognised as follows:

Content

Production revenue comprises broadcaster licence fees and other pre-sales receivable for work carried out in producing television programmes. Production revenue is recognised over the period of the production. Gross profit on production activity is recognised over the period of the production and in accordance with the profitability of the underlying contract. Overspends on productions are recognised as they arise and underspends are recognised on completion of the productions.

Included in production revenue is accrued income in relation to Key Performance Indicators (KPIs) being achieved with respect to the Teachers' TV operation with the range being between 0% to 10%. As the full assessment will not be known until August 2008, the Directors have recognised a best estimate accrual.

Revenue also includes sums receivable from the exploitation of programmes in which the company owns rights and is recognised when all of the following criteria have been met:

i) an agreement has been executed by both parties;
ii) the programme is available for delivery; and
iii) the arrangements are fixed and determinable.

Gross profit from the exploitation of programme rights is recognised when receivable.

Communications

Revenue is recognised in the accounting period in which the goods services are rendered by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Publishing: advertising revenue is recognised on date publications are dispatched to customers.
Exhibitions: revenue is recognised when the show has been completed. Deposits received in advance are recorded as deferred income on the balance sheet.
Online: revenue is recognised at the point of delivery or fulfilment for single/discrete services.

Production Costs

When the Group is commissioned to make a programme by a broadcaster, the broadcaster pays a licence fee for the programme in their own territory and the Group retains the right to exploit the programme elsewhere.

Where the licence fee exceeds the cost of production, then, due to the uncertain nature of other future revenues, the Group writes off 100% of the production cost against the licence fee income.

Where the estimated production costs are greater than the licence fee from the broadcaster, production will only take place if estimates of future income from all sources exceed the excess production costs. Under these circumstances, the excess production cost is included in 'Intangible Assets'. The net book value of the production is reduced at the year end by the income received in the year and the amount held on the balance sheet will be the lesser of the amount of anticipated future ancillary revenues and the amortised cost of investment.

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold premises	over the term of the lease
Motor vehicles	20% on cost
Office equipment	10% on cost
Computer Equipment	20% on cost

Useful economic lives are reviewed annually. Depreciation is charged on all additions to, or disposals of, depreciating assets in the year of purchase or disposal. Any impairment in values is charged to the income statement.

Intangible assets

Goodwill
Subject to the transitional relief in IFRS1, all business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions acquired since 1 April 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but tested annually for impairment.

In respect of acquisitions prior to 1 April 2006, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. The cost and amortisation of goodwill have been adjusted to show a net position as at the date of transition to IFRS.

Other Intangibles assets
The fair value of other intangible assets acquired as a result of business combinations are capitalised and amortised on a straight line basis through the income statement. The rates applicable, which represent directors' best estimate of the useful economic life, are:

Customer Relations	5 - 8 years
Magazine Titles	3 years
Customer Contracts	Length of contract

Where websites are identified as income generating, they are capitalised and amortised on a straight line basis through the income statement over 5 years. Capitalised website costs include external direct costs of material and services and the payroll and payroll-related costs for employees who are directly associated with the project.

Production costs included in intangible assets are amortised against ancillary income received associated with the production (see policy relating to production costs).

Leased assets

In accordance with IAS 17, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. The related asset is recognised at the time of inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments plus incidental payments, if any, to be borne by the lessee.

A corresponding amount is recognised as a finance leasing liability. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the income statement over the period of the lease.
All other leases are regarded as operating leases and the payments made under them are charged to the income statement on a straight line basis over the lease term.

Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Inventories

Broadcast
Inventories comprise of costs on productions that are incomplete at the year-end less any amounts recognised as cost of sales.

Communications
Inventories comprise cumulative costs incurred in relation to unpublished titles or events, less provision for future losses and are valued on the basis of direct costs plus attributable overheads based on normal level of activity. No element of profit is included in the valuation of inventories.

Programmes in progress at period end

Where productions are in progress at the period end and where the sales invoiced exceed the value of work done the excess is shown as deferred income; where the sales recognised exceed sales invoiced the amounts are classified as accrued income. Where it is anticipated that a production will make a loss, the anticipated loss is provided for in full.

Impairment of assets

For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level.

Goodwill is allocated to those cash generating units that are expected to benefit from the synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity of less than three months.

Equity

Equity comprises the following:

• *Share capital* represents the nominal value of equity shares.
• *Share premium* represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
• *Merger Reserve* represents the excess over nominal value of the fair value of consideration received for equity shares, where ordinary shares are issued as consideration for the purchase of subsidiaries in which the group hold a 90% interest or above.
• *Retained earnings* represents retained profits.

Current and Deferred taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax is not recognised in respect of:

• the initial recognition of goodwill that is not tax deductible and

• the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Financial Instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

Trade and other receivables
Trade and other receivables are recorded at their fair value less provision for any impairment.

Financial Liabilities

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Media Loans
Media loans are recorded at the proceeds received and adjusted for foreign exchange movements. Media loans are written off as grants once the Company has no further obligations with respect to the loans.

Trade and other payables
Trade and other payables are stated at their fair value.

Derivative Financial Instruments and Hedging Activities

The Group monitors interest rates and has entered into an interest rate collar to manage its exposures to fluctuating interest rates. These instruments are initially recognised at fair value on the trade date and are subsequently re-measured at their fair value on the balance sheet date. The resulting gain or loss is recognised in the incomes statement in finance costs.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention of materially curtailing the scale of its operations.

In determining the fair value of a derivative, the appropriate quoted market price for an asset held is the bid price, and for a liability issued is the offer price.

Employee Benefits

Share-based Payments
Under IFRS 2, all share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 April 2006 are recognised in the financial statements.

Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to reserves.

If vesting periods apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

Retirement benefits
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

Significant judgements and estimates

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

Impairment of goodwill

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary. See note 9.

Intangible assets

The Group recognises intangible assets acquired as part of business combinations at fair value at the date of acquisition. The determination of these fair values is based upon management's judgement and includes assumptions on the timing and amount of future incremental cash flows generated by the assets and selection of an appropriate cost of capital. Furthermore, management must estimate the expected useful lives of intangible assets and charge amortisation on these assets accordingly. See note 9.

Depreciation of property, plant and equipment

Depreciation is provided so as to write down the assets to their residual values over their estimated useful lives as set out above. See note 10.

Deferred Consideration

Where deferred consideration is payable in cash and discounting would have a material effect the liability is discounted to its present value. Where the deferred consideration is contingent and dependent upon future trading performance, an estimate of the present value of the likely consideration payable is made. See note 17.

Revenue Recognition on Significant Contract

Included in production revenue is accrued income in relation to Key Performance Indicators (KPIs) being achieved with respect to the Teachers' TV operation with the range being between 0% to 10%. As the full assessment will not be known until August 2008, the Directors have recognised a best estimate accrual.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

1 Earnings per share

	2008	2007

Weighted average number of shares used in basic earnings per share calculation	**52,047,080**	**51,943,330**
Dilutive effect of share options	845,068	1,088,555
Weighted average number of shares used in diluted earnings per share calculation	**52,892,148**	**53,031,885**
	£'000	£'000
Profit for period attributable to shareholders	**2,533**	**1,826**
Amortisation and impairment of intangible assets adjusted for deferred tax impact	607	17
Share-based payments	13	23
Adjusted profit for period attributable to equity holders of the parent	**3,153**	**1,866**

Basic Earnings per Share	4.87 p	3.52 p
Diluted Earnings per Share	4.79 p	3.44 p
Adjusted Basic Earnings per Share	6.06 p	3.59 p
Adjusted Diluted Earnings per Share	5.96 p	3.52 p

2. No final dividend is being proposed.

3. Publication of Non-Statutory Accounts

The financial information relating to the year ended 31 March 2008 set out above does not constitute the Company's statutory accounts for that year, but have been extracted from the statutory accounts, which received an unqualified auditors' report and which have not yet been filed with the Registrar of Companies.

Copies of the Company's Annual Report and Accounts for 2008 will be sent to shareholders as soon as is practicable.