

8 March 2016
Ten Alps Plc

Unaudited Interim Results for the six months ended 31 December 2015

Ten Alps Plc (“Ten Alps”, the “Company” or the “Group”), the TV and multimedia content producer, today announces its unaudited interim results for the six months to 31 December 2015.

Highlights

- Group revenues of £12.08m (2014: £10.17m)
- EBITDA loss of £0.36m (2014: loss of £0.64m)
- Operating losses* of £0.28m (2014: loss of £0.73m)
- Loss for the period after tax and before discontinued operations £0.35m (2014: loss of £1.0m)
- Diluted loss per share 0.09p (2014: loss of 3.61p**)
- Total assets £18.94m (2014: £14.02m)
- Net cash of £0.05m (2014: net debt of £6.38m) taking into account a £2.0m debt facility maturing in December 2017 but not including a total of £3.0m deferred consideration and loan note consideration issued and payable in respect of the acquisition of Reef Television

* Operating losses after exceptional income of £0.33m which includes the write back of interest charges and loan writedowns from the debt restructuring that took place in July 2015

** 2014 loss per share adjusted to take account of 10 for 1 consolidation which took place in July 2015

CEO's Statement

The first half of our financial year has seen significant change for the Group. The acquisition of Reef Television (“Reef”), completed in July 2015, was an important step towards the diversification of our television business into new genres and now represents a significant part of the overall division. Integration of Reef has progressed well and Reef has traded strongly in the period post acquisition, in line with management expectations. Alongside the acquisition of Reef, the Group successfully completed a £4.5m fundraising and restructured its balance sheet through a debt conversion and repayment. This has left the Group with a substantially stronger balance sheet, with long-term debt obligations reduced from £9.01m at 30 June 2015 to £2.0m and a net cash position of £0.05m (not including deferred consideration payable in respect of Reef) at 31 December 2015.

As detailed in the trading update on 28 January 2016, management remains confident in returning the Group to profitability in the current financial year. Revenues for the first half of the year were £12.08m, compared to £10.17m in the prior year and the EBITDA loss was £0.36m compared to a loss of £0.64m in the prior year. The first half of the Group's financial year, which is traditionally slower than the second half across the business, saw lower advertising sales in parts of the Group's Publishing portfolio as well as delays in programme commission sign-offs for Television.

The second half of the year has started well for Television, with acceleration in commissions being won since January 2016. Television is seeing a change in the type of programmes being won, with a trend towards higher value series. The recent acquisition of Reef has also further diversified our Television genres into daytime and long running popular factual series. As part of the diversification strategy, the Group invested in Chrysalis Vision Limited, a TV drama start-up which is making good progress in assembling pitches to broadcasters for high-value, long-running drama series. The Company has an option to acquire a majority stake in the business at a future date.

Although the Publishing division is still loss making, significant progress has been made in the restructuring and refocussing of the division. There will be some further rationalisation of the division, which is being transformed from a print-based business into one focussed on growing events and digital revenues. Although trading has been behind target in the first half, we remain confident that management have taken the right steps to refocus the business and the Board remains confident that it will deliver profits in the current financial year, for the first time in many years.

Our strategy is to be a cross platform media business with content at its core. The aim is to leverage our strengths in television production and corporate communications to grow a content marketing and corporate

story telling business, alongside the continued diversification of our television business into new genres and growth by acquisition to position ourselves as a leading player in the independent television production sector. As we announced in February 2016, we hope to complete the acquisition of a corporate video business shortly and this will help to fast track our strategy in this area. A further announcement will be made in due course.

Finally, at the beginning of March the Group has changed the name of its trading business to Zinc Media, marking an important milestone in the reorganisation and transformation of the Group. The Company will be seeking shareholder approval for a change of name from Ten Alps Plc to Zinc Media Group Plc at the next annual general meeting.

Mark Wood, CEO, commented:

“We are delivering on our strategy of focussing the TV business on higher-value series and formats and developing a stronger communications and corporate story-telling business. We see encouraging signs of a growing pipeline stretching into the next year and remain confident that the Group is making good progress towards its objective of returning to profitability in the current financial year.”

Board Change

David Galan started as our new Chief Financial Officer (“CFO”) in January 2016 and Nitil Patel resigned as a director of the Company as of 26 February 2016.

Peter Bertram, Chairman, commented “The Board is very grateful to Nitil for his many years of service to the Company and we wish him all the best. We also welcome David Galan as our new CFO.”

For further information, please contact:

Ten Alps plc

Mark Wood, Chief Executive Officer
David Galan, Chief Financial Officer
c/o Emer Donohoe
www.tenalps.com and www.zincmedia.com

+44 (0) 20 7878 2311

N+1 Singer (NOMAD and Broker to Ten Alps)

Shaun Dobson / Lauren Kettle

+44 (0) 20 7496 3000

FTI Consulting (Financial PR)

+44 (0) 20 3727 1000

BUSINESS OVERVIEW

We have made significant progress in focussing the business on higher-margin activity, reducing costs and management layers and bringing in dynamic new creative and managerial talent.

In our Television operations, which make up two-thirds of the business, our strategy is to win larger-budget commissions for high-value series and repeatable formats. Another objective is to generate more business in the US market among broadcasters with bigger budgets for factual programming than is common in the UK. We have advanced in both areas, recently securing substantial commissions from major US networks.

In Publishing, we have achieved a substantial shift from print to digital in our Home Improvement portfolio, with nearly 70 per cent. of all output now in digital format, compared with 100 per cent. print output a year ago. We have also been successfully building our trades directory and home improvement website www.homeandbuild.co.uk. In the B2B portfolio we launched new websites and created new events, including awards and conferences, to generate new revenues. We have been winding down under-performing contract publishing deals and will finally exit loss-making activities in March.

In Communications, we are aiming to extend the management of CSR websites for a number of major brands and plan to use the forthcoming acquisition of a corporate video business as a platform to accelerate our corporate story-telling and content marketing business.

Highlights

TV

- *'Murder Detectives'*, a series following a real murder investigation in Bristol, won extensive media coverage in the UK for its innovative approach, widely described as a new form of documentary-making. It has been nominated for a BAFTA award and generated interest in the format from other markets, including the US.
- *'Great Ormond Street'*, which closely follows individual cases at the children's hospital, was another highly successful series which won rave reviews and generated high audiences for BBC Two.
- *'The Children who beat Ebola'* for Channel Four and HBO has been widely praised as the definitive documentary on Ebola and the way volunteer doctors went to Africa to help conquer it.
- *'Sex on Trial'* - Youtube and BBC Three, we were the first independent programme maker to be commissioned for BBC Three's new online channel.
- *'The Secret Letters Of John Paul II'*, a documentary for BBC One revealing the Pope's relationship with a female publisher had a huge international impact. Resales of the programme worldwide are strong.
- *'Hiroshima'*, a 90-minute documentary on the nuclear strike, produced for Channel Five and ARTE included previously unseen Japanese footage.
- *'Louboutin'*, an access film with Christian Louboutin for Channel Four generated rave reviews and excellent audience numbers.
- *'Leningrad and the Orchestra That Defied Hitler'*, a 90-minute programme by Reef on an extraordinary performance of Shostakovich's symphony in besieged Leningrad in 1942. Broadcast at peak time on New Year's weekend by BBC Two and given five-star reviews across the media.
- *'Paul Hollywood's City Bakes'*, a ten part series commissioned for Food Network EMEA from Reef showcasing this famous baker's travels around the world which is due to air in spring 2016.
- *'Put Your Money Where Your Mouth Is'*, has been commissioned by BBC One for a 13th series and is one of Reef's strongest brands.

Publishing

- Launch of a new website, The Maven, for SME's and have extended our reach into this attractive market, building a valuable customer database.
- Successful conferences included Generate Farm, which was attended by more than 400 farmers, with awards and conferences scheduled in SME business, Pharmacy, Healthcare and Trade in the months ahead.
- New partnership contract secured with British Chambers of Commerce, enabling the Company to access Chambers' membership with digital products and the print title, Global Trader.

Communications

- The Company launched a new digital and multi-platform version of its road safety programme, Children's Traffic Club, which it manages for Transport for London under a £1m p.a. contract and is on target to reach over 100,000 three to four year olds and their parent / carers living in London by the end of March 2016.
- For Nationwide Building Society, the Company launched a new series of animation- and video-rich microsites as part of a campaign to develop core life-skills for teenagers and educate people of all ages in financial management.
- For Siemens the Company updated a wide range of the interactive educational apps and websites managed for Siemens' CSR programme.
- For BTG, the Company created corporate video clips aimed at enhancing cross-company cultural awareness in a business which is stretched across multiple locations in the UK and US.

Outlook

The Company remains on track to generate a full year profit for the first time in a number of years and to continue momentum into the medium term.

FINANCIAL REVIEW

Revenue from continuing operations increased by 19 per cent. to £12.08m (2014: £10.17m) and gross profit increased by 22 per cent. to £3.71m (2014: £3.05m). Television revenues increased by £3.5m, reflecting the significant impact on the business of the acquisition of Reef, despite commissioning delays in the other Television divisions. The other main variance in revenues came from the Company's Publishing division which saw revenues decrease by £1.8m, as a result of the ongoing restructuring of the division to remove underperforming publications and slower than expected advertising sales.

Gross margin increased from 29.9 per cent. to 30.7 per cent. in the period, with operating expenses decreasing slightly to 33.7 per cent. of revenues (2014: 36.2 per cent.). The increase in gross margin is due to an ongoing focus on cost control and the quality of revenue across the divisions.

EBITDA, a key performance indicator used by the board, was recorded at a loss of £0.36m (2014: loss of £0.64m). Operating loss reduced to £0.28m (2014: loss of £0.73m), after an amortisation charge of £0.20m (2014: £0.06m). The increased amortisation cost reflects the amortisation of intangible assets acquired as part of the Reef acquisition.

Exceptional income of £0.33m during the period (2014: nil) reflects the debt write-off as part of the debt restructuring and exceptional expenses incurred during the transaction to acquire Reef, together with the costs of the associated fundraising.

The finance charges for the period were £0.08m (2014: £0.27m) and reflect the accrued costs on the Company's outstanding debt obligations. The reduction is as a result of the debt restructuring that occurred in July 2015. As the Group recorded losses at the 31 December period end, no corporation tax charge was incurred. The loss for the period was £0.35m (2014: £1.0m).

Earnings per share

Basic and diluted loss per share from continuing operations in the year was 0.09p (2014: loss 3.61p) and was based on the losses for the period of £0.35m (2014: loss of £1.0m) with a weighted average number of shares in issue during the year of 392,018,309 (2014: 27,666,601).

Dividend

No dividend is proposed. The Board considers the Group's investment plans, financial position and business performance in determining when to pay a dividend.

Statement of Financial Position

Assets

Non-current assets consisted of goodwill and intangibles of £11.84m (2014: £6.91m), investment in associate of £0.1m (2014: nil), property, plant and equipment of £0.25m (2014: £0.16m) and deferred tax asset of nil (2014: £0.49m). The £0.1m investment in associate reflects the strategic investment in TV drama production company Chrysalis Vision Limited, set up to develop long-form drama series aimed at the UK and global markets.

Inventories and trade receivables have remained static at £2.84m (2014: £2.83m). Other receivables have increased to £1.87m (2014: £1.17m) reflecting an increase in accrued income and prepayments in the period.

The Group had a cash balance of £2.05m as at 31 December (2014: £2.47m). In February 2016, post period end, the Group strengthened its cash position through the receipt of a short term loan of £0.75m. The Group was in a net cash position of £0.05m at the period end, compared with a net debt position at the prior period end of £6.39m, after taking into account a £2.0m debt facility maturing in December 2017 but not including a total of £3.0m deferred consideration and loan note consideration issued and payable in respect of the acquisition of Reef.

Total assets of the Group were £18.94m (2014: £14.02m) with the main movements being an increase in goodwill and intangibles as a result of the acquisition of Reef in July 2015.

Equity and Liabilities

Retained losses as at 31 December 2015 were £24.53m (2014: losses: £23.85m) and total shareholders' equity at that date was £7.67m (2014: loss of £2.39m).

In July 2015, at the same time as the Reef acquisition, the Company carried out a share consolidation (10 for 1) and refinancing to raise approximately £4.5m (gross) through a placing and subscription of 225,000,000 new ordinary shares at a price of 2 pence (on a post consolidation basis). The Company also entered into a debt conversion and repayment resulting in a reduction of the Company's remaining debt obligations to £2m and the issue of £2.91m of preference shares.

The Group had an outstanding balance on long term debt of £2.0m (2014: £8.86m), held by two of the Company's shareholders. Long term debt comprises an unsecured debt facility of £2.0m which is due for repayment in December 2017. The interest on the loan notes is based on monthly LIBOR plus a margin of 4 per cent.

Current liabilities consisting of trade, other creditors, deferred consideration payable and deferred income have decreased in the period under review by £0.64m to £7.17m (2014: £7.81m).

Cash flows

During the period the Group used £3.97m (2014: £0.34m) of cash flow for day to day operations. After accounting for finance costs, investing, the equity fundraising completed in July 2015 and the cash repayments made in the debt restructuring, the net movement in the period was an increase in cash of £0.1m (2014: decrease of £0.1m).

David Galan
CFO

**Ten Alps Plc consolidated income statement
For the six months ended 31 December 2015**

		Unaudited	Unaudited	Audited
		Half Year to	Half Year to	Year to
		31-Dec	31 Dec	30 June
		2015	2014	2015
	Note	£'000's	£'000's	£'000's
Continuing operations				
Revenue	3	12,084	10,171	20,467
Cost of sales		(8,371)	(7,126)	(13,679)
Gross Profit		3,713	3,045	6,788
Operating expenses		(4,068)	(3,687)	(7,373)
EBITDA		(355)	(642)	(585)
Reorganisation and restructuring costs		(17)	-	(120)
Exceptional transactions		333	-	-
Depreciation		(41)	(34)	(71)
Amortisation and impairment of intangible assets		(195)	(57)	(43)
Operating loss		(275)	(733)	(819)
Finance costs		(79)	(265)	(505)
Finance income		-	-	-
Loss before tax		(354)	(998)	(1,324)
Taxation		-	-	-
Loss for the period		(354)	(998)	(1,324)
Continuing operations attributable to:				
Equity holders		(354)	(998)	(1,324)
Retained profit for the year		(354)	(998)	(1,324)
Basic earnings per share	4			
From continuing operations		(0.09)p	(3.61)p	(4.79)p
Total		(0.09)p	(3.61)p	(4.79)p
Diluted earnings per share				
From continuing operations		(0.09)p	(3.61)p	(4.79)p
Total		(0.09)p	(3.61)p	(4.79)p

Ten Alps Plc consolidated balance sheet
For the six months ended 31 December 2015

		Unaudited	Unaudited	Audited
		31 Dec	31 Dec	30 June
		2015	2014	2015
	Note	£ '000	£ '000	£ '000
Assets				
Non-current				
Goodwill and intangibles		11,842	6,906	6,898
Investment in associate		100	-	-
Property, plant and equipment		245	158	155
Deferred tax		-	493	487
		12,187	7,557	7,540
Current assets				
Inventories		1,014	942	780
Trade receivables		1,824	1,889	2,282
Other receivables		1,871	1,165	1,941
Cash and cash equivalents		2,046	2,469	1,914
		6,755	6,465	6,917
Total Assets		18,942	14,022	14,457
Equity and liabilities				
Shareholders' equity				
Called up share capital	5	5,925	5,534	5,534
Share premium account		22,671	15,228	15,228
Merger reserve		696	696	696
Preference Shares	7	2,909	-	-
Retained earnings		(24,532)	(23,852)	(24,178)
Total Equity		7,669	(2,394)	(2,720)
Liabilities				
Non-current				
Borrowings		2,000	8,607	-
Other non-current liabilities	8	2,107	-	-
		4,107	8,607	-
Current liabilities				
Trade payables		2,192	2,928	2,733
Other payables	8	4,974	4,631	5,434
Borrowings - current		-	250	9,010
		7,166	7,809	17,177
Total equity and liabilities		18,942	14,022	14,457

Ten Alps Plc consolidated cash flow statement

For the six months ended 31 December 2015

	Unaudited	Unaudited	Audited
	Half year to	Half year to	Year to
	31-Dec	31 Dec	30 June
	2015	2014	2015
	£ '000	£ '000	£ '000
Operating activities			
Reconciliation of profit to operating cash flows			
Loss for the period	(354)	(998)	(1,324)
Add back:			
Taxation	-	-	-
Depreciation	41	34	71
Amortisation & impairment	195	57	43
Finance costs	(120)	265	505
Finance income	(25)	-	-
Loss on sale of fixed assets	-	-	-
	(263)	(642)	(705)
(Increase)/Decrease in work in progress	(234)	47	209
Decrease in trade and other receivables	1,018	1,094	(71)
(Decrease) in trade and other creditors	(4,491)	(842)	(314)
Cash (used in) from operations	(3,970)	(343)	(881)
Finance costs	(86)	-	-
Tax paid	(94)	-	-
Net cash flows (used in) operations activities	(4,150)	(343)	(881)
Investing activities			
Acquisition of subsidiary undertakings, net of cash and overdrafts acquired	88	-	-
Purchase of property, plant and equipment	(82)	(6)	(40)
Investment in undertaking (associate)	(100)	-	-
Net cash flows used in investing activities	(94)	(6)	(40)
Financing activities			
Issue of ordinary share capital	4,495	-	-
Borrowings repaid	(116)	(50)	(50)
Borrowings received	-	300	300
Net cash flows from financing activities	4,379	250	250
Net increase / (decrease) in cash and cash equivalents	135	(99)	(671)
Translation differences	(3)	(10)	7
Cash and cash equivalents at beginning of period	1,914	2,578	2,578
Cash and cash equivalents at end of period	2,046	2,469	1,914

Ten Alps plc consolidated statement of changes in equity

For the six months ended 31 December 2015

	Share capital £000	Share premium £000	Merger reserve £000	Preference shares £000	Retained earnings £000	Total equity £000
Balance at 1 July 2015	5,534	15,228	696	-	(24,178)	(2,720)
Loss for the Period	-	-	-	-	(354)	(354)
Total comprehensive income	-	-	-	-	(354)	(354)
Shares issued	391	7,443	-	2,909	-	10,743
Balance at 31 December 2015	5,925	22,671	696	2,909	(24,532)	7,669
Balance at 1 July 2014	5,534	15,228	696	-	(22,854)	(1,396)
Loss for the Period	-	-	-	-	(998)	(998)
Total comprehensive income	-	-	-	-	(998)	(998)
Balance at 31 December 2014	5,534	15,228	696	-	(23,852)	(2,394)
Balance at 1 July 2014	5,534	15,228	696	-	(22,854)	(1,396)
Loss for the Period	-	-	-	-	(1,324)	(1,324)
Total comprehensive income	-	-	-	-	(1,324)	(1,324)
Balance at 30 June 2015	5,534	15,228	696	-	(24,178)	(2,720)

Notes to the consolidated financial statements

1) GENERAL INFORMATION

The condensed interim financial statements for the six months ended 31 December 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 7 March 2016.

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

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

These financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the six months ended 30 June 2015, which were approved by the Board of Directors on 25 September 2015, received an unqualified auditors' report and have been delivered to the Registrar of Companies. The interim financial information contained in this report is unaudited.

2) BASIS OF PREPARATION

These condensed consolidated interim financial statements (the interim financial statements) have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 30 June 2015.

3) SEGMENTAL INFORMATION

The operations of the group are managed in three principle business divisions, TV, Publishing and Communicate Agency. These divisions are the basis upon which the management reports its primary segment information.

	Unaudited 6 Months to 31-Dec 2015 £'000	Unaudited 6 Months to 31-Dec 2014 £'000	Audited 12 months to 30-Jun 2015 £'000
Revenues by Business Division			
TV	7,778	4,247	10,013
Publishing	3,165	4,983	8,443
Communications	1,109	801	1,843
Other	32	140	168
Total	12,084	10,171	20,467

4) EARNINGS PER SHARE

	6 months to Dec 2015 Number of Shares	6 months to Dec 2014 Number of Shares	12 months to Jun 2015 Number of Shares
Weighted average number of shares used in basic earnings per share calculation	392,018,309	27,666,601*	27,666,601*
Dilutive effect of share options	-	-	-
Weighted average number of shares used in diluted earnings per share calculation	392,018,309	27,666,601	27,666,601

*Number of shares adjusted to reflect the 10 for 1 share consolidation which took place in July 2015

	£'000	£'000	£'000
Loss for the period	(354)	(998)	(1,324)
Amortisation of intangible assets post deferred tax impact	195	57	18
Restructuring costs	17	-	120
Gain on extinguishment of debt (net of expenses)	(333)	-	-
Adjusted profit for year attributable to shareholders	(475)	(941)	(1,186)

Profit for year from discontinued operations attributable to shareholders

	-	-	-
Continuing operations			
Basic Earnings per Share	(0.09)p	(3.61)p	(4.79)p
Diluted Earnings per Share	(0.09)p	(3.61)p	(4.79)p
Adjusted Basic Earnings per Share	(0.12)p	(3.40)p	(4.29)p
Adjusted Diluted Earnings per Share	(0.12)p	(3.40)p	(4.29)p

5) SHARE CAPITAL

	31 Dec 2015	31 Dec 2014	30 Jun 2014
Ordinary shares with a nominal value of:	0.1p	2.0p	2.0p
Authorised:			
Number	Unlimited	Unlimited	Unlimited
Issued and fully paid:			
Number	419,397,339	276,666,012	276,666,012
Nominal value (£'000)	419	5,534	5,534
Deferred shares with a nominal value of 1.9p			
Authorised, issued and fully paid:			
Number	276,666,012	-	-
Nominal value (£'000)	5,506	-	-
Preference shares with a nominal value of 0.01p			
Authorised, issued and fully paid:			
Number	2,908,631	-	-
Paid up value (£'000)	2,909	-	-

	Number of shares	Share Capital £'000	Share Premium £'000
Ordinary shares			
Details of share issues			
Balance as at 1 July 2015	276,666,012	5,534	15,228
Nominal value transferred to deferred share capital	-	(5,506)	-
Share consolidation (10 for 1)	(248,999,411)	-	-
Share placing and subscription for cash	225,000,000	225	4,275
Shares issued in lieu of fees	26,516,660	26	504
Shares issued in debt conversion	140,214,078	140	2,664
Balance as at 31 December 2015	419,397,339	419	22,671

	Number of shares	Share Capital £'000
Deferred shares		
Details of share issues		
Balance as at 1 July 2015	-	-
Deferred shares arising on sub-division of ordinary shares	276,666,012	-
Nominal value transferred from ordinary share capital	-	5,506
Balance as at 31 December 2015	276,666,012	5,506

Preference shares	Number	Preference
Details of share issues	of shares	Share Capital
		£'000
Balance as at 1 July 2015	-	-
Issue of preference shares on debt conversion	2,908,631	2,909
Balance as at 31 December 2015	2,908,631	2,909

6) SHARE CAPITAL REORGANISATION

On 10 July 2015 the share capital of the Company was split with each ordinary share which had a nominal value of 2 pence being sub-divided and re-designated into one ordinary share of 0.01 pence and one deferred share of 1.99 pence. Immediately after the sub-division and re-designation, the ordinary shares were subject to a 10 for 1 consolidation resulting in ordinary shares of the Company with a nominal value of 0.1 pence each.

Following the Share Capital Reorganisation each Shareholder held such number of ordinary shares as was equal to 10 per cent. of the number of ordinary shares that he or she held immediately beforehand, with a nominal value per ordinary share of 0.1 pence.

The deferred shares have very limited rights and are effectively valueless. They have no voting rights and have no rights as to dividends and only very limited rights on a return of capital. They are not admitted to or listed on any stock exchange and are not freely transferable.

JULY 2015 PLACING, SUBSCRIPTION, DEBT CONVERSION AND SHARES IN LIEU OF FEES

The Placing

On 13 July 2015 the Company raised approximately £4.5m (before expenses) through a placing of 173,900,000 of new ordinary shares by N+1 Singer, as agent of the Company, at 2p per share.

The Subscription

In December 2014, the Company entered into a subscription agreement with certain shareholders and Directors, including Peter Bertram, Mark Wood, Nitil Patel and Tim Hoare to subscribe, at the Company's option and discretion, for new ordinary Shares up to an aggregate value of approximately £1m. The Company served written notice to the parties of the subscription agreement and, accordingly, resolved to issue to the Investors 51,100,000 new ordinary shares at 2p per share.

Debt Conversion

On 13 July 2015 the Company converted a total of £2.80m of its outstanding debt by way of the issue of the 140,214,078 new ordinary shares at 2p per share.

In Lieu of Fees

On 13 July 2015 the Company, pursuant to the terms of engagement with certain advisers and non-executive director agreements agreed to issue 26,516,660 at 2p per share, in settlement for outstanding fees.

7) PREFERENCE SHARES

On 13 July 2015 the Company also converted £2.909m of its outstanding debt by way of the issue of convertible preference shares of 0.1 pence each at £1 per share.

The principal terms of the preference shares are as follows:

- a) They are convertible at 2.5 pence per ordinary share at the holder's option (which would give rise to the issue of 116,345,240 new ordinary shares if the preference shares were completed in full and no dividend had accrued);
- b) They are redeemable at the Company's option on the date falling five years after their issue;
- c) They have a dividend of 4.5 per cent. per annum (which increases to 13.5 per cent. per annum if they are not converted or redeemed within five years of their issue) which is payable on 31 July each year, or accrued and repayable when the preference shares are converted or redeemed; and
- d) They are freely transferable.

8) BUSINESS COMBINATIONS

Acquisition of Reef Television Limited

On 14 July 2015 the Group acquired 100 per cent. of the share capital of Reef Television Limited. The Group paid initial consideration of £2.55m cash for its 100 per cent. holding with a further £3m payable via redeemable loan notes and shares on certain earn out targets being met between 2016 and 2018. Of the £3m deferred consideration, £2m is classified as long term liabilities in the Group's balance sheet and £1m is classified as a current liability in other payables. The balance sheet acquired was £0.92m in net assets. The directors consider the £3m deferred consideration will be met over the 3 year period. The assets and liabilities arising from the acquisition are as follows:

	Book Value	Fair Value	Fair Value
	£'000	Adjustments	£'000
		£'000	£'000
Intangible assets		2,950	2,950
Property, plant and equipment	34	-	34
Trade and other receivables	536	-	536
Cash and cash equivalents	2,580	-	2,580
Trade and other payables	(1,619)		(1,619)
Current tax liabilities	(587)	-	(587)
Deferred tax	(2)	(590)	(592)
Net assets acquired	942	2,360	3,302
Goodwill capitalised			2,190
Consideration given			5,492

Satisfied by:

Cash	2,492
Deferred contingent consideration	3,000
	5,492

The fair value adjustments made to book value relate to the intangible assets identified on the acquisition. Goodwill relating to the acquisition of Reef amounted to £2.19m.

Earnout Details

The earnout consists of three elements:

- Loan Note Consideration of up to £1.5m
- Deferred Consideration of up to £1.5m and
- Additional amount of earn out consideration

The Loan Note Consideration and the Deferred Consideration will be settled in cash or Ordinary Shares, at the Company's discretion, subject to a maximum of 50 per cent. of the Loan Note Consideration and the Deferred Consideration being able to be settled in Ordinary Shares. Any issue of new Ordinary Shares to the Vendors will be subject always to the resultant shareholding of the Vendors being not greater than 29.99 per cent. of the issued share capital of Ten Alps, as enlarged by the issue of that tranche of Ordinary Shares. The Ordinary Shares will be valued at the average mid-market closing share price of the Company over the five Business Days prior to the finalisation of the relevant accounts.

The Loan Note Consideration is redeemable and the Deferred Consideration is payable in three tranches of up to £0.5m each, subject to the level of gross profitability of Reef Television for the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018. In respect of the 2016 financial year, the maximum Loan Note Consideration and Deferred Consideration payment of £1m is subject to Reef Television achieving at least £1.8m in gross profits and to be adjusted downwards thereafter on a straight-line basis to a minimum level of £1.5m, below which point none of the first tranche of Loan Note Consideration and Deferred Consideration will be paid. The same performance metrics will apply to the second and third tranches of Loan Note Consideration and Deferred Consideration due in respect of the 30 June 2017 and 2018 financial years, with the target gross profit ranges of £2m to £1.5m and £2.2m to £1.5m, respectively.

If there is an over-achievement in either of the 2016 or 2017 years the excess will be carried forward to the next financial year of assessment and if there is an over-achievement in either of the 2017 or 2018 years the Vendors will have the ability to claim back amounts not paid due to under-performance in previous years. An additional amount of earn-out consideration is payable by the Company if the aggregate gross profit for the three years exceeds £6m. Subject to certain conditions, the Company will pay 50 per cent. of such gross profit excess to the Vendors in either cash or by the issue of Ordinary Shares (in respect of up to 50 per cent. of this additional consideration) at the Company's option. No provision has been made for this element of deferred consideration, due to the uncertainty of future gross profit revenue streams being greater than £6m over the three year period.

ENDS