



alternative
NETWORKS SYSTEMS MOBILITY

ALTERNATIVE NETWORKS IS A LEADING UK BUSINESS COMMUNICATIONS SERVICE PROVIDER.

what we do – we offer a complete communications portfolio of fixed line, mobile, voice, data, systems and fully converged solutions. As an independent telecoms provider, we have industry accreditations and close strategic links with world-class suppliers – such as BT Openreach, Verizon, Cable & Wireless, Mitel, Avaya, O₂ and Vodafone. As such, we provide our customers with a hugely experienced and highly knowledgeable service.

who we do it for – we support the critical business communications for over 5,000 small, medium and large enterprise companies across the UK. Our client base includes organisations from all aspects of the public and private sector, including Channel 4, British American Tobacco, Simplyhealth, Allianz Insurance, ActionAid, Nestor Primecare, Watson Wyatt and Swinton.

RESULTS FOR THE YEAR TO 30 SEPTEMBER 2009

cash is king in turbulent times

Statutory performance	2009 £'000	2008 £'000	Change %
Turnover	89,676	93,707	(4)
Operating profit	7,031	8,755	(20)
EBITDA*	8,907	10,750	(17)
Profit before taxation	7,115	8,901	(20)
Earnings per share			
– basic	12.0p	14.3p	(16)
– diluted	11.6p	13.7p	(15)
Dividend per share****	5.1p	4.6p	11
Free cash flow per share*****	18.6p	16.8p	11
Underlying performance			
Adjusted EBITDA**	9,642	11,053	(13)
Adjusted operating profit**	8,986	10,433	(14)
Adjusted earnings per share***			
– basic	14.4p	16.5p	(13)
– diluted	13.9p	15.8p	(12)

* Earnings before interest, taxation, depreciation and amortisation.

** Adjustments for operating profit (and EBITDA) relate to amortisation of acquired intangible assets, share option costs and impairment to freehold property, as set out in Note 32.

*** Adjusted earnings per share are based on profits as set out in Notes 13 and 32.

**** Dividend per share is the interim dividend paid and the final dividend proposed, divided by the number of shares in issue at the year end.

***** Free cash flow per share is calculated as the new cash inflow after taxation, capital expenditure, and net interest, but before cash flows from financing activities and acquisitions, divided by the weighted number of shares in issue in the year, as per Note 13.

- Sales of £90m, down 4% as the economic impact of lower customer spending more than offsets market share gains.
- Gains in market share:
 - Mobile subscribers increased 6% to 55,299 (2008: 51,990).
 - Office based customers' lines/channels increased 29% to 67,587 (2008: 52,262).
 - System maintenance revenues increased 5% to £4.6m (2008: £4.4m).
 - High spending customers taking three or more products increased by 10%.
- Swift cost reductions resulted in £1m lower operating costs in the second half of the year, and underlying operating profits reduced by 14% to £9.0m (2008: £10.4m).
- Strong balance sheet and excellent cash generation:
 - Free cash flow of £7.9m (2008: £7.6m).
 - Strong cash conversion at 110% adjusted EBITDA (2008: 94%).
 - Net funds of £8.1m (2008: £3.2m), after returning £1.3m cash via share buy-backs.
- Proposed full year dividend increase of 11% to 5.1p, supported by strong cash flow and high visibility of earnings (2008: 4.6p).

£89.7m
turnover

£9.0m
adjusted operating profit

£8.9m
EBITDA

5.1p
dividend per share

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