



- A stable set of results in a tough market
- Resilient business performance
- Key Financial Highlights
  - Sales £45.6m – down 1%
  - Adjusted EPS down 9% to 6.9p
  - Dividend up 7% to 1.6p
- Prompt response to market conditions
  - Cost improvement plan implemented
  - Costs rebased for tougher economic times
- Well positioned for opportunities presented by tough market conditions

## Financial / Operational

- Net cash inflow from operations of £5.3m (H1 2008: £5.5m)
- Adjusted operating profits of £4.3m (H1 2008: £5.0m)
- Mobile subscribers up 11% to 54,278 (31 March 08 – 49,049)
- Fixed line / channels up 23% to 55,780 (31 March 2008: 45,397)
- Annual recurring cost savings of £2.4m implemented from Feb 09 – headcount reduction of 50.

## Corporate

- Proposed dividend up 7% to 1.6p from 1.5p
- £0.7m returned to shareholders in period - buy backs at 135p & 140p
- ECHO earn out completed - £0.25m net cash inflow to Group
- O2 Service provider licence renewed to July 2011

# Profit and loss - 6 months to 31 March 2009

	Six months to 31 March 2009 £000	Six months to 31 March 2008 £000	Change %	Year ended 30-Sep-08 £000
<b>Turnover</b>	<b>45,591</b>	46,094	-1%	93,707
<b>Gross profit</b>	<b>15,668</b>	16,206	-3%	32,794
<i>Margin</i>	<i>34.4%</i>	<i>35.2%</i>		<i>35.0%</i>
<b>Operating profit*</b>	<b>4,314</b>	5,029	-14%	10,433
<i>Margin</i>	<i>9.5%</i>	<i>10.9%</i>		
<b>Profit before taxation*</b>	<b>4,359</b>	5,074	-14%	10,579
<b>Earnings per share*</b>				
Basic Adjusted	<b>7.3p</b>	7.8p	-6%	16.5p
Diluted	<b>6.9p</b>	7.6p	-9%	15.8p
<b>Statutory reported Earnings per share</b>				
<i>Basic</i>	<b>5.8p</b>	6.7p		14.3p
<i>Diluted</i>	<b>5.4p</b>	6.4p		13.7p

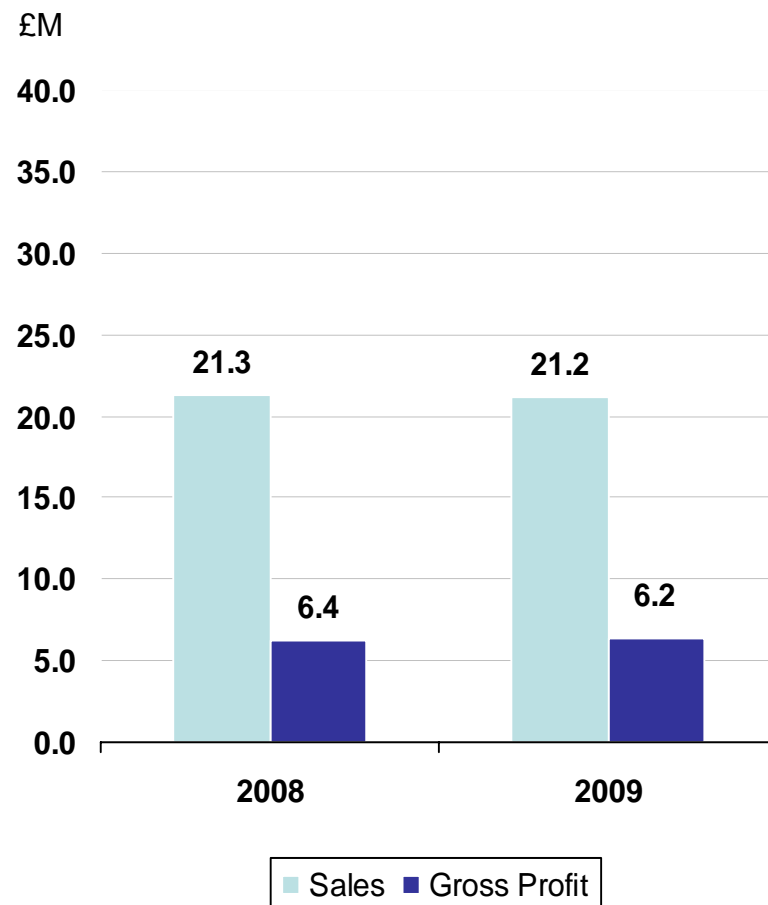
\* - Underlying performance before intangible assets amortisation, excluding software, and share based payments.

# Cash flow — 6 months to 31 March 2009

	Six months to 31 March 2009 £000	Six months to 31 March 2008 £000	Change £000	Year ended 30.9.08 £000
<b>Operating cash inflow</b>	<b>4,640</b>	5,316	-676	11,056
Working capital inflow/(outflow)	<b>681</b>	179	502	(721)
<b>Cash generated from operations</b>	<b>5,321</b>	5,495	-174	10,335
Tax paid	<b>(1,160)</b>	(791)	(369)	(1,940)
Net cash from operating activities	<b>4,161</b>	4,704	-543	8,395
<b>Capex</b>	<b>(218)</b>	(481)	263	(919)
<b>Investments</b>	<b>245</b>	(125)	370	(276)
<b>Free Cash Flow</b>	<b>4,188</b>	4,098	90	7,200
Dividends	<b>(1,383)</b>	(1,096)	(287)	(1,811)
Share capital	<b>(580)</b>	3	(583)	(4,146)
Loan repayments	<b>(33)</b>	(567)	534	(584)
Interest (net)	<b>45</b>	45	-	146
Increase/(decrease) in cash and cash equivalents	<b>2,237</b>	2,483	-246	805
Cash and cash equivalents at start of period	<b>4,227</b>	3,422		3,422
<b>Cash and cash equivalents at end of period</b>	<b>6,464</b>	5,905		4,227
Bank loans - Mortgage on HQ	<b>(963)</b>	(1,012)		(995)
<b>Net cash funds</b>	<b>5,501</b>	4,893		3,232

# Mobile — 6 months to 31 March 2009

KPIs	31 March 2009	31 March 2008	30 Sept 2008
Subscribers at 31 March	<b>54,278</b>	49,049	51,990
ARPU (£)	<b>55</b>	61	60
Average Contract Length	<b>22</b>	22	22
Gross new connections in the period	<b>8,521</b>	8,786	18,465
Network Churn	<b>18%</b>	12%	16%
Customer churn £/product	<b>15%</b>	16%	15%
% Subscribers in-contract	<b>86%</b>	81%	85%
Data connections (included in the above)	<b>18,741</b>	14,435	17,362
Data connections as % of total subscribers	<b>35%</b>	29%	33%
Gross Margins	<b>29%</b>	30%	30%



# Network Services — 6 months to 31 March 2009

KPIs	2009 Group 31 March	2008 Group 31 March	30 Sept 2008
Monthly ARPU (£)	1,062	1,082	1,101
Average new customer contract length (months)	19m	17m	16m
WLR % total NS revenues	38%	31%	32%
Number of outbound lines/channels	55,780	45,397	52,262
Inbound Revenues	£3.6m	£3.5m	£7.1m
Inbound margins	57%	57%	58%
Gross Margins	39%	41%	41%

£M

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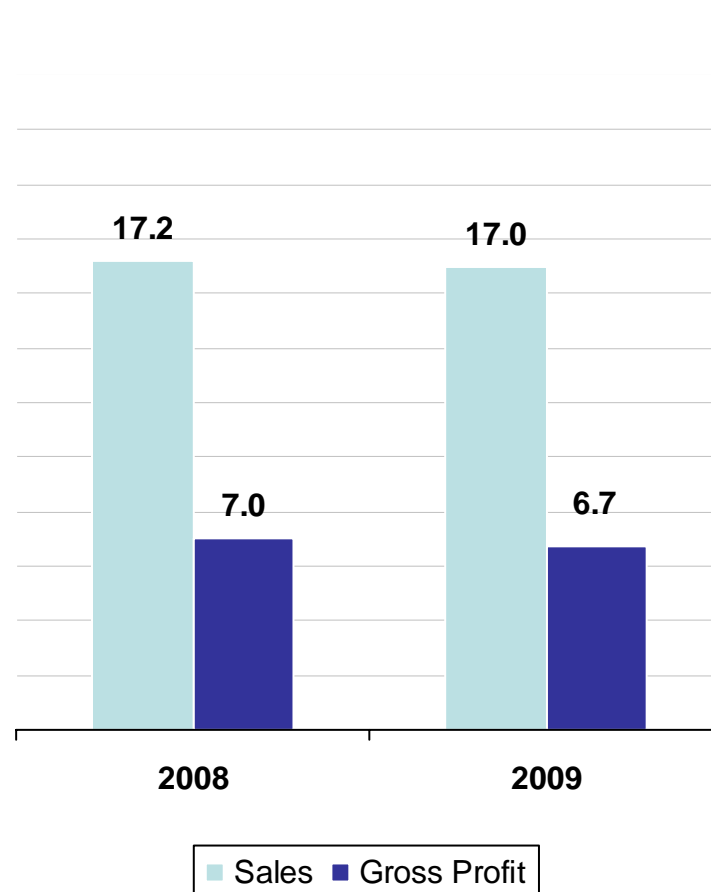
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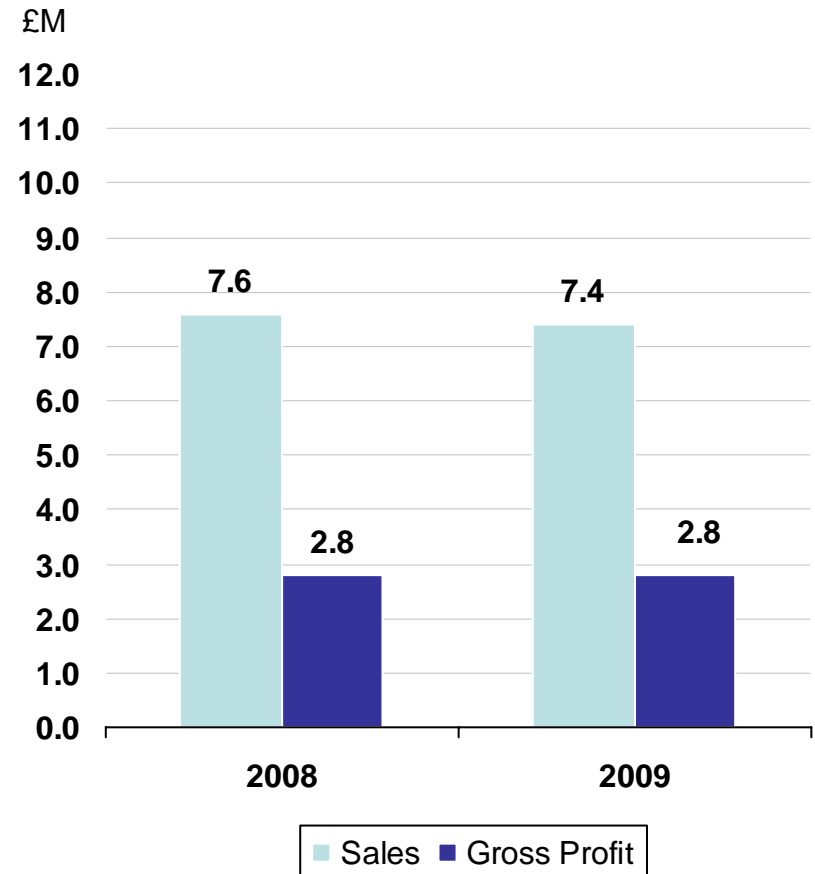
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# Advanced Solutions – 6 months to 31 March 2009

	2009 Group	2008 Group	30 Sept 2008
<b>Sales</b>			
Systems – PBX	£4.1m	£4.5m	£8.8m
Maintenance Revenues	£2.3m	£2.2m	£4.4m
Data Services	£1.0m	£0.9m	£2.0m
<b>Total</b>	<b>£7.4m</b>	<b>£7.6m</b>	<b>£15.2m</b>
<b>Maintenance Stats</b>			
Maintenance GP	£2.2m	£2.1m	£4.2m
Engineering Costs	(1.3m)	(£1.3m)	(2.5m)
<b>Gross Margins</b>			
Gross Margins	38%	37%	36%



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- Stable results in a tough market
- A position of strength through healthy cash generation and strong balance sheet
- Full integration of the business already achieved.
- Market conditions – we have adapted quickly
  - Adjusted sales strategy required
  - Revised value proposition
- Convergence strategy working & showing real customer value
- Underpinned by an experienced and proven Management Team

## ***Poised to take advantage of strong market position***

- Suppliers
  - Strong and enduring relationship
  - Highest level partners with Vodafone, O2, and Mitel.
- Competition
  - Hard times – many are hard pressed and in disarray
  - Increased number of management/leadership changes
- Acquisition opportunities
  - Exciting potential acquisitions opportunities for AN
    - Likely increase in potential targets
    - Likelihood of good buying conditions
  - Proven strategy of selective acquisitions remains the same
    - Rationale to broaden product range and/or customer base
- Customers
  - Winning more and winning bigger
  - Selling them more through multiproduct offering & successful cross selling
    - 39% take more than one product (73% of larger customers)

## ***Winning more – winning bigger***

### MacMillan Cancer Support

- One of 50 biggest UK charities - £100m funds pa.
- 72 sites across UK – 700 permanent staff

### Challenge

- Cost reduction and increased control over fixed line systems to improve effectiveness of multi site operation

### Solution

- Line audit
- Clarity
- Total upgrade of Mitel system to VoIP

### Result

- Better understanding of telecoms estate
- More control of multi sites
- Cost control = significant savings in lines and rental
  - £36K per year
  - Additional 30% savings through Clarity

## ***Cross selling multi products to larger customers***

### Weightmans Solicitors

- Top 60 UK law firm – 800 staff in 5 offices
- Systems different in each site

### Challenge

- Replace existing system and upgrade to VoIP
- Call recording to meet FSA regulations

### Solution

- Cost neutral solution, but allowing for further growth
- Converged mobile and fixed line
- Bespoke solution for each site based on same Mitel system
- System supports video conferencing and call recording

### Results

- Improved system management of voice network
- Reduced costs overall – across mobile and fixed line
- Greater flexibility in internal and external interaction
- Enhanced DR process and voice network resilience

- Stable results in a tough market
- A position of strength through strong cash generation
- Exciting potential acquisition opportunities
- Convergence strategy working & showing real customer value
- Assurance of an experienced and proven Management Team
- Confident of making the best of bad times



# Balance Sheet

	Unaudited Six months to 31 March 2009 £000	Unaudited Six months to 31 March 2008 £000	Audited Year to 30 September 2008 £000
<b>ASSETS:</b>			
<b>Non-current assets</b>			
Intangible assets	18,413	19,879	19,416
Tangible assets	2,995	2,116	2,204
Deferred tax and other	401	436	689
Property for resale	-	1,195	887
	<b>21,809</b>	<b>23,626</b>	<b>23,196</b>
<b>Current assets</b>			
Inventories	246	293	382
Receivables	13,446	14,931	14,450
Cash and cash equivalents	6,464	5,905	4,227
	<b>20,156</b>	<b>21,129</b>	<b>19,059</b>
<b>Total assets</b>	<b>41,965</b>	<b>44,755</b>	<b>42,255</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Equity</b>			
Called up share capital	56	60	57
Share premium	4,848	4,580	4,721
Capital redemption reserve	3	-	3
Merger reserve	1,905	1,905	1,905
Treasury shares held	(1,422)	-	(1,422)
Retained earnings	15,070	14,127	14,791
Minority interest	-	9	-
	<b>20,460</b>	<b>20,681</b>	<b>20,055</b>
<b>Current liabilities</b>	<b>19,410</b>	<b>21,215</b>	<b>19,903</b>
<b>Deferred tax liabilities</b>	<b>1,201</b>	<b>1,881</b>	<b>1,337</b>
<b>Non-current liabilities</b>	<b>894</b>	<b>978</b>	<b>960</b>
<b>Total liabilities</b>	<b>21,505</b>	<b>24,074</b>	<b>22,200</b>
<b>Total equity and liabilities</b>	<b>41,965</b>	<b>44,755</b>	<b>42,255</b>

# Profit and Loss Account

	Unaudited Six months to 31 March 2009 £000	Unaudited Six months to 31 March 2008 £000	Audited Year to 30 September 2008 £000
<b>Turnover</b>	45,591	46,094	93,707
Cost of sales	(29,923)	(29,888)	(60,913)
Gross profit	15,668	16,206	32,794
<b>Operating profit</b>	3,391	4,268	8,755
<b>Total operating profit - analysed:</b>			
Operating profit before share based payments and amortisation of intangible assets acquired	4,314	5,029	10,433
Share based payments	(270)	(74)	(303)
Amortisation of intangible fixed assets	(653)	(687)	(1,375)
<b>Total operating profit</b>	3,391	4,268	8,755
Finance income	60	89	223
Finance costs	(15)	(44)	(77)
<b>Profit on ordinary activities before taxation</b>	3,436	4,313	8,901
Taxation on profit on ordinary activities	(972)	(1,267)	(2,402)
<b>Profit on ordinary activities after taxation</b>	2,464	3,046	6,499
<b>Attributable to:-</b>			
Equity shareholders of the company	2,464	3,044	6,497
Minority interest	-	2	2
	2,464	3,046	6,499
<b>Earnings per ordinary share:</b>			
Basic	5.8p	6.7p	14.3p
Diluted	5.4p	6.4p	13.7p