



Alpha Plus Holdings plc

Interim Group Financial Statements

For the six months ended 28 February 2013

# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Officers and registered office

### Directors

Sir John Ritblat

G G Able

M J Sample

J J Aviss

D Doran

R Purchase

R D Jones

D Elliott

Dame Rosalind Savill

C B Wagman

S M Lancaster

Chairman

Chief Executive Officer

Director of Finance

Director of Schools

Director of Learning and Development

Director of Colleges

Director of Property

Director of ICT

Non-Executive

Non-Executive

Non-Executive

### Secretary

J C Norton

### Registered office

50 Queen Anne Street

London

W1G 8HJ

# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Interim Management Report

The Directors present their Interim Management Report and the unaudited condensed Group financial statements for the six months ended 28 February 2013.

### Activities

The principal activity of the Group in the period under review continued to be the ownership and management of schools and colleges in the United Kingdom and the supply of educational services. The Group operates 12 independent schools, 2 nurseries and 5 sixth form colleges all of which, with the exception of 2 schools and 3 colleges, are based in Central London.

### Review of business and future developments

Group revenues in the six months ended 28 February 2013 were 7% higher than in the six months ended 29 February 2012 at £30.7m (2012: £28.8m) with the increase being attributable to increased fee levels, higher-charges to students to cover the cost of their accommodation and increased pupil/student numbers which totalled 3,665 (2012: 3,582) at the end of the period. Overseas student numbers, however, have declined mainly as a result of adverse publicity abroad following the Government action against London Metropolitan University which occurred at a critical time in the recruitment cycle and caused many students to opt for Australia and the US rather than the UK.

Operating expenses rose by 9% to £27.0m (2012: £24.8m) reflecting a £0.5m increase in the cost of student accommodation, increased ICT expenditure resulting from decisions taken in the second half of the previous year and other general cost increases.

Earnings before interest, tax, depreciation and amortisation (EBITDA) declined by £0.2m to £3.8m (2012: £4.0m). At a pre-tax level, the Group generated a profit of £0.2m in the period (2012: £1.1m). The Directors do not recommend the payment of a dividend.

The Group's policy has been to make strategic acquisitions where appropriate but also to "Build and Expand" the existing portfolio. Capital expenditure in the six months ended 28 February 2013 of £2.7m (2012: £4.0m) included £1.2m in respect of the completion of a major building redevelopment project at Hilden Grange School in Tonbridge, Kent where the new buildings were officially opened on 10 November 2012.

The Group's sixth form colleges offer a variety of courses including 18-month A-Level programmes which commence in January of each year. As a consequence the Group would expect to generate higher operating profits in the second half of each year than in the first half and the current year is expected to be no different. Looking further forward, the Group intends to continue to look for opportunities to acquire existing schools as well as identifying sites to which the Group's existing schools could move to increase capacity or sites where new schools could be established.

### Financing

On 18 December 2012, the Company issued £48.5m 5.75% secured sterling bonds maturing in December 2019. The proceeds, after deducting issue expenses of £1.3m, amounted to £47.2m. Of this, £39.5m was paid to the Company's immediate shareholder to facilitate the full repayment of its bank debt facilities in respect of which the Company and certain of its subsidiaries were guarantors and obligors. A further £2.5m was repaid to the Company's immediate shareholder in January 2013. The remaining bond issue proceeds have been retained by the Group to supplement working capital resources.

The 5.75% secured sterling bonds, which are listed on the London Stock Exchange's Electronic Order Book for Retail Bonds ("ORB"), are secured by way of a first legal mortgage over a portfolio of seven freehold properties owned by certain of the Company's subsidiaries. Interest on the bonds is payable in arrear on 18 June and 18 December in each year.

# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Interim Management Report (continued)

### Principal risks and uncertainties

The principal risks and uncertainties which could impact the Group's performance remain those identified on page 3 and further described on page 27 of the Company's consolidated financial statements for the year ended 31 August 2012, a copy of which is available on the Group's website [www.alphaplusgroup.co.uk](http://www.alphaplusgroup.co.uk).

### ExEd

Alpha Plus is taking a leading role in ExEd (Exporting Education), a not-for-profit organisation launched in October 2012 to promote the value of education exports, and therefore international students, to the UK economy.

### Board Changes

The following Directors were appointed during the period:

Sir John Ritblat	Non-Executive Chairman (appointed 1 October 2012)
M J Sample	Director of Finance (appointed 1 September 2012)
D Elliott	Director of ICT (appointed 1 September 2012)
C B Wagman	Non-Executive Director (appointed 18 October 2012)
S Lancaster	Non-Executive Director (appointed 1 October 2012)

# Alpha Plus Holdings plc

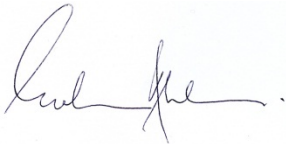
Interim Group Financial Statements – six months ended 28 February 2013

## Statement of Directors' responsibilities

The Directors confirm that, to the best of their knowledge:

1. The condensed Group interim results for the six months ended 28 February 2013 have been prepared in accordance with IAS34 "Interim Financial Reporting".
2. The Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year.

This interim report was approved by the Board of Directors on 24 April 2013.



Graham Able  
Chief Executive Officer



Mark Sample  
Director of Finance

# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Condensed Group statement of comprehensive income

for the six months ended 28 February 2013

		6 Months to		Year to
	Notes	28/02/13	29/02/12	31/08/12
		£000	£000	£000
<b>Revenue</b>		30,733	28,753	57,875
Operating expenses	6	(26,974)	(24,764)	(49,698)
<b>Earnings before interest, tax, depreciation and amortisation ("EBITDA")</b>		3,759	3,989	8,177
Depreciation and amortisation		(2,421)	(1,933)	(4,095)
<b>Operating profit</b>		<b>1,338</b>	<b>2,056</b>	<b>4,082</b>
Finance costs	7	(1,166)	(996)	(1,444)
Finance income		-	7	5
<b>Profit before tax</b>		<b>172</b>	<b>1,067</b>	<b>2,643</b>
Tax credit		-	-	2,637
<b>Profit and total comprehensive income for the period</b>		<b>172</b>	<b>1,067</b>	<b>5,280</b>

# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Condensed Group balance sheet

as at 28 February 2013

		<u>28/02/13</u>	<u>29/02/12</u>	<u>31/08/12</u>
	Notes	£000	£000	£000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8	102,659	96,090	102,351
Intangible assets		2,238	2,238	2,238
Deferred tax assets		2,637	-	2,637
		<u>107,534</u>	<u>98,328</u>	<u>107,226</u>
<b>Current assets</b>				
Trade and other receivables	9	5,820	4,376	2,469
Cash		7,883	5,769	1,632
		<u>13,703</u>	<u>10,145</u>	<u>4,101</u>
<b>Total assets</b>		<b><u>121,237</u></b>	<b><u>108,473</u></b>	<b><u>111,327</u></b>
<b>Current liabilities</b>				
Trade and other payables	10	30,036	26,993	26,005
Loans and borrowings	11	96	152	95
		<u>30,132</u>	<u>27,145</u>	<u>26,100</u>
<b>Non-current liabilities</b>				
Loans and borrowings	11	64,297	58,905	58,591
<b>Total liabilities</b>		<b><u>94,429</u></b>	<b><u>86,050</u></b>	<b><u>84,691</u></b>
<b>Net assets</b>		<b><u>26,808</u></b>	<b><u>22,423</u></b>	<b><u>26,636</u></b>
<b>Equity attributable to equity shareholders</b>				
Share capital		5	5	5
Retained earnings		26,803	22,418	26,631
<b>Total equity</b>		<b><u>26,808</u></b>	<b><u>22,423</u></b>	<b><u>26,636</u></b>

# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Condensed Group statement of changes in equity

for the six months ended 28 February 2013

	<b>Issued capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 September 2012	5	26,631	26,636
Profit and total comprehensive income for the period	-	172	172
<b>At 28 February 2013</b>	<b>5</b>	<b>26,803</b>	<b>28,608</b>
As at 1 September 2011	5	21,351	21,356
Profit and total comprehensive income for the period	-	1,067	1,067
<b>At 29 February 2012</b>	<b>5</b>	<b>22,418</b>	<b>22,423</b>
At 1 September 2011	5	21,351	21,356
Profit and total comprehensive income for the year	-	5,280	5,280
<b>At 31 August 2012</b>	<b>5</b>	<b>26,631</b>	<b>26,636</b>



# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Condensed Group statement of cash flows

for the six months ended 28 February 2013

	Notes	Six months to		Year to
		28/02/13	29/02/12	31/08/12
		£000	£000	£000
<b>Operating activities</b>				
Profit before tax		172	1,067	2,643
<i>Adjustments to reconcile profit before tax to net cash flow from operating activities:</i>				
Depreciation of property, plant and equipment		2,421	1,933	4,095
Loss on disposal of property, plant and equipment		2	-	-
Finance income		-	(7)	(5)
Finance costs		1,166	996	1,444
Working capital adjustments:				
(Increase)/decrease in trade and other receivables		(2,108)	(1,890)	(252)
Increase in trade and other payables		4,033	6,541	5,822
<b>Cash generated from operations</b>		<b>5,686</b>	<b>8,640</b>	<b>13,747</b>
Interest received		-	7	5
Interest paid		(1,137)	(996)	(1,444)
<b>Net cash inflow from operating activities</b>		<b>4,549</b>	<b>7,651</b>	<b>12,308</b>
<b>Investing activities</b>				
Proceeds from sale of property, plant and equipment		-	-	-
Additions of property, plant and equipment		(2,731)	(3,961)	(12,384)
<b>Net cash outflow from investing activities</b>		<b>(2,731)</b>	<b>(3,961)</b>	<b>(12,384)</b>
<b>Financing activities</b>				
Net proceeds from issue of 5.75% secured sterling bonds		47,226	-	-
Other proceeds from new loans and borrowings		-	-	714
Repayment of loans and borrowings		(42,737)	(500)	(1,500)
Payment of finance lease liabilities		(56)	(100)	(185)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>4,433</b>	<b>(600)</b>	<b>(971)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>6,251</b>	<b>3,090</b>	<b>(1,047)</b>
Opening cash and cash equivalents		1,632	2,679	2,679
<b>Closing cash and cash equivalents</b>		<b>7,883</b>	<b>5,769</b>	<b>1,632</b>

# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Notes to the condensed Group financial statements

### 1. Corporate information

The condensed interim financial statements of Alpha Plus Holdings plc and its subsidiaries (“the Group”) for the six months ended 28 February 2013 do not constitute statutory financial statements within the meaning of s434 of the Companies Act 2006.

The summary results for the year ended 31 August 2012 have been extracted from the Group Financial Statements for the year then ended, which were approved by the Board of Directors on 1 November 2012, reported on by the Group’s auditor and subsequently delivered to the Registrar of Companies. The audit report was unqualified and did not contain any statement required under s498 of the Companies Act 2006.

The condensed interim financial statements for the Group for the six months ended 28 February 2013 were authorised for issue in accordance with a resolution of the Directors on 24 April 2013.

### 2. Basis of preparation

The interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 – “Interim Financial Reporting”. These condensed interim financial statements should be read in conjunction with the Group Financial Statements for the year ended 31 August 2012 which were prepared in accordance with IFRS’s as adopted by the European Union. The comparative figures for the year ended 31 August 2012 are consistent with the Group Financial Statements for the year then ended.

### 3. Accounting policies

The results for the six months ended 28 February 2013 have not been audited. They have been prepared on the basis of the accounting policies set out in the Group Financial Statements for the year ended 31 August 2012. There are no new standards which are mandatory for the financial year ending 31 August 2013 that will have a material impact on the Group’s results or net assets.

### 4. Going concern

The Directors continue to have a reasonable expectation that the Group has adequate financial resources to continue its operations for the foreseeable future and, therefore, consider it appropriate to continue to prepare the accounts on a going concern basis.

### 5. Segmental information

The Group’s chief operating decision maker, as defined in IFRS 8, is the Board of Directors. The Board views the Group’s portfolio of schools and colleges as a single operational business and, consequently, no further detailed segmental analysis has been included in these interim financial statements.

# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Notes to the condensed Group financial statements

### 6. Revenue and operating expenses

Revenue, all of which derives from continuing operations, relates to the provision of educational services in the UK.

Operating expenses may be analysed as follows:

	<b>Six months to</b>		<b>Year to</b>
	<b>28/02/13</b>	<b>29/02/12</b>	<b>31/08/12</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Staff and other direct costs	19,971	18,308	36,103
Administrative expenses	7,003	6,456	13,595
	<b>26,974</b>	<b>24,764</b>	<b>49,698</b>
Depreciation	2,421	1,933	4,095
	<b>29,395</b>	<b>26,697</b>	<b>53,793</b>

### 7. Finance costs

	<b>Six months to</b>		<b>Year to</b>
	<b>28/02/13</b>	<b>29/02/12</b>	<b>31/08/12</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest on 5.75% secured sterling bonds	563	-	-
Amortisation of 5.75% secured sterling bonds issue costs	31	-	-
Interest on parent company loan	504	963	1,368
Finance charges payable under finance leases	13	17	38
Other interest payable	55	16	38
	<b>1,166</b>	<b>996</b>	<b>1,444</b>

# Alpha Plus Holdings plc

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## Notes to the condensed Group financial statements

### 8. Property, plant and equipment

	Freehold land and buildings	Long leasehold land and buildings	Leasehold improvements	Fixtures and equipment	Total
	£000	£000	£000	£000	£000
<b>Cost</b>					
At 1 September 2012	84,120	3,226	13,268	19,032	119,646
Additions	1,673	-	41	1,017	2,731
Disposals	-	-	-	(3)	(3)
<b>At 28 February 2013</b>	<b>85,793</b>	<b>3,226</b>	<b>13,309</b>	<b>20,046</b>	<b>122,374</b>
<b>Depreciation</b>					
At 1 September 2012	1,467	128	4,366	11,334	17,295
Depreciation charge for the period	489	32	338	1,562	2,421
Disposals	-	-	-	(1)	(1)
<b>At 28 February 2013</b>	<b>1,956</b>	<b>160</b>	<b>4,704</b>	<b>12,895</b>	<b>19,715</b>
<b>Net book value</b>					
<b>At 28 February 2013</b>	<b>83,837</b>	<b>3,066</b>	<b>8,605</b>	<b>7,151</b>	<b>102,659</b>
At 31 August 2012	82,653	3,098	8,902	7,698	102,351
At 29 February 2012	78,103	3,130	8,329	6,528	96,090

### 9. Trade and other receivables

	28/02/13	29/02/12	31/08/12
	£000	£000	£000
Trade receivables	1,632	1,858	496
Other receivables	378	510	487
Prepayments	3,810	2,008	1,486
	<b>5,820</b>	<b>4,376</b>	<b>2,469</b>

# Alpha Plus Holdings plc

Interim Group Financial Statements – six months ended 28 February 2013

## Notes to the condensed Group financial statements

### 10. Trade and other payables

	28/02/13	29/02/12	31/08/12
	£000	£000	£000
Trade payables	515	582	2,460
Other payables	7,119	6,893	6,786
Social security and other taxes	676	698	696
Accruals	2,337	1,799	2,196
Deferred income	19,389	17,021	13,867
	<u>30,036</u>	<u>26,993</u>	<u>26,005</u>

Accruals at 28 February 2013 include interest on the 5.75% sterling secured bonds (see note 11) of £563,000.

### 11. Loans and borrowings

	28/02/13	29/02/12	31/08/12
	£000	£000	£000
<b>Current loans and borrowings</b>			
Amounts due to immediate parent company	-	-	-
Obligations under finance leases	96	152	95
	<u>96</u>	<u>152</u>	<u>95</u>
<b>Non-current loans and borrowings</b>			
5.75% secured sterling bonds	48,500	-	-
Amounts due to immediate parent company	15,710	58,733	58,447
Obligations under finance leases	87	172	144
	<u>64,297</u>	<u>58,905</u>	<u>58,591</u>

The 5.75% secured sterling bonds are secured by way of a first legal mortgage over a portfolio of assets held by certain of the Company's subsidiaries. Interest is payable twice a year, on 18 June and 18 December and the bonds mature on 18 December 2019.

Amounts owed to the immediate parent company, DV4 Holdings Alpha Plus Co. Ltd, are secured by a first ranking fixed and floating charge over those assets of the Group that do not form part of the portfolio securing the 5.75% sterling bonds referred to above. In addition, amounts owing to the immediate parent company are secured by a second ranking fixed and floating charge over those assets that do secure the 5.75% sterling bonds.

### 12. Related party disclosures

Prior to 18 December 2012, the Company and its subsidiaries were obligors and guarantors of the immediate parent company's bank loan facilities. As at 18 December, the principal sum outstanding under these facilities amounted to £39.237m (31 August 2012: £40.237m). This principal sum, together with accrued interest, was repaid in full on that date.

That element of the immediate parent company loan that related to the immediate parent company's banking facilities carried interest at a fixed rate of 3.295%. Interest payable in this regard in the six months ended 28 February 2013 amounted to £0.504m (six months to 29 February 2012: £0.963m). No interest is payable on the residual element of the immediate parent company loan.