

## **MUKBHL Group**

### **Mid year update (December 2010)**

Total Group turnover for the six month period has fallen slightly compared to the corresponding period in 2009 (down by less than 3%) as the company concentrates on developing higher margin opportunities and exiting lower margin markets.

There has been revenue growth in the Terrestrial Broadcast division driven by a number of factors including the launch of new TV channels.

This growth has been offset by decreases in the Wireless Access division due to the loss of a number of managed service contracts and a reduction in installation revenue as the mobile network operators continue to reduce network costs and consolidate networks.

The global recession has also impacted on the Satellite Media business with a number of major customers going into administration early in the year. The business is focussing on replacing this lost revenue at the earliest opportunity.

The Group has reacted to the tough market by looking at delivering key services in a more efficient and effective manner and where possible renegotiating contracts to lower costs in key areas such as capacity and circuits.

In order to provide a better service to our customers the Group has also been restructured from three to two market-facing businesses, responsible for providing all products and services. The two businesses, Broadcast & Media and Government, Mobile and Enterprise, are supported by a single Business Operations division providing delivery and maintenance services.

In order to support this new structure and to better align with the strategic goals of the company a major transformation project is being undertaken. The aim of this is to deliver a more efficient and effective customer focussed business that will allow the company to better achieve its future growth ambitions.

The transition of terrestrial transmission services in the UK from analogue and low power digital transmission services to a high power transmission service is currently being undertaken by the Group. Despite the severe weather conditions in the UK at the end of 2010 the Digital Switch Over ('DSO') programme remains on schedule with the first switchover event in 2011 scheduled for March.