

Regulatory Announcement

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| Company | Forbidden Tech. |
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| Headline | Interim Results |
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Forbidden Technologies PLC
30 September 2008

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Forbidden Technologies plc

Interim Results for six months to 30 June 2008

Chairman's statement

Sales for the sixth months ending 30th June 2008 were £31,221 (2007 £33,447). The loss in the six months was £201,799 (2007 £361,725). The 44% reduction in loss compared to the same period a year ago is a reflection of a rigorous cost control exerted by the management. The savings have come from a mix of areas: a reduction in P.R. spend; a more commission-based sales structure; a move from big exhibitions to word of mouth recommendations by customers such as Breathe Post; a new, more cost-efficient office and a salary contribution from directors.

The company continues to be financed by a £1 million loan facility provided by two directors. As at 30th June 2008, £532,500 of the facility had been drawn down. The directors are confident that the balance of the loan will provide sufficient funding beyond the next 12 months assuming the planned level of administrative expenses and based upon modest sales assumptions.

In the market place at large, the credit crunch and financial pressures appear to be focusing the minds of our current and potential customers on how to increase the efficiency of their workflows. With users saying that FORscene "saves time and money" it is encouraging to see more post-production professionals introducing modern internet-based workflows using FORscene. For example, North One Television, one of the top UK independent production companies, is using FORscene on its Industrial Junkies series for Discovery and also on its NHS series for Channel 4. Michael Porecki, series producer of Industrial Junkies, said "Now it's in use, we love it. The benefits are obvious: the logger can log, the Director can paper-edit (even at home) and I can dip into rushes to quality control the show and do things like pick out title shots."

Similarly in Canada, the Canadian Broadcasting Corporation (CBC) has embraced FORscene as its official review system for all its Arts and Entertainment productions. FORscene allows senior management and decision makers to review dailies, cuts and final versions. All can review from any location across Canada. CBC has used FORscene on 16 productions in the past 5 months, and now requires all its A&E independent productions to use FORscene.

Users of Forbidden's flagship FORscene product do not need detailed knowledge of complex professional video-editing systems. As the FORscene tools advance technologically, it becomes more rewarding for customers to extend the range of tasks that they complete on FORscene. They can now make high quality rough cuts and even entire finished programmes with FORscene. Companies benefiting from these developments include ALL3MEDIA, the UK's number one independent production company, and FremantleMedia in Los Angeles with their "America's got Talent" series.

In addition the new FORscene Server product makes editing even more practical over slow or contended internet links. By reducing internet traffic it is particularly helpful when FORscene is widely used within a company. Videos are still available remotely on demand, appearing on Forbidden's servers and preserving the real advantages of wide area access.

FORscene's immediacy and simplicity are also making it attractive to journalists working in television news and newspaper websites. A number of customers are exploring these areas with us.

Forbidden has introduced many new features to its consumer video-editing and publishing product Clesh, including new video effects and a range of colour control features. Examples can be seen at <http://clesh.com/>. Clesh is set to establish a consumer base in western USA through Forbidden's Los Angeles partner LP33.tv.

Our educational programme continues to expand in the UK, Canada and the USA exposing the value of the Forbidden products to more and more media students. A good example of this is found in the Cayuga Community College - part of the State University of New York - where students can now learn the art of editing using FORscene over the internet for timecode-accurate and frame-accurate editing. Professor Steve Keeler quotes, "We can now walk students through the entire process of editing, from shooting through to modern video-publishing to a cross-platform on the web, iPod or mobile. This is a dream come true for distance learning".

The market for reversioning video for the internet is starting to generate a significant proportion of the company's sales. FORscene's accessibility, scalability and ease of integration into larger systems suggest post-production for internet distribution could turn out to be a major market for FORscene.

With increasing awareness and interest from larger organizations in Europe and North America and a business environment which encourages time saving and cost saving, the directors expect that this will translate into increased business in the months and years ahead.

Note

This announcement, with P&L, Balance Sheet and supporting statements (including comparatives), will be posted on the company website <http://www.forbidden.co.uk/>. The Company does not intend to issue paper copies, in line with the practice established last year.

Contacts

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|----------------------------------------------------------------------------|---------------|
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Profit and loss account

| | Unaudited half year to 30 June 2008 £ | Unaudited half year to 30 June 2007 £ | Year to 31 December 2007 £ |
|--------------------------------------------------------|---------------------------------------------------|---------------------------------------------------|-------------------------------------|
| Turnover | 31,221 | 33,447 | 70,848 |
| Administrative expenses | -234,193 | -398,251 | -760,342 |
| Operating loss | -202,972 | -364,804 | -689,494 |
| Interest receivable and similar income | 1,173 | 3,079 | 4,873 |
| Loss on ordinary activities before taxation | -201,799 | -361,725 | -684,621 |
| Tax on loss on ordinary activities | 0 | 0 | 36,297 |
| Loss for the period | -201,799 | -361,725 | -648,324 |
| Basic and diluted loss per ordinary 0.8 pence share | -0.26p | -0.48p | -0.85p |

The results for the year are all derived from continuing operations. There are no recognised gains or losses other than the loss for the year.

| Reconciliation of movements in shareholders' funds | Unaudited half year to 30 June 2008 | Unaudited half year to 30 June 2007 | Year to 31 December 2007 |
|-----------------------------------------------------------|--------------------------------------------|--------------------------------------------|---------------------------------|
| | £ | £ | £ |
| Loss for the period | -201,799 | -361,725 | -648,324 |
| FRS 20 employee share option costs | 14,535 | 34,552 | 44,069 |
| Net reduction in shareholders' funds | -187,264 | -327,173 | -604,255 |
| Opening shareholders' funds | -245,461 | 358,794 | 358,794 |
| Closing shareholders' funds | -432,725 | 31,621 | -245,461 |

| Balance sheet | Unaudited half year to 30 June 2008 | Unaudited half year to 30 June 2007 | Year to 31 December 2007 |
|----------------------------------------------|--------------------------------------------|--------------------------------------------|---------------------------------|
| | £ | £ | £ |
| Fixed assets | | | |
| Tangible assets | 1,088 | 3,750 | 2,175 |
| Current assets | | | |
| Debtors | 116,091 | 99,717 | 104,829 |
| Cash at bank and in hand | 66,648 | 38,847 | 59,657 |
| | 182,739 | 138,564 | 164,486 |
| Creditors (<1 year) | -84,052 | -110,694 | -77,122 |
| Net current assets | 98,687 | 27,871 | 87,364 |
| Total assets less current liabilities | 99,775 | 31,621 | 89,539 |
| Creditors (>1 year) | -532,500 | 0 | -335,000 |
| Net assets | -432,725 | 31,621 | -245,461 |
| Capital and reserves | | | |
| Called up share capital | 609,300 | 609,300 | 609,300 |
| Share premium account | 2,996,375 | 2,996,375 | 2,996,375 |
| Capital contribution reserve | 125,000 | 125,000 | 125,000 |
| Profit and loss account | -4,163,400 | -3,699,054 | -3,976,136 |
| Equity | | | |

| | | | |
|---------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|---------------------------------|
| shareholders' funds | -432,725 | 31,621 | -245,461 |
| | <hr/> | <hr/> | <hr/> |
| Reconciliation of operating loss to net cash outflow from operating activities | Unaudited half year to 30 June 2008 | Unaudited half year to 30 June 2007 | Year to 31 December 2007 |
| | £ | £ | £ |
| Operating loss | -202,972 | -364,804 | -689,494 |
| FRS 20 employee share option cost | 14,535 | 34,552 | 44,069 |
| Depreciation charges | 1,087 | 3,750 | 7,238 |
| Decrease/(increase) in debtors | -11,262 | -4,805 | -14,125 |
| Increase/(decrease) in creditors | 6,930 | 8,887 | -24,685 |
| Net cash outflow from operating activities | -191,682 | -322,420 | -676,997 |
| | <hr/> | <hr/> | <hr/> |
| Cash flow statement | | | |
| Cash outflow from operating activities | -191,682 | -322,420 | -676,997 |
| Returns on investment and servicing of finance | 1,173 | 3,079 | 4,873 |
| Taxation | 0 | 0 | 40,505 |
| Capital expenditure | 0 | -2,438 | -4,350 |
| Cash outflow before management of liquid resources | -190,509 | -321,779 | -635,969 |
| Financing | 197,500 | 0 | 335,000 |
| Increase/(decrease) in cash in the period | 6,991 | -321,779 | -300,969 |
| | <hr/> | <hr/> | <hr/> |
| Reconciliation of net cash flow to movement in net funds | | | |
| Increase/(decrease) in cash in the period | 6,991 | -321,779 | -300,969 |
| Cash inflow from increase in debt financing | -197,500 | 0 | -335,000 |
| Movement in net funds in the period | -190,509 | -321,779 | -635,969 |
| Net (debt)/funds at the start of the period | -275,343 | 360,626 | 360,626 |
| Net (debt)/funds at the end of the period | -465,852 | 38,847 | -275,343 |
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Basis of preparation

The Interim report for the six months ended 30 June 2008 and 2007 is unaudited and does not constitute statutory accounts with the meaning of Section 240 of The Companies Act 1985. It has been prepared under the historical cost convention and on a basis consistent with the accounting policies disclosed in the Annual Report and Accounts for the year ended 31 December 2007.

The results for the year ended 31 December 2007 and the balance sheet of that date are an extract from the statutory financial statements for that year, which have been filed with the Registrar of Companies and on which the Company's auditors gave an unqualified report and did not contain a statement under Section 237 (2) or (3) of that Act.

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