**EMBARGOED UNTIL 7.00AM**
**8 November 2000**

# THUS PLC
## INTERIM RESULTS
## SIX MONTHS ENDED 30 SEPTEMBER 2000

### Financial results

- Second quarter turnover up 5% to £53.3 million on quarter one. First half turnover up 3% to £103.9 million, with business sales up 24% to £67.1 million

- Second quarter EBITDA flat on quarter one at negative £8.6 million.
  First half EBITDA negative £17.3 million (first half 1999-00: positive £5.7 million)

- Operating loss from continuing operations £35.6 million (first half 1999-00: £6.8 million)

### Funding

- ScottishPower to extend revolving working capital facility put in place at flotation by £100 million to £320 million

- Facility to cover national network roll-out and service development programme on plan to be completed by December 2001

### Board

- Board strengthened with appointment of new CFO, John Maguire, joining on 18 December from Cable & Wireless, together with the addition of Non-executive Directors, Jo Connell, Group Managing Director FI Group plc and Michael de Kare Silver

### Sales and marketing

- Sales team increased to 220, with the majority of new staff based in England. Corporate sales team restructured to more aggressively capture new business and develop existing accounts

- Channel marketing partners increased from less than 20 to over 200

- New corporate customers added in the first half include Sky, Scottish Provident, Wincanton Logistics, BVL, Intelligent Finance, GE Capital and Virgin Cars

- Service provision to ScottishPower extended to support its domestic telephony strategy and Internet joint venture

### Services

- New Internet access services launched, including Demon Premier Connect for better value and unmetered dial up access, Demon Express for higher bandwidth ADSL access and Demon Now for mobile Internet access

- Hosted web site development and e-commerce application, entry level dedicated server and wide scale video streaming services launched

- Demon tops JD Power and Associates Customer Satisfaction Study, reinforcing leading quality position

**Network and infrastructure**

- £76 million invested in first half, principally in network development and service capabilities

- National network fibre expanded by 75% to 6750 kms since beginning of roll-out.  Service launched in Reading, Swindon, Leeds and Middlesbrough during first half

- Web hosting capacity more than trebled to 35,000 square feet

- Capacity into London Internet Exchange upgraded and additional points of presence added at key US Internet exchange points to enhance peering

**Commenting on the results, William Allan, Chief Executive said:**

'These results reflect the transition of the Company from a regional provider of traditional telecommunications services to a nationwide provider of advanced data and Internet services to corporate and SME customers.

'During the first half, we have taken three important steps to accelerate this transition.

'First, we have given stronger focus to business service growth which is showing good progress with sales up 24% to £67.1 million.

'Secondly, we have restructured our corporate sales team to enable us to compete for and grow major nationwide accounts more effectively.  Evidence of our success is demonstrated by the high profile, blue chip additions to our customer base during the period.

'Thirdly, we have invested in and launched six new Internet services to significantly enhance Demon's capabilities and build its position as a business ISP.

'The appointment of our new CFO and two new Non-executive Directors, significantly strengthens the management team and, together with the extended financing commitment from ScottishPower, demonstrate continued support for the strategy and potential of the business.  We remain confident that we are on track to achieve stronger revenue growth and improve performance in the second half.'

**For further information, please contact:**

| | |
|---|---|
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An analysts' conference will take place this morning at 9.00 for 9.30am in The Great Eastern Room, The Great Eastern Hotel, Liverpool Street, London EC2M 7QN.  A live webcast of the presentation can be viewed at www.thus.net.

**Overview of financial results**

Turnover was £103.9 million compared with £101.1 million for the six months ended 30 September 1999, with second quarter sales up 5% to £53.3 million compared with £50.6 million in quarter one this year.

First half sales from business services increased 24% to £67.1 million, excluding the ScottishPower facilities management contract. However, as reported in the first quarter trading statement, overall growth was held back by a faster than expected decline in consumer services. This was led by a 40% fall in premium rate Interactive services, lower residential telephony revenues, a decline in the number of Internet dial up subscribers and changes to the NTS charging regime which have the effect of reducing the proportion of revenues ISPs receive for terminating calls.

These factors, together with general competitive pressures and the build up of additional network depreciation and infrastructure costs associated with business expansion, led to a £12.6 million reduction in gross profit to £26.4 million.

Operating costs were £62.0 million compared with £45.7 million last year, falling from 62% of sales in the first quarter to 58% of second quarter revenues in line with anticipated efficiencies.

Depreciation and amortisation was £18.3 million, up £5.8 million from the first half last year, giving rise to EBITDA of negative £17.3 million compared with equivalent earnings of £5.7 million last year. EBITDA for the second quarter at negative £8.6 million was flat compared with £8.7 million in quarter one.
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The operating loss from continuing operations was £35.6 million compared with £6.8 million for the same period last year and interest fell £9.3 million to £1.6 million, resulting in a loss before tax of £37.3 million.

Cash inflow from operations of £10.7 million compared with a cash outflow of £8.6 million for the same period last year.

Capital expenditure during the period was £76.0 million, with 50% invested in network expansion, 17% in network assurance, 24% in service capabilities and the remaining 9% on system improvements.

Net debt as at 30 September 2000 was £81.1 million compared with net funds of £24.5 million at 31 March 2000.

**Segmental analysis of turnover**

**Data and telecoms** turnover increased 29% to £41.9 million, with second quarter sales up 48% year on year to £23.5 million and up 28% compared with quarter one.

Sales to external business customers increased 45% to £29.3 million.

In addition, the ScottishPower facilities management contract contributed £11.1 million to turnover, up from £10.0 million received in the same period last year. However, residential telephony revenues fell 34% to £1.5 million, reflecting both the planned withdrawal from fixed radio access services last year and the Company’s decision to place less focus on its residential indirect service.

**Internet** sales were flat at £37.3 million against £37.2 million for the first half last year, with a 36% growth in business service sales to £12.5 million. Within business services, leased line customers increased to over 1,500, commercial web hosting customers to 17,000 and subscribers to virtual ISP services, including Ondigital and freebeeb.net were 147,000.

Despite this strong growth, Internet revenues were adversely impacted by a reduction in dial up subscribers and lower revenue from termination payments on dial up Internet calls as a result of regulatory changes. After adjusting for a one-off 15,000 correction in the customer count following the implementation of a new billing system reported in the first quarter, UK dial up subscribers fell 8% over the first half to 177,000, indicating an average monthly churn of 1.5%. However, average monthly usage per dial up customer was 21.4 hours compared with 20.4 hours at the year end, indicating that Demon is retaining its high quality business users. New dial up and ADSL Internet access services launched at the end of the first half are aimed at improving retention and arresting this decline.

Overall, it is estimated that the proportion of Internet revenues attributable to business customers rose to 66% of first half sales compared with 59% for the same period last year.

The 40% fall in **Interactive** services to £11.5 million resulted from strong competition in the premium rate services market which was felt particularly within the competitions operation. Through the introduction of test marketing ahead of the launch of new competitions, management arrested the decline and held second quarter sales flat on quarter one at £5.8 million. The business also successfully launched a new format for its football information service Clubcall.com, backed by an extensive football portal in association with Haymarket Publishing's popular 'Four, Four, Two' title.

**Contact centre** sales rose 7% in the first half to £13.1 million, with second quarter sales down 15% to £6.0 million on quarter one, principally as a result of lower call volumes within individual accounts.

**Sales and marketing**

The sales team increased to 220, with the majority of new staff based in England. To drive forward business sales more aggressively in the second half, the corporate sales team was restructured into account acquisition and account development teams. In addition, sales remuneration has been changed to align more closely to revenue. Following a successful recruitment campaign, channel marketing partners were increased from less than 20 to over 200 which will provide Thus with wider service distribution.

**Corporate wins**

As a result of these changes in sales and marketing, Thus was able to significantly improve its customer base with the addition of a number of key national corporate accounts.

Second quarter wins included a contract to provide the infrastructure and hosting facilities for one of Sky's new digital satellite services, as well as contracts for the provision of web streaming services to support Channel 4's popular 'Big Brother' production and BBC2's 'Attachments' series. New business was also won from Scottish Provident for switched services, together with Wincanton Logistics for contact centres.

In September Thus began providing service to BVL, a major account win in quarter one. Thus is providing network services to enable BVL to supply an indirect residential telephony service for one of the UK's leading broadcasters and implementation of the contract has significantly increased volumes across the Company's network.

Thus also worked closely with ScottishPower on the launch of an indirect residential service to its customers in Scotland and the North West of England. Customer take up exceeded ScottishPower's expectations and the two companies are now working closely together to evaluate the opportunities for extending the service. In addition, Thus is providing web hosting and contact centre support to ScottishPower's Internet joint venture with the Royal Bank of Scotland.

**Service development**

Service development focused on enhancing Demon's Internet access and hosting services to help retain dial up customers and enhance business sales, rebalancing revenues away from dial up termination payments.

Demon Premier Connect was launched in October, providing customers with better value dial up rates and unmetered Internet access. Since launch, over 3,300 customers have moved to this package.

At the end of September the Company also began sales of its ADSL services, Demon Express following extensive customer trials. To date, over 1,200 customer orders have been received of which 650 have been connected.

In addition, Demon Now was introduced giving customers the opportunity to access their Demon account via a WAP service. The service has attracted over 3,000 users to date.

New hosting services included the launch of an entry level, dedicated server product, a hosted web site set up and e-commerce application and expansion of the Company's video streaming capabilities.

**Infrastructure**

Expansion of the national network continued to make good progress, with operational fibre up 75% to 6,750kms since the beginning of the roll-out this time last year. During the first half, service was launched in Reading, Swindon, Leeds and Middlesbrough, with effort currently being directed towards completion of the Southern ring and the achievement of countrywide connectivity.

The Company's web hosting capability was extended by some 25,000 square feet, with the launch of a new facility at Park Royal in West London, adding to the existing 10,000 square feet of hosting space in London.

The Company also upgraded its capacity into the London Internet Exchange, increased its transatlantic capacity and built out points of presence to an additional 3 key Internet exchange points in the US at Washington, Chicago and San Jose. These new Internet exchange points provide East to West US connectivity and will enable Thus to enhance its peering and improve Internet service quality.

**Board**

Three new Board appointments were made, including a new CFO and two new, independent, Non-executive Directors. Together, these appointments bring a wealth of telecoms and hi-tech sector experience and significantly strengthen the Board and management team.

**Financing**

A revolving working capital facility of £220 million was put in place with ScottishPower at the time of Thus's flotation in November 1999. ScottishPower supports Thus's strategy and has agreed to extend the facility by a further £100 million to cover, in particular, the national network roll-out and the service development programme which is planned to be completed by December 2001. In the longer term, it is expected that Thus will refinance the facility in the debt and capital markets.

**Outlook**

In view of progress made in the second quarter, the Board remains confident that revenue growth will improve in the second half of the year, although full year growth will remain materially below the 31% growth attained in the previous year.
As indicated in the first quarter statement, the Board continues to believe that due to the lower annual growth rate, the cost of investing in future expansion and competitive pressure, EBITDA for the full year will be negative.

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## Group Profit and Loss Account
### for the six months ended 30 September 2000

| | Notes | First half 2000-01 £'000 | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|---|
| Turnover from continuing operations | 2 | **103,865** | 101,143 | 216,903 |
| Cost of sales | | **(77,489)** | (62,212) | (126,994) |
| **Gross profit from continuing operations** | | **26,376** | 38,931 | 89,909 |
| Selling and distribution | | **(21,231)** | (19,607) | (38,894) |
| Administration expenses | | **(40,774)** | (26,131) | (59,973) |
| **Operating loss from continuing operations** | | **(35,629)** | (6,807) | (8,958) |
| Exceptional item | | | | |
| - Loss on termination of an operation | 3 | **-** | (43,467) | (43,467) |
| **Loss on ordinary activities before interest** | | **(35,629)** | (50,274) | (52,425) |
| Net interest charge | | **(1,641)** | (10,972) | (10,688) |
| **Loss on ordinary activities before taxation** | | **(37,270)** | (61,246) | (63,113) |
| Taxation on loss on ordinary activities | 4 | **-** | 6,272 | 6,387 |
| **Loss after taxation** | | **(37,270)** | (54,974) | (56,726) |
| Minority interest | | **404** | (109) | 30 |
| **Loss for the period** | | **(36,866)** | (55,083) | (56,696) |
| Appropriations – non equity | 6 | **(1,250)** | - | (1,127) |
| **Loss retained before transfer to balance with ScottishPower** | | **(38,116)** | (55,083) | (57,823) |
| Transfer to balance with ScottishPower | | **-** | 55,192 | 55,192 |
| **(Loss) / profit retained** | | **(38,116)** | 109 | (2,631) |
| **Loss per ordinary share (pence)** | | **(5.43)** | (9.18) | (9.02) |
| **Adjusting item – exceptional item (pence)** | | **-** | 7.24 | 6.78 |
| **Loss per ordinary share before exceptional item (pence)** | 5 | **(5.43)** | (1.94) | (2.24) |
| **Diluted loss per ordinary share (pence)** | | **(5.43)** | (9.18) | (9.02) |
| **Adjusting item – exceptional item (pence)** | | **-** | 7.24 | 6.78 |
| **Diluted loss per ordinary share before exceptional item (pence)** | 5 | **(5.43)** | (1.94) | (2.24) |

The Notes on pages 11 to 13 form part of these Accounts.

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## Statement of Total Recognised Gains and Losses
### for the six months ended 30 September 2000

| | First half 2000-01 £'000 | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|
| **Loss for the period** | **(36,866)** | (55,083) | (56,696) |
| Currency translation differences on overseas net assets | **76** | - | 13 |
| **Total recognised losses for the period** | **(36,790)** | (55,083) | (56,683) |

## Reconciliation of Movements in Shareholders' Funds
### for the six months ended 30 September 2000

| | Note | First half 2000-01 £'000 | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|---|
| **Loss for the period** | | **(36,866)** | (55,083) | (56,696) |
| Appropriations – non equity | 6 | **(1,250)** | - | (1,127) |
| **Loss retained** | | **(38,116)** | (55,083) | (57,823) |
| Currency translation differences on overseas net assets | | **76** | - | 13 |
| Transfer from ScottishPower loan account | | **-** | 55,192 | 55,192 |
| Reversal of appropriations – non equity | 6 | **1,250** | - | 1,127 |
| Share capital issued | | **-** | - | 334,937 |
| **Net movement in shareholders' funds** | | **(36,790)** | 109 | 333,446 |
| **Opening shareholders' funds** | | **348,148** | 14,702 | 14,702 |
| **Closing shareholders' funds** | | **311,358** | 14,811 | 348,148 |

## Analysis of Consolidated Loss
### for the six months ended 30 September 2000

| | First half 2000-01 £'000 | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|
| **Pre merger period to 30 September 1999** | | | |
| Company (from date of incorporation) | **-** | - | - |
| Businesses acquired by the Company on 30 September 1999 | **-** | (55,192) | (55,192) |
| Subsidiaries | **-** | 109 | 109 |
| | **-** | (55,083) | (55,083) |
| **Post merger period to 30 September 2000** | | | |
| Company | **(36,608)** | - | (1,697) |
| Subsidiaries | **(258)** | - | 84 |
| | **(36,866)** | - | (1,613) |
| **Total** | **(36,866)** | (55,083) | (56,696) |

The Notes on pages 11 to 13 form part of these Accounts.

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## Group Balance Sheet
### as at 30 September 2000

| | **30 September 2000 £'000** | 30 September 1999 £'000 | 31 March 2000 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | **1,016** | 1,187 | 1,654 |
| Tangible assets | **403,178** | 243,907 | 346,837 |
| Investments | **14,781** | - | - |
| | **418,975** | 245,094 | 348,491 |
| **Current assets** | | | |
| Stocks | **9,270** | 15,049 | 8,680 |
| Debtors: | | | |
| - Other debtors | **66,267** | 70,939 | 74,736 |
| - Funds deposited with ScottishPower | **4,602** | - | 29,533 |
| | **70,869** | 70,939 | 104,269 |
| Cash at bank and in hand | **2,192** | 637 | 1,524 |
| **Total current assets** | **82,331** | 86,625 | 114,473 |
| **Creditors: amounts falling due within one year** | | | |
| Other creditors | **(102,411)** | (73,240) | (107,751) |
| Loans and other borrowings: | | | |
| - ScottishPower loan account | **(80,600)** | (236,282) | - |
| - Loans and other borrowings | **(2,902)** | (2,140) | (2,153) |
| | **(83,502)** | (238,422) | (2,153) |
| **Total creditors falling due within one year** | **(185,913)** | (311,662) | (109,904) |
| **Net current (liabilities) / assets** | **(103,582)** | (225,037) | 4,569 |
| **Total assets less current liabilities** | **315,393** | 20,057 | 353,060 |
| **Creditors: amounts falling due after more than one year** | | | |
| Loans and other borrowings | **(4,354)** | (4,527) | (4,402) |
| **Provisions for liabilities and charges** | **(270)** | (739) | (680) |
| **Deferred income** | **(27)** | (53) | (42) |
| **Net assets** | **310,742** | 14,738 | 347,936 |
| **Capital and reserves** | | | |
| Called-up share capital | **42,637** | 15,000 | 42,637 |
| Share premium | **307,933** | 633 | 307,933 |
| Profit and loss account | **(39,212)** | (822) | (2,422) |
| **Shareholders' funds** | **311,358** | 14,811 | 348,148 |
| Equity minority interest | **(616)** | (73) | (212) |
| **Capital employed** | **310,742** | 14,738 | 347,936 |
| Equity Shareholders' funds | **283,981** | 14,811 | 322,021 |
| Non equity Shareholders' funds | **27,377** | - | 26,127 |
| **Total Shareholders' funds** | **311,358** | 14,811 | 348,148 |

The Notes on pages 11 to 13 form part of these Accounts.

Approved by the Board on 7 November 2000 and signed on its behalf by

William Allan
Chief Executive

Ian Russell
Chairman

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## Group Cash Flow Statement
### for the six months ended 30 September 2000

| | Notes | **First half 2000-01 £'000** | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|---|
| **Cash inflow / (outflow) from continuing operating activities** | **7** | **10,677** | (8,619) | (2,331) |
| Returns on investments and servicing of finance | | **(1,448)** | (10,972) | (10,357) |
| Taxation – group relief received | | **-** | 15 | 6,225 |
| **Free cash flow** | | **9,229** | (19,576) | (6,463) |
| Capital expenditure and financial investment | | **(113,793)** | (44,241) | (124,481) |
| **Cash flow before acquisitions** | | **(104,564)** | (63,817) | (130,944) |
| Acquisitions * | | **(1,000)** | (1,000) | (1,000) |
| **Cash flow before management of liquid resources** | | **(105,564)** | (64,817) | (131,944) |
| Management of liquid resources | | **24,931** | - | (29,533) |
| **Cash outflow before financing** | | **(80,633)** | (64,817) | (161,477) |
| Financing | | **81,857** | 65,768 | 163,420 |
| **Increase in cash in the period** | **8** | **1,224** | 951 | 1,943 |

Free cash flow represents cash flow from continuing operating activities after adjusting for returns on investments and servicing of finance and taxation.

* There were no acquisitions in any of these periods. The cash outflow in respect of acquisitions represents payments of deferred considerations.

## Reconciliation of Net Cash Flow to Movement in Net (Debt) / Funds
### for the six months ended 30 September 2000

| | Note | **First half 2000-01 £'000** | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|---|
| Increase in cash in the period | **8** | **1,224** | 951 | 1,943 |
| Cash (inflow) / outflow from (increase) / reduction in debt | **8** | **(81,857)** | (65,768) | 171,517 |
| Cash (inflow) / outflow from (decrease) / increase in liquid resources | **8** | **(24,931)** | - | 29,533 |
| **Change in net (debt) / funds resulting from cash flows** | **8** | **(105,564)** | (64,817) | 202,993 |
| Other non-cash movements | | **-** | 56,188 | 55,192 |
| **Movement in net (debt) / funds in the period** | | **(105,564)** | (8,629) | 258,185 |
| **Net funds / (debt) at beginning of the period** | **8** | **24,502** | (233,683) | (233,683) |
| **Net (debt) / funds at end of the period** | **8** | **(81,062)** | (242,312) | 24,502 |

The Notes on pages 11 to 13 form part of these Accounts.

# Thus plc

## Notes to the Accounts
### for the six months ended 30 September 2000

### 1 Basis of preparation

These interim Accounts have been prepared on the basis of accounting policies consistent with those set out in the Annual Report and Accounts for the year ended 31 March 2000.

The interim Accounts are unaudited but have been formally reviewed by the Auditors and their report to the company is set out on page 14.

The information shown for the year ended 31 March 2000 does not constitute statutory Accounts within the meaning of Section 240 of the Companies Act 1985 and has been extracted from the full Accounts for the year ended 31 March 2000 filed with the Registrar of Companies. The report of the auditors on those Accounts was unqualified and did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985.

### 2 Segmental reporting

Turnover has been analysed below between Internet and interactive services, data & telecoms services, and contact centre services. The directors consider these to be the same class of business and accordingly no segmental analysis of operating loss or net assets has been given.

| | **First half 2000-01 £'000** | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|
| **Turnover analysis** | | | |
| Internet & interactive services | **48,842** | 56,481 | 109,099 |
| Data & telecoms services | **41,893** | 32,388 | 78,664 |
| Contact centre services | **13,130** | 12,274 | 29,140 |
| | **103,865** | 101,143 | 216,903 |
| **Turnover by origin** | | | |
| United Kingdom | **101,154** | 98,860 | 212,419 |
| Europe | **2,711** | 2,283 | 4,484 |
| | **103,865** | 101,143 | 216,903 |
| **Turnover by destination** | | | |
| United Kingdom | **100,917** | 98,340 | 211,609 |
| Europe | **2,948** | 2,803 | 5,294 |
| | **103,865** | 101,143 | 216,903 |

### 3 Exceptional item

The exceptional charge that arose in the six months to September 1999, of £43,467,000, related to the costs arising as a result of the Company's decision to withdraw from the use of fixed radio access technology, including a provision for impairment of assets of £40,467,000. The provision for impairment comprised £20,405,000 in respect of the fixed radio access licence, £18,094,000 in respect of plant and equipment and £1,968,000 in respect of stocks.

# Notes to the Accounts
**for the six months ended 30 September 2000**

## 4 Taxation

No taxation charge is required for the period due to the availability of taxation losses. No provision for deferred taxation is considered necessary at 30 September 2000, since future taxation depreciation is expected to exceed accounting depreciation and therefore no deferred taxation liabilities are expected to crystallise in the foreseeable future.

The UK corporation tax credit for the first half 1999-00 and the full year 1999-00 represents a combination of the taxation charges and credits attributable to the ScottishTelecom Businesses in respect of the period up to 30 September 1999. As a result of the surrender of tax losses for the period up to 30 September 1999 to ScottishPower, the only tax losses available to offset taxable income in future years are those arising since 1 October 1999.

## 5 Loss per ordinary share

**(a)** Loss per ordinary share has been calculated in accordance with FRS 14 "Earnings per Share" for all periods by dividing the loss for the period, after non equity appropriations, by the weighted average number of ordinary shares in issue during the period, based on the following information:-

| | **First half 2000-01 £'000** | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|
| Loss for the period after non equity appropriations | **(38,116)** | (55,083) | (57,823) |
| Basic weighted average share capital (number of shares, thousands) | **701,315** | 600,000 | 640,951 |
| Diluted weighted average share capital (number of shares, thousands) | **701,315** | 600,000 | 640,951 |

The basic weighted average share capital excludes shares held by the Company under Trust in connection with the Employee Share Schemes. The impact of the share options is antidilutive and has therefore been excluded from the calculation of diluted weighted average share capital.

**(b)** The calculation of loss per ordinary share, on a basis which excludes the exceptional item, is based on the following adjusted losses:

| | **Note** | **First half 2000-01 £'000** | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|---|
| **Loss for the period after non equity appropriations** | | **(38,116)** | (55,083) | (57,823) |
| Adjusting item – exceptional item | **3** | **-** | 43,467 | 43,467 |
| **Adjusted loss** | | **(38,116)** | (11,616) | (14,356) |

Adjusted loss per ordinary share has been presented in addition to loss per ordinary share calculated in accordance with FRS 14 in order that more meaningful comparisons of financial performance can be made.

The adjusting item relates to the exceptional charge that arose as a result of the Company's decision to withdraw from the use of fixed radio access technology (Note 3).

## 6 Appropriations – non equity

| | **First half 2000-01 £'000** | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|
| **Appropriations:-** | | | |
| Cumulative participating non redeemable preference shares 10% Cumulative preferential appropriation | **1,250** | - | 1,127 |

# Notes to the Accounts
## for the six months ended 30 September 2000

### 6 Appropriations – non equity continued

In accordance with the provisions of FRS 4, the cumulative participating non redeemable preference shares have been classified as non equity and the Company has, therefore, appropriated through the profit and loss account an amount equal to the preference share dividends for the period. As the Company did not have sufficient distributable reserves in order to pay such preference share dividends, the amount was credited back in the profit and loss account reserve. This amount has been included in the balance of non equity interests on the face of the Balance Sheet.

### 7 Reconciliation of operating loss to net cash inflow / (outflow) from continuing operating activities

| | **First half 2000-01 £'000** | First half 1999-00 £'000 | Full year 1999-00 £'000 |
|---|---|---|---|
| Operating loss | **(35,629)** | (6,807) | (8,958) |
| Depreciation of tangible fixed assets | **17,696** | 11,932 | 21,968 |
| Amortisation of intangible fixed assets | **653** | 566 | 1,247 |
| Loss on disposal of tangible fixed assets | **438** | 245 | 71 |
| Release of government grant deferred income | **(15)** | (18) | (29) |
| Movements in provisions for liabilities and charges | **(410)** | (722) | (781) |
| (Increase) / decrease in stocks | **(590)** | (5,576) | 793 |
| Decrease / (increase) in debtors | **8,551** | (7,628) | (17,520) |
| Increase / (decrease) in creditors | **19,983** | (611) | 878 |
| **Net cash inflow / (outflow) from continuing operating activities** | **10,677** | (8,619) | (2,331) |

### 8 Analysis of net (debt) / funds

| | At 1 April 2000 £'000 | Cashflow £'000 | **At 30 September 2000 £'000** |
|---|---|---|---|
| Cash at bank and in hand | 1,524 | 668 | **2,192** |
| Overdrafts | (556) | 556 | **-** |
| | 968 | 1,224 | **2,192** |
| Loan notes due within one year | (1,385) | (1,425) | **(2,810)** |
| ScottishPower loan account – due within one year | - | (80,600) | **(80,600)** |
| Finance leases | (4,614) | 168 | **(4,446)** |
| | (5,999) | (81,857) | **(87,856)** |
| Funds deposited with ScottishPower | 29,533 | (24,931) | **4,602** |
| **Total** | **24,502** | **(105,564)** | **(81,062)** |

### 9 Contingent liabilities

There have been no material changes to the Group's contingent liabilities disclosed in the Annual Report and Accounts for the year ended 31 March 2000.

### 10 Ultimate holding company

Thus plc is a majority owned subsidiary of Scottish Power UK plc which is, in turn, a wholly owned subsidiary of Scottish Power plc.

Copies of the ultimate holding company's consolidated Interim Report and Accounts may be obtained from The Secretary, Scottish Power plc, 1 Atlantic Quay, Glasgow, G2 8SP.

# Thus plc

## Independent review report to Thus plc

### Introduction

We have been instructed by the Company to review the financial information set out on pages 7 to 13 and we have read the other information contained in the interim report for any apparent misstatements or material inconsistencies with the financial information.

### Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding Annual Accounts except where any changes, and the reasons for them, are disclosed.

### Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

### Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2000.

PricewaterhouseCoopers
Chartered Accountants
Glasgow
7 November 2000

# Thus plc

## Shareholder and Contact Information

### Financial Calendar

2001

| | |
|---|---|
| Jan/Feb | Third Quarter Summary Results and Trading Update for the Quarter ending 31 December 2000 |
| May | Preliminary Results for the year ending 31 March 2001 |
| June | Annual Report |
| July | Annual General Meeting |

### Shareholder Information

**Dividend**
The directors have not recommended the payment of an interim dividend for the six months ended 30 September 2000.

**Listing**
Ordinary shares of Thus plc are traded on the London Stock Exchange.

**Share Price Details**
The share price is available from the Thus website at **www.thus.net** and in national newspapers.

**Registrars**
For administrative enquiries relating to shareholdings please contact:
The Registrar, Lloyds TSB Registrars Scotland, 117 Dundas Street, Edinburgh, EH3 5ED.
Tel: 0870 601 5366, Fax: 0870 900 0030.

**Share Dealing**
Thus plc's shares may be bought or sold at competitive rates by post or telephone. For further details, please contact Stocktrade on 0845 840 1530, quoting LOWC0078.

**Company Information**
For enquiries relating to Thus plc's operations and performance, please contact either:

Corporate Communications, Thus plc,
Dalmore House, 310 St Vincent Street,
Glasgow, G2 5BB. Tel: 0141 566 3032

or

Investor Relations, Thus plc, 57-63 Scrutton Street,
London, EC2 4PF. Tel: 020 7613 6108

**Thus services**
Information about Thus services can be found on the Thus website at www.thus.net