

EMBARGOED UNTIL 7.00am, 12 January 2011

## **AVESCO GROUP plc**

### **Preliminary Results for the year ended 30 September 2011**

Avesco Group plc (“Avesco” or the “Group”) (AIM: AVS), the international provider of services to the corporate presentation, entertainment and broadcast markets, announces its preliminary results for the year ended 30 September 2011.

#### **KEY HIGHLIGHTS**

- Revenue up 7% to £125.5m (2010: £117.2m)
- Trading EBITDA of £20.3m (2010: £19.7m)\*
- Trading profit of £2.3m (2010: £1.3m)\*
- Operating profit of £1.5m (2010: loss of £0.8m)
- Adjusted basic earnings per share of 2.6p (2010: losses per share of 1.2p)\*
- Net cash inflow of £1.7m (2010: £7.4m)
- Final dividend tripled to 3.0p per share (2010: 1.0p)

\* As described in note 8, the Group uses certain non-GAAP alternative measures to assess underlying operating performance.

#### **Ian Martin, Chief Executive, commented:**

“The 12 months ended 30 September 2011 have witnessed another period of strong growth for the Avesco Group. This performance reflects various strategic decisions and actions that we have taken over the last few years to develop the Group to meet the challenges and requirements of a global economy with a more international spread of customers and events across the globe.

Moving forward into 2012, we have good reason to believe it will be a year of significant progress for the Group. Although the economic conditions look uncertain, we have substantial forward momentum and the additional benefit of many large events this year.

Our strategy continues to be centred around the organic growth and development of the business. Since 2005, the Group has grown revenues at around 15% annually while maintaining a strong, conservative financial structure with modest levels of debt.

Longer term, we believe that Avesco is well placed to meet any of the shifts in our market and to continue to grow by building on our international network, adding additional services, retaining our culture, maintaining a strong balance sheet and never forgetting to give our customers a world-class service.”

#### **For further information please contact:**

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## **Avesco Group plc**

### **Chairman's statement**

#### **Introduction**

I am pleased to report that as we look back on 2011, the Avesco Group has made considerable progress. Our businesses are widely regarded as market leaders in their fields, increasingly providing our services at some of the most high profile events around the world and boasting a high quality customer base, including many blue chip corporations, major production companies and event organisers. Of course, good companies never stop innovating, adapting and growing, even through difficult economic times, and while there is still much hard work ahead, we are confident that we are positioning Avesco for further improvement and success.

#### **Results**

Our progress is reflected in these financial results which show a greatly improved performance. The Group grew revenue, improved margins, increased profitability, generated cash and reduced debt, all of which were achieved after a significant investment in the Group's operations and equipment.

During the twelve months ended 30 September 2011, our revenue grew 7% to £125.5m (2010: £117.2m). If allowance is made for the fact that, in contrast to 2010, 2011 did not benefit from the inclusion of the Winter Olympics or the FIFA World Cup, a truer comparison would show that the underlying business has achieved a like-for-like growth in revenue of over 15%.

The trading profit (which excludes the amortisation of acquired intangible assets, restructuring costs, and other non-recurring costs) rose 82% to £2.3m (2010: £1.3m). The trading profit less interest and current tax was £0.7m (2010: loss £0.3m) and on this basis, the basic earnings per share rose to 2.6p.

The Group produced a 3% improvement in EBITDA to £20.3m (2010: £19.7m). Cash generation remained a key focus and, despite a cash investment of £18.0m (2010: £13.8m) in new equipment to support future growth, the Group generated £1.7m in cash during the year. As a result the net debt at the year-end reduced to £12.1m (2010: £13.7m), resulting in a further strengthening of the Group's financial position. Gearing (being net debt divided by net assets) also fell to 33% (2010: 37%). On 30 September 2011, the net assets of the Group were £37.1m (2010: £37.3m) or £1.46 per share (2010: £1.49).

#### **Dividend**

The Board is pleased to announce that it proposes to increase the dividend to 3.0p per share (2010: 1.0p) and it is our current intention to reintroduce an interim dividend for the forthcoming year. This rise is underpinned by the improved trading performance of the Group, continued cash generation and the strong balance sheet. Although we hope to continue to increase dividends over time, the actual level of payment will be determined by the Board's assessment of the Group's then balance sheet strength and future trading and prospects.

#### **Disney**

The Group has an economic interest in the outcome of litigation brought by Celador International against the Walt Disney Company and others ("Disney"). Celador was awarded \$319m in damages and pre judgement interest and, if paid in full, the Group's share after costs is estimated to be \$60m. Disney has appealed the decision and the case has been sent to the United States Court of Appeals for the Ninth Circuit. It is expected that the Appeal Court will schedule the oral argument to be heard in the summer of 2012, with the final decision being received within twelve months of that hearing.

## **Current Trading**

To date we have seen little, if any, impact on overall client spending from the current macro economic gloom and Avesco's growth in revenue for the first quarter of 2012 continues the positive trends seen throughout 2011. In addition, we expect that demand for our services over the summer months should be boosted by the London 2012 Olympics and the UEFA Euro 2012 football championships. Although negative developments in the global economy still have the potential to affect our corporate business, we still believe that 2012 should mark another year of good progress for Avesco.

## **People**

Our business has been built on the quality and expertise of our people. There are many occasions when the business places huge demands and pressures on them and I am very grateful to all our employees for the excellence and service they deliver time after time. When I see the calibre of the staff throughout the Avesco Group, I am confident that the productivity and growth of the last few years will continue strongly into the future.

## **Future Prospects**

We are very much focused on the challenges and opportunities ahead and we have defined our priorities for 2012 and beyond. First and foremost, we must continue to perform well in our core services business, providing our customers with a high quality service while maintaining a strict financial discipline. Secondly we must be ready to respond to developments within our markets such as the continued growth in both the number and the size of live events, the increasingly international nature of the industry and the trend towards 'one-stop shopping' where the client seeks to obtain a wider range of services from a single supplier. The first two play to the Group's current strengths and structure while the last offers us an exciting opportunity to expand the breadth of services that we presently offer.

Our strategy continues to be centred around the organic growth and development of the business. Since 2005, the Group has grown revenues at around 15% annually while maintaining a strong conservative financial structure with modest levels of debt.

It is possible we are now approaching the point where our more recent start-up businesses begin to make a more significant contribution to the Group's financial performance, particularly in terms of cash generation and profitability. The future looks very exciting as we position Avesco for significant and sustained growth.

## **Avesco Group plc Chief Executive's Report**

The 12 months ended 30 September 2011 have witnessed another period of strong growth for the Avesco Group. This performance reflects various strategic decisions and actions that we have taken over the last few years to develop the Group to meet the challenges and requirements of a global economy with a more international spread of customers and events.

As we have developed the Group, we have sought to provide our clients with the same high quality levels of service, wherever they require it, whether it be locally, nationally or internationally. In recent years we have seen the increasing effects of globalisation as new markets have opened up across the world. We have recognised the importance of being able to support our customers in these new geographical areas and have taken steps to ensure that we have the financial and technical capability to meet these exciting new business opportunities.

At the higher end of our markets, we have seen a demand for increasingly large and complex events. We are being asked to work at opening ceremonies and other showcase events, providing creative and innovative solutions to large and often international live audiences. The in-depth knowledge and experience that we are able to bring to events is often a crucial factor in winning this business and to building trust, confidence and stronger relationships with our customers. Of course, we must also be able to offer the best technology for the job and our investment decisions are key to ensuring that we achieve a high utilisation of equipment and good financial returns.

We also made the decision to concentrate our attention on organic growth and start ups in our underlying businesses. Although this route can be tougher than the instant boost of an acquisition, it has given us the advantage that we can build the business exactly as we want it and around our own management team, writing off the costs of this expansion against the profit of the day. Individually, many of these businesses are now starting to yield a good return and may be at the point where collectively they will start to enhance our profitability and cash flow.

In the last five years, we have grown the business at an average of over 15% per annum, doubling the turnover in that period. We have achieved this growth despite maintaining relatively low debt levels and without any material additional equity funding or weakening of the balance sheet.

Our strategy has meant that Avesco is now a stronger, better positioned Group as a result. Over the last few years, we have invested significantly in our people and capability. We have accelerated the development of our ability to service our customers wherever they are located and wherever they wish to stage events. We are only part way through this journey but I believe that we have built a strong foundation to continue our impressive growth.

### **Creative Technology (CT)**

In the year in which it celebrated its 25<sup>th</sup> anniversary, Creative Technology, the Group's largest business, grew revenues to £80.5m (2010: £69.1m) and trading profits increased to £1.5m (2010: £0.8m). The results of the division were driven by an outstanding performance from CTUS. In CT Europe, steps were taken to merge various operational activities in the UK, Germany, Holland and the Middle East to bring about closer cooperation and planning between the various offices and to improve efficiency and utilisation. Overall, CT Europe produced another good performance with CT Germany in particular making excellent progress. With the opening of an office in Qatar, CT now operates from 17 locations around the world, leaving the business well placed to offer customers both a local and international capability while also providing the Group with exposure to new and important emerging markets. As the offices in the Middle East and Asia Pacific move beyond their start-up phase and begin to make a more positive financial impact, we have a very solid foundation from which to drive further growth from the CT division.

## **Full Service**

Our Full Service businesses have seen a welcome turnaround and have returned to profitability with a trading profit of £0.4m (2010: loss £0.7m). Full Service is one of the Group's most competitive markets and the achievement during the past year is testament to the growing recognition of the MCL brand as a provider of a top quality service at a competitive price. The division's largest business is in the UK, where great strides have been made to build on strong customer relationships and to target new business opportunities. New inventory IT systems are being introduced in the UK, which should produce improvements in asset utilisation and will be rolled out to the operations in the Netherlands and Spain. A number of partnerships have been entered into with conference centre and hotel venues to provide on-site services, opening up a steady flow of new business to add to the division's existing work in the conference and corporate event market.

Our Full Service business in Monaco has been operating in an increasingly competitive market with strong price pressures. Although we looked at acquisition opportunities to bring greater scale to the business, we eventually decided to accept an offer for the company and the sale was successfully completed in December 2011, at a price approximating to net asset value.

## **Broadcast Services**

Collectively our Broadcast Services division, which comprises Presteigne Charter and Fountain Studios, saw reduced profitability with trading profit dropping to £0.8m (2010: £2.1m) as Presteigne Charter suffered an expected "odd year" dip in its revenues. Presteigne Charter is a key supplier to many broadcasters at major sporting events but, as these tend to take place in even years, 2011 was always going to be a challenging year. However, the coming summer brings the prospect of the UEFA Euro 2012 football championships and London 2012 Olympics and, therefore, promises to be a busy period for Presteigne Charter. 2011 was in contrast a highly successful year for Fountain Studios, our television studios in London. Fountain enjoyed its busiest year ever, with high levels of utilisation of its facilities resulting in record profitability.

## **Conclusion**

Moving forward into 2012, we have good reason to believe it will be a year of significant progress for the Group. Although the economic conditions look uncertain, we have substantial forward momentum and the additional benefit of many large events this year.

Longer term, we believe that Avesco is well placed to meet any of the shifts in our market and to continue to grow by building on our international network, adding additional services, retaining our culture, maintaining a strong balance sheet and never forgetting to give our customers a world-class service.

**Avesco Group plc**  
**Consolidated Income Statement**  
**For the year ended 30 September 2011**

	Note	Year ended 30 September	
		2011 £000s	2010 £000s
Revenue	1	125,529	117,236
Cost of sales		(82,965)	(78,163)
<b>Gross profit</b>		<b>42,564</b>	<b>39,073</b>
Operating expenses		(41,046)	(39,829)
<b>Operating profit/(loss)</b>		<b>1,518</b>	<b>(756)</b>
Finance income		6	6
Finance costs		(1,422)	(1,368)
<b>Profit/(loss) before income tax</b>		<b>102</b>	<b>(2,118)</b>
Income tax (expense)/credit	3	(236)	1,071
<b>Loss for the financial year</b>		<b>(134)</b>	<b>(1,047)</b>
		<b>Pence per share</b>	<b>Pence per share</b>
<b>Losses per share attributable to the equity holders of the company (note 4)</b>			
- basic		(0.5)p	(4.2)p
- diluted		(0.5)p	(4.2)p

**Avesco Group plc**  
**Alternative Performance Measures (non-GAAP)**  
**For the year ended 30 September 2011**

	Year ended 30 September	
	2011 £000s	2010 £000s
Operating profit/(loss)	1,518	(756)
Adjusted to exclude:		
Amortisation of acquired intangible assets (IFRS 3)	-	244
Restructuring costs	669	1,316
Other non-recurring costs	140	475
<b>Trading profit</b>	<b>2,327</b>	<b>1,279</b>
Net finance costs	(1,416)	(1,362)
Current tax expense	(247)	(209)
<b>Trading profit after net finance costs and current tax expense</b>	<b>664</b>	<b>(292)</b>
<b>Trading EBITDA (note 2)</b>	<b>20,262</b>	<b>19,652</b>
<b>Adjusted earnings/(losses) per share (per note 4)</b>	Pence per share	Pence per share
- basic	2.6p	(1.2)p
- diluted	2.6p	(1.2)p

Refer to note 8 for a full description of the alternative performance measures adopted by the Group.

**Consolidated Statement of Comprehensive Income**  
**For the year ended 30 September 2011**

	Year ended 30 September	
	2011 £000s	2010 £000s
<b>Loss for the financial year</b>	<b>(134)</b>	<b>(1,047)</b>
<b>Other comprehensive expense:</b>		
Currency translation differences	(98)	(404)
<b>Other comprehensive expense for the year</b>	<b>(98)</b>	<b>(404)</b>
<b>Total comprehensive expense for the year</b>	<b>(232)</b>	<b>(1,451)</b>

**Avesco Group plc**  
**Consolidated balance sheet**  
**As at 30 September 2011**

	Year ended 30 September	
	2011	2010
	£000s	£000s
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	55,186	51,971
Intangible assets	179	328
Deferred income tax assets	6,117	4,470
Trade and other receivables	182	277
	<b>61,664</b>	<b>57,046</b>
<b>Current assets</b>		
Inventories	1,507	1,385
Trade and other receivables	23,590	19,355
Current income tax assets	85	113
Cash and cash equivalents	7,501	6,896
	<b>32,683</b>	<b>27,749</b>
<b>Total assets</b>	<b>94,347</b>	<b>84,795</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings and loans	14,157	15,342
Deferred income tax liabilities	3,041	1,398
Provisions for other liabilities and charges	491	815
	<b>17,689</b>	<b>17,555</b>
<b>Current liabilities</b>		
Trade and other payables	33,242	23,980
Current income tax liabilities	656	520
Borrowings and loans	5,483	5,279
Provisions for other liabilities and charges	204	211
	<b>39,585</b>	<b>29,990</b>
<b>Total liabilities</b>	<b>57,274</b>	<b>47,545</b>
<b>Total assets less total liabilities</b>	<b>37,073</b>	<b>37,250</b>
<b>Equity</b>		
<b>Capital and reserves attributable to equity holders of the company</b>		
Ordinary shares	2,599	2,599
Share premium	23,286	23,286
Translation reserves	116	214
Retained earnings	11,072	11,151
<b>Total equity</b>	<b>37,073</b>	<b>37,250</b>

**Avesco Group plc**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 30 September 2011**

	Share capital account £000s	Share premium account £000s	Translation reserves £000s	Retained earnings £000s	Total £000s
Balance at 1 October 2010	2,599	23,286	214	11,151	37,250
Total loss for the period	-	-	-	(134)	(134)
Currency translation differences	-	-	(98)	-	(98)
	2,599	23,286	116	11,017	37,018
Transactions with owners in their capacity as owners:					
External dividends paid	-	-	-	(254)	(254)
LTIP and share options	-	-	-	309	309
<b>Balance at 30 September 2011</b>	<b>2,599</b>	<b>23,286</b>	<b>116</b>	<b>11,072</b>	<b>37,073</b>

	Share capital account £000s	Share premium account £000s	Translation reserves £000s	Retained earnings £000s	Total £000s
Balance at 1 October 2009	2,599	23,286	618	12,028	38,531
Total loss for the period	-	-	-	(1,047)	(1,047)
Currency translation differences	-	-	(404)	-	(404)
	2,599	23,286	214	10,981	37,080
Transactions with owners in their capacity as owners:					
LTIP and share options	-	-	-	170	170
<b>Balance at 30 September 2010</b>	<b>2,599</b>	<b>23,286</b>	<b>214</b>	<b>11,151</b>	<b>37,250</b>

**Avesco Group plc**  
**Consolidated cash flow statement**  
**For the year ended 30 September 2011**

	Year ended 30 September	
	2011	2010
	£000s	£000s
<b>Cash flows from operating activities</b>		
Cash generated from continuing operations	<b>19,368</b>	<b>20,050</b>
Net interest paid	(1,422)	(1,311)
Income tax (paid)/received	(62)	131
<b>Net cash generated from operating activities</b>	<b>17,884</b>	<b>18,870</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment and software	(17,954)	(13,843)
Proceeds from sale of property, plant and equipment	2,332	2,142
<b>Net cash used in investing activities</b>	<b>(15,622)</b>	<b>(11,701)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	8,901	3,838
Repayments of external borrowings	(10,000)	(8,100)
Dividends paid to Company's shareholders	(254)	-
<b>Net cash used in financing activities</b>	<b>(1,353)</b>	<b>(4,262)</b>
<b>Cash (used in)/generated from discontinued operations</b>	<b>(262)</b>	<b>257</b>
<b>Net increase in cash, cash equivalents and bank overdrafts</b>	<b>647</b>	<b>3,164</b>
Cash, cash equivalents and bank overdrafts at beginning of year	6,896	3,882
Exchange losses on cash and bank overdrafts	(42)	(150)
<b>Cash, cash equivalents and bank overdrafts at end of year</b>	<b>7,501</b>	<b>6,896</b>

**Avesco Group plc**  
**Notes to the preliminary announcement**  
**For the year ended 30 September 2011**

**1. Segmental information**

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors categorises Group companies based on the services they provide and as a result the business is split into four segments. These correspond to three operating segments (Creative Technology, Full Service and Broadcast Services) which together provide the Group's principal activity of services to the corporate presentation, entertainment and broadcast markets. In addition, the Group recognises a further segment, Head Office, which provides administrative support to the rest of the Group.

Creative Technology provides specialist AV services and equipment to the live events, broadcast and entertainment markets. The Full Service segment consists of companies which provide full technical support for conferences, sports, music, corporate and television programmes. Finally, the Broadcast Services segment provides broadcast equipment, systems and services to the broadcast industry.

The Board of Directors assesses performance of the operating segments based on trading profit (see note 8). As segmental performance does not therefore include finance costs and tax, such items are not allocated to segments.

The segmental results for the year ended 30 September 2011 are as follows:

	Creative Technology £000s	Full Service £000s	Broadcast Services £000s	Head Office £000s	Group £000s
Total segment revenue	81,154	20,931	24,608	-	126,693
Inter segment revenue	(685)	(122)	(357)	-	(1,164)
<b>Revenue</b>	<b>80,469</b>	<b>20,809</b>	<b>24,251</b>	<b>-</b>	<b>125,529</b>
Trading EBITDA	12,212	1,681	6,710	(341)	20,262
Less depreciation	(10,580)	(1,217)	(5,885)	(8)	(17,690)
Less amortisation	(133)	(69)	(41)	(2)	(245)
Trading profit/(loss)	1,499	395	784	(351)	2,327
Restructuring costs	(300)	(299)	(70)	-	(669)
Other non-recurring and prior year costs	-	-	-	(140)	(140)
Operating profit/(loss)	1,199	96	714	(491)	1,518
Net finance costs					(1,416)
<b>Profit before income tax</b>					<b>102</b>
Income tax expense					(236)
<b>Loss for the financial year</b>					<b>(134)</b>

The segmental results for the year ended 30 September 2010 are as follows:

	Creative Technology £000s	Full Service £000s	Broadcast Services £000s	Head Office £000s	Group £000s
Total segment revenue	69,876	22,164	26,779	-	118,819
Inter segment revenue	(815)	(276)	(492)	-	(1,583)
<b>Revenue</b>	<b>69,061</b>	<b>21,888</b>	<b>26,287</b>	<b>-</b>	<b>117,236</b>
Trading EBITDA	11,450	1,286	7,894	(978)	19,652
Less depreciation	(10,452)	(1,881)	(5,728)	(9)	(18,070)
Less amortisation	(176)	(72)	(50)	(5)	(303)
Trading profit/(loss)	822	(667)	2,116	(992)	1,279
Amortisation of acquired intangible assets	(87)	-	(157)	-	(244)
Restructuring costs	(16)	(456)	(632)	(212)	(1,316)
Other non-recurring and prior year costs	(475)	-	-	-	(475)
Operating profit/(loss)	244	(1,123)	1,327	(1,204)	(756)
Net finance costs					(1,362)
<b>Loss before income tax</b>					<b>(2,118)</b>
Income tax credit					1,071
<b>Loss for the financial year</b>					<b>(1,047)</b>

Inter-segment transactions are entered into under the normal commercial terms and conditions that would be available to unrelated third parties.

No single customer contributed revenues of greater than 5% of the Group's total revenue for 2010 or 2011.

The segmental assets and liabilities at 30 September 2011, external net debt at 30 September 2011 and capital expenditure cash flows for the year then ended are shown below.

	Creative Technology £000s	Full Service £000s	Broadcast Services £000s	Head Office £000s	Unallocated £000s	Group £000s
Total assets	53,811	7,739	34,551	(7,956)	6,202	94,347
Non-current assets	26,757	2,438	26,141	29	6,117	61,482
Total liabilities	28,319	4,074	9,584	11,600	3,697	57,274
Capital expenditure	10,079	1,161	6,679	35	-	17,954
External net debt	(3,348)	(1,082)	1,635	14,934	-	12,139

Unallocated items relate to deferred tax and income tax.

The segmental assets and liabilities at 30 September 2010, external net debt at 30 September 2010 and capital expenditure cash flows for the year then ended are shown below.

	Creative Technology £000s	Full Service £000s	Broadcast Services £000s	Head Office £000s	Unallocated £000s	Group £000s
Total assets	42,701	7,971	32,539	(2,999)	4,583	84,795
Non-current assets	24,014	2,336	25,946	3	4,470	56,769
Total liabilities	18,659	4,674	8,049	14,245	1,918	47,545
Capital expenditure	10,493	879	2,471	-	-	13,843
External net debt	(1,093)	(14)	3,446	11,386	-	13,725

Unallocated items relate to deferred tax and income tax.

The Group's main business segments operate in four main geographical areas. Details of the segmental allocation of revenue, assets and capital expenditure can be found below.

<b>Revenue</b>	2011 £000s	2010 £000s
United Kingdom	45,063	44,175
Mainland Europe	29,181	26,432
United States of America	39,216	31,300
Rest of the World	12,069	15,329
	<b>125,529</b>	<b>117,236</b>

Revenue is allocated based on the country in which the customer is located.

<b>Total assets</b>	2011 £000s	2010 £000s
United Kingdom	46,987	47,314
Mainland Europe	13,815	12,534
United States of America	17,267	13,355
Rest of the World	10,076	7,009
	<b>88,145</b>	<b>80,212</b>
Unallocated assets	6,202	4,583
	<b>94,347</b>	<b>84,795</b>

Total assets are allocated based on where the assets are owned.

<b>Total non-current assets (other than deferred tax assets)</b>	2011 £000s	2010 £000s
United Kingdom	36,130	34,681
Mainland Europe	6,538	6,115
United States of America	8,696	8,020
Rest of the World	4,001	3,483
	<b>55,365</b>	<b>52,299</b>
Unallocated assets	6,117	4,470
	<b>61,482</b>	<b>56,769</b>

Total non-current assets (other than deferred tax assets) are allocated based on where the assets are owned.

<b>Capital expenditure</b>	2011 £000s	2010 £000s
United Kingdom	11,052	7,610
Mainland Europe	2,545	1,428
United States of America	3,042	2,656
Rest of the World	1,315	2,149
	<b>17,954</b>	<b>13,843</b>

Capital expenditure is allocated based on where the assets are located.

## 2. Trading earnings before interest, taxation, depreciation and amortisation ('EBITDA')

	2011 £000s	2010 £000s
Trading profit	2,327	1,279
Depreciation	17,690	18,070
Amortisation of software	245	303
<b>Trading EBITDA</b>	<b>20,262</b>	<b>19,652</b>

## 3. Income tax expense/(credit)

	2011 £000s	2010 £000s
Current tax		
Current tax on profits for the year	272	219
Adjustments in respect of prior years	(25)	(10)
<b>Total current tax</b>	<b>247</b>	<b>209</b>
Deferred tax		
Origination and reversal of temporary differences	(254)	(1,362)
Impact of change in the UK tax rate	243	82
<b>Total deferred tax</b>	<b>(11)</b>	<b>(1,280)</b>
<b>Income tax charge/(credit)</b>	<b>236</b>	<b>(1,071)</b>

#### 4. (Losses)/earnings per share

	2011 £000s	2010 £000s
<b>Loss from continuing operations</b>	<b>(134)</b>	<b>(1,047)</b>
Amortisation of acquired intangible assets (IFRS 3 (Revised))	-	244
Restructuring costs	669	1,316
Other non-recurring costs	140	475
Deferred tax credit	(11)	(1,280)
<b>Trading profit after net finance costs and current tax expense</b>	<b>664</b>	<b>(292)</b>
<b>Weighted average number of shares (net of treasury shares)</b>		
For basic earnings per share (000's)	25,264	25,023
Effect of dilutive share options (000's)	-	-
<b>For diluted earnings per share (000's)</b>	<b>25,264</b>	<b>25,023</b>
<b>(Losses)/earnings per share</b>		
Basic	(0.5)p	(4.2)p
Diluted	(0.5)p	(4.2)p
Adjusted basic	2.6p	(1.2)p
Adjusted diluted	2.6p	(1.2)p

Basic earnings per share have been calculated by dividing profit/loss for the period by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share have been calculated by dividing profit/loss for the period by the weighted average number of ordinary shares in issue during the period, adjusted for any awards under the Company's Long Term Incentive Plan ("LTIP") where pre-specified performance conditions have been satisfied and any required conversion of dilutive potential options. There is no dilution in the current or prior period as the performance conditions have not yet been satisfied for the outstanding LTIP awards. Losses are not subject to dilution.

Adjusted earnings per share have been calculated as per note 8.

#### 5. Dividends

A final dividend for the year ended 30 September 2010 of 1.0p per share amounting to a total of £254,000 was approved by shareholders and was paid on 6 April 2011 to shareholders on the register at 6.00pm on 11 March 2011. During the year ended 30 September 2010, the Group paid no dividends.

A final dividend for the year ended 30 September 2011 of 3.0p per share has been proposed and, subject to shareholders' approval, will be paid on 31 May 2012 to shareholders on the register at 6.00pm on 10 April 2012.

## 6. Analysis of net debt

	At 1 October 2010 £000s	Net cash flow £000s	Other non cash changes £000s	Currency translation differences £000s	At 30 September 2011 £000s
Cash at bank and in hand	6,896	647	-	(42)	7,501
Bank overdrafts	-	-	-	-	-
<b>Net cash</b>	<b>6,896</b>	<b>647</b>	<b>-</b>	<b>(42)</b>	<b>7,501</b>
Bank loans due in less than one year	-	-	-	-	-
Bank loans due in more than one year	(12,363)	2,401	-	(58)	(10,020)
Finance lease obligations due in less than one year	(5,279)	4,273	(4,443)	(34)	(5,483)
Finance lease obligations due in more than one year	(2,979)	(5,575)	4,443	(26)	(4,137)
<b>Net debt</b>	<b>(13,725)</b>	<b>1,746</b>	<b>-</b>	<b>(160)</b>	<b>(12,139)</b>

	At 1 October 2009 £000s	Net cash flow £000s	Other non cash changes £000s	Currency translation differences £000s	At 30 September 2010 £000s
Cash at bank and in hand	4,531	2,554	-	(189)	6,896
Bank overdrafts	(649)	610	-	39	-
<b>Net cash</b>	<b>3,882</b>	<b>3,164</b>	<b>-</b>	<b>(150)</b>	<b>6,896</b>
Bank loans due in less than one year	-	-	-	-	-
Bank loans due in more than one year	(13,700)	1,256	-	81	(12,363)
Finance lease obligations due in less than one year	(5,988)	5,565	(4,842)	(14)	(5,279)
Finance lease obligations due in more than one year	(5,256)	(2,559)	4,842	(6)	(2,979)
<b>Net debt</b>	<b>(21,062)</b>	<b>7,426</b>	<b>-</b>	<b>(89)</b>	<b>(13,725)</b>

Non cash changes comprise transfers between categories of bank loans and finance lease obligations.

## 7. Status of preliminary announcement

The financial information set out in this announcement for the year ended 30 September 2011 does not constitute the Group's statutory accounts as defined by s435 of the Companies Act but has been extracted from the 2011 statutory accounts on which an unqualified audit report has been made by the auditors, and which did not contain an emphasis of matter paragraph nor a statement under section 498(2) or (3) of the Companies Act 2006.

Statutory Accounts for the year ended 30 September 2010 have been delivered to the Registrar of Companies and the auditors' report on these accounts was unqualified and did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006.

## **8. Basis of preparation**

The preliminary results for the year ended 30 September 2011 have been prepared in accordance with the accounting policies set out in the annual report and accounts for the year ended 30 September 2010.

For the purposes of this preliminary announcement and the annual report and accounts, the Group uses alternative non-Generally Accepted Accounting Practice ("non-GAAP") financial measures which are not defined within IFRS. The Directors use these measures in order to assess the underlying operational performance of the Group, and as such, these measures are important and should be considered alongside the IFRS measures. The following non-GAAP measures are referred to in the preliminary announcement:

### *a) Trading profit/(loss)*

'Trading profit/loss' is separately disclosed, being defined as operating profit adjusted to exclude amortisation of acquired intangible assets, restructuring costs and other non-recurring costs. Other non-recurring costs relate to items which management believe do not accurately reflect the underlying trading performance of the business in the period. The Directors believe that trading profit/loss is an important measure of the underlying performance of the Group.

### *b) Adjusted earnings per share*

'Adjusted earnings per share' is calculated by dividing the profit for the period excluding the amortisation of acquired intangible assets, restructuring costs, other non-recurring costs and the deferred tax charge/credit by the weighted average number of ordinary shares in issue during the period. The Directors believe that adjusted earnings per share provides an important measure of the underlying performance of the Group.

### *c) Trading EBITDA*

Trading earnings before interest, taxation, depreciation and amortisation ('EBITDA') is separately disclosed, being defined as trading profit/loss adjusted to exclude depreciation and amortisation of software. The Directors believe that trading EBITDA is an important measure of the underlying performance of the Group.

## **9. Annual general meeting**

The Annual General Meeting of the Company will be held at 9.30am on 12 March 2012 at Unit E2, Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, RH10 9NH.

## **10. Annual report and accounts**

Copies of the full Statutory Accounts will be dispatched to shareholders in due course. Copies will also be available on the Company's website ([www.avesco.com](http://www.avesco.com)) and from the registered office of the Company: Unit E2, Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, RH10 9NH.