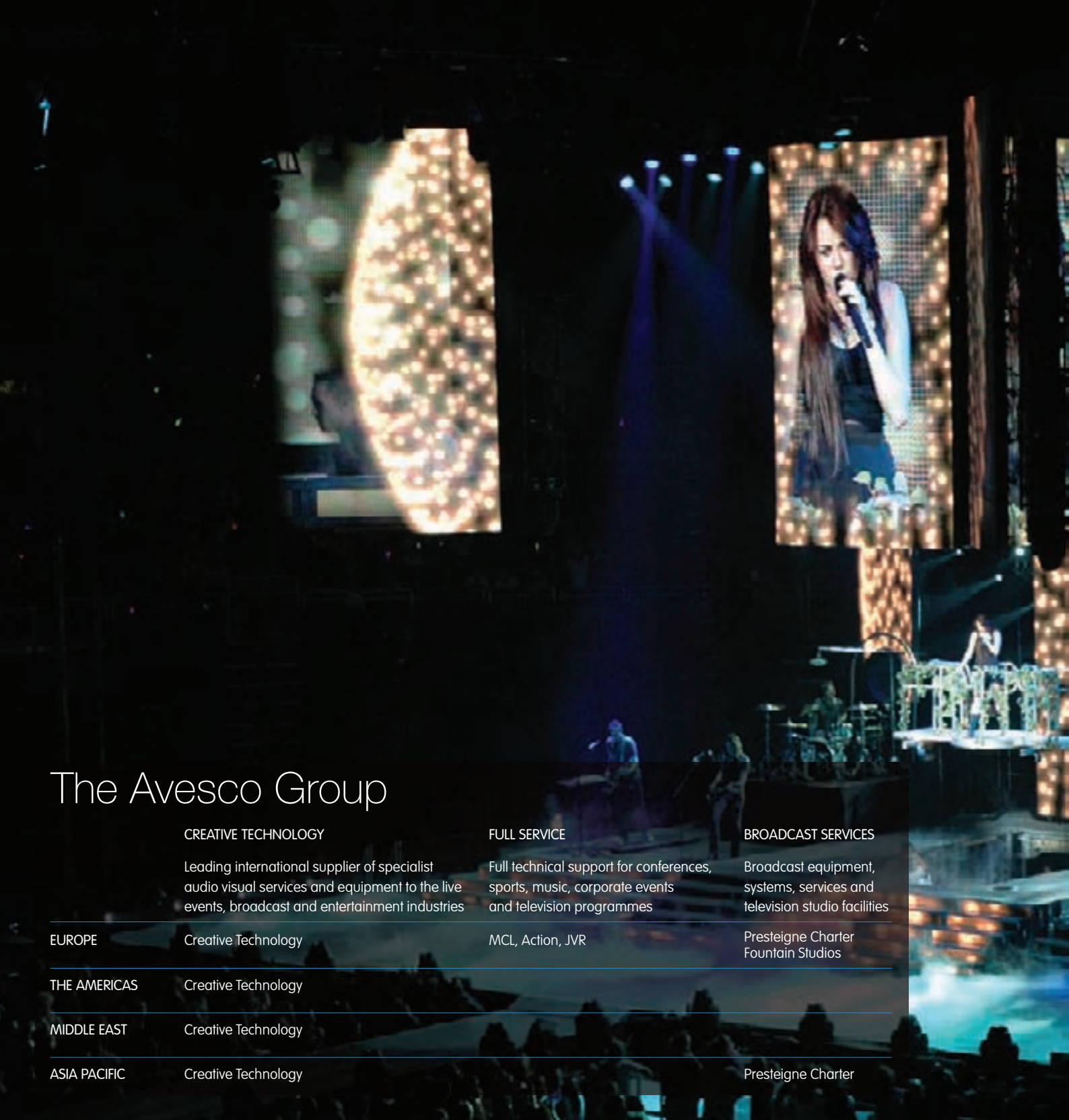




avesco
groupplc

ANNUAL REPORT
& ACCOUNTS 2009



The Avesco Group

CREATIVE TECHNOLOGY

Leading international supplier of specialist audio visual services and equipment to the live events, broadcast and entertainment industries

FULL SERVICE

Full technical support for conferences, sports, music, corporate events and television programmes

BROADCAST SERVICES

Broadcast equipment, systems, services and television studio facilities

EUROPE	Creative Technology	MCL, Action, JVR	Prestaigne Charter Fountain Studios
THE AMERICAS	Creative Technology		
MIDDLE EAST	Creative Technology		
ASIA PACIFIC	Creative Technology		Prestaigne Charter



Profile

entertaining
presence

Avesco Group's global reach now stretches from Europe to North America, from Asia to the Middle East and Australia.

Our geographic spread is complemented by our international clientele that seek the skills and experience which is prevalent within our companies.

Our audiovisual, staging and production expertise, combined with studio and broadcast facilities, enables us to provide services to the corporate presentation, entertainment and broadcast markets wherever the event may be.

Turnover by Region

UK £33.7M TURNOVER

- > BIRMINGHAM
- > BIRMINGHAM NEC
- > EDINBURGH
- > GLASGOW
- > LONDON
- > MANCHESTER

NORTH AMERICA £26.1M TURNOVER

- > ATLANTA
- > BOSTON
- > CHICAGO
- > LAS VEGAS
- > LOS ANGELES
- > SAN FRANCISCO

MIDDLE EAST & ASIA PACIFIC £8.7M TURNOVER

- > DUBAI
- > HONG KONG
- > MELBOURNE
- > SHANGHAI
- > SINGAPORE

MAINLAND EUROPE £21.7M TURNOVER

- > AMSTERDAM
- > BARCELONA
- > CANNES
- > COLOGNE
- > DUSSELDORF
- > HILVERSUM
- > MONACO
- > MUNICH
- > ROSENDAAL
- > ROTTERDAM
- > STUTTGART

1

1 American actress and singer Miley Cyrus' US and UK concert tours required three central screens which formed a three-sided box that lowered to create backdrops, while simultaneously concealing dramatic "reveals" throughout the show. The two "wing" LED screens were double-sided, enabling the audience to enjoy the show's video from any angle. CT US provided equipment and technology, and packed it all into 22 trucks.

Chairman's Statement

Michael Gibbins

The year ended 30 September 2009 has seen Avesco Group witness some of the worst trading conditions in its history. The full impact of the global recession has seen revenues fall compared both to last year and to our previous expectations, resulting in a substantial loss for the period. The focus of the Board has been to ensure that the Group successfully trades through these difficult times to emerge as a stronger business. We have maintained a clear focus on cash generation, cost efficiency, maintaining and developing existing client relationships and increasing our market share. In each of these areas we believe that we have made clear progress, which will benefit the Group as we move into 2010.

FINANCIAL RESULTS

Across the Group revenues were down (5%) at £90.2m (2008: £94.8m). If the effects of currency movements are taken into consideration, the decline in revenue was in the order of 15%. The trading loss (which excludes goodwill impairment, amortisation of intangible assets on acquisitions, restructuring costs, impairment of certain job specific tangible fixed assets, excess of the acquirer's interest in the fair value of acquiree's

identifiable net assets and the release of the property lease and dilapidation provision) was £(9.8)m (2008: profit of £1.6m). The operating loss was £(12.1)m (2008: profit of £7.4m). After taking account of net interest costs of £(1.1)m (2008: £(0.9)m), the loss before income tax was £(13.2)m (2008: £6.5m profit). The basic and diluted loss per share was (54.9)p (2008: 21.6p earnings).

Our focus upon cash management has seen £2.8m released from working capital during the year, contributing to the £11.2m of cash (2008: £13.8m) generated from operations. With net capital expenditure down to £(11.5)m (2008: £(23.8)m), the Group was able to produce a net positive cash inflow of £1.6m (2008: £(10.4)m outflow) before currency translation effects.

The Group is in a healthy financial position going into 2010. At the year-end, the Group had net debt of £21.1m with a further £5.1m available in undrawn facilities, leaving gearing at a manageable 55%. During the year the Group renegotiated its banking covenants, giving more covenant headroom going forward.

On 30 September 2009, the net assets of the Group were £38.5m (2008: £53.0m), equivalent to £1.48 per share (2008: £2.04 per share).

CURRENT TRADING AND OUTLOOK

We are seeing some stability return to the markets in which we operate. 2010 will include a number of major global events that will bring additional revenue to the Group and there are early signs of

confidence returning in the corporate sector. Having had to live with the unprecedented market conditions of the last twelve months it would be premature to suggest we are on the verge of an upturn but we are hopeful that the market may now at least be stabilising.

Although our forward visibility on revenues is limited, the outlook and the level of customer enquiry has noticeably improved. With the full year effects of the cost savings that we have made, continuing strong cash generation from our operations and the inclusion of the Vancouver Winter Olympics, FIFA World Cup and the World Expo in Shanghai we are confident that we are well positioned to benefit as and when markets recover.

THE BOARD

Cameron Maxwell and Laurence Blackall both retired from the Board as Non-Executive Directors earlier this year. Cameron has had a long association with the Avesco Group and continues to offer his services as a consultant. I would like to thank both Cameron and Laurence for their valuable contributions through a period of great change.

PEOPLE

We have benefited enormously in the past 12 months from the support, sacrifice and day to day efforts of all the Group's employees. Despite losing a considerable number of their colleagues and accepting reductions in pay and benefits, their response has been superb and is greatly appreciated.

CONCLUSION

Having navigated thus far through the economic downturn, there is now a greater feeling of confidence throughout the Group and, markets permitting, we look forward to exploiting the opportunities that should arise for a return to profitable growth.

**MICHAEL GIBBINS
CHAIRMAN**

14 January 2010



Michael Gibbins CHAIRMAN:

there is now a greater feeling of confidence throughout the Group and, markets permitting, we look forward to exploiting the opportunities that should arise for a return to profitable growth.

Chief Executive's Review

Ian Martin

OVERALL COMMENT

The results for the year ended 30 September 2009 reflect a period of acute economic downturn, which to varying degrees has impacted all of our businesses. After a disappointing first half of the year when compared to our original expectations, we then experienced a quieter than anticipated end to the summer with two large events moving into the next financial year. As a result, the effect of the recession on the Group's profitability in the period has been severe.

Although we do not report our financial numbers by customer type, as a group we service three markets: (1) corporate events including conferences, exhibitions and presentations, (2) sports and entertainment events and (3) broadcast services which include the provision of equipment and studio facilities. Creative Technology and our Full Service businesses, which have a greater exposure to the corporate market, saw a substantial decline in revenue from that sector. Entertainment and sport fared somewhat better although the absence of any major sporting events in the year limited the opportunities for Presteigne Charter to grow its revenues in the broadcast sector. The downturn in our markets generally has meant that we have faced strong competition on pricing and, in turn, on margins.

Our objective during these difficult times was not just to weather the economic headwinds that we were facing but also to ensure that we retain the full operational capability of the Group and that we emerge as a stronger business. Our strategy focused on:

Getting the cost structure right: People costs are one of our major overheads. As a result of the downturn in business, action was unfortunately

required to reduce the Group's headcount by 10 per cent. Our staff have also supported reductions in pay and benefits enabling us to retain key skills and experience while reducing payroll costs. Together with the elimination of much of our discretionary spend, one small office closure and the prospect of falling depreciation charges, we have removed around £5m from our cost base on an annualised basis. We expect the full benefits of these cost reductions to flow through into the financial results for the coming year.

Increasing cash generation: We improved our cash generation by reducing capital expenditure, disposing of older or less-utilised equipment and maintaining a tight control over working capital. In the last six months of the financial year, we were strongly cash generative, enabling us to make a significant reduction in the Group's net debt. We intend to maintain our focus in this area and expect to produce further reductions in net debt in the coming year.

Increasing our market share: We remained highly competitive on pricing and determined both to retain our customer base and to win further market share. In spite of the strong pressure on pricing, our improved operational performance has enabled us to hold margins at the gross contribution level. The fall in annual revenues masks the fact that we have successfully won many new customers, which should stand us in good stead when markets recover.

The last twelve months have not been easy but we are currently seeing signs of some stability returning, with customers talking more positively about their future plans than for some time.

The Group will benefit from a number of major global events in 2010, including the Winter Olympics in Vancouver, the FIFA World Cup in South Africa and the World Expo in Shanghai, where we have already contracted a considerable amount of broadcast projects work. These events together with our lower cost base should help to underpin the financial results.

Much has been learnt over the last twelve months. Several of our competitors have suffered as the flow of business has reduced and their supply of cheap and easy finance has ended. The Avesco Group has been built to offer a first class service to our customers while applying strong financial disciplines. Those fundamentals will hold us in good stead as we move forward. The year ahead will undoubtedly bring its own challenges but it may be that the worst is now behind us.

IAN MARTIN
CHIEF EXECUTIVE
14 January 2010

Ian Martin CHIEF EXECUTIVE:

The Avesco Group has been built to offer a first class services to our customers while applying strong financial disciplines. These fundamentals will hold us in good stead as we move forward.



Financial Review

John Christmas

OVERVIEW

The 12 months ended 30 September 2009 has been a very difficult trading period for the Group. The global economic situation has resulted in a significant curtailing of the type of events on which our companies work, with only sport and some areas of the entertainment industry remaining largely unaffected. Consequently we have experienced a revenue decline, on a year on year constant currency basis, of some 15%.

Our competitors appear to have been similarly affected, resulting in a surplus of available equipment and services in the market, with consequential downward pressures on pricing and margins. Across the Group as a whole we have seen a 5% reduction in our margins on a constant currency basis. Undoubtedly the reduction would have been worse were it not for the significant asset purchases made in the previous year, which enabled us to service more of our business from our own equipment.

The Group's main internal costs consist of asset depreciation and people. Steps taken during the year to reduce these costs included the disposal of certain older or less utilised assets, staff redundancies, an office closure and a Group wide pay cut.

Nevertheless the Group recorded a significant loss for the period, with consequential write downs in goodwill and intangible assets.

The Group balance sheet remains in good shape, with gearing below 55% and committed bank facilities for the next three years. During the year our banking covenants were also renegotiated so that our covenant headroom going forward is more generous.

RESULTS

The Key Performance Indicators used to manage the business comprise revenue, margin, trading profit and net debt. Margin is the percentage derived by dividing the gross profit by the revenue. Trading profit or loss is an Alternative Performance Measure that excludes various non trading items from operating profit leaving figures that more accurately reflect our underlying trading performance. The major items excluded this year comprise impairment of goodwill (£10.9m, 2008: nil), the amortisation of intangible assets that arose on past acquisitions (£10.4m, 2008: £10.7m), restructuring costs (£0.6m, 2008: £1.0m) and the related impairment of certain job specific tangible fixed assets (£10.3m, 2008: nil). Last year we also excluded a gain of £7.2m that arose when we acquired Charter Broadcast in April 2008 for a consideration considerably below the £9.6m fair value of its net assets.

Revenue for the year was £90.2m (2008: £94.8m). The operating loss was £12.1m (2008: profit of £7.4m which included the £7.2m benefit in respect of the excess of the fair value of the assets in Charter Broadcast). The trading loss was £19.8m (2008: profit of £1.6m). After taking account of net interest costs of £1.1m (2008: £0.9m), the loss before income tax was £13.2m (2008: £6.5m profit). The basic and diluted loss per share was (54.9)p (2008: 21.6p earnings). No dividend is proposed.

The 2009 Group revenue of £90.2m (2008: £94.8m) represents an overall decline of some 5%. However, when the 2008 figures are restated in sterling using the average exchange rates that we have used in 2009 (rates against sterling for the main currencies being \$1.559 and €1.150 in 2009 compared to \$1.972 and €1.317 for the previous year) the decline is closer to 15%. As a group we benefit from major international sporting events which tend to occur in "even" years. In 2008 we generated over £7m of turnover from the Olympics in Beijing and the European Football Championships held in Austria and Switzerland. If revenue from these events is eliminated together with nearly £3m of incremental revenue in our "start up" businesses in Hong Kong, Shanghai and Barcelona, our underlying decline in revenue is around 11.5%, which more accurately reflects the effect of the recession on our various businesses.

In 2008, the Group invested a net £23.8m in new equipment. Whilst this figure was significantly lower in 2009 at £11.5m, the full year depreciation effect of last year's investment has seen depreciation rise by £3.5m in 2009 to £19.6m (2008: £16.1m). The pricing pressures referred to above have meant that we have not recovered these additional costs through an improved margin; indeed, margins have declined from 35% to 30% on a constant currency basis.

Operating expenses have been an area of considerable focus for the Board. Staff numbers were reduced by 10% to 651 by the year end (2008: 727) and our Cardiff operation was closed down in the spring. As a result and if the recent start up businesses in Hong Kong, Shanghai and Barcelona are excluded, the Group operating costs were held back to prior year levels (at constant currency rates).

DEVELOPMENT AND DIVISIONAL PERFORMANCE

In looking at our divisional performance, the overall constant currency revenue decline was fairly uniform, with Creative Technology ("CT") down 16%, Full Service down 13% and Broadcast Services down 15%.

Although most of our CT locations performed well in the circumstances, CT's divisional performance was impacted by a significant reduction in revenue in the US where the economic downturn was most acutely felt. Combined with the absence of any major sporting events in the period, CTUS experienced a 27% fall in revenue. Across the division as a whole, revenue was £53.3m (2008: £54.0m, £63.1m in constant currency), the margin dropped by 5% to 26% and, although operating expenses were kept in check, a trading loss of £14.5m for the year resulted (2008: £0.6m profit).

Revenue in our Full Service Division was £19.3m (2008: £20.6m, £22.1m in constant currency). This division is less affected than CT or Broadcast Services by the absence of large sporting events in "odd" years and, with the general nature of its work being at the smaller end of the scale and utilising less expensive equipment, resulted in margins being maintained at around the 40% level. However the build up of our operations in Action Barcelona and MCL London meant that operating expenses increased by £0.7m on a constant currency basis. These additional costs combined with the reduction in revenue saw trading losses in the Full Service Division increase to £12.7m (2008: £10.8m).



John Christmas FINANCIAL DIRECTOR:

Going forward into 2010, there are grounds for cautious optimism for the Group. As an "even" year, we will have the benefits of both the Winter Olympics in February and the FIFA World Cup in South Africa in June and July.

Within our Broadcast Services Division, revenue was £17.7m (2008: £20.2m, £20.7m in constant currency). A significant part of the Group's capital expenditure programme last year related to Presteigne Charter's work at the Beijing Olympics. Whilst that project was very successful, we have suffered the effects of a full year's depreciation both on that equipment and on the additional equipment acquired with the purchase of Charter Broadcast in April 2008 – these are the main reasons behind the 11% margin drop in the division, down to 29%. Operating expenses have also increased by £0.8m, mainly as a result of having the retained costs of the Charter Broadcast business included for a full year, leaving the divisional trading losses at £(2.5)m for the period (2008: £1.7m profit).

Going forward into 2010, there are grounds for cautious optimism for the Group. As an "even" year, we will have the benefits of both the Winter Olympics in Vancouver in February and the FIFA World Cup in South Africa in June and July. Our redundancy programme and reduced spend on equipment should produce significant savings on personnel costs and depreciation. We are also hopeful that our earlier start up operations in Hong Kong, Shanghai and Barcelona will become more mature and have a positive impact.

TAXATION

We continue to have the benefit of past trading losses in some territories and our investment in new equipment remains at a level such that capital allowances enable taxes on trading results to be kept low.

Consequently we maintained a deferred tax asset at the year end of £3.6m (2008: £3.4m). There has been only a modest increase in the asset this year, notwithstanding the substantial operating losses, as we try to take a cautious view as to when the losses may be utilised. Tax losses included in the asset represent £3.1m, with the balance of £0.5m being the temporary difference between the tax base and the book value of property, plant and equipment. Unrecognised deferred tax assets amounted to £9.7m at the year end.

We also carry a deferred tax liability of £1.6m (2008: £1.6m), the majority in respect of temporary differences between the tax base and the book value of property, plant and equipment.

CASH GENERATION AND CAPITAL EXPENDITURE

The Board remains strongly focused on cash generation in these difficult times and we have been successful in generating significant funds from operations and reducing capital expenditure across all divisions, resulting in a net positive cash inflow for the Group.

The extra focus on cash management has seen £2.8m released from working capital during the year, contributing to the £11.2m of cash (2008: £13.8m) generated from operations. With net capital expenditure down to £(11.5)m (2008: £(23.8)m) and £3.7m of deferred consideration received from the 2006 disposal of Complete Communications Corporation Limited ("Complete") the Group was able to produce a net positive cash inflow of £1.6m (2008: £(10.4)m outflow) before currency translation effects.

Going into the new financial year, our focus remains very much on cash generation and net capital expenditure is expected to be further reduced in 2010.

FINANCING AND NET ASSETS

The Group is in a healthy financial position going into 2010. At the year end, the Group had net debt of £21.1m with a further £5.1m available in undrawn facilities leaving gearing at a manageable 55%.

The Group remains comfortably within its finance and banking facilities of some £26.2m. Our main facility is a £15m multi currency revolving loan with HSBC Bank plc which is in place until October 2012. During the year the Group renegotiated its covenants with the bank, giving more headroom going forward.

On 30 September 2009, the net assets of the Group were £38.5m, equivalent to £1.48 per share.

BUSINESS RISKS

The Group's business is subject to a number of different risk factors, which will have varying degrees of significance at any particular time. Although not an exhaustive list, management consider the most important risks and uncertainties to the business to be as follows:

Economic and business cycle: The Group's customers are principally corporates whose expenditure on services provided by the Group may be discretionary in nature and may therefore be affected by changes in the economic and business cycle. Some of the possible actions that the Group may take to counteract a sudden downturn may take time to have effect. However, we have sought to minimise the impact of any economic slowdown by seeking, wherever practicable, to match major items of capital expenditure to the requirements of our largest clients, and by limiting infrastructure obligations and other capital commitments to a level appropriate to the foreseeable needs of the business, after taking account of market trends and developments.

Dependence on key personnel: The Group's future success will be dependent on key employees and their on-going relationships with clients and suppliers. It is believed that the Group is of a size that no one individual represents a

significant risk to the Group. The Group also encourages client or supplier contacts to be maintained by more than one individual. Key staff are incentivised through a mixture of sales commission, profit related bonuses and participation in the Group LTIP scheme. Main Board Directors are incentivised as detailed in the Directors' Remuneration Report.

Equipment failure or loss: The Group's hire stock comprises complex, high value equipment which is subject to the risks of electronic or mechanical failure as well as physical loss, damage or theft. The Group endeavours to minimise these risks through rigorous quality control measures, security precautions and insurance cover. The geographical spread of the Group's businesses further reduces the potential risk which might arise from any one loss or failure.

Future funding: The Group's capital requirements will depend on numerous factors, including its ability to operate successfully to its business model. If funding requirements vary materially from its plans, we may require further financing in addition to our existing bank facilities sooner than anticipated. However, in order to minimise this risk, the Group endeavours to build in contingencies to its financial forecasting. In addition, the Group will often have the ability to re-direct cash inflow intended for capital expenditure to other uses, as demonstrated during 2009.

Exposure to counterparty credit risk: It is believed that no one client represents a material risk to the Group. However, where there may be a credit concern or where significant up front costs will be incurred in relation to a client's event, the Group will endeavour to obtain a deposit or other security for payment.

Counterparty risk with financial institutions: The Group's policy is to maintain a range of types of borrowing facilities from a number of major financial institutions. The Group is dependent upon contractual arrangements with these institutions to provide funding on agreed terms when requested to do so.

Effect of foreign currency: The Group in general does not hedge the foreign currency risk arising from sales by an operation denominated in a currency other than its functional currency. In most cases substantial deposits on such sales are received at the time of the order and the remaining balances are, to a large extent, matched by overseas costs. The exceptions to this policy are generally related to the purchase of tangible assets or other large one off transactions, where the currency risk is usually hedged using forward foreign exchange contracts. In respect of the translation of foreign currency assets, the Group endeavours to match a significant amount of foreign currency assets by funding overseas operations through borrowings or loans denominated in the overseas currency.

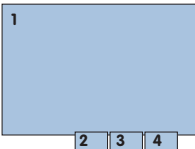
JOHN CHRISTMAS
FINANCE DIRECTOR
14 January 2010

Europe

UK

Our UK based companies: Creative Technology London, MCL, Presteigne Charter and Fountain Studios, all provide creative solutions and services to the audiovisual and entertainment market.

If on location or studio sited, a live sports event, reality television programme or a high profile concert tour, our companies can expertly manage and provide facilities in all fields of the entertainment industry.

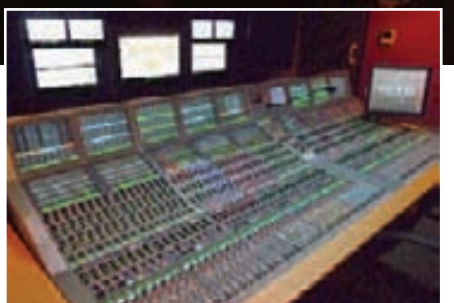
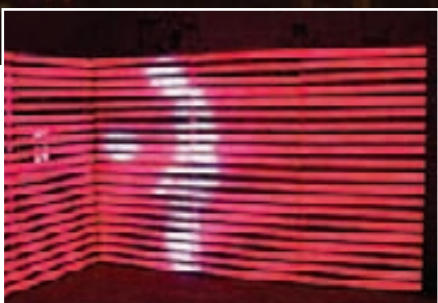


1 Creative Technology has been involved in all three Take That tours since the band reformed, which enabled CT to provide 'The Circus' tour with experience and knowledge allowing for smooth transit and seamless rig and de rig for each of the stadium stints. For the tour CT utilised a Barco Mitrix screen for the back screen and two IMAG panels for each side.

2 English Premier League winners Manchester United knew they could rely upon MCL Manchester's expertise when they needed the wow factor for the annual Manchester United Player of the Year Awards and End of Season Staff Ball. The stunning dynamic textured backdrop created for the event consisted of an impressive 2m x 8m wide wall of Stealth medium resolution LED screen, displaying animated background graphics and award winners' names.

3 For the past five years the team at Presteigne Charter has been at the helm of the annual Oxford v Cambridge Boat Race live broadcast, providing wireless camera systems for the coverage of the event.

4 Installed as the final part of the studio HD investment programme, the new Calrec Apollo 5.1 audio console completed the HD refit at London based television studios, Fountain Studios.



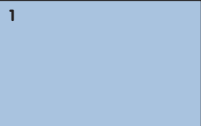




Europe mainland

Our mainland Europe operations: Creative Technology Germany, JVR (Netherlands), Presteigne Charter (Germany and the Netherlands) and Action (France and Spain) all possess the same concept of project delivery that can be fully relied upon by all clientele.

All Avesco Group companies are committed to providing the same consistent level of quality performance, resources and service, irrespective of the location of the project or client.



1 For the Netherlands edition of the X-Factor, JVR audiovisual supplied a 1m x 92m circular banner, with a half circular 2.5m high banner which were hung at the back of the stage utilising 690 tiles of MiTRIX. The legs of the two X's, which slid open as they rose, were built with 320 MiTRIX tiles. At the back of the stage, JVR's new Hibino 6mm Black Face indoor 6.14mx 3.45m display provided the centrepiece.

2 At the IAA 2009 in Frankfurt, the world's largest automobile show – customers such as Audi, Saab, Skoda and Brose relied on CT Germany's professional media technology services. CT was responsible for audio, video and lighting at the international press conferences and on the exhibition stands on site at the IAA.

3 With its unique installation of moving, high-resolution LED rings at Paris Air Show 2009, once again Liebherr-Aerospace relied on innovative media technology from Creative Technology Germany.

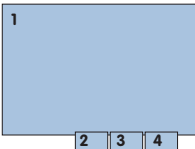
4 This year the celebrations of the World Athletics Gala crowned Usain Bolt and Sanya Richards as Male and Female World Athletes of the Year 2009. Action provided graphics using LED Element Labs VersaTile for the first time in Monaco and the South of France. In addition, Action also provided a video wall in excess of six metres long that was constructed with seamless plasma displays driven by a Barco/Encore switcher with the capability of playing three different sources simultaneously.

USA

North American accomplishments

Successful high profile audio visual solutions for concert tours, product launches and trade shows have provided Creative Technology's US operation with the reputation for delivering effective results for all our clients.

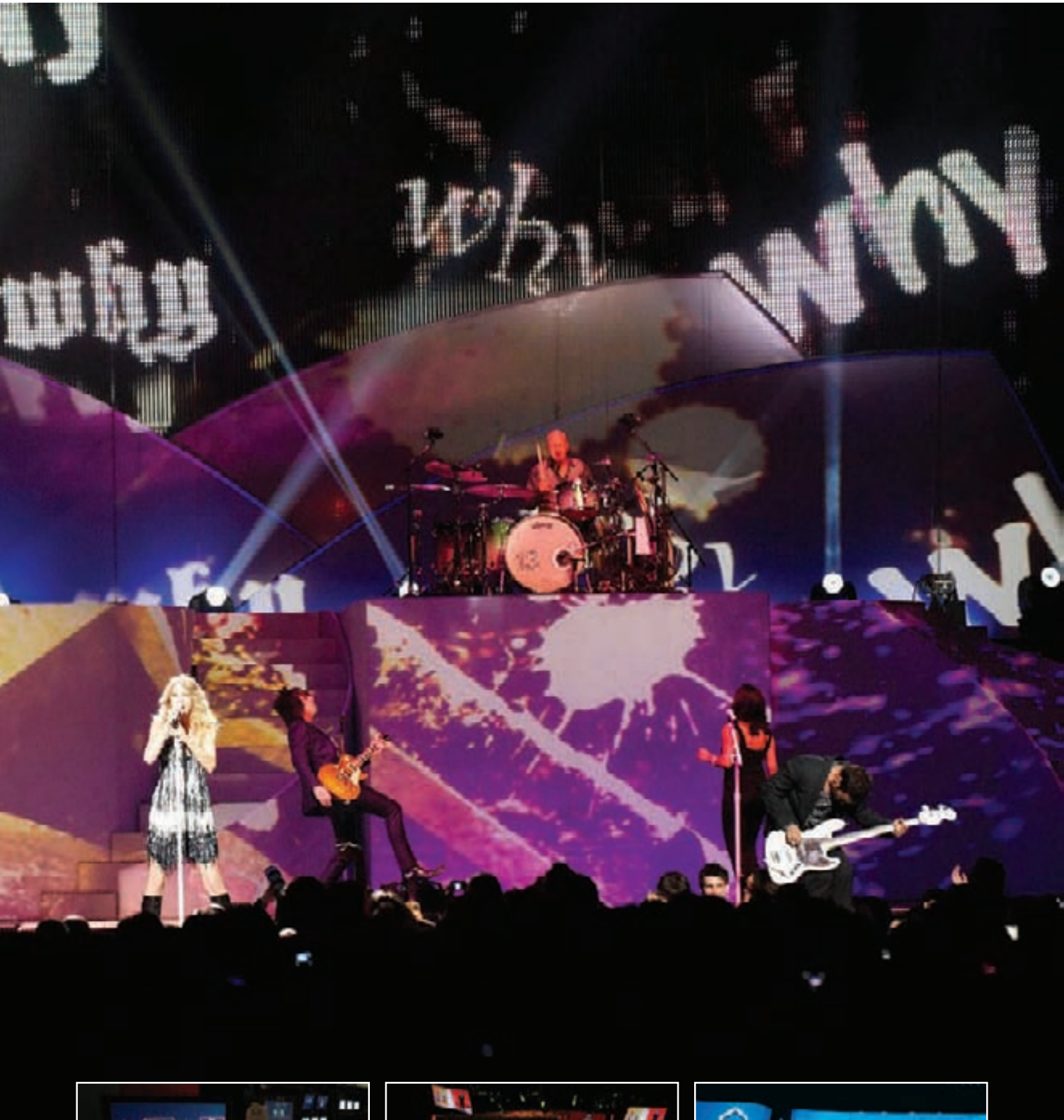
Taking advantage of the opportunities that have arisen from their accomplishments on previous memorable projects, CT have been involved in many prominent events in 2009.



1 For her 2009 Fearless Tour, 19 year old Taylor Swift told her fans that she was designing a show that was "as multi-dimensional as possible," featuring "an incredibly theatrical presentation of graphics, sets and visual elements." For this tour, CT provided twelve Barco FLM HD projectors, 56 panels of Martin 40mm Creative LED, four Sony HDC1500 HD cameras and a Grass Valley Kayak 200 HD flypack system.

2 The concept for Miley Cyrus' Wonder World tour produced a highly theatrical show complete with set changes, costume changes, foy rigs, flying motorcycles — and lots of high-energy dance. CT provided a vast quantity of audio visual equipment to realise the tour's requirements.

3 and 4 When the last attendee of Electronic Entertainment Expo 2009 (E3) left the Los Angeles Convention Center, Creative Technology were able to take a deep breath and enjoy the feeling of success. The company's video and audio professionals from CT offices around the globe had spent the previous ten days creating, programming and building some of the dynamic and captivating press events and booths for Sony, Nintendo, Microsoft, MTV, Capcom and Square Enix.





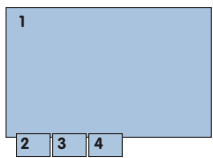


Middle East

Dubai dynamics

Creative Technology Dubai has continued to take advantage of the growing audio visual requirement in the Middle East and developed its operation accordingly.

Exposure in the high profile entertainment, sporting and hospitality business has allowed CT Dubai to maintain its progress in the Middle Eastern media services market and it is therefore confident in sustaining its current growth.



1 Around 2,000 VIP's attended the grand opening of the Atlantis resort in Dubai, which took place with a spectacular \$35million party. CT Dubai and CT London worked closely with Presteigne Charter to facilitate the audio visual requirements for this high profile project.

2 Organised by the Museum of Islamic Art in conjunction with Qatar Museum Authority and New York's Tribeca Film Festival, the capital of Qatar hosted the first edition of the Doha Tribeca Film Festival. Spread over eleven locations across town, including the stunning Museum of Islamic Art, CT Dubai provided the LED screens, HD projectors, HD VTRs and crew needed to make the event a success.

3 The Race to Dubai, a US\$10 million season-long competition which replaced The European Tour Order of Merit for 2009, offers the world's leading players the chance not only to enhance their earning potential, but to have their actions followed in close detail through cutting-edge on-course closed circuit tournament coverage. Every event leading up to the season-ending Dubai World Championship at Jumeirah Golf Estates in Dubai was provided with enhanced coverage through the innovative visuals provided by Creative Technology.

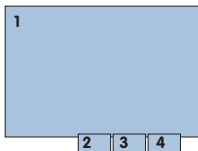
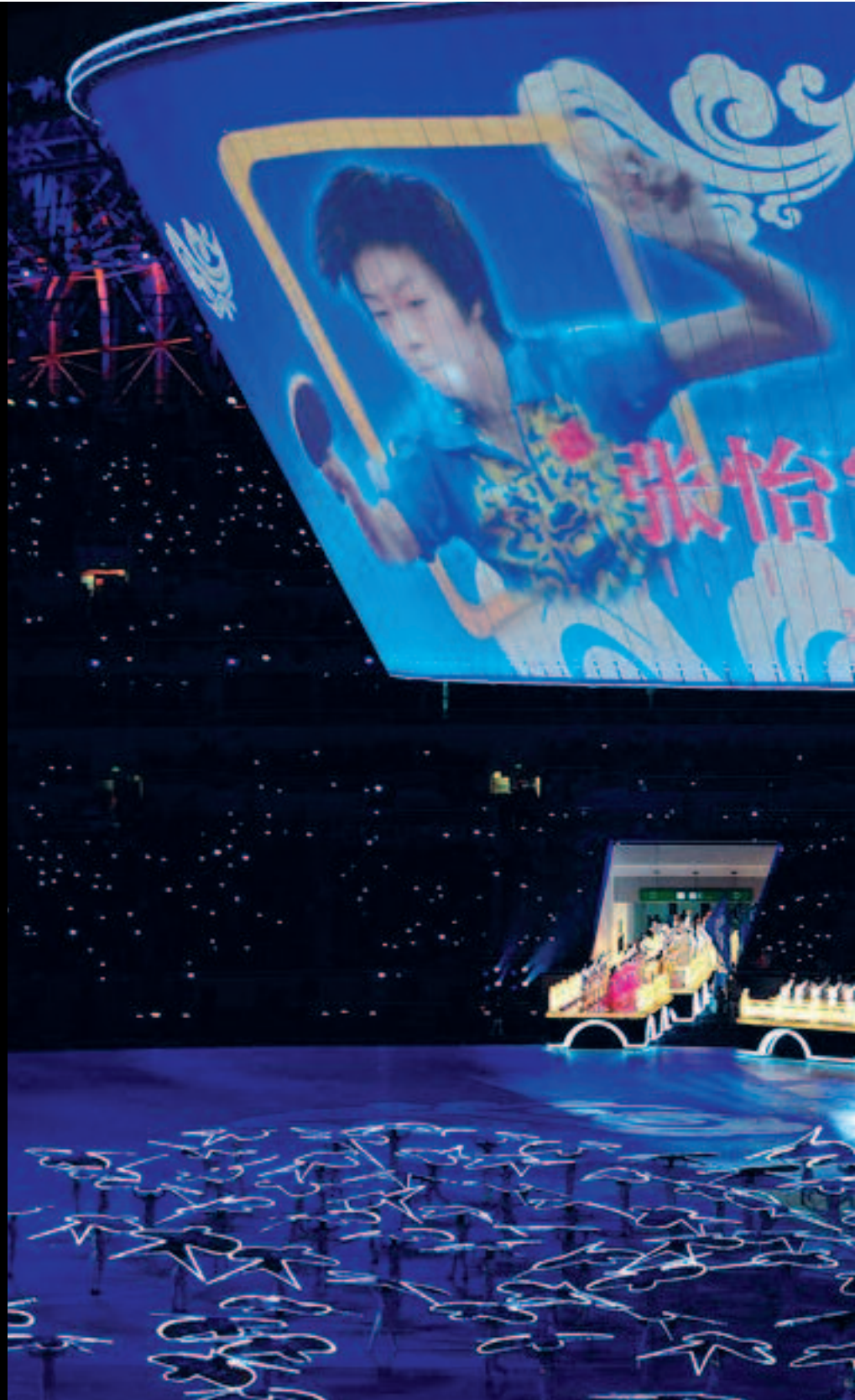
4 The Qatar MICE Development Institute commissioned CT Dubai to provide LED screens and camera systems for the ceremonial opening of the Carnegie Mellon University. CT installed three LED screens of which the central and main screen was a large 10x8 80m² Lighthouse R7 with two 14x10 28m² side screens of Barco D7.

Asia Pacific

Asian advantage

Creative Technology's Asia Pacific operation, incorporating business locations in Shanghai, Beijing, Hong Kong and Macau and Singapore, and Presteigne Charter's operations in Singapore and Australia have delivered some of the most exciting projects in which an Avesco Group company has been involved in.

The increase in demand for audio visual services in the Asia Pacific region has ensured that our business locations have been at the heart of an enlarging market.



1 and 2 CT Asia supplied and project managed the video elements of the exciting opening ceremony of the 11th National Games of the People's Republic of China.

3 FI Rocks™ Singapore with LG provided the total entertainment experience for FI and music fans alike, with a series of live performances from some of the world's most iconic music acts together with celebrities from the world of fashion, sport and film. Contracted by long time global client, Done and Dusted, CT Asia supplied the LED screens and video control for the event, held at the historic Fort Canning Park in the centre of Singapore.

4 Following Creative Technology's success with the Beijing Olympic Organising Committee, CT Asia and CT London continued their relationship with Mr Yang Qingsheng, Visual Image Creative Director for the Opening Ceremony of the Beijing Olympics by providing services to The Beijing Film Academy's (BFA) production of A Midsummer Night's Dream at the Edinburgh Festival.





advisors

COMPANY SECRETARY AND REGISTERED OFFICE

NICHOLAS CONN LLB
Unit E2
Sussex Manor Business Park
Gatwick Road, Crawley
West Sussex RH10 9NH
Tel +44 (0)1293 583400
Fax +44 (0)1293 583410
Email mail@avesco.com
Web www.avesco.com
Registered number 01788363

REGISTRARS AND TRANSFER OFFICE

CAPITA REGISTRARS
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire HD8 0LA
Tel 0871 664 0300 (calls cost 10p per minute plus network extras)
+44 (0) 20 8639 2157 (from outside the UK)
Email ssd@capitaregistrars.com
Web www.capitaregistrars.com

Board of Directors

MICHAEL GIBBINS LVO FCA JP NON-EXECUTIVE CHAIRMAN (A, R)

1 Aged 66. Joined Avesco plc as a non-executive Director in 2004 and the Board in 2007. As Chairman, he is responsible for the functioning of the Board and its committees. Previously he worked for KPMG for 33 years. From 1996 to 1998 he was Comptroller to Diana, Princess of Wales. From 1998 until December 2003 he was Finance Director, then Chief Operating Officer of Singer & Friedlander Group PLC.

RICHARD MURRAY NON-EXECUTIVE DEPUTY CHAIRMAN (A, R)

2 Aged 59. Founded Avesco Group and floated it in 1984 prior to its introduction to the Official List of the London Stock Exchange in 1988. He is Chairman of Charlton Athletic Football Club and a Director of The Welsh Industrial Investment Trust plc.

IAN MARTIN CHIEF EXECUTIVE

3 Aged 49. Joined the Board of Avesco in 2002 as a non-executive Director, transferred to Avesco plc in 2004 as executive Chairman and re-joined the Board in 2007 as Chief Executive. He has overall executive responsibility for the Group and its strategic development. He is a non-executive Director of Ascot Underwriting Ltd and Forest Support Services plc and was previously Managing Director of the Brockbank Group Plc, an insurance company operating in the Lloyds market and a director of Admiral Insurance.

JOHN CHRISTMAS ACA FINANCE DIRECTOR

4 Aged 55. Joined Avesco plc in March 2004 as Finance Director and the Board in 2007. He was Group Finance Director at Boosey & Hawkes plc and previously held positions as Group Finance Director at MediaKey plc and Video Arts Limited.

GRAHAM ANDREWS EXECUTIVE DIRECTOR

5 Aged 50. Joined Avesco in 1986, and was appointed to the Board in 1994. He transferred to the Board of Avesco plc in 2004 and re-joined the Board in 2007. He has primary responsibility for Creative Technology which he established in 1985. He has 30 years' experience in the live events industry.

DAVID NICHOLSON EXECUTIVE DIRECTOR

6 Aged 58. Joined the Board of Avesco Group in 1995, transferred to the board of Avesco plc in 2004 as Chief Executive and re-joined the Board in 2007. He has primary responsibility for the Group's broadcast hire and full services businesses. He previously held senior management positions at Rentokil Group plc and Aspen Communications plc.

A - Audit Committee R - Remuneration Committee

FINANCIAL ADVISORS AND STOCKBROKERS

J.M.FINN CAPITAL MARKETS LTD.
4 Coleman Street
London
EC2R 5TA
Tel +44 (0) 20 7600 1658
Web www.finnccap.com

AUDITORS

PRICEWATERHOUSECOOPERS LLP
First Point
Buckingham Gate
Gatwick
West Sussex
RH6 0PP

SOLICITORS

NORTON ROSE LLP
3 More London Riverside
London
SE1 2AQ

PRINCIPAL BANKER

HSBC BANK

DIRECTORS' REPORT

For the year ended 30 September 2009

The Directors have pleasure in presenting their report and the audited financial statements for the year ended 30 September 2009.

Principal activities, review of the business and future developments

The Group's principal activity during the year was the provision of services to the corporate presentation, entertainment and broadcast markets.

The Chairman's statement on page 02, the Chief Executives Review on page 03 and the Financial Review on pages 04 to 05 give further information regarding the performance and prospects of the business and the risks therein.

Dividends

The Directors do not recommend payment of a dividend for the year ended 30 September 2009 (2008: 3.5 pence per ordinary share).

Share issues

During the year, no shares were issued and the Company did not exercise the authority given at the Annual General Meeting of the Company in 2009 to purchase its own shares. The existing authority for the Company to make purchases of its own shares is due to expire on 11 March 2010, the date of the forthcoming Annual General Meeting, when a resolution for its renewal will be proposed to shareholders.

Directors

Details of the current Directors are given on page 17. Mr Murray's full surname is Murray-Obodynski but he is referred to in the annual report by the name under which he is generally known in the industry. Mr Blackall and Mr Maxwell both resigned as Directors on 5 March 2009. The other Directors all served throughout the period.

In accordance with the Articles of Association of the Company, Mr Andrews and Mr Christmas both retire by rotation and each offers himself for re-election at the Annual General Meeting.

Details of Directors' emoluments for the year together with the Directors' Interests in shares and long term share incentives are provided in the Remuneration Report on pages 20 to 21.

Substantial interests

At 14 January 2010, the Company had been notified or was aware of the following holdings of 3% or more of the total voting rights of the Company:

Shareholder	Ordinary shares	Percentage of voting rights
RA Murray	4,698,771	18.78%
Herald Investment Management Limited	2,775,000	11.09%
JP Morgan Asset Management (UK) Ltd	2,604,271	10.41%
J O Hambro Capital Management Ltd	1,750,000	6.99%
P. Smith and S. King	1,225,000	4.90%
Chelverton Asset Management Ltd	1,107,014	4.42%
Directors Dealing Investment Trust plc	1,027,018	4.10%
Ingalls & Snyder LLC	770,104	3.08%

Going concern

The Directors believe, after making appropriate enquiries, that the Group has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Payment policy to suppliers

The Group does not follow a published code on payment practice but has standard terms and conditions of purchase based on which it agrees terms and conditions for its business transactions with suppliers. It is our policy that, subject to the terms and conditions being met by the supplier, payment is made on those terms.

The Company did not have any outstanding trade creditors at 30 September 2009.

Employee involvement

The Board recognises the crucial role which quality, motivated employees play in the success of the Group. Employee involvement at all levels is encouraged. Employees receive a regular staff newsletter and are kept informed of financial and other developments around the Group through a series of presentations by senior management. Certain employees are able to share in the success of the Group through participation in the Company's Long Term Incentive Plan and other incentive arrangements. It is the policy of the Group to recruit, develop and promote people on merit and to treat everyone equally regardless of their race, colour, ethnic origin or nationality, age, gender, marital status, sexual orientation, disability, religion or belief. The Group gives full consideration to the possibility of employing disabled persons wherever such opportunities exist. Those employees who become disabled are given the opportunity and assistance to continue in their employment or to be trained for other, more suitable positions.

Directors' Indemnities

The Company has purchased insurance to cover its Directors and officers against the costs of defending themselves in legal proceedings taken against them in that capacity and in respect of any damages resulting from those proceedings. The insurance does not provide cover where the Director has acted fraudulently or dishonestly.

The Company has also provided an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of section 234 of the Companies Act 2006. A copy of the indemnity is available for inspection at the Company's registered office during normal working hours.

Environmental

Although the Group does not have a formal environmental policy, the Group does recognise the importance of environmental responsibility. The Group believes that its activities have a low impact on the environment.

Political and charitable contributions

No contributions for charitable or political purposes were made during the year (2008: nil) by the Group.

Annual General Meeting

Notice of the Annual General Meeting, together with explanatory notes, is set out on pages 64 to 66.

Auditors

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware: and each director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Shareholders' consent is sought to Resolutions 5 and 6 set out in the Notice of Annual General Meeting which propose the reappointment of PricewaterhouseCoopers LLP as independent auditors of the Company and to authorise the Directors to determine the auditors' remuneration.

By order of the Board

Nicholas Conn

Company Secretary
14 January 2010

DIRECTORS' REMUNERATION REPORT

As an AIM listed company, the Company is not required to comply with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in relation to the Directors' Remuneration Report. Nevertheless, the Board prefers to follow best practice and has therefore prepared the following report, which meets the majority of these regulations and which will be put to shareholders for approval at the Annual General Meeting.

This part of the Directors' remuneration report is unaudited.

Remuneration Committee

The remuneration committee comprises Mr Gibbins and Mr Murray, who are both non executive Directors and have served throughout the year. Mr Blackall and Mr Maxwell were also members of the remuneration committee until 5 March 2009, when they ceased to be Directors. The remuneration committee has not sought professional advice from external consultants during the year. However, the remuneration committee consults with the Chief Executive, as it considers appropriate, in relation to its proposals relating to the remuneration of the executive Directors.

Remuneration Policy

The remuneration committee makes recommendations to the Board on the executive remuneration policy and determines specific remuneration packages for each of the executive Directors. The aim of the remuneration committee is to provide total remuneration packages which attract, retain and motivate executive Directors of the appropriate calibre. The remuneration policy is to reward excellent performance, to be commercially competitive and to align the interests of employees with those of shareholders to create value.

This report sets out the Company's policy on executive remuneration, its operation in the year and (although the remuneration committee is unable to confirm that the policy will continue without amendment in future years) how it is intended to be operated going forwards. It is considered that a successful policy should retain sufficient flexibility to allow account to be taken of future changes in the business environment and remuneration practice. The policy should also allow for any special arrangements which may be necessary in the future in order to recruit a director of sufficient calibre. However, any changes in the policy for future years will be described in future reports, which will be subject to shareholder approval.

The principal elements of the remuneration package are as follows:

Basic salary and benefits

The salary of each executive Director is reviewed annually having regard to his individual responsibilities and contribution and to ensure that it is competitive with salaries of persons in equivalent positions in comparable companies. All executive Directors receive a Company car and fuel benefit (or an allowance in lieu) and are entitled to pension contributions, medical insurance cover, life assurance cover and permanent health insurance cover.

Annual bonus

Each of the executive Directors is entitled to a non-pensionable annual bonus which is dependent upon the achievement of short-term corporate and personal performance targets approved by the Remuneration Committee. The annual bonus may not exceed 100% of basic salary. In respect of each of the year ended 30 September 2009 and the year ending 30 September 2010, the annual bonus is based on a range of personal, divisional or Group performance targets, which will differ between directors according to their respective responsibilities and which will be measured against and conditional upon achievement of the Company's internal budgets for the year.

Long term incentives

The Company operates an executive share option scheme ("Option Scheme"), which was established in 1997, and a long term incentive plan ("LTIP"), which was established in 2007 (see Note 29 in these Accounts for further details).

Under the Option Scheme, which is a HM Revenue and Customs unapproved scheme, the Company granted options to its then directors in respect of a total of 1,468,467 ordinary 10p shares, of which options in respect of 1,142,141 remain capable of exercise at a price of 71.1667p per share between 24 February 2007 and 24 February 2011. The right to exercise these options was subject to a performance condition that has now been satisfied. No further grants of options may be made under the Option Scheme. None of the terms and conditions of the options was varied during the year.

Under the LTIP, awards are made to employees under which they can receive Avesco shares at no cost to themselves based on the achievement of a pre-determined and stretching performance condition. It is intended that vested allocations will be satisfied in due course by delivery through an employee trust. No individual may receive awards in any financial year with an aggregate value at the time of grant in excess of 100% of the employee's basic annual salary although this limit may increase to 200% of the employee's basic annual salary if the remuneration committee decides that exceptional circumstances exist. No awards may be made under the LTIP more than 10 years after its adoption.

The rules of the LTIP provide that in any 10 year period no more than 15% of Avesco's issued share capital from time to time may be issued or subject to an award or option to be issued for the purposes of the LTIP or any other employee share scheme. The 15% limit took account of the fact that, as at the date of adoption of the LTIP, options had been granted under the Option Scheme in respect of 5.65% of the issued share capital to persons who no longer performed an executive role in the Company and, therefore, less than 10% of the issued share capital would be available for the issue of awards to executives under the LTIP.

Awards were made in August 2007 in respect of a total of 964,000 rights to shares under the LTIP subject to a performance condition that a cumulative adjusted earnings per share of at least 45p is achieved over the three years ending 30 September 2010. Awards were made in January 2008 in respect of a total of 455,500 rights to shares under the LTIP subject to a performance condition that a cumulative adjusted earnings per share of at least 50p is achieved over the three years ending 30 September 2010. The remuneration committee has discretion to adjust the earnings per share in relation to exceptional and/or non-recurring events. Subject to the rules of the LTIP and the fulfilment of the performance condition, 50 per cent of the shares will be released after the preliminary announcement of the results of the Company for the year ending 30 September 2010 and, subject to continuing service of the award holder, the remaining 50 per cent of the shares will be released on the first anniversary of that announcement date or, if later, the date of announcement by the Company of its results for the period ending 30 September 2011. None of the terms and conditions of the LTIP awards was varied during the year.

It is intended that further awards will be made under the LTIP in the next 12 months subject to the rules of the LTIP and the fulfilment of a similar performance and vesting conditions as for the previous awards.

Pensions

Pension contributions relating to the executive Directors of the Company are paid to defined contribution arrangements and are calculated by reference to basic salary only. Annual bonuses and other benefits are not pensionable.

Contracts

Except as noted below, the service contracts of the executive Directors are subject to a twelve months' notice period by either party. It is the policy of the remuneration committee that the Company should not enter into contracts for any executive Director with rolling notice periods exceeding one year.

The contracts of the executive Directors provide that, in the event of their termination in certain circumstances in the 12 months following a change of control of the Company, the Director shall be entitled to a severance payment not exceeding the sum of 24 months' emoluments less emoluments received since the change of control. The severance payment is triggered only in the event of termination of the Director (other than for gross misconduct) by the Company or in the event of the Company committing a material breach or making a material change to the Director's detriment in the terms and conditions of the Director's employment or assigning to him duties inconsistent with the position held prior to the change of control. The remuneration committee consider such a provision appropriate in order to retain the services of key executives in the event of a change of control occurring and in order to ensure an orderly transfer to an acquirer.

Non executive Directors

The remuneration of the non executive Directors is subject to a maximum aggregate limit agreed by the shareholders and set out in the Articles of Association. Within this limit, the remuneration of the non executive Directors is determined by the Board as a whole although no non executive Director is present when his own fees are under discussion. Mr Murray holds options under the Option Scheme granted to him at a time when he held executive office with the Company. Subject to that grant, the non executive Directors do not participate in the share option schemes and do not receive any pension contributions or other benefits.

Each of the non executive Directors has a service contract with the Company, which is capable of termination on not less than three months' notice.

AUDITED INFORMATION

Directors' emoluments

The emoluments of the Directors of the Company were:

	Fees / Salary £'000	Bonus £'000	Other Benefits £'000	2009 Subtotal £'000	2008 Subtotal £'000	2009 Pension £'000	2008 Pension £'000	2009 Total £'000	2008 Total £'000
Executive Directors									
IP Martin	231	-	-	231	229	27	27	258	256
GP Andrews	294	-	-	294	280	19	18	313	298
JL Christmas	188	-	-	188	187	18	17	206	204
DJ Nicholson	220	-	-	220	222	24	24	244	246
Non executive Directors									
MES Gibbins	34	-	-	34	35	-	-	34	35
RA Murray (1)	74	-	-	74	76	-	-	74	76
Former Directors									
LCN Blackall	17	-	-	17	25	-	-	17	25
CA Maxwell (2)	17	-	-	17	25	-	-	17	25
Total	1,075	-	-	1,075	1,079	88	86	1,163	1,165

Note:

- (1) The fees of Mr Murray were paid to Bolistrom Limited, a company of which Mr Murray is a director and shareholder.
- (2) The fees of Mr Maxwell were paid to CMA Services Limited, a company owned and controlled by Mr Maxwell.

The Company made contributions to defined contribution pension arrangements in respect of four (2008: four) Directors.

Directors' interests

The number of shares in which the Directors had a beneficial interest as defined by the Companies Act 2006, including awards made under the LTIP and executive share option scheme, was as follows:

	At 30 September 2009 and 14 January 2010			At 1 October 2008		
	Ordinary shares	Options over ordinary shares	LTIP awards over ordinary shares	Ordinary shares	Options over ordinary shares	LTIP awards over ordinary shares
Executive Directors						
IP Martin	662,454	-	95,000	662,454	-	95,000
GP Andrews	136,864	-	85,000	136,864	-	85,000
JL Christmas	23,461	-	85,000	23,461	-	85,000
DJ Nicholson	146,335	-	85,000	146,335	-	85,000
Non-executive Directors						
MES Gibbins	47,692	-	-	47,692	-	-
RA Murray	4,698,771	652,652	-	4,698,771	652,652	-

None of the Directors had any non-beneficial interest in the Company's shares.

No awards to any Director under the LTIP vested or lapsed during the year.

No options under the Option Scheme were granted to or exercised by any Director during the year.

The closing share price on 30 September 2009 was 27.5p and the high and low prices during the period from 1 October 2008 to 30 September 2009 inclusive were 34.5p and 19.5p respectively.

By order of the Board

Michael Gibbins

Chairman of the Remuneration Committee
14 January 2010

CORPORATE GOVERNANCE REPORT

This corporate governance report sets out how the principles identified in the Combined Code have been applied by the Company in the period. Although, as an AIM listed company, the Company is not required to comply with the Combined Code, the Directors regard compliance as a benchmark of best practice, which they wish to follow wherever relevant and not disproportionate having regard to the size of the Group.

Statement of compliance

The Board considers that the Company has complied substantially with the provisions of the Combined Code during the period and subsequently until the date of this report.

The Board

The Board comprises the Directors listed on page 17. Mr Blackall and Mr Maxwell also served as Directors until their resignations on 5 March 2009.

There is a non executive Chairman and a Chief Executive Officer. Mr Gibbins, who is the Chairman, is considered to be independent of management. Mr Murray, who is also a non-executive Director, is not considered to be independent in view of his previous involvement in an executive capacity with the Group and his interest in the Company's shares.

The Board is scheduled to meet at least four times each year, in addition to which meetings will also be convened on an ad hoc basis if there is urgent or delegated business which cannot wait until the next scheduled meeting of the full Board. The following table sets out details of the number of meetings of the Board (excluding ad hoc meetings) and of the audit and remuneration committees during the year and the attendance at those meetings:

Director	Board	Audit	Remuneration
Total Number of meetings	6	2	2
IP Martin	6	-	-
GP Andrews	4	-	-
JL Christmas	6	-	-
DJ Nicholson	6	-	-
MES Gibbins	6	2	2
RA Murray (1)	6	1	2
LNC Blackall (2)	1	1	1
CA Maxwell (2)	3	1	1

(1) Audit committee meetings attended since appointment on 5 March 2009.

(2) Meetings attended prior to resignation on 5 March 2009.

The Board considers the overall strategic direction, development and control of the Group and reviews the financial and operational performance. Various major decisions require Board approval, including the approval of the annual budget, larger capital expenditure proposals, acquisitions and disposals. Board papers, which are sent out in advance of each meeting, include a set agenda although further subjects are added for discussion as the need arises.

The executive Directors meet as a management team on a weekly basis. These executive management meetings consider and review the operational and financial management and performance of the Group, receive reports from the managers in respect of their respective areas of responsibility, discuss significant issues and determine any appropriate action to be taken.

The Chairman and the Chief Executive have clearly established responsibilities although these have not been defined in writing. In addition to chairing the Board and the Audit and Remuneration Committees, the Chairman is responsible for ensuring that the Board is kept properly informed and is consulted on all issues reserved to it. The Chairman consults with the other non executive Director on corporate governance issues, communicates the views of the shareholders to the Board and ensures a constructive relationship between the executive and non executive members of the Board. The Chief Executive has final executive responsibility to the Board for the success of the Group.

The Board has access to the advice and services of the Company Secretary and there is a written procedure for obtaining independent legal advice at the Company's expense.

The non executive Directors review the performance of the executive Directors. No formal performance evaluation of the non executive Directors or of the Board committees has been conducted.

On appointment, new Directors take part in an induction programme when they receive information about the Group, the role of the Board and the Board committees, the Company's corporate governance practices and procedures, and the latest financial information about the Group. They are also advised of their legal duties as a director of a public company. Visits are arranged to Group locations together with meetings with management.

The Articles of Association of the Company require Directors to submit themselves for re-election at the first Annual General Meeting following appointment and then every three years.

Audit committee

The audit committee comprises Mr Gibbins, who has served throughout the year, and Mr Murray. Mr Murray was appointed to the audit committee on 5 March 2009, to replace Mr Blackall and Mr Maxwell, who both served until that date. Mr Gibbins is the current chairman of the audit committee.

The audit committee reviews the Group's annual report, financial statements, interim statements and preliminary announcements before recommending their approval to the Board. This process involves meeting with the external auditors to discuss issues relating to the audit and financial control of the Group. The audit committee also reviews the Company's internal financial controls and risk management systems, the scope of the audit and the independence and objectivity of the auditors. The auditors have direct access, should they so require, to the chairman of the audit committee.

Nomination committee

The Company does not have a nomination committee. Any appointments to the Board would be considered by the Board as a whole.

In considering the appointment of a new director, the Board considers and defines the characteristics, qualities, skills and experience that it considers would compliment the overall balance and composition of the Board. The committee may appoint an external consultant to help in the identification and recruitment of an individual who satisfies the committee's criteria, unless the Board is already able to identify an appropriate individual.

Internal control

The Directors have an overall responsibility for internal control within the Group. The effectiveness of the Group's internal control system has been reviewed by the Directors. The internal control system provides an ongoing process for identifying, evaluating and managing significant risks faced by the Company. The internal control system, which has been in place throughout the year and up to the date of this report, is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The controls in place include Group policies and procedures, which are operated in all subsidiaries and which define levels of authority and procedures for regular control and management reporting.

The Group has a comprehensive system of financial reporting and forecasting covering profits, assets, liabilities, cash flow and capital expenditure. The systems include regular monitoring of cash, monthly reporting of financial results, reviews of forecasts and comparisons with budgets. Budgets and business plans are prepared annually by all operations and reviewed by management and the Board. Regular management meetings are held to monitor performance against budgets, progress in implementing planned changes and the operational efficiency of the businesses.

Operational risks are identified and assessed by management with the identification and monitoring of significant risks being reported to the Board. In addition to those financial and commercial risks associated with the Group's core services, the nature of the core services businesses dictates that particular emphasis is given to health and safety. The Group employs a health and safety manager and regular training programmes are provided for operational staff.

The Directors have considered the need for an internal audit function but believe that the size of the Group at present does not justify a dedicated internal audit function. However, Avesco Group finance staff make regular visits to all the operations and perform many of those risk management tasks normally associated with an internal audit function. The Directors review the decision not to have an internal audit function from time to time, in particular, having regard to material changes in circumstances.

Relations with shareholders

The Board makes considerable efforts to establish relationships with institutions and shareholders and to meet and communicate with them on a regular basis.

Directors make institutional presentations at the time that the interim and full year results are announced. If so requested, the non executive Directors (including the independent non executive Director) are available to attend meetings with major shareholders. The Board is keen to communicate with private investors and welcomes the opportunity to meet with them at the Annual General Meeting. The Company counts all proxy votes lodged at general meetings of the Company and indicates the number of proxy votes on each resolution, after it has been dealt with by a show of hands.

This annual report and the financial statements together with the Notice of Annual General Meeting and other information regarding the Group may be viewed on the Company's website at www.avesco.com.

By order of the Board

Nicholas Conn
Company Secretary
14 January 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the group for that period. In preparing these financial statements, the Directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgements and accounting estimates that are reasonable and prudent;
- > state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Nicholas Conn
Company Secretary
14 January 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVESCO GROUP PLC

We have audited the Group and parent Company financial statements (the "financial statements") of Avesco Group plc for the year ended 30 September 2009 which comprise the Consolidated Income Statement, the Group and Parent Company Balance Sheets, the Consolidated Statement of Recognised Income and Expense, the Group and Parent Company Statement of Cash Flow, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- > the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2009 and of the Group's loss and Group's and parent Company's cash flows for the year then ended;
- > the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- > the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- > the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- > adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- > the parent Company financial statements are not in agreement with the accounting records and returns; or
- > certain disclosures of directors' remuneration specified by law are not made; or
- > we have not received all the information and explanations we require for our audit.

Rosemary Shapland (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick
14 January 2010

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 30 SEPTEMBER 2009

	Note	2009 £000s	2008 £000s
Continuing operations			
Revenue	5	90,242	94,815
Cost of sales		(63,359)	(61,077)
Gross profit		26,883	33,738
Operating expenses		(38,992)	(33,525)
Other income	11	-	7,200
Operating (loss)/profit	7	(12,109)	7,413
Finance income	12	93	585
Finance costs	12	(1,145)	(1,515)
(Loss)/profit before income tax		(13,161)	6,483
Income tax (expense)/credit	13	(82)	178
(Loss)/profit from continuing operations		(13,243)	6,661
Discontinued operations			
Loss from discontinued operations	19	(497)	(1,250)
(Loss)/profit for the financial year		(13,740)	5,411

	Pence per share	Pence per share
(Losses)/earnings per share for (losses)/profit attributable to the equity holders of the company (note 16)		
- basic	(54.9)p	21.6p
- diluted	(54.9)p	21.6p
(Losses)/earnings per share for (losses)/profit from continuing operations attributable to the equity holders of the company (note 16)		
- basic	(52.9)p	26.6p
- diluted	(52.9)p	26.6p

All amounts are attributable to equity holders of the Company.

The notes on pages 30 to 63 are an integral part of these financial statements.

The Company has elected to take exemption under section 408 of the Companies Act 2006 to not present the parent Company income statement. The loss/profit for the Company is detailed in note 30.

ALTERNATIVE PERFORMANCE MEASURES (NON-GAAP)

YEAR ENDED 30 SEPTEMBER 2009

	2009 £000s	2008 £000s
Operating (loss)/profit	(12,109)	7,413
Adjusted to exclude:		
Amortisation of acquired intangible assets (IFRS 3)	449	660
Impairment of property, plant and equipment (IAS 36)	342	-
Impairment of goodwill (IAS 36)	891	-
Restructuring costs (note 7)	657	976
Release of property lease and dilapidation provision	-	(280)
Excess of the acquirer's interest in the fair value of acquiree's identifiable net assets released to the income statement	-	(7,200)
Trading (loss)/profit	(9,770)	1,569
Net finance costs	(1,052)	(930)
Income tax (expense)/credit	(82)	178
Trading (loss)/profit after net finance costs and income tax (expense)/credit	(10,904)	817
Adjusted (losses)/earnings per share (per note 16)	Pence per share	Pence per share
- basic	(43.6)p	3.3p
- diluted	(43.6)p	3.3p

Refer to note 2.3 for a full description of the alternative performance measures adopted by the Group.

BALANCE SHEETS

AS AT 30 SEPTEMBER 2009

	Note	Group		Company	
		As at 30 September 2009 £000s	2008 £000s	As at 30 September 2009 £000s	2008 £000s
Assets					
Non-current assets					
Property, plant and equipment	17	56,780	64,362	-	-
Intangible assets	18	749	1,998	-	-
Other investments	19	-	-	27,277	33,710
Deferred income tax assets	26	3,565	3,442	-	-
Trade and other receivables	21	109	148	-	-
		61,203	69,950	27,277	33,710
Current assets					
Inventories	22	892	1,288	-	-
Trade and other receivables	21	16,256	26,465	31,987	19,000
Derivative financial instruments	20	-	146	-	-
Cash and cash equivalents	23	4,531	4,845	5,916	16,106
		21,679	32,744	37,903	35,106
Total assets		82,882	102,694	65,180	68,816
Liabilities					
Non-current liabilities					
Borrowings and loans	25	18,956	18,838	8,350	9,500
Deferred income tax liabilities	26	1,613	1,609	-	-
Provisions for other liabilities and charges	27	475	294	-	-
		21,044	20,741	8,350	9,500
Current liabilities					
Trade and other payables	24	16,519	22,716	1,159	3,284
Current income tax liabilities		151	159	-	-
Borrowings and loans	25	6,637	5,853	-	-
Provisions for other liabilities and charges	27	-	194	-	-
		23,307	28,922	1,159	3,284
Total liabilities		44,351	49,663	9,509	12,784
Total assets less total liabilities		38,531	53,031	55,671	56,032
Equity					
Capital and reserves attributable to equity holders of the company					
Ordinary shares	28	2,599	2,599	2,599	2,599
Share premium	30	23,286	23,286	23,286	23,286
Other reserves	30	618	502	-	-
Retained earnings	30	12,028	26,644	29,786	30,147
Total equity		38,531	53,031	55,671	56,032

The notes on pages 30 to 63 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 14 January 2010 and were signed on its behalf by:

Ian Martin
John Christmas
Directors

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

YEAR ENDED 30 SEPTEMBER 2009

	Note	Year ended 30 September 2009 £000s	2008 £000s
Currency translation differences	30	239	390
Cash flow hedges	30	(164)	164
Deferred tax liability on cash flow hedges	30	41	(41)
Total income recognised directly in equity		116	513
(Loss)/profit for the year		(13,740)	5,411
Total recognised (expense)/income for the year		(13,624)	5,924

All amounts are attributable to equity holders of the Company.

PARENT COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE

YEAR ENDED 30 SEPTEMBER 2009

There are no movements to be recognised through the parent Company statement of recognised income and expense in 2009 or 2008.

CASH FLOW STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

	Note	Group		Company	
		Year ended 30 September 2009 £000s	2008 £000s	Year ended 30 September 2009 £000s	2008 £000s
Cash flows from operating activities					
Cash generated from / (used by) operations	31	11,206	13,800	(107)	(466)
Net interest (paid)/received		(740)	(1,008)	686	1,102
Income tax paid		(116)	(430)	-	-
Net cash generated from operating activities		10,350	12,362	579	636
Cash flows from investing activities					
Acquisition of subsidiaries (net of cash acquired)		-	(1,765)	-	-
Purchases of property, plant and equipment		(16,335)	(24,507)	-	-
Proceeds from sale of property, plant and equipment		4,806	714	-	-
Proceeds from sale of investments		3,700	6,013	-	-
Dividends received		-	-	6,500	6,354
Net cash (used in)/generated from investing activities		(7,829)	(19,545)	6,500	6,354
Cash flows from financing activities					
Purchase of treasury shares		-	(1,011)	-	(1,011)
Proceeds from borrowings		9,185	17,949	-	13,000
Repayments of external borrowings		(9,646)	(10,802)	(1,150)	(3,500)
Repayments of Group borrowings		-	-	(15,243)	(3,189)
Dividends paid to Company's shareholders	15	(876)	(1,524)	(876)	(1,524)
Net cash (used in)/generated from financing activities		(1,337)	4,612	(17,269)	3,776
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		1,184	(2,571)	(10,190)	10,766
Cash, cash equivalents and bank overdrafts at beginning of year		4,704	8,476	16,106	5,340
Exchange losses on cash and bank overdrafts		(2,006)	(1,201)	-	-
Cash, cash equivalents and bank overdrafts at end of year		3,882	4,704	5,916	16,106
Bank overdrafts		649	141	-	-
Cash, cash equivalents at end of year	23	4,531	4,845	5,916	16,106

The notes on pages 30 to 63 are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

1. General information

Avesco Group plc ('the Company') and its subsidiaries (together 'the Group') is an international media services business. The Group has subsidiaries around the world and sells in the UK, the US, Europe, China, Singapore, Dubai and Australia.

The Company is a public limited company which is listed on AIM and is incorporated and domiciled in the UK. The address of its registered office is Unit E2, Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, RH10 9NH.

The registered number of the Company is 01788363.

2. Accounting policies

2.1 Basis of preparation

The annual report and financial statements of Avesco Group plc have been prepared in accordance with IFRS as adopted by the European Union, IFRIC interpretations, the Companies Act 2006 applicable to Companies reporting under IFRS and the AIM rules for companies. The annual report and financial statements have been prepared under the historic cost convention as modified by available for sale financial assets and financial assets and financial liabilities at fair value through profit or loss.

The annual report and financial statements have been prepared on a going concern basis in accordance with the Group's accounting policies set out below which are based on the recognition and measurement principles of IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(a) Standards, amendments and interpretations to existing standards that are effective in 2009

IFRIC 14 - IAS 19 - 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 provides guidance on the amount of pension scheme surpluses that companies can include as a defined benefit asset in their balance sheets and also situations when a funding requirement, including the UK scheme specific funding, may give rise to additional liabilities. Adoption of this standard has no impact on the Group or Company's financial statements.

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

IAS 1 (revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share. The Group and Company will apply IAS 1 from 1 October 2009.

IAS 1 (amendment), 'Presentation of financial statements' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The changes are not expected to have a material impact on the Group or Company's financial statements. The Group and Company will apply IAS 1 from 1 October 2009 subject to endorsement by the EU.

IAS 23 (amendment), 'Borrowing costs' (effective from 1 January 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group and Company will apply IAS 23 (amendment) retrospectively from 1 October 2009.

IAS 23 (amendment), 'Borrowing costs' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Group and Company will apply the IAS 23 (amendment) prospectively to the capitalisation of borrowing costs on qualifying assets from 1 October 2009.

IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The changes are not expected to have a material impact on the Group or Company's financial statements. The Group and Company will apply IAS 27 from 1 October 2009.

IAS 36 (amendment), 'Impairment of assets', (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group and Company will apply the IAS 36 (amendment) and provide the required disclosure where applicable for impairment tests from 1 October 2009.

IAS 38 (amendment), 'Intangible Assets' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in April 2009 and the Group and Company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The changes are not expected to have a material impact on the Group or Company's financial statements. The Group and Company will apply IAS 38 from 1 October 2009.

IAS 39 (amendment), 'Financial instruments: Recognition and measurement' (effective from 1 January 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

- > This amendment clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge.
- > When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) are used.

The Group and Company will apply the IAS 39 (amendment) from 1 October 2009. It is not expected to have an impact on the Group or Company's income statement.

IFRS 2 (amendment), 'Share-based payment' (effective from 1 January 2009). It deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group and Company will apply IFRS 2 (amendment) from 1 October 2009, subject to endorsement by the EU. It is not expected to have a material impact on the Group or Company's financial statements.

IFRS 2 (amendments), 'Group cash-settled share-based payment transaction' (effective from 1 January 2010). In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The changes are not expected to have a material impact on the Group or Company's financial statements. The Group and Company will apply IFRS 2 from 1 October 2010 subject to endorsement by the EU.

IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The changes are not expected to have a material impact on the Group or Company's financial statements. The Group and Company will apply IFRS 3 from 1 October 2009.

IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The changes are not expected to have a material impact on the Group or Company's financial statements. The Group and Company will apply IFRS 5 from 1 October 2009 subject to endorsement by the EU.

IFRS 7 'Financial instruments – Disclosures' (amendment) (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The Group and Company will apply IFRS 7 from 1 October 2009.

IFRS 8 'Operating Segments' (effective from 1 January 2009.) IFRS 8 requires that entities adopt the 'management approach' to reporting the financial performance of its operating segments. This means that information will be reported in respect of those components of an entity for which separate financial information is available which management use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The amount of each operating segment item to be reported is the measure reported to the chief operating decision maker, which in some instances will be non-GAAP. The standard will require explanation of the basis on which the segment information is prepared and a reconciliation to the amount recognised in the consolidated financial statements. The Group and Company will apply IFRS 8 from 1 October 2009.

2.2 Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group (directly or indirectly) has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are excluded from the consolidation from the date on which control ceases.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement for the period (see Note 2.7).

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Subsidiaries' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and Minority Interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (see Note 2.7).

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement for the period, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

2.3 Alternative performance measures

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 these annual report and accounts.

a) Trading profit/loss

'Trading profit/loss' is separately disclosed, being defined as operating profit adjusted to exclude impairment of property, plant and equipment, impairment of goodwill, amortisation of acquired intangible assets, the loss on disposal of investments, restructuring costs, the release of property lease and dilapidation provisions, excess of the acquirer's interest in the fair value of acquiree's identifiable net assets and the fair value gain on investments under IAS 39. The Directors believe that adjusted operating 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 impairment of property, plant and equipment, impairment of goodwill, the amortisation of acquired intangible assets, the loss on disposal of investments, restructuring costs, the release of property lease and dilapidation provisions, the excess of acquirer's interest in the fair value of acquiree's identifiable net assets, the fair value gain on investments under IAS 39, the share of loss of associates, the impairment of associates, the profit/loss from discontinued operations and all related taxation effects 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.

2.4 Segmental reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those in segments operating in other economic environments.

2.5 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling (£), which is the Company's functional and presentational currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement for the period, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i). assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii). income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii). all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold the cumulative amount of the exchange differences deferred in the separate component of equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as the foreign entity's assets and liabilities and are translated at the closing rate.

2.6 Property, plant and equipment

Property, plant and equipment is held at cost. The cost of property, plant and equipment includes those costs which are directly attributable to purchasing the assets and bringing them into working condition. The Group does not capitalise interest or internal costs as part of the cost of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Operating expenses' in the income statement.

Depreciation of property, plant and equipment is calculated at rates estimated to write off the cost to residual value using the straight line method over the following estimated useful economic lives:

Freehold land	Not depreciated
Freehold and long leasehold buildings	30 – 50 years
Short leasehold buildings	Remaining period of lease
Hire stock	2 – 10 years
Other plant and equipment	3 – 10 years

The Group reviews its depreciation rates regularly to take account of any changes in circumstances. When setting useful economic lives, the principal factors the

Group takes into account are the expected rate of technological developments, expected market requirements for the equipment and the intensity at which the assets are expected to be used.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

2.7 Intangible assets

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the acquisition date. Goodwill on acquisition of subsidiaries is included in goodwill and intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units that are expected to benefit from the business combination in which the goodwill arose.

In accordance with IFRS 3 'Business Combinations', any excess of acquirer's interest in the fair value of acquiree's identifiable net assets is immediately recognised in the income statement.

b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised over their useful economic lives (3 to 10 years).

Costs associated with developing and maintaining computer software programmes are recognised as an expense when incurred, subject to the capitalisation criteria of IAS 38.

c) Customer relationships

Acquired customer relationships are recognised where their fair value can be reliably measured. These assets are considered to have finite lives and are amortised on a straight-line basis over their estimated useful economic lives.

d) Customer contracts

Acquired customer contracts are recognised where their fair value can be reliably measured. These assets are considered to have finite lives and are amortised on a straight-line basis over their estimated useful economic lives.

e) Tradenames

Acquired tradenames are recognised where their fair value can be reliably measured. These assets are considered to have finite lives and are amortised on a straight-line basis over their estimated useful economic lives.

f) Start up costs

All costs relating to the start up of new operations are recognised in the income statement as incurred.

g) Website costs

The Group uses websites principally for marketing purposes rather than directly for generating revenue. Accordingly all website costs are recognised in the income statement as incurred.

2.8 Impairment of non current assets

The carrying amount of the Group's non current assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. Assets that have an indefinite economic life are not subject to amortisation and are tested annually for impairment.

If an indicator of a possible impairment is noted, the need for any asset impairment provision is assessed by comparing the carrying value of the asset against the higher of fair value less costs to sell or value in use (recoverable amount). An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised operating expenses in the income statement. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash generating units).

Impairment losses recognised in the income statement in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (Groups of units) and then, to reduce the carrying amount of the other assets of the unit (Group of units) on a pro rata basis.

2.9 Financial assets

The Group classifies financial assets into the following categories: fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non current assets. The Group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents.

c) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

Regular purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus, in the case of all financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the Group has also transferred substantially all risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement for the period in which they arise. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'Other gains/(losses)' in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary securities classified as available for sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.10 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- fair value hedges (where the gain or loss on the hedging instrument and gains or losses on the hedged item arising from the hedged risk are recognised in profit or loss);
- cash flow hedges (where the gain or loss on the effective portion of the hedging instrument is taken to equity until the hedged transaction affects the income statement); or
- hedges of a net investment in a foreign operation (where the gain or loss on the effective portion of the hedging instrument is taken to equity to match the gain or loss on net assets).

The Group documents at the inception of the hedge identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of the hedge is recognised in the income statement within 'Finance costs'. The gain or loss relating to the ineffective portion of the hedge is recognised in the income statement within 'Other gains/(losses)'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the statement within 'Finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

b) Cash flow hedge

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating the ineffective portion is recognised immediately in the income statement within 'Other gains/(losses)'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of the hedge is recognised in the income statement within 'Finance costs'. The gain or loss relating to the ineffective portion of the hedge is recognised in the income statement within 'Other gains/(losses)'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'Other gains/(losses)'.

c) Net investment hedge

Hedges of net investments in foreign operations are accounted similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating the ineffective portion is recognised immediately in the income statement within 'Other gains/(losses)'.

d) *Derivatives at fair value through profit or loss and accounted for at fair value through profit or loss*

Certain derivative financial instruments do not qualify for hedge accounting. Changes in the fair value of any of these derivative financial instruments are recognised immediately in the income statement within 'Other gains/(losses)'.

2.11 Inventories

Inventories and work in progress are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Costs of finished goods and work in progress comprises design costs, raw materials, direct labour and other direct costs and related production overheads. Cost excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses. Provision is made for obsolete, slow moving and defective stock. Work in progress contains costs in relation to jobs not yet complete at the year end.

2.12 Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'Operating expenses'. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to 'Operating expenses' within the income statement.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental costs (net of income taxes), is included in equity attributable to the Company's equity holders.

2.15 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are expensed to the income statement unless used to fund a qualifying asset as described by IAS 23.

2.17 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the Group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2.18 Employee benefits

a) *Pension and post retirement benefits*

Costs in respect of defined contribution type pension arrangements are charged to the income statement on an accruals basis in line with the amounts payable in respect of the accounting period. The Group has no defined benefit pension arrangements other than statutory retirement benefits that accrue to employees of Action SAM. The statutory retirement benefits relating to the employees of Action SAM, in substance, are similar to a defined benefit pension arrangement and an accrual for the full potential liability is made at each reporting date. Action SAM has no pension scheme assets.

b) *Long term incentive plan (LTIP) and employee share option scheme*

The fair value of the employee services received in exchange for the grant of share options, LTIPs or shares is recognised as an expense. The total amount to

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

be expensed rateably over the vesting period is determined by reference to the fair value of the options or shares determined at the grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable or the number of shares that the employee will ultimately receive. This estimate is revised at each balance sheet date and the difference is charged or credited to the income statement, with a corresponding amount to equity. The proceeds received on exercise of the share options net of any directly attributable transaction costs are credited to equity. A charge is also recognised in respect of the employers' National Insurance contributions as a result of the Long Term Incentive Plan and share option scheme. The charge is based on the intrinsic value at the balance sheet date and is spread over the performance period.

2.19 Provisions

The Group holds provisions on the balance sheet for restructuring, reorganisation, dilapidation and onerous contracts. These provisions cover costs resulting from the strategic reorganisation and relocation of personnel across the Group, headcount reductions, dilapidation costs and onerous contracts. Provisions are recognised when a detailed formal plan has been drawn up and the main features of the plan have been announced to those affected by it. Where the time value of money would give rise to a material difference in the future cash outflows of the Group, the provisions are discounted at a rate to reflect the time value of money and the risks associated with the liability. Movements in the provision due to the passage of time are recognised within 'Finance income' or 'Finance costs'.

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax and other sales taxes, net of customer discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Revenue recognised in the income statement but not yet invoiced is held on the balance sheet within 'Trade and other receivables'. Revenue invoiced but not yet recognised in the income statement is held on the balance sheet within 'Trade and other payables'. Revenue from the disposal of fixed assets is not treated as revenue.

Revenue can be split as follows:

a) Supply of services

Sales of services are recognised proportionally over the duration of the service or hire period, provided a right to consideration has been established.

b) Supply of goods

Revenue from the supply of goods is recognised as soon as all substantial risks and rewards relating to the title of the goods have been transferred to the customer.

2.21 Leases

a) Finance lease contracts

A significant proportion of the Group's financing is provided by hire purchase contracts and finance leases. Throughout the annual report and financial statements the term finance lease refers to hire purchase contracts, finance leases and sale and leaseback arrangements with financial institutions and suppliers.

Where these arrangements result in substantially all the risks and rewards of ownership resting with the Group, the assets are included in the balance sheet at cost less depreciation and the present value of future payments is shown as a liability.

The interest element of these arrangements is charged to the income statement over the period of the arrangement in proportion to the balance of capital payments outstanding.

b) Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term. Where significant operating lease incentives (such as a rent free period in respect of properties) are received they are considered as an integral part of the net payment agreed for the use of the leased asset and recognised over the period of the lease on a straight line basis.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks:

- a) Market risk
- b) Credit risk
- c) Liquidity risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. Group treasury provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US

dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Management has set up policies to manage foreign exchange risk.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

In general the Group does not hedge the foreign currency risk arising from sales by an operation denominated in a currency other than its functional currency. In the majority of cases, substantial deposits on such sales are received at the time of the order and the remaining balances are, to a large extent, matched by same currency costs. The exceptions to this policy are generally related to the purchase of property, plant and equipment or other large one-off transactions where the currency risk is usually hedged.

The following table details the Group's sensitivity to a change in sterling against the respective foreign currencies. The sensitivities below represent management's assessment of the possible changes in foreign exchange rates. The sensitivity analysis of the Group's exposure to foreign currency risk at the reporting date has been determined based on the assumption that the change is effective throughout the financial year. The analysis assumes that all other variables, including interest rates, remain constant. A positive number indicates an increase in profit after taxation and equity where sterling weakens against the respective currency. A strengthening of sterling would have the equal but opposite effect on the basis that all other variables remain constant.

	Sensitivity	Income and equity sensitivity	
		2009 £000s	2008 £000s
US Dollars	10%	(142)	37
Euro	10%	(269)	(95)

The exposure to movements in exchange rates arises due to outstanding non functional currency receivables and payables at the year end.

(ii) *Cash flow and fair value interest rate risk*

The Group has interest bearing assets and liabilities. Interest bearing assets relate predominantly to cash held at bank. Interest bearing liabilities relate to the Group's overdraft facilities and loan facility with its bankers and interest payable on finance lease arrangements. Management monitors expectations of future interest rates but keeps the majority of its interest bearing financial liabilities carrying a variable rate of interest. This is regarded as providing a partial hedge against the economic business cycle and takes into consideration the cash flow from operations.

It is the Group's policy to undertake capital expenditures initially using overdraft and cash facilities and then to finance these purchases in arrears using hire purchase facilities. This approach leads to competitive interest rates being secured and administration costs being reduced.

In order to measure risk, floating rate borrowings and the expected interest cost is forecast on a monthly basis and compared to budget using management's expectations of possible changes in interest rates. The effect on both income and equity based on exposure to borrowings at the balance sheet date for a 1% increase in interest rates is a decrease of £241,000 (2008: decrease of £105,000), before tax. A 1% fall in interest rates give the same but opposite effect.

(iii) *Price risk*

In general it is not the Group's policy to hold equity securities other than treasury shares. As at 30 September 2009 and 30 September 2008 the Group did not hold any equity securities.

b) *Credit risk*

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

If customers are independently rated, these ratings are considered. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Group management monitor the ageing of receivables which are more than one month overdue and debtor days on a regular basis.

Bank deposits are held across the Group at various financial institutions.

As at 30 September 2009 the Group had net trade receivables outstanding of £11,684,000 (2008: £15,498,000). Further details of amounts overdue and impairments can be found in note 21.

c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed loans and overdraft facilities.

Management monitors rolling forecasts of the Group's liquidity position (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flow. The table below analyses the Group's financial liabilities based on the remaining period at the balance sheet to the contractual maturity date. The amounts in the table below are contractual, undiscounted cash flows.

Group	Less than 1 year £000s	Between 1 and 2 years £000s	Between 2 and 5 years £000s	Over 5 years £000s
At 30 September 2009				
Borrowings and loans (note 25)	6,637	4,246	14,702	8
Trade and other payables	15,183	-	-	-
At 30 September 2008				
Borrowings and loans (note 25)	5,853	3,752	15,086	-
Trade and other payables	21,166	-	-	-

Note that the balances for trade and other payables above exclude social security and other taxes as these are not classified as financial liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

As at 30 September the Group had the following undrawn borrowing facilities:

Group	2009 £000s	2008 £000s
Loan and overdraft facilities	3,601	3,664
Finance lease facilities	1,460	3,672
	5,061	7,336

Further details of cash and cash equivalents can be found in note 23.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group is subject to various covenants on its credit facilities and compliance with these covenants is reviewed by management. No breaches of the covenants occurred during the current or prior periods and current forecasts suggest no breaches are expected to occur.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of net debt. This is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents and bank overdrafts.

During the year net debt has increased, primarily as a result of foreign exchange movements.

	2009 £000s	2008 £000s
Total borrowings	25,593	24,691
Less: cash and cash equivalents	(4,531)	(4,845)
Net debt	21,062	19,846

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimated impairment of goodwill

In accordance with the accounting policy stated in note 2.7, the Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 18).

After performing testing, it was concluded that the goodwill held on the balance sheet relating to Fountain Television and CT Germany was impaired during the period. As a result the full balance has been written off to the income statement (note 18).

b) Estimated impairment of acquired intangible assets.

In accordance with IAS 36 the Group has considered the impact of the current economic climate and its effect on Group forecasts to be an indicator of potential impairment. As such the Group has performed tests to determine whether acquired intangibles have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 18).

After performing testing, it was concluded that no acquired intangible assets were impaired during the period.

c) Residual values of hire stock

The residual value of hire stock is estimated at the date the asset is recognised. Management take into account asset type and current market conditions in arriving at these estimations. Residual values are reviewed on an annual basis.

d) Taxation

The Group is subject to taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for tax. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax provision, deferred tax provisions and income statement in the period in which such determination is made.

5. Segmental information

a) Primary reporting format – business segments

As at 30 September 2009, the Group's continuing business is classified by management into four main 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.

The segmental results for the year ended 30 September 2009 are as follows:

	Creative Technology £000s	Full Service £000s	Broadcast Services £000s	Head Office £000s	Group £000s
Total segment revenue	53,803	19,654	18,099	-	91,556
Inter segment revenue	(533)	(362)	(419)	-	(1,314)
Revenue	53,270	19,292	17,680	-	90,242
Trading loss	(4,519)	(2,725)	(2,461)	(65)	(9,770)
Amortisation of acquired intangible assets (IFRS 3)	(165)	-	(284)	-	(449)
Impairment of property, plant and equipment (IAS 36)	(342)	-	-	-	(342)
Impairment of goodwill (IAS 36)	(551)	-	(340)	-	(891)
Restructuring costs	(124)	(284)	(249)	-	(657)
Operating loss	(5,701)	(3,009)	(3,334)	(65)	(12,109)
Net finance costs					(1,052)
Loss before income tax					(13,161)
Income tax expense					(82)
Loss from continuing operations					(13,243)
Loss from discontinued operations					(497)
Loss for the financial year					(13,740)

Further analysis of loss from discontinued operations can be found in note 19.

The segmental results for the year ended 30 September 2008 are as follows:

	Creative Technology £000s	Full Service £000s	Broadcast Services £000s	Head Office £000s	Group £000s
Total segment revenue	54,616	20,927	20,607	-	96,150
Inter segment revenue	(570)	(311)	(454)	-	(1,335)
Revenue	54,046	20,616	20,153	-	94,815
Trading profit/(loss)	633	(788)	1,666	58	1,569
Amortisation of acquired intangible assets (IFRS 3)	(26)	-	(634)	-	(660)
Restructuring costs	(121)	(76)	(744)	(35)	(976)
Release of property lease and dilapidation provision	-	-	-	280	280
Excess of the acquirer's interest in the fair value of acquiree's identifiable net assets released to the income statement	-	-	7,200	-	7,200
Operating profit/(loss)	486	(864)	7,488	303	7,413
Net finance costs					(930)
Profit before income tax					6,483
Income tax credit					178
Profit from continuing operations					6,661
Loss from discontinued operations					(1,250)
Profit for the financial year					5,411

Further analysis of loss from discontinued operations can be found in note 19.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

Other segment items included in the income statement are as follows:

	Creative Technology £000s	Full Service £000s	Broadcast Services £000s	Head Office £000s	Group £000s
Year ended 30 September 2009					
Depreciation	11,256	2,543	5,830	12	19,641
Amortisation	349	40	356	6	751
Year ended 30 September 2008					
Depreciation	9,383	2,395	4,315	8	16,101
Amortisation	127	35	665	53	880

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

The segmental assets and liabilities at 30 September 2009 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	37,748	7,799	37,637	(3,867)	3,565	82,882
Total liabilities	15,724	4,563	7,892	14,408	1,764	44,351
Capital expenditure	11,947	1,063	3,322	3	-	16,335

Segment assets and liabilities are reconciled to entity assets and liabilities as follows:

	Assets £000s	Liabilities £000s
Segment assets/liabilities	79,317	42,587
Unallocated:		
Deferred tax	3,565	1,613
Income tax	-	151
	82,882	44,351

The segmental assets and liabilities at 30 September 2008 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	39,225	10,329	41,990	7,708	3,442	102,694
Total liabilities	20,005	4,700	8,766	14,424	1,768	49,663
Capital expenditure	13,981	2,428	8,071	27	-	24,507

Segment assets and liabilities are reconciled to entity assets and liabilities as follows:

	Assets £000s	Liabilities £000s
Segment assets/liabilities	99,252	47,895
Unallocated:		
Deferred tax	3,442	1,609
Income tax	-	159
	102,694	49,663

b) Secondary reporting format – geographical segments

The Group's main business segments operate in four main geographical areas.

Revenue	2009 £000s	2008 £000s
United Kingdom	33,716	38,207
Mainland Europe	21,747	22,206
United States of America	26,106	28,033
Rest of the World	8,673	6,369
	90,242	94,815

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

Total assets	2009 £000s	2008 £000s
United Kingdom	43,196	61,587
Mainland Europe	14,135	15,947
United States of America	14,625	16,538
Rest of the World	7,361	5,180
	79,317	99,252
Unallocated assets	3,565	3,442
	82,882	102,694

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

Capital expenditure	2009 £000s	2008 £000s
United Kingdom	6,225	10,231
Mainland Europe	2,172	5,057
United States of America	5,049	6,168
Rest of the World	2,889	3,051
	16,335	24,507

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

6. Adjusted earnings before interest, taxation, depreciation and amortisation ('EBITDA')

	2009 £000s	2008 £000s
Trading (loss)/profit	(9,770)	1,569
Depreciation	19,641	16,101
Amortisation of software	302	220
EBITDA on trading operations	10,173	17,890

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

7. Expenses by nature

Operating (loss)/profit is stated after charging/(crediting):

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Changes in inventories of finished goods and work in progress	189	244	-	-
Employee benefit expense	32,041	28,815	-	(31)
Depreciation	19,641	16,101	-	-
Amortisation	751	880	-	-
Transportation expenses	3,735	3,378	-	-
Advertising costs	530	1,048	-	-
Operating lease payments				
- plant and machinery	1,156	1,038	-	-
- other	2,772	1,432	-	-
Restructuring costs	657	976	-	-
Impairment of property, plant and equipment	342	-	-	-
Impairment of goodwill	891	-	-	-
Impairment of investments	-	-	6,433	-
Profit on disposal of property, plant and equipment	(1,079)	(1,033)	-	-
Exchange gain	(455)	(508)	-	-

Restructuring costs incurred relate to the following:

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Redundancy costs	573	465	-	-
Property lease provisions	84	388	-	-
Other	-	123	-	-
	657	976	-	-

8. Employee information

a) Employee benefit expense

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Wages and salaries	28,522	25,629	-	100
Social security costs	2,996	2,654	-	(86)
Pension costs - contribution plans (note 9)	523	576	-	-
Pension costs - other (note 9)	-	1	-	-
Share based payment	-	(45)	-	(45)
	32,041	28,815	-	(31)

b) Average number of people employed

The average number of persons employed including executive directors was:

Group	Group		Company	
	2009 number	2008 number	2009 number	2008 number
Operations	595	579	-	-
Administration	111	108	-	2
	706	687	-	2

The total number of employees in the Group was 651 as at 30 September 2009 (2008: 727). There were no employees in the Company as at 30 September 2009 (2008: 2).

c) Directors remuneration

Full details of Directors remuneration can be found in the Directors' report.

9. Retirement benefit obligations

The Group operates defined contribution type pension arrangements for certain of its employees both in the UK and overseas. The assets of these arrangements are held by financial institutions entirely separate from those of the Group.

The cost of these pension arrangements was £523,000 (2008: £576,000) and £54,000 (2008: £94,000) of contributions were unpaid at the year end and held within trade and other payables.

The Group has no defined benefit pension arrangements other than statutory retirement benefits that accrue to employees of Action SAM. The provision in relation to the statutory retirement benefits relating to the employees of Action SAM, which in substance are similar to a defined benefit pension arrangement, amounts to £22,000 (2008: £22,000). Action SAM has no pension scheme assets.

10. Auditor remuneration

	2009 £000s	2008 £000s
Fees payable to Company's auditor for the audit of Parent Company and consolidated financial statements	36	38
Fees payable to Company's auditor for other services:		
- the audit of Company's subsidiaries	218	227
- other services pursuant to legislation	16	16
- other services	-	104
- tax services	15	84
	285	469

11. Other income

	2009 £000s	2008 £000s
Excess of the acquirer's interest in the fair value of acquiree's identifiable net assets released to the income statement	-	7,200

Other income in the year ended 30 September 2008 relates to the excess of the acquirer's interest in the fair value of acquiree's identifiable net assets released to the income statement from the acquisition of the Charter Broadcast group of companies (see note 35).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

12. Finance income and costs

	2009 £000s	2008 £000s
Interest on short term bank deposits	13	85
Other interest receivable	80	500
Finance income	93	585
Interest on bank borrowings	(611)	(1,013)
Interest element of finance lease obligations	(517)	(453)
Other interest expense	(17)	(49)
Finance costs	(1,145)	(1,515)
Net finance costs	(1,052)	(930)

13. Income tax expense/(credit)

Analysis of taxation expense/(credit) for the year

	2009 £000s	2008 £000s
Current tax	47	85
Deferred tax (note 26)		
Origination and reversal of temporary differences	35	(263)
	82	(178)

Factors affecting the taxation charge

The taxation charge for the year is higher (2008: lower) than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £000s	2008 £000s
(Loss)/profit on continuing operations before tax	(13,161)	6,483
Tax calculated at standard rate of UK corporation tax of 28% (2008: 29%)	(3,685)	1,880
Expenses not deductible for tax purposes	309	57
Unrecognised differences between capital allowances and depreciation	(9)	(461)
Tax losses for which no deferred income tax asset has been recognised	3,274	290
Other permanent differences	63	(2,042)
Utilisation of previously unrecognised tax losses	(47)	-
Differences in tax rates	177	98
Tax charge/(credit)	82	(178)

14. Net foreign exchange gains

The exchange differences credited to the income statement are included as follows:

	2009 £000s	2008 £000s
Exchange rate gains	455	508

15. Dividends

During the year ended 30 September 2009 the Group paid a final dividend of £250,000 (1.0p per share) and an interim dividend of £626,000 (2.5p per share). Both these payments related to the year ended 30 September 2008. The final dividend of 1.0p per share proposed in respect of the year ended 30 September 2008 was paid in April 2009. During the year ended 30 September 2008 the Group paid a final dividend of £876,000 (3.5p per share) and an interim dividend of £648,000 (2.5p per share), both relating to the year ended 30 September 2007.

No interim or final dividends have been proposed for the year ended 30 September 2009.

16. Earnings per share

	2009 £000s	2008 £000s
(Loss)/profit for the period	(13,740)	5,411
Loss from discontinued operations	497	1,250
(Loss)/profit from continuing operations	(13,243)	6,661
Amortisation of acquired intangible assets (IFRS 3)	449	660
Impairment of property, plant and equipment (IAS 36)	342	-
Impairment of goodwill (IAS 36)	891	-
Restructuring costs (note 7)	657	976
Release of property lease and dilapidation provision	-	(280)
Excess of the acquirer's interest in the fair value of acquiree's identifiable net assets	-	(7,200)
Trading (loss)/profit after net finance costs and income tax (expense)/credit	(10,904)	817
Loss from discontinued operations	(497)	(1,250)
Weighted average number of shares (net of treasury shares)		
For basic earnings per share (000's)	25,052	25,052
Effect of dilutive share options (000's)	-	-
For diluted earnings per share (000's)	25,052	25,052
(Losses)/earnings per share		
Basic	(54.9)p	21.6p
Diluted	(54.9)p	21.6p
Continuing operations basic	(52.9)p	26.6p
Continuing operations diluted	(52.9)p	26.6p
Adjusted basic	(43.6)p	3.3p
Adjusted diluted	(43.6)p	3.3p
Discontinuing operations basic	(2.0)p	(5.0)p
Discontinuing operations diluted	(2.0)p	(5.0)p

Basic earnings per share have been calculated by dividing loss/profit 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 for the period by the weighted average number of ordinary shares in issue during the period adjusted to assume conversion of all dilutive potential options and vesting of all dilutive awards under the Company's Long Term Incentive Plan ("LTIP"). Losses are not subject to dilution. There is no dilution in the current or prior year as the share price was less than the option price at the year end and Company's management forecast that the performance conditions attached to the LTIP awards will not be satisfied.

Adjusted, basic and diluted earnings per share have been calculated as per note 2.3.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

17. Property, plant and equipment

Group	Land and buildings £000s	Hire stock £000s	Other plant and equipment £000s	Total £000s
Cost				
At 1 October 2008	8,657	65,993	5,395	80,045
Additions	1,055	8,146	1,822	11,023
Disposals	(1,566)	(10,949)	(178)	(12,690)
Exchange differences	204	4,837	285	5,323
At 30 September 2009	8,350	68,027	7,324	83,701
Accumulated depreciation				
At 1 October 2008	889	13,940	854	15,683
Depreciation charge	763	17,776	1,102	19,641
Disposals	(1,566)	(9,310)	(178)	(11,054)
Impairment	-	342	-	342
Exchange differences	163	2,016	130	2,309
At 30 September 2009	249	24,764	1,908	26,921
Net book amount				
At 30 September 2009	8,101	43,263	5,416	56,780
At 30 September 2008	7,768	52,053	4,541	64,362

Group	Land and buildings £000s	Hire stock £000s	Other plant and equipment £000s	Total £000s
Cost				
At 1 October 2007	7,580	37,621	3,468	48,669
Additions	1,052	24,679	1,646	27,377
Disposals	(126)	(6,788)	(222)	(7,136)
Acquisitions	104	7,891	329	8,324
Exchange differences	47	2,590	174	2,811
At 30 September 2008	8,657	65,993	5,395	80,045
Accumulated depreciation				
At 1 October 2007	241	4,019	219	4,479
Depreciation charge	639	14,661	801	16,101
Disposals	(8)	(5,146)	(181)	(5,335)
Exchange differences	17	406	15	438
At 30 September 2008	889	13,940	854	15,683
Net book amount				
At 30 September 2008	7,768	52,053	4,541	64,362
At 30 September 2007	7,339	33,602	3,249	44,190

Depreciation of £18,285,000 (2008: £15,046,000) has been charged in 'cost of sales' and the remaining £1,356,000 (2008: £1,055,000) has been charged to 'operating expenses'.

The impairment noted in the year ended 30 September 2009 related to a unique item of hire stock whose rental and resale capacity was reduced during the period.

The following assets (which principally comprise hire stock) were held under hire purchase contracts:

Group	2009		2008		2008	
	Hire stock £000s	Other plant and equipment £000s	Total £000s	Hire stock £000s	Other plant and equipment £000s	Total £000s
Cost	22,131	953	23,084	22,865	1,164	24,029
Depreciation	(8,950)	(237)	(9,187)	(9,307)	(166)	(9,473)
Net book amount	13,181	716	13,897	13,558	998	14,556

18. Intangible assets

Group	Goodwill £000s	Computer software £000s	Other intangible assets £000s	Total £000s
Cost				
At 1 October 2008	817	799	1,373	2,989
Additions	-	254	-	254
Disposals	-	(22)	-	(22)
Exchange differences	74	91	20	185
At 30 September 2009	891	1,122	1,393	3,406
Accumulated Amortisation				
At 1 October 2008	-	292	699	991
Amortisation charge	-	302	449	751
Disposals	-	(22)	-	(22)
Impairment	891	-	-	891
Exchange differences	-	45	1	46
At 30 September 2009	891	617	1,149	2,657
Net book amount				
At 30 September 2009	-	505	244	749
At 30 September 2008	817	507	674	1,998

Group	Goodwill £000s	Computer software £000s	Other intangible assets £000s	Total £000s
Cost				
At 1 October 2007	752	287	707	1,746
Additions	-	458	-	458
Acquisitions	-	-	639	639
Exchange differences	65	54	27	146
At 30 September 2008	817	799	1,373	2,989
Accumulated Amortisation				
At 1 October 2007	-	48	30	78
Amortisation charge	-	220	660	880
Exchange differences	-	24	9	33
At 30 September 2008	-	292	699	991
Net book amount				
At 30 September 2008	817	507	674	1,998
At 30 September 2007	752	239	677	1,668

All amortisation during the current and prior year is included in 'operating expenses' in the income statement.

Goodwill

Goodwill relates to the following:

	2009 £000s	2008 £000s
CT Germany	-	477
Fountain Television	-	340
	-	817

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

Impairment tests of goodwill

In accordance with the accounting policy stated in note 2.7, the Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates.

Goodwill is allocated to the Group's cash-generating units (CGUs). For the basis of goodwill allocation, CGUs are equivalent to Group subsidiaries. The recoverable amount of a CGU is determined based on the higher of value in use calculations and fair value less costs to sell. These calculations use cash flow projections based on financial forecasts approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

The key assumptions used in the value in use calculations are as follows:

	CT Germany	Fountain Television
Weighted average growth rate (1)	2.5%	2.5%
Pre-tax discount rate applied to projections (2)	19.5%	15.0%

(1) Revenue growth was based on management's expectations of future economic and market conditions. Operating cash flows were calculated based on management's expectations of revenues and operating costs.

(2) The discount rates used are pre-tax and reflect specific risks relating to each CGU.

The assumptions have been used for the analysis of each CGU.

After performing testing, it was concluded that goodwill in both CT Germany and Fountain Television was impaired during the period and as such has been written off to the income statement in operating expenses.

Other intangible assets

Other intangible assets relate to assets recognised as a result of business combinations. The net book value of these assets is as follows:

	2009 £000s	2008 £000s
Customer relationships	243	624
Tradenames	-	50
	243	674

Impairment tests of acquired intangible assets.

In accordance with IAS 36 the Group has considered the impact of the current economic climate and its effect on Group forecasts to be an indicator of potential impairment. As such the Group has performed tests to determine whether acquired intangibles have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on the higher of value-in-use calculations and fair value less costs to sell. These calculations require the use of estimates.

Acquired intangible assets are allocated to the Group's cash-generating units (CGUs). For the basis of allocation, CGUs are equivalent to Group subsidiaries. The recoverable amount of a CGU is determined based on the higher of value in use calculations and fair value less costs to sell. These calculations use cash flow projections based on financial forecasts approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

The key assumptions used in the value in use calculations are as follows:

	CT London	CT US	CT Germany	Presteigne Charter UK
Weighted average growth rate (1)	2.5%	2.5%	2.5%	2.5%
Pre-tax discount rate applied to projections (2)	15.0%	18.0%	19.5%	15.0%

(1) Revenue growth was based on management's expectations of future economic and market conditions. Operating cash flows were calculated based on management's expectations of revenues and operating costs.

(2) The discount rates used are pre-tax and reflect specific risks relating to each CGU.

The assumptions have been used for the analysis of each CGU.

After performing testing, it was concluded that no acquired intangible assets were impaired during the period. However due to the change in market conditions during the year, the initial estimate of the useful economic life of the acquired intangible assets has been reduced from 10 to 3 years. The change has been reflected in the above figures and resulted in an additional amortisation charge of £325,000 in the year ended 30 September 2009.

19. Investments

a) Investments and principal subsidiaries

Company	2009 £000s	2008 £000s
At 1 October	33,710	33,710
Impairment	(6,433)	-
At 30 September	27,277	33,710

Investments in Group undertakings are recorded at cost which is the fair value of the consideration paid.

The impairment in respect of the Company investment in subsidiaries is the result of a reduction in the net assets position of InvestinMedia Holdings Ltd, a 100% beneficially owned subsidiary, as a result of dividends paid from non-trading subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

The Group's principal subsidiary undertakings at 30 September 2009, all of which are included in the consolidation, were as follows:

Legal name	Trading name(s)	Activity	Country of incorporation
United Kingdom			
Creative Technology Limited	CT London CT Screenco Dimension	Audio visual services	England & Wales
Media Control (Europe) Limited	MCL Birmingham MCL Birmingham NEC MCL Manchester MCL Glasgow MCL Edinburgh MCL London	Audio visual services	England & Wales
Prestaigne Charter Limited	Prestaigne Charter Ltd	Broadcast equipment hire, repair & maintenance	England & Wales
Fountain Television Limited	Fountain Studios	Television studios	England & Wales
InvestinMedia Holdings Limited*	InvestinMedia	Investment holding	England & Wales
InvestinMedia Investments Limited*	InvestinMedia	Investment holding	England & Wales
Avesco plc*	Avesco	Holding company	England & Wales
Avesco Services Limited	Avesco Services	Head office services	England & Wales
Avesco Finance Limited	Avesco Finance	Finance	England & Wales
Mainland Europe			
Action SAM	International Action	Audio visual services	Monaco
JVR Audiovisual BV	JVR Audiovisual	Audio visual services	The Netherlands
CT Creative Technology GmbH & Co KG	CT Germany	Audio visual services	Germany
Action Servicios Audiovisuales SL	Action Barcelona	Audio visual services	Spain
Prestaigne Charter GmbH	Prestaigne Charter Germany	Broadcast equipment hire, repair & maintenance	Germany
Prestaigne Charter BV	Prestaigne Charter Netherlands	Broadcast equipment hire, repair & maintenance	The Netherlands
United States of America			
Creative Technology Group, Inc	CT San Francisco CT Los Angeles CT Las Vegas CT Chicago CT US	Audio visual services	United States of America
Rest of World			
Creative Technology – Emirates LLC	CT Dubai	Audio visual services	Dubai
Creative Technology Audio Visual Equipment Rental (Shanghai) Co. Ltd	CT Shanghai	Audio visual services	China
Creative Technology (Asia Pacific) Co., Limited	CT Hong Kong	Audio visual services	Hong Kong
Prestaigne Charter Pty Ltd	Prestaigne Charter Australia	Broadcast equipment hire, repair & maintenance	Australia
Prestaigne Charter Pte Ltd	Prestaigne Charter Singapore	Broadcast equipment hire, repair & maintenance	Singapore

At 30 September 2009 all classes of share of all these subsidiaries were 100% beneficially owned by the Group.

* Denotes subsidiaries directly held by Avesco Group plc. All subsidiaries are 100% beneficially owned.

b) Loss from discontinued operations

The loss from discontinued operations relates to the disposal of the Group's interest in Complete Communications Corporation Limited ("Complete") as follows:

	2009 £000s	2008 £000s
Loss on disposal of associate	497	1,250

The loss on disposal of associate is in respect of the sale of the Group's 49% holding in Complete to 2waytraffic N.V. in the year ended September 2007. The tax effect of this item is £nil.

20. Derivative financial instruments

Group	2009		2008	
	Assets £000s	Liabilities £000s	Assets £000s	Liabilities £000s
Foreign exchange contracts - cash flow hedges	-	-	146	-

The Company did not have any derivative financial instruments during the current or prior year.

Forward foreign exchange contracts

All Group derivative financial instruments related to hedged items maturing within 12 months of the balance sheet date and were therefore classified as current. No ineffectiveness was recorded in any of the Group's cash flow hedges.

There were no outstanding forward exchange contracts at 30 September 2009. The notional principal amounts of the outstanding forward exchange contracts at 30 September 2008 were £1,550,000.

The hedged highly probable forecast transactions denominated in foreign currency as at 30 September 2008 occurred during the year ended 30 September 2009. Gains and losses recognised in the hedging reserve in equity on forward foreign exchange contracts are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement, which is generally within 12 months from the balance sheet date unless the gain or loss is included in the initial recognition of a financial asset in which case recognition is over the lifetime of the asset (2-10 years).

Hedge of net investment in foreign entity

A proportion of the Group's US dollar-denominated borrowing amounting to £3,517,000 (2008: £3,138,000) is designated as a hedge of the net investment in the Group's US subsidiary. There is no difference between the carrying value and the fair value of the loan.

A proportion of the Group's Euro-denominated borrowing amounting to £1,833,000 (2008: £1,586,000) is designated as a hedge of the net investment in the Group's European subsidiaries. There is no difference between the carrying value and the fair value of the loan.

21. Trade and other receivables

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Trade receivables	12,437	15,970	-	-
Less provision for impairment of trade receivables	(753)	(472)	-	-
Trade receivables - net	11,684	15,498	-	-
Receivables from Group undertakings	-	-	31,897	18,879
Other receivables	958	6,875	-	-
Social security and other taxes	-	-	4	8
Prepayments and accrued income	3,723	4,240	86	113
	16,365	26,613	31,987	19,000
Less non current portion: other receivables	(109)	(148)	-	-
Current portion	16,256	26,465	31,987	19,000

All non-current receivables are due within 5 years from the balance sheet date. Current amounts receivable are unsecured, interest free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

Company amounts owed by other Avesco Group companies are unsecured, repayable on demand and bear interest based on local inter bank rates. These receivables are not considered impaired as they are all due from subsidiary undertakings who will receive sufficient Group support to satisfy these debts.

For both Group and Company there is no difference between the carrying value and fair value of trade and other receivables.

Management estimates impairment of trade receivables based on a combination of age of debt and knowledge of the customer. As of 30 September 2009 £11,662,000 of the total trade receivables balance (2008: £15,481,000) were not impaired. The ageing analysis of these trade receivables is as follows:

Group	2009 £000s	2008 £000s
0-30 days	9,035	12,230
31-60 days	1,371	1,794
61-90 days	430	641
91-120 days	340	254
121+ days	486	562
At 30 September	11,662	15,481

As of 30 September 2009 £775,000 of the total trade receivables balance (2008: £489,000) was impaired and provided for. The amount of provision was £753,000 as of 30 September 2009 (2008: £472,000). The ageing analysis of these trade receivables is as follows:

Group	2009 £000s	2008 £000s
0-30 days	-	27
31-60 days	-	26
61-90 days	20	16
91-120 days	29	2
121+ days	726	418
At 30 September	775	489

Management do not consider that there is any impairment in other receivables in the current or prior year.

The carrying value of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Sterling	6,966	16,646	31,987	19,000
Euros	5,038	4,835	-	-
US Dollar	2,972	3,791	-	-
Other currencies	1,389	1,341	-	-
	16,365	26,613	31,987	19,000

Movements in the Group provision for impairment of trade receivables are as follows:

Group	2009 £000s	2008 £000s
At 1 October	(472)	(428)
Provision for receivables impairment made during the year	(502)	(336)
Receivables written off during the year	189	278
Unused amounts reversed	83	39
Exchange differences	(51)	(25)
At 30 September	(753)	(472)

The creation and release of provision for impaired receivables have been included in 'operating expenses' in the income statement. Amounts charged to the doubtful debt allowance account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security.

22. Inventories

Group	2009 £000s	2008 £000s
Raw materials	666	748
Work in progress	77	359
Finished goods	149	181
	892	1,288

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £189,000 (2008: £244,000).

There were no inventories in the Company (2008: nil).

23. Cash and cash equivalents

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Cash at bank and on hand	4,531	4,845	5,916	16,106

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Cash and cash equivalents	4,531	4,845	5,916	16,106
Bank overdrafts (note 25)	(649)	(141)	-	-
	3,882	4,704	5,916	16,106

24. Trade and other payables

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Trade payables	5,865	7,254	-	21
Amounts due to Group companies	-	-	971	3,191
Social security and other taxes	1,336	1,550	-	-
Other payables	1,029	5,653	17	17
Accruals and deferred income	8,289	8,259	171	55
	16,519	22,716	1,159	3,284

Amounts owed to other Avesco Group companies are unsecured, repayable on demand and bear interest based on local inter-bank rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

25. Borrowings and loans

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Non current				
Bank borrowings (note 3.1c)	13,700	14,225	8,500	9,500
Finance lease liabilities (note 3.1c)	5,256	4,613	-	-
	18,956	18,838	8,500	9,500
Current				
Bank overdrafts and borrowings (note 3.1c)	649	141	-	-
Finance lease liabilities (note 3.1c)	5,988	5,712	-	-
	6,637	5,853	-	-

The fair value of borrowings is equal to their carrying amount. The fair value of current bank borrowings and overdrafts approximates to the carrying amount because of the short maturity of these instruments. The fair value of non current bank borrowings approximates to the carrying value in the balance sheet as they are mainly floating rate loans where payments are reset to market rates at regular intervals.

The carrying amount of the Group's borrowings are denominated in the following currencies:

	2009 £000s	2008 £000s
Sterling	17,068	17,880
Euros	2,662	2,022
US Dollar	5,822	4,751
Other currencies	41	38
	25,593	24,691

Company borrowings of £8,500,000 (2008: £9,500,000) relate to bank borrowings denominated in Sterling and secured by a fixed and floating charge over the UK assets of the Group. The loan bears interest based on LIBOR.

Bank borrowings

The overdraft and bank borrowings are secured by a fixed and floating charge over the UK assets of the Group. The loan bears interest based on LIBOR.

Finance lease liabilities

The finance companies, to whom the finance lease obligations exist, hold a charge over the assets that they have financed.

	2009 £000s	2008 £000s
Gross finance lease liabilities - minimum lease payments		
In 1 year or less	6,330	6,042
Later than 1 year and no later than 5 years	5,445	4,949
Later than 5 years	8	-
	11,783	10,991
Future finance charges on finance leases	(539)	(666)
Present value of future lease liabilities	11,244	10,325

	2009 £000s	2008 £000s
Present value of finance lease liabilities		
In 1 year or less	5,988	5,712
Later than 1 year and no later than 5 years	5,248	4,613
Later than 5 years	8	-
	11,244	10,325

26. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Group deferred tax asset

	Accelerated capital allowances £000s	Tax losses £000s	Total £000s
Deferred tax assets			
At 1 October 2007	542	1,537	2,079
On acquisition	1,160	-	1,160
(Charged)/credited to the income statement	(982)	1,182	200
Exchange differences	1	2	3
At 30 September 2008	721	2,721	3,442
(Charged)/credited to the income statement	(262)	298	36
Exchange differences	-	87	87
At 30 September 2009	459	3,106	3,565
Unrecognised deferred tax assets			
At 30 September 2009	2,289	7,408	9,697
At 30 September 2008	2,460	5,520	7,980

An element of the total deferred tax assets are unrecognised due to uncertainties concerning the extent and timing of recoverability. These are dependent on the generation of certain classes of taxable profits by the Group's operations.

Deferred taxation assets have only been recognised for companies with a past history of profitability and financial projections that taxable profits are anticipated to arise in the future.

Group deferred tax liability

	Accelerated capital allowances £000s	Revaluation gains £000s	Acquired intangible assets £000s	Other £000s	Total £000s
Deferred tax liabilities					
At 1 October 2007	1,031	68	190	140	1,429
On acquisition	17	-	185	-	202
Charged/(credited) to the income statement	(632)	-	(171)	740	(63)
Charged directly to equity	-	-	-	41	41
At 30 September 2008	416	68	204	921	1,609
Charged/(credited) to the income statement	201	-	(130)	-	71
Charged directly to equity	-	-	-	(41)	(41)
Exchange differences	(20)	-	(6)	-	(26)
At 30 September 2009	597	68	68	880	1,613

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

27. Provisions for liabilities and charges

Group	Restructuring and reorganisation costs (i) £000s	Onerous leases and dilapidations (ii) £000s	Total £000s
At 1 October 2007	81	300	381
Charged to the income statement	52	416	468
Used during the year	(76)	(5)	(81)
Unused provision reversed	-	(280)	(280)
At 30 September 2008	57	431	488
Charged to the income statement	-	84	84
Used during the year	(57)	(40)	(97)
At 30 September 2009	-	475	475

Analysis of total provisions:

	2009 £000s	2008 £000s
Non current	475	294
Current	-	194
	475	488

There were no provisions in the Company (2008: £nil)

(i) Restructuring and reorganisation costs

These related to the provision for costs associated with the redeployment of personnel across the Group and for personnel costs from the relocation of operations within the Avesco Group plc group of companies.

(iii) Onerous leases and dilapidations

Various leasehold properties within Avesco Group plc companies have been vacated. As a result provisions were made for ongoing rental costs and dilapidations in respect of these properties. The Directors continue to review the levels of provision held, taking into account the expected periods to market and assign the leases, and adjust the provision accordingly.

28. Share capital

Group and company	2009 number	2008 number	2009 £000s	2008 £000s
Authorised Ordinary shares of 10p each	42,000,000	42,000,000	4,200	4,200
Allotted, called up and fully paid Ordinary shares of 10p each	25,985,899	25,985,899	2,599	2,599

29. Share based payment

The Company operates an executive share option scheme, established in 1997, and a long term incentive plan ("LTIP"), established in 2007.

In any 10 year period no more than 15 percent of Avesco's issued share capital from time to time may be issued or put under option to be issued for the purposes of the LTIP and the share option scheme. No awards may be made under either scheme more than 10 years after its adoption.

Share option scheme

At 30 September 2009, there were 1,142,141 (2008: 1,142,141) options outstanding under the 1997 unapproved executive share option scheme at 71.1667 pence each. During the year ended 30 September 2009, no options lapsed (2008: 326,326 options lapsed). These options are exercisable between 24 February 2007 and 24 February 2011. The right to exercise these options was subject to a performance condition that has now been satisfied. These options were valued using the Black-Scholes option-pricing model. The assumptions used in this calculation were:

Grant date	24-Feb-04
Share price at grant date	£0.75
Exercise price	£0.71
Expected volatility	35%
Expected life	7 years
Risk free rate	5.00%
Expected dividends expressed as a dividend yield	7.33%

Assumptions on expected volatility and expected option term were made on the basis of historical data, wherever available, for the period corresponding with the vesting period of the option. Best estimates were used where historical data was not available in this respect.

Long Term Incentive Plan ("LTIP")

Under the LTIP, which is operated in conjunction with an employee trust, awards are made to employees under which they can receive Avesco shares at no cost to themselves based on the achievement of a pre-determined and stretching performance condition. No individual may receive awards in any financial year with an aggregate value at the time of grant in excess of 100 per cent of the employee's annual basic salary although this limit may increase to 200 per cent of the employee's basic annual salary if the remuneration committee decides that exceptional circumstances exist.

The performance condition applicable to the first award of 964,000 rights to shares made under the LTIP is that a cumulative adjusted earnings per share (calculated by dividing the consolidated Group profits of the period after taxation and preference dividends and exceptional items by the weighted average number of ordinary shares in issue during the year) of at least 45p is achieved over the three years ending 30 September 2010. The performance condition applicable to the second award of 455,500 rights to shares made under the LTIP is that a cumulative adjusted earnings per share (calculated by dividing the consolidated Group profits of the period after taxation and preference dividends and exceptional items by the weighted average number of ordinary shares in issue during the year) of at least 50p is achieved over the three years ending 30 September 2010. The remuneration committee has discretion to adjust the earnings per share in relation to exceptional and/or non-recurring events. Subject to the rules of the LTIP and the fulfilment of the performance condition, 50 per cent of the shares will be released on the date of the preliminary announcement of the results of the Company for the year ending 30 September 2010 and, subject to continuing service of the award holder, 50 per cent of the shares will be released on the first anniversary of that announcement date or, if later, the date of the announcement by the Company of its results for the year ending 30 September 2011.

For shares granted to employees under the LTIP, the fair value of the shares is measured at the market price of the entity's shares, adjusted to take into account the terms and conditions upon which the shares were granted. As the performance conditions attached to the shares are not market performance related, the best estimate of fair value is considered to be market value at date of grant. No changes are subsequently made for changes in the share price after the grant date. The charge is spread over the term to vesting date.

The table below presents the awards outstanding with an analysis of the movements in the number of awards during the year and the charge to the income statement.

Date of grant	Number of instruments granted	Share price at date of grant	Fair value per granted instrument at date of grant	Granted instruments outstanding at 1/10/08	Forfeitures during the year	Granted instruments outstanding at 30/09/09	Charge/(credit) to the income statement for the year ended	
							30/09/2009 £'000	30/09/2008 £'000
06/08/2007	964,000	114p	114p	913,500	(20,000)	893,500	-	(45)
03/01/2008	455,500	106.5p	106.5p	439,000	(9,000)	430,000	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

30. Capital and reserves

Group	Share capital account £000s	Share premium account £000s	Translation reserve £000s	Hedging reserve £000s	Retained earnings £000s	Total £000s
At 1 October 2007	2,599	23,286	(11)	-	23,813	49,687
Profit for the year	-	-	-	-	5,411	5,411
External dividends paid	-	-	-	-	(1,524)	(1,524)
Currency translation differences	-	-	390	-	-	390
Cash flow hedges	-	-	-	164	-	164
Deferred tax liability on cash flow hedges	-	-	-	(41)	-	(41)
Purchase of treasury shares	-	-	-	-	(1,011)	(1,011)
LTIP and share options	-	-	-	-	(45)	(45)
At 30 September 2008	2,599	23,286	379	123	26,644	53,031
Loss for the year	-	-	-	-	(13,740)	(13,740)
External dividends paid	-	-	-	-	(876)	(876)
Currency translation differences	-	-	239	-	-	239
Cash flow hedges	-	-	-	(164)	-	(164)
Deferred tax liability on cash flow hedges	-	-	-	41	-	41
At 30 September 2009	2,599	23,286	618	-	12,028	38,531

Company	Share capital account £000s	Share premium account £000s	Retained earnings £000s	Total £000s
At 1 October 2007	2,599	23,286	25,602	51,487
Profit for the year	-	-	771	771
Purchase of treasury shares	-	-	(1,011)	(1,011)
External dividends paid	-	-	(1,524)	(1,524)
Group dividends received	-	-	6,354	6,354
LTIP and share options	-	-	(45)	(45)
At 30 September 2008	2,599	23,286	30,147	56,032
Loss for the year	-	-	(5,985)	(5,985)
External dividends paid	-	-	(876)	(876)
Group dividends received	-	-	6,500	6,500
At 30 September 2009	2,599	23,286	29,786	55,671

The loss for the parent company for the year was £5,985,000 (2008: profit of £771,000).

On 11 October 2007, the Company purchased 850,000 ordinary shares at a price of 116.5 pence per share. A further 20,000 ordinary shares at a price of 104.0 pence per share were purchased on 9 January 2008. All such shares are held as treasury shares. At 30 September 2009 962,500 (2008: 962,500) ordinary shares of the Company were held in treasury representing 3.7% (2008: 3.7%) of the ordinary share capital in issue as at that date. As at 30 September 2009 the treasury shares had a market value of 27.5p per share (2008: 33.0p per share)

31. Cash generated from operations

	Group		Company	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
Operating (loss)/profit	(12,109)	7,413	(274)	(282)
Adjustments for:				
- depreciation of plant, property and equipment	19,641	16,101	-	-
- amortisation of intangible assets	751	880	-	-
- profit on sale of plant, property and equipment	(1,079)	(1,033)	-	-
- LTIP and share options	-	(45)	-	(45)
- Impairment of property, plant and equipment (IAS 36)	342	-	-	-
- Impairment of goodwill (IAS 36)	891	-	-	-
Excess of the acquirer's interest in the fair value of acquiree's identifiable net assets released to the income statement	-	(7,200)	-	-
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):				
- inventories	509	235	-	-
- trade and other receivables	5,339	(3,578)	27	(89)
- trade and other payables	(3,063)	917	140	(50)
Net movement in provisions	(16)	110	-	-
Cash generated from/(used in) operations	11,206	13,800	(107)	(466)

32. Analysis of net debt

Group	At 1 October 2008 £000s	Net cash flow £000s	Other non cash changes £000s	Currency translation differences £000s	At 30 September 2009 £000s
Cash at bank and in hand	4,845	1,685	-	(1,999)	4,531
Bank overdrafts	(141)	(501)	-	(7)	(649)
Net cash	4,704	1,184	-	(2,006)	3,882
Bank loans due in less than one year	-	-	-	-	-
Bank loans due in more than one year	(14,225)	1,150	-	(625)	(13,700)
Finance lease obligations due in less than one year	(5,712)	5,436	(5,585)	(127)	(5,988)
Finance lease obligations due in more than one year	(4,613)	(6,125)	5,585	(103)	(5,256)
Net debt	(19,846)	1,645	-	(2,861)	(21,062)

Group	At 1 October 2007 £000s	Net cash flow £000s	Acquisition £000s	Other non cash changes £000s	Currency translation differences £000s	At 30 September 2008 £000s
Cash at bank and in hand	8,651	(3,278)	650	-	(1,178)	4,845
Bank overdrafts	(175)	57	-	-	(23)	(141)
Net cash	8,476	(3,221)	650	-	(1,201)	4,704
Bank loans due in less than one year	(1,074)	-	-	1,074	-	-
Bank loans due in more than one year	(3,324)	(9,229)	-	(1,074)	(598)	(14,225)
Finance lease obligations due in less than one year	(6,423)	5,427	(3)	(4,697)	(16)	(5,712)
Finance lease obligations due in more than one year	(5,940)	(3,345)	(12)	4,697	(13)	(4,613)
Net debt	(8,285)	(10,368)	635	-	(1,828)	(19,846)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

33. Reconciliation of net debt

Group	2009 £000s	2008 £000s
Change in cash in the year	1,184	(3,221)
Repayment of bank loans	1,150	-
New bank loans	-	(9,229)
Repayment of hire purchase obligations	8,496	7,030
New hire purchase obligations	(9,185)	(4,948)
Changes in net debt arising from cash flows	1,645	(10,368)
Net effect of acquisitions and disposals	-	635
Currency translation differences	(2,861)	(1,828)
Change in net debt	(1,216)	(11,561)
Opening net debt	(19,846)	(8,285)
Closing net debt	(21,062)	(19,846)

34. Financial instruments*Financial instruments by category*

The accounting policies for financial instruments have been applied to the line items below:

Group 30 September 2009	Loans and receivables £000s	Derivatives used for hedging £000s	Total £000s
Assets as per balance sheet			
Trade and other receivables	12,642	-	12,642
Cash and cash equivalents	4,531	-	4,531
Total	17,173	-	17,173

Group 30 September 2009	Loans and receivables £000s	Derivatives used for hedging £000s	Total £000s
Liabilities as per balance sheet			
Borrowings and loans	25,593	-	25,593
Trade and other payables	15,183	-	15,183
Total	40,776	-	40,776

Group 30 September 2008	Loans and receivables £000s	Derivatives used for hedging £000s	Total £000s
Assets as per balance sheet			
Trade and other receivables	22,373	-	22,373
Derivative financial instruments	-	146	146
Cash and cash equivalents	4,845	-	4,845
Total	27,218	146	27,364

Group 30 September 2008	Loans and receivables £000s	Derivatives used for hedging £000s	Total £000s
Liabilities as per balance sheet			
Borrowings and loans	24,691	-	24,691
Trade and other payables	21,166	-	21,166
Total	45,857	-	45,857

Company 30 September 2009	Loans and receivables £000s	Derivatives used for hedging £000s	Total £000s
Assets as per balance sheet			
Trade and other receivables	31,897	-	31,897
Cash and cash equivalents	5,916	-	5,916
Total	37,813	-	37,813

Company 30 September 2009	Loans and receivables £000s	Derivatives used for hedging £000s	Total £000s
Liabilities as per balance sheet			
Borrowings and loans	8,350	-	8,350
Trade and other payables	1,159	-	1,159
Total	9,509	-	9,509

Company 30 September 2008	Loans and receivables £000s	Derivatives used for hedging £000s	Total £000s
Assets as per balance sheet			
Trade and other receivables	18,879	-	18,879
Cash and cash equivalents	16,106	-	16,106
Total	34,985	-	34,985

Company 30 September 2008	Loans and receivables £000s	Derivatives used for hedging £000s	Total £000s
Liabilities as per balance sheet			
Borrowings and loans	9,500	-	9,500
Trade and other payables	3,284	-	3,284
Total	12,784	-	12,784

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 30 SEPTEMBER 2009

35. Business combinations

On 14 April 2008 the Group acquired 100% of the share capital of the Charter Broadcast group of companies. The acquisition was satisfied by a total cash consideration of £2,115,000. This purchase has been accounted for as an acquisition.

The fair value exercise has now been completed and no further adjustments to fair value have been made. The final fair values are as follows:

	Final fair value £000s
Property, plant and equipment	8,324
Intangible assets	639
Trade and other receivables	1,636
Trade and other payables	(2,577)
Cash and cash equivalents	650
Borrowings and loans	(15)
Deferred income tax assets	1,160
Deferred income tax liabilities	(202)
Net assets acquired	9,615
Excess of the acquirer's interest in the fair value of acquiree's identifiable net assets released to the income statement	(7,200)
	2,415
Cash	2,115
Costs	300
Consideration	2,415

36. Commitments

Capital commitments

The Group had £1,994,000 (2008: £2,941,000) of capital commitments for the purchase of property, plant and equipment at the balance sheet date which had not been recognised in the financial statements.

Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	Land and buildings		Other	
	2009 £000s	2008 £000s	2009 £000s	2008 £000s
No later than 1 year	2,783	2,266	1,027	710
Later than 1 but no later than 5 years	8,146	7,791	1,400	1,154
Later than 5 years	6,746	8,941	-	-
	17,675	18,998	2,427	1,864

The Company has no significant operating lease commitments.

37. Contingencies

InvestinMedia Holdings Limited ("InvestinMedia"), a subsidiary of the Company, sold its investment in Complete Communications Corporation Limited ("Complete") on 20 December 2006. In connection with the sale, InvestinMedia and other vendors gave certain warranties and indemnities to the buyer, liability in respect of which runs for periods of up to seven years from the date of completion. The buyer is pursuing legal action on behalf of InvestinMedia and other vendors, the costs of which are covered by an indemnity. Companies in the Complete group are also subject to legal claims which may give rise to liability on the part of InvestinMedia and the other vendors under the warranties and indemnities. An estimate of InvestinMedia's share of any liabilities that may arise from these actions has been provided for in the accounts.

38. Related party transactions

Group

The Group has taken advantage of the exemption available under IAS 24 'Related party disclosures' not to disclose transactions and balances between Group entities that have been eliminated on consolidation.

Other than the Directors of the Company, the Group does not have any further individuals classified as key management as per IAS 24. Details of the Directors' remuneration are set out on pages 20 to 21. These details form part of the financial statements.

Mr B Ramsey, stepson of Mr G Andrews (Executive Director), is employed on standard contract terms by Creative Technology Group Inc.

Mr J Martin, son of Mr I Martin (Chief Executive), was employed on standard contract terms by Fountain Television Limited from October to December 2008.

The Company is party to the cross guarantee arrangements that the Group has in respect of its UK borrowings with HSBC Bank plc.

Company

During the year the Company paid management fees to subsidiaries of £100,000 (2008: £154,000). Additionally the Company received interest of £1,120,000 (2008: £1,517,000) and paid interest of £84,000 (2008: £224,000) to subsidiaries. Finally, the Company received dividends of £6,500,000 (2008: £6,354,000) from subsidiaries.

At the year end balances due from subsidiaries to the Company amounted to £31,897,000 (2008: £18,879,000) and due to subsidiaries from the Company amounted to £971,000 (2008: £3,191,000).

The Company is a member of the Avesco value added tax group and is a party to the cross guarantee arrangements that the Group has in respect of its UK borrowings with HSBC Bank Plc. The total Group borrowings as at 30 September 2009 are £14,349,000 (2008: £14,366,000).

The Company is also party to the cross guarantee arrangements that the Group has in respect of its hire purchase obligations. The total Group hire purchase commitments as at 30 September 2009 are £11,244,000 (2008: £10,325,000).

NOTICE OF MEETING

NOTICE is hereby given that the twenty-sixth Annual General Meeting (the "Meeting") of Avesco Group plc (the "Company") will be held at Unit E2, Sussex Manor Business Park, Gatwick Road, Crawley, Sussex RH10 9NH on Thursday, 11 March 2010, at 10.00 a.m. for the following purposes:

Ordinary business

1. To receive the Report of the Directors and the Accounts for the year ended 30 September 2009, together with the Report of the auditors.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2009.
3. To re-elect G.P. Andrews, who retires by rotation pursuant to Article 93.1 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a Director.
4. To re-elect J.L. Christmas, who retires by rotation pursuant to Article 93.1 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a Director.
5. To re-appoint the auditors, PricewaterhouseCoopers LLP, as auditors of the Company to hold office from the conclusion of the Meeting until the conclusion of the next general meeting at which accounts are laid before the Meeting.
6. To authorise the Directors to determine the auditors' remuneration.

Special business

To consider and, if thought fit, to pass the following resolutions of which Resolution 7 will be proposed as an ordinary resolution and Resolutions 8, 9 and 10 as special resolutions:

7. THAT the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £866,196.00. This authority shall expire on 11 March 2015 except that after the date when it expires the Directors may use this authority to allot relevant securities in accordance with the terms of any offer or agreement made by the Company before that date. All authorities previously conferred under Section 551 of the Act shall be revoked to the extent unused.
8. THAT the Directors be and they are hereby empowered, pursuant to section 570 and section 573 of the Act, subject to the passing of Resolution 7 set out in the notice of this Meeting to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority given by the said Resolution as if section 561(1) of the Act did not apply to any such allotments or transfers, provided that this power shall be limited to the allotment or transfer of equity securities:
 - (i) in connection with or which are the subject of an offer or invitation, open for acceptance for a period fixed by the Directors, to holders of ordinary shares of 10p each and such other equity securities of the Company as the Directors may determine on a fixed record date in proportion (as nearly as may be) to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements that would otherwise arise or legal or practical problems under the laws or requirements of any regulatory body or any stock exchange in any territory); and
 - (ii) (otherwise than pursuant to sub-paragraph (i) above) up to an aggregate nominal value of £259,858.00;

and shall expire at the conclusion of the next Annual General Meeting of the Company following the date of passing of this Resolution or 15 months from the date this Resolution is passed, whichever is the earlier, except that after the date when it expires the Directors may use this authority to allot such equity securities in accordance with the terms of any offer or agreement made by the Company before that date. All authorities previously conferred under Section 561 of the Act shall be revoked to the extent unused provided that such revocation shall not have retrospective effect.

9. THAT the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of up to an aggregate of 2,598,589 ordinary shares of 10p each in its capital ("shares") in such a manner and on such terms as the Directors may from time to time determine and may hold them as treasury shares provided that:
 - (a) the minimum price (exclusive of expenses) which may be paid for each share is 10p;
 - (b) the maximum price (exclusive of expenses) which may be paid for each share is not more than an amount equal to 105 per cent of the average of the middle market quotations of such shares derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase of the shares;
 - (c) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2011 or 18 months from the date this Resolution is passed, whichever is the earlier, unless such authority is revoked, varied or renewed by the Company in general meeting prior to such time; and
 - (d) the Company may, prior to the expiry of the authority hereby conferred, enter into a contract to purchase shares which will or may be completed or executed wholly or partly after such expiry, and may purchase shares pursuant to such contract.
10. THAT
 - (i) the Company's Articles of Association be hereby amended by deleting all the provisions of the Company's Memorandum of Association, which by virtue of section 28 of the Act, are to be treated as provisions of the Company's Articles of Association; and
 - (ii) the Company's Articles of Association be amended as set out in the document produced to the Meeting marked "A" and initialled by the Chairman by way of identification and the existing Articles of Association be renumbered and cross references amended accordingly.

BY ORDER OF THE BOARD

Nicholas Conn

14 January 2010
Secretary

Registered Office:
Unit E2
Sussex Manor Business Park
Gatwick Road
Crawley
Sussex RH10 9NH

NOTES:

1. A member entitled to vote at the Meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the Meeting. The proxy need not be a member of the Company. A form of proxy is enclosed with this Notice for use at the Meeting. If a member appoints more than one proxy to attend the Meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact the registrars of the Company, Capita Registrars, by telephone on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am – 5.30pm Monday - Friday) or, if telephoning from overseas, on +44 208 639 3399.
2. To be valid, the form of proxy (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be deposited at or posted to or otherwise received by the office of the registrars of the Company, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU to be received not less than 48 hours before the time fixed for the Meeting or any adjournment thereof. Alternatively, a member may appoint a proxy electronically by following the procedure set out in the form of proxy. Completion and return of the form of proxy will not preclude shareholders from attending or voting at the Meeting in person.
3. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take or, if the CREST Member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s), such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
4. The Company specifies, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, that only those shareholders registered on the register of members of the Company as at 6pm on 9 March 2010 (or, if the Meeting is adjourned, at 6.00pm on the day two days prior to the adjourned meeting) shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6pm on 9 March 2010 shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
5. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
6. The following documents are available for inspection by members at the registered office of the Company on weekdays (Saturdays, Sundays and public holidays excluded) during normal business hours, and will be available at the place of the Meeting from not less than 15 minutes before the Meeting to its conclusion:
 - (i) copies of the Directors' contracts of service and letters of appointment; and
 - (ii) a copy of the Company's existing articles of association and a copy as proposed to be adopted pursuant to Resolution 10 marked to show the differences from the existing articles of association.
7. If you have sold or otherwise transferred all of your ordinary shares, please forward this document, together with the accompanying form of proxy, at once to the purchaser or transferee or the bank, stockbroker, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.
8. Important notice to holders of bearer share warrants: You will not be entitled to attend or vote at the Annual General Meeting unless your Share Warrant is converted to registered form by lodging it with the Company Secretary not later than 10.00am on 8 March 2010.
9. Corporate representatives have the same rights to attend and vote at the Meeting as the shareholder that appointed them could have exercised if it were an individual member (provided, in the case of multiple corporate representatives of the same corporate shareholder, they are appointed in respect of different shares owned by the corporate shareholder or, if they are appointed in respect of those same shares, they vote those shares in the same way). To be able to attend and vote at the Meeting, corporate representatives will be required to produce prior to their entry to the Meeting evidence satisfactory to the Company of their appointment. Corporate shareholders can also appoint one or more proxies in accordance with Notes 1 and 2 and if relevant, Note 3 above. Corporate shareholders should be aware that the arrangements put in place at previous meetings to facilitate voting by corporate representatives have now been withdrawn following changes to the statutory rules for corporate representatives. Please note, however, that if multiple corporate representatives purport to vote the same block of shares in different ways, they will be treated as not having voted.

NOTICE OF MEETING NOTES

Information on the resolutions to be proposed at the Annual General Meeting

Resolution 1 – To receive the report and accounts

The Directors will present the report and accounts of the Company for the year ended 30 September 2009 together with the auditors' report on the annual report and accounts.

Resolution 2 – To approve the Directors' Remuneration Report

The Directors will present for approval the Directors' Remuneration Report for the year ended 30 September 2009, which appears on pages 20 to 21 of the annual report and accounts.

Resolutions 3 and 4 – Re-election of Directors

In accordance with the Articles of Association of the Company, at each AGM one third (or the number nearest to but not greater than one third) of the Directors must retire and stand for re-election. Accordingly, Mr Andrews and Mr Christmas will retire at the AGM and stand for re-election. Brief biographical details of the Directors seeking re-election, are set out on page 17. The resolutions for the re-election of each Director will be voted on separately. Each of Mr Andrews and Mr Christmas has a contract with the Company, which is capable of termination on not less than 12 months' notice.

Resolutions 5 and 6 – Reappointment and Remuneration of Auditors

Resolution 5 is a resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditors. Resolution 6 is to authorise the Directors to determine the auditors' remuneration.

Resolution 7 - Authority to allot shares

The authority given to the Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in General Meeting under Section 551 Companies Act 2006. Upon the passing of Resolution 7 the Directors will have authority to allot up to 8,661,960 ordinary shares of 10p each, which is approximately 33 per cent of the current issued share capital. This authority will expire on 11 March 2015. The Directors have no present intention of exercising this authority other than as may be required under the Company's employee share schemes.

Resolution 8 - Disapplication of pre-emption rights

The passing of Resolution 8 will give the Directors authority under Section 561 Companies Act 2006 to allot, for cash, up to 2,598,580 shares of 10p each (being approximately 10 per cent of the current issued share capital) without being required first to offer such securities to existing shareholders in accordance with the statutory pre-emption rights. This authority will expire 15 months from the date of the passing of the Resolution or, if earlier, at the conclusion of the next following Annual General Meeting of the Company. This authority will also extend to any subsequent sale of equity securities which have been held in treasury. The limits, which apply to this authority, will apply as a total to all and any allotments of shares and sales of treasury shares pursuant to this authority.

The Resolution will give the Company greater flexibility when considering future opportunities. A disapplication of pre-emption rights in respect of 10 per cent of the issued share capital is approximately the same percentage as was approved at the AGM of the Company held in March 2009. A limit of 10 per cent of the issued share capital is considered appropriate having regard to the disproportionate level of costs that may be incurred by the Company in the case of a pre-emptive issue of less than 10 per cent and is consistent with market practice on AIM. However, the interests of existing shareholders will be protected as, except in the case of an issue to shareholders (or sale of treasury shares) in proportion to shareholdings or the allotment of shares under (or transfer of treasury shares pursuant to) the Company's employee share schemes, the proportionate interests of shareholders cannot, without their consent, be reduced by more than 10 per cent by the issue for cash of new shares or sale of treasury shares. Other than as may be required under the Company's employee share schemes, the Directors have no present intention to allot any part of the unissued share capital of the Company or, without the prior approval of the Company in general meeting, to make any issue which would effectively alter the control of the Company or the nature of its business.

Resolution 9 - Authority to purchase shares

The Articles of Association of the Company contain provision, with the authority of the shareholders, for the Company to make market purchases of its own shares. It is proposed that the Company be authorised to purchase up to approximately 10 per cent of its issued share capital subject to the limitations

set out in Resolution 9. It is the intention of the Directors only to exercise the authority if satisfied that to do so would result in an increase in earnings per share and would be in the best interests of the shareholders generally. The Directors have no present intention to make any such purchase.

Following the introduction of the Company (Acquisition of Own Shares) (Treasury Shares) Regulations 2003, certain listed companies can now, subject to certain restrictions, hold up to 10 per cent. of their own shares acquired by way of market purchase in treasury, rather than cancelling them. The Company would consider holding any of its own shares which it purchases pursuant to the authority conferred by this Resolution as treasury shares. This would allow the Company to sell shares out of treasury, providing the Company with the ability to replenish its distributable reserves. No dividends will be paid on any shares held in treasury and no voting rights will attach to such shares. It would also be possible for the Company to transfer shares out of treasury pursuant to an employee share scheme.

Resolution 10 – Amendment of Articles of Association

Resolution 10, which will be proposed as a special resolution, seeks to delete the provisions of the Company's Memorandum of Association and to amend the Company's Articles of Association, primarily to reflect the implementation of the remaining provisions of the Companies Act 2006, which are explained more fully below. In addition there are other changes, which are of a minor, technical or clarifying nature, which merely reflect changes made by the Companies Act 2006, that have not been noted below.

The Company's objects and Authorised share capital

As a result of the changes in law, the requirement for the Company to have provisions in its Memorandum of Association setting out the objects of the Company was abolished on 1 October 2009 and thereafter any existing provisions in the Company's Memorandum of Association which will be deemed to be contained in the Company's Articles of Association. Whilst provisions in the existing Memorandum of Association (including the objects clause and authorised share capital statement) will, by virtue of the Companies Act 2006 (Commencement No.8, Transitional Provisions and Savings) Order 2008, be deemed to be part of the Company's Articles of Association, these provisions can be removed by special resolution. The removal of these provisions would enable the Company to take advantage of the abolition of the requirements for companies to have an objects clause and an authorised share capital. Directors will still be limited as to the number of shares they can allot at any time by virtue of the fact that allotment authority continues to be required under the Companies Act 2006. As such, the allotment of shares by the Directors will remain subject to the Directors obtaining the requisite authority from the shareholders prior to such allotment, save in respect of employee share schemes.

Redeemable shares

Previously, under the Companies Act 1985, the manner and terms of redemption of redeemable shares needed to be included in the articles of association.

The Companies Act 2006 now enables the Directors to determine the terms, conditions and manner of redemption of redeemable shares provided they are so authorised by the articles of association. The amended Articles of Association contain such an authorisation.

Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the Companies Act 1985, a company required specific enabling provisions in its articles of association to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. Under the Companies Act 2006, a company will only require shareholder authority to do any of these things. Accordingly, the relevant enabling provisions have been removed from the Company's Articles of Association.

AVESCO GROUP PLC

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT

UNIT E2, SUSSEX MANOR BUSINESS PARK, GATWICK ROAD, CRAWLEY, SUSSEX RH10 9NH AT 10.00 AM ON 11 MARCH 2010

Please read the Notice convening the Meeting and the accompanying notes carefully before completing this Form of Proxy.

Private shareholders may submit their proxy vote electronically via the Registrars website by visiting www.capitashareportal.com. For further details refer to note (c) below. For an electronic proxy to be valid, your appointment must be received by the Company's registrars, Capita Registrars no later than less than 48 hours before the time fixed for the Meeting.

If your shares are held through CREST, you may submit your proxy appointment via the CREST proxy voting system. Please refer to Note (f) below and Note (3) to the Notice of Annual General Meeting.

I/We

(Please use block capitals)

of
being (a) members(s) of Avesco Group plc (the "Company") HEREBY APPOINT the Chairman of the Meeting or

*

to act as my/our proxy to exercise all or any of my/our rights to attend, speak and to vote in respect of my/our voting entitlement on my/our behalf as indicated below at the Annual General Meeting of the Company to be held on 11 March 2010 and at any adjournment thereof.

Please tick here if this proxy appointment is one of multiple appointments being made.

* For the appointment of more than one proxy, please refer to Note (d).

Please indicate with an 'X' in the spaces below how you wish your votes to be cast in respect of each of the resolutions which are set out in the Notice convening the Meeting. If you wish your proxy to cast only certain votes for and certain votes against, insert the relevant number of shares in the appropriate box. The "Withheld" option is to enable you to instruct your proxy to abstain from voting on a particular resolution. A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" a resolution. If no specified direction as to voting is given, the proxy will vote or abstain as he/she thinks fit.

Resolutions	For	Against	Withheld
1. To receive the Report and Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect Mr G.P. Andrews as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Mr J.L. Christmas as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-appoint PricewaterhouseCoopers LLP as auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Directors to determine the auditors' remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To authorise the Directors to allot relevant securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To disapply pre-emption rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To authorise the Company to make market purchases of its own shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To adopt new articles of association	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I/We authorise my/our proxy to act at his/her discretion in relation to any other business arising at the Meeting (including any resolution to adjourn the Meeting).

Dated this _____ day of _____ 2010

Signature _____

Notes:

- As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting on your behalf. You should appoint a proxy using the procedure set out in these Notes.
- To be valid, this form, duly completed and signed, (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be deposited at or posted to the office of the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU to be received not less than 48 hours before the time fixed for the Meeting.
- Shareholders may submit their proxy vote electronically via the Registrars website by visiting www.capitashareportal.com. From there shareholders can log in to their Capita share portal account or register for the Capita share portal if they have not already done so. To register, shareholders should select "Account Registration" and then enter their surname, Investor Code (which can be found on their share certificate or dividend tax voucher), postcode and an email address. Create a password and click "Register" to proceed. Shareholders will be able to vote immediately by selecting "Proxy Voting" from the menu. You may not use any electronic address provided in this form of proxy to communicate with the Company for any purpose other than those stated.
- You are entitled to appoint more than one proxy provided that each proxy is appointed to exercise rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional Form(s) of Proxy may be obtained by contacting the Registrars by telephone on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am – 5.30pm Monday – Friday) or, if telephoning from overseas, +44 208 639 3399 or you may photocopy this form. A proxy need not be a member of the Company but must attend the Meeting to represent you. If you wish to appoint as a proxy a person other than the Chairman of the Meeting, please delete the words "Chairman of the Meeting" and insert the full name of the other person in the box provided on this Form of Proxy. If you sign and return this Form of Proxy with no name inserted in the box, the Chairman of the Meeting will be deemed to be your proxy. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided, if the proxy instruction is one of multiple instructions being given. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this Form of Proxy has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). All forms must be signed and should be returned together in the same envelope.
- Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), entitlement to attend and vote at the Meeting and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at 6pm, on the day which is two days before the day of the Meeting or adjourned meeting. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the Meeting.
- CREST members wishing to appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system must ensure that, in order for such CREST Proxy Instruction to be effective, it is received by the issuer's agent, (ID number RA10) not less than 48 hours before the time fixed for the Meeting or any adjournment thereof, together with any power of attorney or other authority under which it is sent. For further information relating to the CREST proxy system, please refer to the CREST manual and the notes to the Notice convening the Meeting.
- Any alteration made in this form must be initialled by the signatory.
- If you submit more than one valid proxy appointment in respect of the same share or shares, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which was received last, none of the proxy appointments in respect of that share or shares shall be valid.
- If the appointor is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised on its behalf.
- In the case of joint holders a vote of the senior joint shareholder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other holder or holders of the share(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
- Completion and return of this form does not preclude the shareholder from attending the Meeting and voting in person.
- Important notice to holders of bearer share warrants:** You will not be entitled to attend or vote at the Annual General Meeting unless your Share Warrant is converted to registered form by lodging it with the Company Secretary not later than 10.00am on 8 March 2010.

FOLD 3

BUSINESS REPLY SERVICE
Licence Number
RSBH-UXKS-LRBC



FOLD 1

PXS
34 Beckenham Road
BECKENHAM
KENT
BR3 4TU

FOLD 2

FOLD 4

Principal Offices

Avesco Group plc

Unit E2, Sussex Manor Business Park
Gatwick Road
Crawley
West Sussex RH10 9NH
Tel: +44 (0)1293 583400
Fax: +44 (0)1293 583410
e-mail: mail@avesco.com
web: www.avesco.com
Chairman: Michael Gibbins
Chief Executive: Ian Martin
Finance Director: John Christmas

Creative Technology

CT London

incorporating Dimension & Screenco

Unit E2, Sussex Manor Business Park
Gatwick Road
Crawley
West Sussex RH10 9NH
Tel: +44 (0)1293 582000
Fax: +44 (0)1293 582010
e-mail: info@ctlondon.com
web: www.ctlondon.com
Managing Director: David Crump

CT Germany

In der Au 11, 72622 Nürtingen
Germany
Tel: +49 (0)7022 2530
Fax: +49 (0)7022 253 200
e-mail: info@ctgermany.com
web: www.ctgermany.com
Managing Director: Georg Rössler

CT Germany

Rudolf-Diesel-Str. 3
D-40822 Mettmann
Germany
Tel: +49 (0)2104 2349-0
Fax: +49 (0)2104 2349-10
e-mail: info@ctgermany.com
web: www.ctgermany.com
Managing Director: Georg Rössler

CT US

14000 Arminta Street
Panorama City
CA 91402, USA
Tel: +1 818 464 7500
Fax: +1 818 464 7502
e-mail: mail@ctus.com
web: www.ctus.com
CEO: Graham Andrews

CT San Francisco

14072 Catalina Street
San Leandro
CA 94577, USA
Tel: +1 510 618 5100
Fax: +1 510 618 5118
e-mail: mail@ctus.com
web: www.ctus.com
General Manager: David Skaff

CT Chicago

10501 Delta Parkway
Schiller Park
Illinois
IL 60176, USA
Tel: +1 847 671 9670
Fax: +1 847 671 9676
e-mail: mail@ctus.com
web: www.ctus.com
General Manager: Jeff Meyer

CT Las Vegas

Patrick Commerce Center
Building E
6171 South Mcleod Drive
Las Vegas, NV 89120, USA
Tel: +1 866 841 858
e-mail: mail@ctus.com
web: www.ctus.com
General Manager: Herb Brandt

CT Dubai

Unit 5, Building 11
Dubai Investment Park
Jebel Ali, PO Box 282572
Dubai, UAE
Tel: +971 (4) 885 6020
Fax: +971 (4) 885 6131
e-mail: info@ctdubai.com
web: www.ctdubai.com
General Manager: Damien McGurn

CT Shanghai

Building 4, 659 Yinxing Road
Putuo District
Shanghai 201802
Tel: +86 (21) 6695 8661
Fax: +86 (21) 6695 1328
e-mail: info@ctshanghai.com
web: www.ctshanghai.com
General Manager: Tom Hui

CT Asia Pacific

Unit 1007
10/F Cyberport 1
Hong Kong SAR
Tel: +852 2989 9300
Fax: +852 2989 9360
e-mail: hk wok@ctasiapacific.com
web: www.ctinternational.com
Managing Director: Charles Whittock

Full Service

MCL Birmingham

Catesby Park
Eckersall Road, Kings Norton
Birmingham B38 8SE
Tel: +44 (0)121 433 8899
Fax: +44 (0)121 433 8891
e-mail: birmingham@mcl-av.com
web: www.mcl-av.com
Managing Director: David Nicholson
General Manager: Mark J Simkin

MCL NEC Birmingham

Units 11/12 2nd Exhibition Avenue
NEC Birmingham B40 1PJ
Tel: +44 (0)121 782 0433
Fax: +44 (0)121 782 0511
e-mail: nec@mcl-av.com
web: www.mcl-av.com
General Manager: Richard Wathen

MCL London

14 Ockham Drive
Greenford Park
London UB6 0FD
Tel: +44 (0)208 839 7010
Fax: +44 (0)208 839 7011
e-mail: london@mcl-av.com
web: www.mcl-av.com
General Manager: Jon Dasent

MCL Manchester

18 Lord Byron Square
Stowell Technical Park
Salford, Manchester M50 2XH
Tel: +44 (0)161 745 9933
Fax: +44 (0)161 745 9975
e-mail: manchester@mcl-av.com
web: www.mcl-av.com
General Manager: Jamie McAffier

MCL Edinburgh

Unit 1, The Clocktower
South Gyle Crescent
2 Flassches Yard
Edinburgh EH12 9LB
Tel: +44 (0)131 314 0650
Fax: +44 (0)131 314 0651
e-mail: edinburgh@mcl-av.com
web: www.mcl-av.com
General Managers: Ken Robertson /
Darren Coufts

MCL Glasgow

Unit C
Moorpark Central
40 Dava Street
Glasgow G51 2BQ
Tel: +44 (0)141 425 2016
Fax: +44 (0)141 425 2017
e-mail: glasgow@mcl-av.com
web: www.mcl-av.com
General Manager: Gordon Mackinnon

Action Monaco

Gildo Pastor Center
7 rue du Gabian
MC 980000
Monaco
Tel: +377 97 77 78 79
Fax: +377 97 77 78 78
e-mail: info@action.mc
web: www.action.mc
Managing Director: Philippe Paeleman

Action Barcelona

Nave 2
26-28 Calle Cuzco
08030 Barcelona
Tel: +34 93 408 0793
e-mail: info@action.es
web: www.action.es
Managing Director: Frederic Mouffe

JVR Audiovisual

Rucphensebaan 52/Postbus 3111
4700 GC Roosendaal
Netherlands
Tel: +31 (0)165 581 000
Fax: +31 (0)165 581 347
e-mail: info@jvr.nl
web: www.jvr.nl
Managing Director: Christ Elsten

JVR Audiovisual

Zeemanstraat 39
2991 XR Barendrecht
Netherlands
Tel: +31 (0)104 130 999
Fax: +31 (0)104 138 377
e-mail: info@jvr.nl
web: www.jvr.nl
Managing Director: Christ Elsten

JVR Audiovisual

Madridstraat 21
1175 RK Lijnden
Netherlands
Tel: +31 (0)20 358 1150
Fax: +31 (0)20 358 1151
e-mail: info@jvr.nl
web: www.jvr.nl
Managing Director: Christ Elsten

JVR Audiovisual

Sumatralaan 5
Postbus 238
1200 AE Hilversum
Netherlands
Tel: +31 (0)35 677 51 77
Fax: +31 (0)35 677 51 70
e-mail: info@jvr.nl
web: www.jvr.nl
Managing Director: Christ Elsten

Broadcast Services

Presteigne Charter

Unit 4
Manor Gate
Manor Royal
Crawley
West Sussex RH10 9SX
Tel: +44 (0)1293 651300
Fax: +44 (0)1293 651301
e-mail: info@presteignecharter.com
web: www.presteignecharter.com
Managing Director: Michael Ransome

Presteigne Charter Manchester

Unit D7, Taylor Business Park
Risley, Warrington WA3 6BL
Tel: +44 (0)845 521 0985
Fax: +44 (0)845 521 0986
e-mail: info@presteignecharter.com
web: www.presteignecharter.com
Hire Manager: Lisa Eddowes

Presteigne Charter Cologne

Presteigne Charter GmbH
Head Office Köln
Innungstrasse 6
D-50354 Hürth
Deutschland
Tel: +49 (0) 2233 / 80805 0
Fax: +49 (0) 2233 / 80805 99
e-mail: koeln@presteignecharter.com
web: www.presteignecharter.com
Managing Director: Thomas Gehring

Presteigne Charter Munich

Niederlassung München
Münchener Strasse 101
D-85737 Isamaning
Germany
Tel: +49 (0)89 1890 965-0
Fax: +49 (0)89 1890 965-29
e-mail: info@presteignecharter.com
web: www.presteignecharter.com
Branch Manager: Jan Wackerow

Presteigne Charter Netherlands

Fransiscusweg 10-8
1216 SK Hilversum
Netherlands
Tel: +31 (0)3562 60 190
Fax: +31 (0)3562 60 191
e-mail: info@presteignecharter.com
web: www.presteignecharter.com
Branch Manager: Guus Paat

Presteigne Charter Singapore

No. 15, Changi North Street 1
Unit 01-01
Singapore 498765
Tel: +65 62722320
Fax: +65 62721293
e-mail: info@presteignecharter.com
web: www.presteignecharter.com
Sales Manager: Azman Jani

Presteigne Charter Australia

Unit 1/59 Jersey Road
Bayswater 7
Victoria
Australia 3153
Tel: +613 9729 0222
Fax: +613 9729 4400
e-mail: info@presteignecharter.com
web: www.presteignecharter.com
Managing Director: Manny Papas

The Fountain Studios

128 Wembley Park Drive
Wembley HA9 8HP
Tel: +44 (0)20 8900 5800
Fax: +44 (0)20 8900 5802
e-mail: enquiries@fv.co.uk
web: www.fv.co.uk
Managing Director: Mariana Spater

Print Ultimate Group Limited

This report is printed onto 115/250gram ERA SILK.
ERA SILK is composed of 50% Post Consumer Waste
and 50% FSC Certified Recycled Material.



Avesco Group plc
Unit E2
Sussex Manor Business Park
Gatwick Road, Crawley
West Sussex RH10 9NH
Tel: +44 (0)1293 583400
Fax: +44 (0)1293 583410
e-mail: mail@avesco.com
web: www.avesco.com