

EMBARGOED UNTIL 7.00am, 13 January 2011

AVESCO GROUP plc

Preliminary Results for the year ended 30 September 2010

Avesco Group plc, the international provider of services to the corporate presentation, entertainment and broadcast markets, announces its preliminary results for the year ended 30 September 2010.

KEY HIGHLIGHTS

- Revenue of £117.2m (2009: £90.2m)
- EBITDA of £19.7m (2009: £10.2m)*
- Trading profit of £1.3m (2009: loss of (£9.8m))*
- Operating loss of £(0.8)m (2009: (£12.1m))
- Loss after tax of £(1.0)m (2009: (£13.7m))
- Continuing operations basic losses per share of (4.2)p (2009: (52.9)p)
- Adjusted basic earnings per share of 3.9p (2009: losses per share of (43.6)p)*
- Net cash inflow of £7.4m (2009: £1.6m)
- Final dividend of 1.0p per share (2009: nil)

* As described in note 9, the Group uses certain non-GAAP alternative measures to assess underlying operating performance.

Ian Martin, Chief Executive, commented:

“The Avesco story remains a strong one. The Group has been built around offering our customers a first class service while applying strong financial disciplines. During the past two years, the management has had to tackle many issues arising from the uncertain economic environment and to take some hard decisions, and the Group has emerged from these difficult times in good shape.

The improved performance is impressive. Revenues were increased by 30%, margins improved, EBITDA almost doubled to £19.7m, trading profit turned around and net cash inflow of £7.4m was generated after a net investment of £11.7m in the business.

The next couple of years are shaping up to be a period of great potential. Of course, there are and will continue to be challenges but our focus is now on growing and increasing the profitability of the Group. We do so at a time when our markets are recovering well from the downturn and demand for our services is growing.”

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Avesco Group plc

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Avesco Group plc

Chairman's Statement

Introduction

As we entered the financial year that ended on 30 September 2010, we had two priorities. The first was to focus upon and execute a strategy to manage the business effectively in the near term to address the immediate challenges of the then uncertain economic outlook. The second was to achieve more than simply preserving the business through the difficult times. We needed to be bold and to continue to build the Group in a manner that would maximise the opportunity going forward and establish a stronger business that could produce consistent growth over the longer term.

The progress made in both strategies is evident from these results. Not only do they show substantially improved financial performance but they also demonstrate the quality and resilience of the business emerging from tougher times and are testament to the well-balanced international business that we have developed.

Results

In the twelve months ended 30 September 2010, revenue was up 30% at £117.2m (2009: £90.2m). The effects of currency movements in the period were negligible.

The trading profit (which excludes amortisation of acquired intangible assets, restructuring costs, impairment of property, plant and equipment, impairment of goodwill and other non-recurring and prior year costs) was £1.3m, a significant improvement on the prior year (2009: loss of £9.8m). The Group's trading profit less net interest and tax was £1.0m (2009: loss of £10.9m). On this basis, the basic earnings per share was 3.9p (2009: loss of 43.6p) and the diluted earnings per share was 3.8p (2009: loss of 43.6p).

During the year the Group recognised £0.2m of costs for the amortisation of acquired intangible assets (2009: £0.4m), £1.3m of restructuring costs (2009: £0.7m) and £0.5m of other non-recurring and prior year costs (2009: £nil). Note that the prior year also included costs of £0.9m relating to the impairment of goodwill and £0.3m for the impairment of certain job specific fixed assets. Taking these items into consideration the operating loss for the year was £0.8m (2009: loss of £12.1m) and the total loss for the financial year after tax was £1.0m (2009: loss of £13.7m). The loss per share, both basic and diluted, was 4.2p (2009: loss of 54.9p).

The Group produced a 93% increase in EBITDA to £19.7m (2009: £10.2m). Cash generation from the Group's operating activities showed a similar improvement and increased to £18.9m (2009: £10.4m).

After the investment of a net £11.7m (2009: £11.5m) in the business, the Group still generated an impressive net cash inflow of £7.4m (2009: £1.6m). The net debt at the end of the period reduced by 35% to £13.7m (2009: £21.1m), resulting in a further strengthening of the Group's financial position with gearing (being net debt divided by net assets) falling to 37% (2009: 55%).

On 30 September 2010, the Net Assets of the Group were £37.3m (2009: £38.5m) or £1.43 per share (2009: £1.48).

Disney

The Group has an economic interest in the outcome of litigation brought by Celador International Ltd against The Walt Disney Company and others ("Disney").

More than six years after the litigation commenced, the case was finally heard in a trial lasting over four weeks in the US District Court of Riverside, California. The jury reached a unanimous verdict in

favour of Celador and awarded damages of \$269m. Pre-judgement interest of an additional \$50m has since been agreed to the benefit of Celador. If paid in full, the Group's share of the award, after costs, is estimated at approximately \$60m. Disney retains the right to appeal and, if exercised, it is expected that the appeal process may take a further 18 to 24 months.

Dividend

The Board is pleased to announce that it proposes to pay a final dividend of 1.0p per share (2009: nil). The reinstatement of the dividend is underpinned by an improvement in the underlying trading performance of the Group over the past twelve months, the associated cash generation and a strong balance sheet. The dividend will be paid on 6 April 2011 to shareholders on the Register at close of business on 11 March 2011.

The level of future dividends will be assessed in light of the underlying earnings of each financial period, balance sheet flexibility and the Board's assessment of the strength of current trading and future prospects.

Quarterly Reporting

Following a request from a major shareholder, the Group will be reporting its future results on a quarterly basis. The first set of quarterly results will be reported in March 2011 and will relate to the three months ended 31 December 2010. The incremental costs associated with the move to quarterly reporting will be borne by the aforementioned shareholder.

Current Trading

Recent economic evidence suggests that the likely trend in the world economy is for modest growth. Over the last six months, the Group has experienced a noticeable improvement in business reflecting an increased level of confidence from our customers. We are seeing not only a rise in the number of events staged but also an increase in the scale of those events.

Although business remains competitive, there are some signs that the intensity of the competition may be flattening out in certain markets. If this trend were to continue, our current level of operational efficiency, coupled with the benefit of our continuing capital investment, leaves the Avesco Group well placed to benefit from any sustained increase in business activity.

These results clearly demonstrate the hard work and dedication of all our employees throughout the Group. On behalf of the Board I would again like to thank them – without them, none of this would have been possible. I look forward to their continued support in the future in driving Avesco into the next stage of its development.

Avesco Group plc Chief Executive's Report

The Avesco story remains a strong one. The Group has been built around offering our customers a first class service while applying strong financial disciplines. During the past two years, the management has had to tackle many issues arising from the uncertain economic environment and to take some hard decisions. I believe that we have headed in the right direction and the Group has emerged from some difficult times in good shape.

The defensive characteristics of our business, notably our strong cash generation and more importantly the quality of our people and operations, have held us in good stead.

As better times return and as we progress the development of the Group, we can now concentrate our attention on the growth opportunities that will undoubtedly arise.

The turnaround in our financial performance over the past 12 months is more than just about improving trends in numbers but is a tribute to the hard work, determination and the skills of everyone involved in the Group. I am sure that they will look back at the recent past with pride.

The improved performance is impressive. Revenues were increased by 30%, margins improved, EBITDA almost doubled to £19.7m, trading profit turned around and net cash inflow of £7.4m was generated after a net investment of £11.7m in the business.

The next couple of years are shaping up to be a period of great potential. Of course, there are and will continue to be challenges but our focus is now on growing and increasing the profitability of the Group. We do so at a time when our markets are recovering well from the downturn and demand for our services is growing.

Creative Technology (CT)

Overall, the CT companies returned to profitability. This turnaround was driven by the performance of the two principal units within CT – CT London (which includes Dimension and CT Dubai) and CT US, which experienced a 33% and 21% rise in revenues respectively. Both businesses did a tremendous job in responding to this increase in demand, managing their operations effectively and translating additional revenue into profit.

CT Germany substantially improved its results although did not quite regain profitability. We have recently taken the decision to combine the operations of CT Germany with CT London to create CT Europe. The merger of the two businesses should give us a better framework to grow and develop CT within Europe and is expected to lead to an overall improvement in performance.

CT Asia had a disappointing year. Although we improved the top line, the business is still establishing itself in the region and an irregular flow of work highlighted structural issues that needed corrective action. CT Asia has not performed well to date but the potential in the Asia Pacific market is greater now than when we started. Lessons have been learned and we expect results to improve in the future.

Broadcast Services

The Broadcast Services division comprises two companies: Presteigne Charter and Fountain Studios. Both had strong years.

Presteigne Charter was undoubtedly aided by the "even year" effect, capitalising on major events such as the Winter Olympics in Vancouver and the FIFA World Cup in South Africa. The improved performance was not just down to the delivery of world-class service to our broadcast customers at

these events. Presteigne Charter also benefited from a significant contribution from the traditional dry hire business, including its Singapore office, which was rejuvenated under new management. Our office in Australia was closed during the year and events in that region are now primarily serviced from our Singapore office.

During the year Presteigne Charter invested in the fast growing area of 3D broadcast technology. It has successfully created a significant capability and expertise in this sector and our intent is to become a leader in the application of the technology in the broadcast industry.

Fountain Studios had a terrific year with utilisation of its facilities rising from 42% to 58% resulting in a 29% increase in turnover over the previous year. In addition, margins also grew, enabling the improvement in revenue to drop through to the bottom line. Fountain has started the year ending 30 September 2011 strongly with another successful series of "The X Factor" having been completed. With continued demand for large studio space and the management's commitment to offering a first class service, it would appear that Fountain is well positioned.

Full Service

The Full Service division comprises three businesses: MCL in the UK, JVR in the Netherlands and Action in the south of France and Barcelona. The Full Service division was the most sensitive to the economic downturn and, as business conditions have stabilised across much of Europe, so the performance of these companies improved. Overall, the divisional revenues grew by 13% over the prior year.

Although the regular market in which JVR operates remained subdued, the recovery in JVR's revenues was helped by the successful completion of a number of high profile events including the start of the Tour de France, which this year began in Rotterdam.

For MCL, the turnaround was down to hard work and a focus on sales, margin and cost control. Substantial losses from the prior year were reversed on a modest increase in revenue. The building blocks put in place at MCL give me confidence that the business has the potential to grow substantially as economic conditions improve.

Action has had to confront both cyclical and regional issues as a number of exhibitions, conferences and events have relocated away from the south of France to competing destinations such as Dubai and Barcelona. In the light of this change, we are re-aligning Action's operations in the South of France to address the more mature domestic market while supporting the growing regional demand at Action's smaller Barcelona office.

Conclusion

The heart of Avesco's strategy going forward is to focus investment in those market areas offering the best opportunities for growth and return on capital. There is a significant opportunity to develop and expand our businesses through the effective and efficient management of their operations and continuous improvements in service combined with carefully chosen investment.

We have emerged strong, with confidence, up for the challenge and ready to take the opportunity that lies before us.

Avesco Group plc
Consolidated Income Statement
For the year ended 30 September 2010

	Note	Year ended 30 September	
		2010 £000s	2009 £000s
Revenue	1	117,236	90,242
Cost of sales		(78,163)	(63,359)
Gross profit		39,073	26,883
Operating expenses		(39,829)	(38,992)
Operating loss		(756)	(12,109)
Finance income		6	93
Finance costs		(1,368)	(1,145)
Loss before income tax		(2,118)	(13,161)
Income tax credit/(expense)	3	1,071	(82)
Loss from continuing operations		(1,047)	(13,243)
Discontinued operations			
Loss from discontinued operations	4	-	(497)
Loss for the financial year		(1,047)	(13,740)

		Pence per share	Pence per share
Losses per share for losses attributable to the equity holders of the company			
- basic	5	(4.2)p	(54.9)p
- diluted	5	(4.2)p	(54.9)p
Losses per share for losses from continuing operations attributable to the equity holders of the company			
- basic	5	(4.2)p	(52.9)p
- diluted	5	(4.2)p	(52.9)p

Avesco Group plc
Consolidated Statement of Comprehensive Income
For the year ended 30 September 2010

	Year ended 30 September	
	2010	2009
	£000s	£000s
Loss for the year	(1,047)	(13,740)
Other comprehensive income:		
Currency translation differences	(404)	239
Cash flow hedges	-	(164)
Deferred tax liability on cash flow hedges	-	41
Other comprehensive (expense)/income for the year	(404)	116
Total comprehensive expense for the year	(1,451)	(13,624)

Alternative Performance Measures (non-GAAP)
For the year ended 30 September 2010

	Year ended 30 September	
	2010	2009
	£000s	£000s
Alternative Performance Measures (non-GAAP)		
Operating loss	(756)	(12,109)
Adjusted to exclude:		
Amortisation of acquired intangible assets (IFRS 3)	244	449
Impairment of property, plant and equipment (IAS 36)	-	342
Impairment of goodwill (IAS 36)	-	891
Restructuring costs	1,316	657
Other non-recurring and prior year costs	475	-
Trading profit/(loss)	1,279	(9,770)
Net finance costs	(1,362)	(1,052)
Income tax credit/(expense)	1,071	(82)
Trading profit/(loss) after net finance costs and income tax credit/(expense)	988	(10,904)
Adjusted earnings/(losses) per share (per note 5)	Pence per share	Pence per share
- basic	3.9p	(43.6)p
- diluted	3.8p	(43.6)p

Refer to note 9 for a full description of the alternative performance measures adopted by the Group.

Avesco Group plc
Consolidated balance sheet
As at 30 September 2010

	Year ended 30 September	
	2010	2009
	£000s	£000s
Assets		
Non-current assets		
Property, plant and equipment	51,971	56,780
Intangible assets	328	749
Deferred income tax assets	4,470	3,565
Trade and other receivables	277	109
	57,046	61,203
Current assets		
Inventories	1,385	892
Trade and other receivables	19,355	16,256
Current income tax assets	113	-
Cash and cash equivalents	6,896	4,531
	27,749	21,679
Total assets	84,795	82,882
Liabilities		
Non-current liabilities		
Borrowings and loans	15,342	18,956
Deferred income tax liabilities	1,398	1,613
Provisions for other liabilities and charges	815	475
	17,555	21,044
Current liabilities		
Trade and other payables	23,980	16,519
Current income tax liabilities	520	151
Borrowings and loans	5,279	6,637
Provisions for other liabilities and charges	211	-
	29,990	23,307
Total liabilities	47,545	44,351
Total assets less total liabilities	37,250	38,531
Equity		
Capital and reserves attributable to equity holders of the company		
Ordinary shares	2,599	2,599
Share premium	23,286	23,286
Other reserves	214	618
Retained earnings	11,151	12,028
Total equity	37,250	38,531

Avesco Group plc
Consolidated Statement of Changes in Equity
For the year ended 30 September 2010

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

	Share capital account £000s	Share premium account £000s	Other reserves £000s	Retained earnings £000s	Total £000s
Balance at 1 October 2008	2,599	23,286	502	26,644	53,031
Total comprehensive expense for the period	-	-	-	(13,740)	(13,740)
Currency translation differences	-	-	239	-	239
Cash flow hedges	-	-	(164)	-	(164)
Deferred tax liability on cash flow hedges	-	-	41	-	41
	2,599	23,286	618	12,904	39,407
Transactions with owners in their capacity as owners:					
External dividends paid	-	-	-	(876)	(876)
Balance at 30 September 2009	2,599	23,286	618	12,028	38,531

Avesco Group plc
Consolidated cash flow statement
For the year ended 30 September 2010

	Year ended 30 September	
	2010	2009
	£000s	£000s
Cash flows from operating activities		
Cash generated from continuing operations	20,050	11,206
Net interest paid	(1,311)	(740)
Income tax received/(paid)	131	(116)
Net cash generated from operating activities	18,870	10,350
Cash flows from investing activities		
Purchases of property, plant and equipment	(13,843)	(16,335)
Proceeds from sale of property, plant and equipment	2,142	4,806
Proceeds from sale of investments	-	3,700
Net cash used in investing activities	(11,701)	(7,829)
Cash flows from financing activities		
Proceeds from borrowings	3,838	9,185
Repayments of external borrowings	(8,100)	(9,646)
Dividends paid to Company's shareholders	-	(876)
Net cash used in financing activities	(4,262)	(1,337)
Cash generated from discontinued operations	257	-
Net increase in cash, cash equivalents and bank overdrafts	3,164	1,184
Cash, cash equivalents and bank overdrafts at beginning of year	3,882	4,704
Exchange losses on cash and bank overdrafts	(150)	(2,006)
Cash, cash equivalents and bank overdrafts at end of year	6,896	3,882
Bank overdrafts	-	649
Cash, cash equivalents at end of year	6,896	4,531

Avesco Group plc
Notes to the preliminary announcement
For the year ended 30 September 2010

1. Segmental information

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

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

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

The Board of Directors assess performance of the operating segments based on trading profit (see note 9). As segmental performance does not therefore include finance costs and tax, such items are not allocated to segments.

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

	Creative Technology £000s	Full Service £000s	Broadcast Services £000s	Head Office £000s	Group £000s
Total segment revenue	69,876	22,164	26,779	-	118,819
Inter segment revenue	(815)	(276)	(492)	-	(1,583)
Revenue	69,061	21,888	26,287	-	117,236
Trading profit/(loss)	822	(667)	2,116	(992)	1,279
Amortisation of acquired intangible assets	(87)	-	(157)	-	(244)
Restructuring costs	(16)	(456)	(632)	(212)	(1,316)
Other non-recurring and prior year costs	(475)	-	-	-	(475)
Operating profit/(loss)	244	(1,123)	1,327	(1,204)	(756)
Net finance costs					(1,362)
Loss before income tax					(2,118)
Income tax credit					1,071
Loss for the financial year					(1,047)

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	(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)

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

No single customer contributed revenues of greater than 5% of the Group's total revenue for 2009 or 2010.

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 2010					
Depreciation	10,452	1,881	5,728	9	18,070
Amortisation	263	72	207	5	547
Year ended 30 September 2009					
Depreciation	11,256	2,543	5,830	12	19,641
Amortisation	349	40	356	6	751

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

	Creative Technology £000s	Full Service £000s	Broadcast Services £000s	Head Office £000s	Unallocated £000s	Group £000s
Total assets	42,701	7,971	32,539	(2,999)	4,583	84,795
Non-current assets	24,252	1,833	26,242	249	4,470	57,046
Total liabilities	18,659	4,674	8,049	14,245	1,918	47,545
Capital expenditure	10,493	879	2,471	-	-	13,843
External net debt	(1,093)	(14)	3,446	11,386	-	13,725

Unallocated items relate to deferred tax and income tax.

The segmental assets and liabilities at 30 September 2009, external net debt 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
Non-current assets	24,270	3,002	30,081	285	3,565	61,203
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
External net debt	3,678	1,673	2,288	13,423	-	21,062

Unallocated items relate to deferred tax and income tax.

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

Revenue	2010 £000s	2009 £000s
United Kingdom	44,175	33,716
Mainland Europe	26,432	21,747
United States of America	31,300	26,106
Rest of the World	15,329	8,673
	117,236	90,242

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

Total assets	2010 £000s	2009 £000s
United Kingdom	47,314	43,196
Mainland Europe	12,534	14,135
United States of America	13,355	14,625
Rest of the World	7,009	7,361
	80,212	79,317
Unallocated assets	4,546	3,565
	84,758	82,882

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

Total non-current assets (other than deferred tax assets)	2010 £000s	2009 £000s
United Kingdom	35,215	35,965
Mainland Europe	5,653	6,943
United States of America	8,168	10,504
Rest of the World	3,540	4,226
	52,576	57,638
Unallocated assets	4,470	3,565
	57,046	61,203

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

Capital expenditure	2010 £000s	2009 £000s
United Kingdom	7,610	6,225
Mainland Europe	1,428	2,172
United States of America	2,656	5,049
Rest of the World	2,149	2,889
	13,843	16,335

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

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

	2010 £000s	2009 £000s
Trading profit/(loss)	1,279	(9,770)
Depreciation	18,070	19,641
Amortisation of software	304	302
EBITDA on trading operations	19,653	10,173

3. Income tax (credit)/expense

	2010 £000s	2009 £000s
Current tax		
Current tax on profits for the year	219	47
Adjustments in respect of prior years	(10)	-
Total current tax	209	47
Deferred tax (note 25)		
Origination and reversal of temporary differences	(1,362)	35
Impact of change in the UK tax rate	82	-
Total deferred tax	(1,280)	35
Income tax (credit)/charge	(1,071)	82

4. Discontinued operations

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

	2010 £000s	2009 £000s
Loss on disposal of associate	-	497
	-	497

The loss on disposal of associate recognised in the year ended 30 September 2009 was 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.

5. Earnings per share

	2010 £000s	2009 £000s
Loss for the period	(1,047)	(13,740)
Loss from discontinued operations	-	497
Loss from continuing operations	(1,047)	(13,243)
Amortisation of acquired intangible assets (IFRS 3)	244	449
Impairment of property, plant and equipment (IAS 36)	-	342
Impairment of goodwill (IAS 36)	-	891
Restructuring costs	1,316	657
Other non-recurring and prior year costs	475	-
Trading profit/(loss) after net finance costs and income tax credit/(expense)	988	(10,904)
Loss from discontinued operations	-	(497)
Weighted average number of shares (net of treasury shares)		
For basic earnings per share (000's)	25,023	25,023
Effect of dilutive share options (000's)	1,250	-
For diluted earnings per share (000's)	26,273	25,023
(Losses)/earnings per share		
Basic	(4.2)p	(54.9)p
Diluted	(4.2)p	(54.9)p
Continuing operations basic	(4.2)p	(52.9)p
Continuing operations diluted	(4.2)p	(52.9)p
Adjusted basic	3.9p	(43.6)p
Adjusted diluted	3.8p	(43.6)p
Discontinuing operations basic	0.0p	(2.0)p
Discontinuing operations diluted	0.0p	(2.0)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 dilution for the adjusted earnings per share as Company's management forecast that the performance conditions attached to the LTIP award made in the year ended 30 September 2010 will be satisfied.

Adjusted, basic and diluted earnings per share have been calculated as per note 9.

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

6. Dividends

During the year ended 30 September 2010, the Group paid no 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.

A final dividend for the year ended 30 September 2010 of 1.0p per share has been proposed and, subject to shareholders' approval will be paid on 6 April 2011 to shareholders on the register at 6.00pm on 11 March 2011.

7. Analysis of net debt

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

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)

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

8. Status of preliminary announcement

The preliminary results for the year to 30 September 2010 are audited. However the financial information set out in the announcement does not constitute the Group's statutory accounts for the year ended 30 September 2010.

The statutory accounts for the year to 30 September 2010 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

Statutory Accounts for the year ended 30 September 2009 have been delivered to the Registrar of Companies and the auditors' report on these accounts was unqualified and did not contain a statement under either Section 498(2) or (3) of the Companies Act 2006.

9. Basis of preparation

The preliminary results for the year ended 30 September 2010 have been prepared in accordance with the accounting policies set out in the annual report and accounts for the year ended 30 September 2009.

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

a) *Trading profit/loss*

'Trading profit/loss' is separately disclosed, being defined as operating profit adjusted to exclude impairment of property, plant and equipment, impairment of goodwill, amortisation of acquired intangible assets, restructuring costs and other non-recurring and prior year costs. 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, restructuring costs, other non-recurring and prior year costs and 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.

c) *EBITDA*

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

10. Annual general meeting

The Annual General Meeting of the Company will be held at 9.30am on 10 March 2011 at Unit E2, Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, RH10 9NH.

11. Annual report and accounts

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