

EMBARGOED UNTIL 7.00am, 14 January 2010

AVESCO GROUP plc

Preliminary Results for the year ended 30 September 2009

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 2009.

KEY HIGHLIGHTS

- Revenue of £90.2m (2008: £94.8m)
- Trading loss of £(9.8)m (2008: profit of £1.6m)*
- Operating loss of £(12.1)m (2008: profit of £7.4m)
- Loss before tax of £(13.2)m (2008: profit of £6.5m)
- Continuing operations basic losses per share of (52.9)p (2008: earnings per share of 26.6p)
- Adjusted basic losses per share of (43.6)p (2008: earnings per share of 3.3p)*

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

Ian Martin, Chief Executive, commented:

“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. 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.

The last 12 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 and the FIFA World Cup in South Africa, 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.

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.”

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Avesco Group plc

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Avesco Group plc

Chairman's Statement

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

Avesco Group plc Chief Executive's Report

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

Avesco Group plc
Consolidated Income Statement
For the year ended 30 September 2009

| | | Year ended 30 September | |
|--|------|-------------------------|------------------------|
| | Note | 2009 | 2008 |
| | | £000s | £000s |
| Continuing operations | | | |
| Revenue | 1 | 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 | | - | 7,200 |
| Operating (loss)/profit | | (12,109) | 7,413 |
| Finance income | | 93 | 585 |
| Finance costs | | (1,145) | (1,515) |
| (Loss)/profit before income tax | | (13,161) | 6,483 |
| Income tax (expense)/credit | 3 | (82) | 178 |
| (Loss)/profit from continuing operations | | (13,243) | 6,661 |
| Discontinued operations | | | |
| Loss from discontinued operations | 4 | (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 5) | | | |
| - basic | 5 | (54.9)p | 21.6p |
| - diluted | 5 | (54.9)p | 21.6p |
| (Losses)/earnings per share for (losses)/profit from continuing operations attributable to the equity holders of the company (note 5) | | | |
| - basic | 5 | (52.9)p | 26.6p |
| - diluted | 5 | (52.9)p | 26.6p |

All amounts are attributable to equity holders of the Company.

Avesco Group plc
Alternative Performance Measures (non-GAAP)
For the year ended 30 September 2009

| Alternative Performance Measures (non-GAAP) | Year ended 30 September | |
|--|-------------------------|-----------------|
| | 2009 | 2008 |
| | £000s | £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 |
| | Pence per share | Pence per share |
| Adjusted (losses)/earnings per share (per note 5) | | |
| - basic | (43.6)p | 3.3p |
| - diluted | (43.6)p | 3.3p |

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

Avesco Group plc
Consolidated Statement of Recognised Income and Expense
For the year ended 30 September 2009

| | Year ended 30 September | |
|---|-------------------------|--------------|
| | 2009 | 2008 |
| | £000s | £000s |
| Currency translation differences | 239 | 390 |
| Cash flow hedges | (164) | 164 |
| Deferred tax liability on cash flow hedges | 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.

Avesco Group plc
Consolidated balance sheet
As at 30 September 2009

| | Year ended 30 September | |
|---|-------------------------|----------------|
| | 2009 | 2008 |
| | £000s | £000s |
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 56,780 | 64,362 |
| Intangible assets | 749 | 1,998 |
| Deferred income tax assets | 3,565 | 3,442 |
| Trade and other receivables | 109 | 148 |
| | 61,203 | 69,950 |
| Current assets | | |
| Inventories | 892 | 1,288 |
| Trade and other receivables | 16,256 | 26,465 |
| Derivative financial instruments | - | 146 |
| Cash and cash equivalents | 4,531 | 4,845 |
| | 21,679 | 32,744 |
| Total assets | 82,882 | 102,694 |
| Liabilities | | |
| Non-current liabilities | | |
| Borrowings and loans | 18,956 | 18,838 |
| Deferred income tax liabilities | 1,613 | 1,609 |
| Provisions for other liabilities and charges | 475 | 294 |
| | 21,044 | 20,741 |
| Current liabilities | | |
| Trade and other payables | 16,519 | 22,716 |
| Current income tax liabilities | 151 | 159 |
| Borrowings and loans | 6,637 | 5,853 |
| Provisions for other liabilities and charges | - | 194 |
| | 23,307 | 28,922 |
| Total liabilities | 44,351 | 49,663 |
| Total assets less total liabilities | 38,531 | 53,031 |
| 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 | 618 | 502 |
| Retained earnings | 12,028 | 26,644 |
| Total equity | 38,531 | 53,031 |

Avesco Group plc
Consolidated cash flow statement
For the year ended 30 September 2009

| | 2009 £000s | 2008 £000s |
|--|----------------|-----------------|
| Cash flows from operating activities | | |
| Cash generated from /(used by) operations | 11,206 | 13,800 |
| Net interest (paid)/received | (740) | (1,008) |
| Income tax paid | (116) | (430) |
| Net cash generated from operating activities | 10,350 | 12,362 |
| 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 |
| Net cash (used in)/generated from investing activities | (7,829) | (19,545) |
| Cash flows from financing activities | | |
| Purchase of treasury shares | - | (1,011) |
| Proceeds from borrowings | 9,185 | 17,949 |
| Repayments of external borrowings | (9,646) | (10,802) |
| Dividends paid to Company's shareholders | (876) | (1,524) |
| Net cash (used in)/generated from financing activities | (1,337) | 4,612 |
| Net increase/(decrease) in cash, cash equivalents and bank overdrafts | | |
| | 1,184 | (2,571) |
| Cash, cash equivalents and bank overdrafts at beginning of year | 4,704 | 8,476 |
| 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 |
| Bank overdrafts | 649 | 141 |
| Cash, cash equivalents at end of year | 4,531 | 4,845 |

Avesco Group plc
Notes to the preliminary announcement
For the year ended 30 September 2009

1. 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 4.

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 profit from discontinued operations can be found in note 4.

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 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 |
| Total | 82,882 | 44,351 |

The segmental assets and liabilities at 30 September 2008 and capital expenditure 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 |
| Total | 102,694 | 49,663 |

b) Secondary reporting format – geographical segments

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

| | 2009 £000s | 2008 £000s |
|--------------------------|---------------|---------------|
| Revenue | | |
| 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.

| | 2009 £000s | 2008 £000s |
|--------------------------|---------------|----------------|
| Total assets | | |
| 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.

| | 2009 | 2008 |
|----------------------------|---------------|---------------|
| | £000s | £000s |
| Capital expenditure | | |
| 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.

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

| | 2009 | 2008 |
|-------------------------------------|---------------|---------------|
| | £000s | £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 |

3. Income tax expense/(credit)

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

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:

| | 2009 | 2008 |
|-------------------------------|-------|-------|
| | £000s | £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.

5. 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 9.

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.

6. 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.

7. 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.

8. Status of preliminary announcement

The preliminary results for the year to 30 September 2009 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 2009.

The statutory accounts for the year to 30 September 2009 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 2008 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 237(2) or (3) of the Companies Act 1985.

9. Basis of preparation

The preliminary results for the year ended 30 September 2009 have been prepared in accordance with the accounting policies set out in the annual report and accounts for the year ended 30 September 2008.

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, 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 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.

10. Annual general meeting

The Annual General Meeting of the Company will be held at 10.00am on 11 March 2010 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.