

EMBARGOED UNTIL 7.00am, 10 December 2007

AVESCO GROUP plc

Preliminary Results for the year ended 30 September 2007

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 2007.

KEY HIGHLIGHTS

- Results reflect the disposal of Complete Communications, the then owner of "Who Wants To Be A Millionaire?" and the merger in May 2007 with Avesco plc
- Turnover of £33.2m (2006: £0.4m)
- Profit before tax amounted to £30.6m (2006: £1.7m)
- Basic earnings per share of 150.3p (2006: 5.2p)
- Proposed unchanged final dividend of 3.5p per share making a total of 6.0p (2006: 6.0p)
- Since year end Avesco has purchased 850,000 of its own shares at 116.5p each

Ian Martin, Chief Executive, commented:

"The year has been one of total transformation and the Group today bears little resemblance to what it was twelve months ago. Indeed the results we are reporting today barely reflect the underlying business we have created, representing, as they do, a combination of the substantial exceptional profit on the disposal of Complete and the quieter summer trading period for our operating companies.

"Today, Avesco is a premier player in the field of specialist media services with a substantial global reach. We are generating cash and are supported by a very strong balance sheet. As we look to the future, the market is as full of opportunities and challenges as ever. There may be uncertainties for the general economic outlook but there is little evidence of any adverse impact on our business at present and, of course, the coming year should see our involvement in the Beijing Olympics and the European Football Championships.

"As the Group expands we are identifying many exciting opportunities around the world, all of which gives us confidence for the future."

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Avesco Group plc

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Avesco Group plc Chairman's Statement

This is the first annual report of the Avesco Group since we disposed of our investment in Complete Communications Corporation Limited ("Complete") and then acquired Avesco plc. As a result of these transactions, your Company today bears little resemblance to that of twelve months ago and has been transformed into a specialist media services business with substantial global reach.

At the end of the financial year to 30 September 2006, we acquired Fountain Studios, the UK's largest independent dedicated television studio and home to a number of the country's top entertainment shows.

In December 2006, we completed the planned disposal of our 49% shareholding in Complete to 2waytraffic N.V. for which we received £24.5m in cash, £9.9m of deferred consideration and 1.53m shares in 2waytraffic. At the end of September 2007, the Company disposed of its entire holding in 2waytraffic at 95p a share, raising proceeds of £1.5m.

In May 2007, we completed the acquisition of Avesco plc for a total consideration (including costs) of £20.0m through a combination of cash and the issue of new ordinary shares of the Company. The primary business of Avesco plc and its subsidiary companies is the rental of video and audio equipment and the provision of services to the events and broadcast industry.

With the addition of the Avesco companies to the Fountain Studios business, the Group has become a leading international media services business with operations in Europe, North America, the Middle East and Asia and some 600 employees.

Results

As a consequence of the various transactions outlined above, the results for the 12 months to 30 September 2007 include the results of Fountain Studios for the full year, which produced an operating profit of £0.8m, and the results of the businesses of Avesco plc and its subsidiaries from the date of acquisition on 17 May 2007 until 30 September 2007, being an operating profit of £0.1m.

The Group's share of Complete's results between 1 October 2006 and its disposal on 20 December 2006 was an operating profit of £0.5m prior to operating exceptional costs of £0.8m. A gain of £32.0m was made on our share of the profit on the disposal of certain subsidiaries of Complete and on the disposal of Complete itself. The Group's share of the results of Medal Entertainment & Media plc ("MEM") between 1 October 2006 and 24 July 2007, when MEM ceased trading, was an operating profit of £0.2m before operating exceptional costs of £0.7m together with a further exceptional loss of £1.1m relating to the write-off of the Group's investment in MEM.

Turnover for the year was £33.2m (2006: £0.4m), excluding the Group's share of Associates' turnover of £8.0m (2006: £22.9m), producing an operating profit before exceptional items and goodwill amortisation of £1.3m (2006: £1.6m). Non-operating exceptional items produced a net £29.0m gain (2006: nil) and goodwill amortisation amounted to a credit of £0.1m (2006: nil). After taking account of net interest income of £0.2m (2006: £0.1m), the profit on ordinary activities before taxation was £30.6m (2006: £1.7m). Basic earnings per share were 150.3p (2006: 5.2p), and 145.1p (2006: 5.0p) on a diluted basis.

Dividend

The Board is proposing a final dividend of 3.5p per share (2006: 3.5p) subject to shareholders' approval, making a total dividend of 6.0p per share for the year (2006: 6.0p). Our intention is to pursue a policy of steady dividend growth while having regard to the needs of the business and maintaining a sensible earnings cover.

Share Capital

Since the year-end, the Company used £1m from the proceeds of the sale of its 2waytraffic shares for the purchase of its own shares by buying 850,000 shares at 116.5p each. These shares are held in Treasury. The Directors intend to use up to the remaining £0.5m from the sale of the 2waytraffic shares to undertake additional market purchases of the Company's own shares although they only propose to do so if satisfied that such purchases would result in an increase in earnings per share and would be in the best interests of the shareholders generally. The Company currently has authority to purchase up to an additional 2,390,000 shares and is seeking authority at the forthcoming AGM to renew this authority in respect of 2,598,589 shares.

Outlook

The disposal of our interest in Complete has allowed the Company to fund the acquisition of an exciting international media services group. The investments we have made will drive the organic growth and development of the Group in the future although we may also consider further suitable acquisition opportunities as they arise.

It has been a year both of transformation and of investment in the future. The market looks as challenging and full of opportunity as ever and we have put in place the management and operations to achieve our ambitions as a premier player in the media services industry.

Michael Gibbins
Chairman
10 December 2007

Avesco Group plc

Chief Executive's Review of Operations

I have no doubt that we shall look back in a few years and see the last year as not only one of transformation but also as one of the emergence of the Avesco Group as a world class business within its sector. Perhaps a great deal remains to be done to maximise the potential but that is also the opportunity.

What we do

For those looking at the accounts for the first time, the primary business of the Avesco Group is the supply of specialist equipment, facilities and services to the events and broadcast markets.

Within the Avesco Group our clients have access to companies with all the necessary skills and experience in staging and supporting events and in providing broadcast services and facilities, companies with strong and distinctive cultures of their own and all highly respected.

Today we employ around 600 people in 17 locations and are truly local, national and international in our capability.

The largest business is Creative Technology ("CT"), which has operations in the US, UK, Mainland Europe, Asia and the Middle East. It is one of the premier staging companies in the world, offering highly specialised video and audio solutions to its clients. CT's reputation is built on a track record established over 20 years for delivering quality, innovation and technically challenging solutions in many countries round the globe.

Alongside CT, we offer a number of regionally strong full service businesses providing a "one stop shop" for everything a client would need for its next event, whether a desktop projector for a board room meeting or a complete vision, sound and light solution for a major international event.

Our third area of activity is Broadcast Services where we have two distinct businesses, Presteigne Broadcast Hire and Fountain Studios. Presteigne is a leading provider of broadcast television equipment and systems solutions to the television studio, outside broadcast and production sectors. Fountain Studios, based in Wembley, London, is the UK's largest independent dedicated television studio.

Strategy overview

Avesco Group's strategy is clear and straightforward – to continue to grow our share of the events and broadcast market while maximising the value derived from each client relationship to the mutual benefit of the client and us. We aim to develop the quality and range of our services and products and to exploit and build upon the substantial knowledge, skills and resources available within the Group.

Review of business

The financial information, which follows for each business, covers the period since its acquisition on 17 May 2007, except in respect of Fountain Studios which has been part of the Group for the full year.

The summer period has historically been the quietest part of the financial year and therefore the bare numbers alone do not adequately reflect the true underlying performance of the newer companies within the Group.

Creative Technology

Creative Technology ("CT") is a professional full service audio visual staging company providing turnkey solutions for corporate and special events, tradeshow and exhibits, conferences and general sessions, product launches and award ceremonies.

CT has offices in North America (Los Angeles, San Francisco, Chicago and Las Vegas), Europe (London and Stuttgart), Middle East (Dubai) and Asia (Shanghai).

CT's planned geographic diversification has continued with the new offices opening in Dubai and, after the year end, in Shanghai. We consolidated our position in CT Germany by buying the 25.1% minority interest in the business previously owned by management. The acquisition not only gives us full ownership and control but also provides us with a solid platform from which to drive the development of that business in the very important German market. In the 4 ½ month period for which it was part of the Group, CT achieved global revenues of £17m and an operating loss of £0.1m although it should be noted that these results take in the summer season, which is traditionally CT's weaker trading period, and are after the initial trading loss in the new Dubai office of £0.1m.

Efficient operations are a cornerstone for the CT business. We have begun an investment process to upgrade and standardise our core equipment management systems across CT. This should produce better utilisation of our equipment and thus, in turn, lead to improvements in our margins. The North American operations are scheduled to be the first to go live with the new systems during the first half of 2008.

CT has continued to invest in the development of its audio capability, which generates an increasing percentage of our revenues. We have steadily grown one of the most respected audio operations in the industry in a matter of a few years.

Since the end of the financial year we have entered into a strategic alliance in the music touring market with CT Touring. CT Touring will be positioned as a high-end video services company, providing concert touring video systems to some of the world's most talented entertainers.

CT has been trading successfully for over 20 years and is one of the few truly international staging companies. It is run by professional management and has many talented individuals. The services offered are being broadened and geographic expansion into the Middle East and China gives us exposure to enormously important new markets.

Full Service

In the 4 ½ month period for which they were part of the Group, Avesco's Full Service companies, which comprise three regionally strong businesses, had combined revenue of £7.3m and recorded a small operating profit.

JVR, based in the Netherlands, provides comprehensive technical support for conventions, sports and music events, company presentations, television shows and fairs. JVR had an outstanding performance during the period both in financial terms and in the development of the operation. It increased market share, built upon its strong reputation in video and made significant additions to its audio services.

Action, based in Monaco and Cannes, has long been established as a market leader on the Côte D'Azur in video and audio. The region is a favoured destination for conferences and exhibitions, which provide a healthy demand for Action's services. Action has recently introduced an IT services capability which integrates especially well into the exhibition market.

MCL, which has offices across the UK, is one of the UK's leading suppliers of vision, sound, lighting and staging, providing a "one stop shop" for everything the client needs for its next event, whether it is

a desktop projector for a boardroom meeting or a complete vision, sound and lighting solution for a major international event.

MCL is emerging from a point of change. The business, in financial terms, has failed to meet internal targets over the last several months and so to regenerate the company we have implemented a number of senior management changes. Underperforming branches have been restructured and repositioned and MCL is now a more cohesive unit moving forward. The main Birmingham office has recently been relocated to brand new premises, which are more appropriate to the size of the operation and should lead to some cost savings and improvements in operational efficiency. Through these actions we expect to see an upturn in MCL's performance as the business regains its momentum.

Broadcast Services

Within Broadcast Services we have two businesses, Presteigne Broadcast Hire and Fountain Studios. In the 12 months ended 30 September 2007, which includes the results of Fountain Studios for the full year and Presteigne since May 2007, Broadcast Services achieved a combined operating profit of £1.2m on revenue of £8.8m.

Presteigne Broadcast Hire rents High Definition and Standard Definition camera equipment, Video Tape Recorders, EVS hard disk recorders, lenses, RF links and de-rig systems to its clients across Europe and the rest of the World. The strategy for Presteigne remains to consolidate its position as one of the market leaders in the rental of High Definition technology as the industry migrates to that format. During the last twelve months Presteigne has opened an office in Holland, a second office in Germany and, since the year end, a second UK office in Manchester. The increase in Presteigne's geographical presence in these important local markets should open up new business opportunities as well as providing the stability that comes from a broader base of operation.

Presteigne has continued the development of its services and products to support a larger customer base. The fastest growing segments of the business are our RF capability and the recently introduced audio service. In parallel to CT, Presteigne has begun an investment process to replace its core IT systems with one central system allowing for improvements in equipment management around what has developed into a larger and more complex business.

Fountain Studios provides the UK's largest fully equipped dedicated independent television studio, combined with an outstanding operational team and first class support services. Many leading shows are produced at Fountain Studios including during the year *The X Factor*, *Britain's Got Talent*, *Grease* and *Little Miss Jocelyn*. Fountain produced a record financial performance in the period, with utilisation of the studio at high levels. It continued to benefit from the industry trends in programme making. The management executed their plans efficiently and did a fantastic job in managing the increased level of demand.

Investment was made to refurbish the building, which has been well received. We also began to build a high definition capability with the replacement of the whole camera stock which should benefit margins and reinforce the reputation of Fountain as the studio of choice. The fourth series of the "X Factor" is currently being filmed at Fountain and should provide a solid start to what we hope will be another good year.

People

Key to both the success of the Group and our strategy going forward is the people we employ.

We have excellent people around the Group, I wish to thank them for their contribution and this Group is a reflection of their passion, talent and efforts. It is a joy to work with them.

Outlook

As I write there is some uncertainty regarding the global economic outlook, with the full ramifications of the "credit crunch" yet to be seen. Although there is little evidence of any adverse impact on our business, we remain alert and will take a cautious view on major capital expenditure until a clearer picture emerges.

Avesco has a strong balance sheet with gearing of only 17% as at 30 September 2007 and we continue to generate a healthy cash flow. We are well placed to weather any downturn should it arise and to prosper in more positive markets.

The 2007/2008 financial year should benefit from the Beijing Olympics and the European Football Championships, the combination of which has the potential to produce a strong demand for the Group's services during the summer and to mitigate any downturn elsewhere in the year.

Conclusion

Over the past twelve months the Avesco Group has changed from a business primarily focused on the management of its investments to a specialist media services business with substantial global reach. As the Group expands, we are identifying many exciting and challenging new opportunities around the world, all of which gives us confidence for the future.

Ian Martin
Chief Executive
10 December 2007

Avesco Group plc
Consolidated profit and loss account
For the year ended 30 September 2007

	Note	2007 (unaudited) £'000	2006 (audited & restated*) £'000
Turnover			
- Continuing operations		5,490	381
- Acquisitions		27,686	-
Group Turnover	1	33,176	381
Cost of sales		(19,554)	(90)
Gross profit		13,622	291
Operating expenses before goodwill amortisation		(13,062)	(653)
Goodwill amortisation		58	-
Total operating expenses		(13,004)	(653)
Group operating profit/(loss)		618	(362)
Share of associates' operating profit before exceptional items		723	1,924
Share of associates' operating exceptional items	3	(1,542)	-
Share of associates' operating (loss)/profit		(819)	1,924
Continuing operations			
- Continuing operations		552	(362)
- Acquisitions		66	-
Total continuing operations		618	(362)
Discontinued operations		(819)	1,924
Group and share of associates' operating (loss)/profit		(201)	1,562
Share of associates' non-operating exceptional items	3	597	-
Gain on disposal of associate	3	31,405	-
Impairment of associate	3	(1,057)	-
Loss on disposal of investment	3	(421)	-
Group and share of associates' profit on ordinary activities before interest and taxation		30,323	1,562
Group net interest receivable		231	53
Share of associates' net interest receivable		9	67
Net interest receivable and similar items		240	120
Profit on ordinary activities before taxation	1	30,563	1,682
Taxation on profit on ordinary activities	4	(732)	(844)
Profit for the financial year		29,831	838
Earnings per share			
Basic	5	150.3p	5.2p
Diluted	5	145.1p	5.0p
Earnings per share from continuing operations			
Basic	5	0.7p	(2.0)p
Diluted	5	0.6p	(1.9)p

There is no difference between the results stated above and their historical cost equivalents.

* The year ended 30 September 2006 has been restated following the adoption of FRS20 "Share-based payment" (see Note 10 for further details).

Consolidated statement of total recognised gains and losses
For the year ended 30 September 2007

	2007 (unaudited) £'000	2006 (audited & restated*) £'000
Profit for the financial year	29,831	838
Currency translation differences	(7)	-
Total recognised gains and losses relating to the year	29,824	838
Prior year adjustment (see Note 10)	(339)	-
Total recognised gains and losses since last annual report	29,485	-

Avesco Group plc
Consolidated balance sheet
As at 30 September 2007

	2007 (unaudited) £'000	2006 (audited & restated*) £'000
Intangible assets	(509)	-
Tangible assets	44,197	7,232
Investments in associates	-	5,889
Other investments	-	-
Fixed assets	43,688	13,121
Stocks	1,440	62
Debtors: amounts falling due within one year	21,166	488
Debtors: amounts falling due after more than one year	6,467	645
Cash at bank and in hand	8,651	322
Current assets	37,724	1,517
Creditors: amounts falling due within one year	(22,511)	(6,939)
Net current assets/(liabilities)	15,213	(5,422)
Total assets less current liabilities	58,901	7,699
Creditors: amounts falling due after more than one year	(9,208)	-
Provisions for liabilities and charges	(1,412)	(512)
Net assets (Note 1)	48,281	7,187
Share capital	2,599	1,632
Share premium	23,286	12,489
Profit and loss account	22,396	(6,934)
Equity shareholders' funds	48,281	7,187

* The balance sheet at 30 September 2006 have been restated following the adoption of FRS20 "Share-based payment" and a reclassification of treasury shares as a deduction against profit and loss account (see Note 10 for further details).

Consolidated reconciliation of movements in equity shareholders' funds
For the year ended 30 September 2007

	2007 (unaudited) £'000	2006 (audited & restated) £'000
Profit for the financial year	29,831	838
Dividends*	(568)	(973)
Retained profit/(loss) for the financial year	29,263	(135)
Currency translation differences	(7)	-
Nominal value of ordinary shares issued for the acquisition of Avesco plc	967	-
Premium (net of expenses) on ordinary shares issued for the acquisition of Avesco plc	10,797	-
LTIP & share options	74	73
Net change in equity shareholders' funds	41,094	(62)
Opening equity shareholders' funds as previously reported	7,336	6,706
Restatement – FRS20**	(149)	(25)
Restatement – FRS21***	-	568
Opening equity shareholders' funds	7,187	7,249
Closing equity shareholders' funds	48,281	7,187

* The prior year disclosure of dividends has been amended to reflect accounting for distributions to equity holders directly within equity in accordance with FRS 25. This amendment has nil impact on the opening or closing position of the Group.

** The year ended 30 September 2006 has been restated following the adoption of FRS20 "Share-based payment" (see Note 10 for further details).

*** The year ended 30 September 2006 has been restated in accordance with FRS21 "Events after the balance sheet date" where interim dividends are recognised when paid and final dividends are recognised on approval at the Annual General Meeting.

Avesco Group plc
Consolidated cash flow statement
For the year ended 30 September 2007

	2007 (unaudited) £'000	2006 (audited) £'000
Net cash inflow from operating activities	2,895	279
Dividends from associates	-	880
Interest received	563	76
Interest paid	(320)	(23)
Interest element of hire purchase obligations	(251)	-
Net cash (outflow)/inflow from returns on investments and servicing of finance	(8)	53
Overseas taxation paid	(99)	-
Taxation	(99)	-
Net cash inflow before capital expenditure	2,788	1,212
Purchase of tangible fixed assets	(12,093)	(55)
Sale of tangible fixed assets	2,433	-
Net cash outflow for capital expenditure	(9,660)	(55)
Purchase of subsidiary undertakings	(8,437)	(7,053)
Investment in associate	-	(435)
Disposal of investments and associates	24,572	-
Net cash inflow/(outflow) from acquisitions and disposals	16,135	(7,488)
Equity dividends paid	(568)	(972)
Net cash inflow/(outflow) before use of liquid resources and financing	8,695	(7,303)
Reduction in short term bank deposits	-	1,050
Net cash inflow from management of liquid resources	-	1,050
Expenses of share issue to acquire Avesco plc	(226)	-
New bank loans	-	5,500
Repayment of bank loans	(5,705)	-
New hire purchase obligations	5,381	-
Repayment of hire purchase obligations	(2,053)	-
Net cash (outflow)/inflow from financing	(2,603)	5,500
Increase/(decrease) in cash in the year	6,092	(753)
Net debt (Note 7)	(8,046)	(5,178)

Avesco Group plc

Notes to the preliminary announcement

For the year ended 30 September 2007

1 Segmental analysis by geographical location

The Group's continuing business is classified by management into three main divisions (Creative Technology, Full Service and Broadcast) which together provide the Group's principal activity of services to the corporate presentation, entertainment and broadcast markets. The management of the Group's investments in its two associated companies, Complete Communications Corporation Limited ("Complete") and Medal Entertainment & Media plc ("MEM") ceased during the year ended 30 September 2007. The results of these associated undertakings have been classified as discontinued operations. The investment in Complete was disposed of in December 2006 and the investment in MEM was written off when MEM went into administration in July 2007.

Divisional Analysis

Turnover	2007 £'000	2006 £'000
Creative Technology	17,050	-
Full Service	7,328	-
Broadcast	8,798	281
Head Office	-	100
Group turnover	33,176	381

Profit on ordinary activities before taxation by origin	2007 £'000	2006 £'000
Continuing operations before goodwill amortisation		
Creative Technology	(140)	-
Full Service	40	-
Broadcast	1,203	42
Head Office	(543)	(404)
	560	(362)
Goodwill amortisation		
Creative Technology	41	-
Full Service	18	-
Broadcast	(1)	-
Head Office	-	-
Group operating profit/(loss) – continuing operations	618	(362)
Discontinued operations		
Share of associates' operating profit before exceptional items	723	1,924
Share of associates' operating exceptional items	(1,542)	-
Group and share of associates' operating (loss)/profit	(201)	1,562
Share of associates' non-operating exceptional items	597	-
Gain on disposal of associate	31,405	-
Impairment of associate	(1,057)	-
Loss on disposal of investment	(421)	-
Net interest receivable and similar items	240	120
Profit on ordinary activities before taxation	30,563	1,682

Net assets by division	2007 £'000	2006 £'000
Continuing operations before goodwill		
Creative Technology	18,606	-
Full Service	6,480	-
Broadcast	22,019	6,914
Head Office	11,143	74
	58,248	6,988
Goodwill		
Creative Technology	(183)	-
Full Service	(229)	-
Broadcast	(97)	-
Head Office	-	-
	57,739	6,988
Share of associates (discontinued)	-	5,889
Capital employed	57,739	12,877
Net debt	(8,046)	(5,178)
Provisions for liabilities and charges	(1,412)	(512)
Net assets	48,281	7,187

Avesco Group plc
Notes to the preliminary announcement
For the year ended 30 September 2007

Geographical Analysis

	Turnover by origin		Turnover by destination	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
United Kingdom	18,735	381	17,255	381
Mainland Europe	6,470	-	7,717	-
United States of America	7,885	-	7,787	-
Rest of the World	86	-	417	-
Group turnover	33,176	381	33,176	381

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation by origin		
Continuing operations before goodwill amortisation		
United Kingdom	891	(362)
Mainland Europe	222	-
United States of America	(419)	-
Rest of the World	(134)	-
	560	(362)
Goodwill amortisation		
United Kingdom	19	-
Mainland Europe	15	-
United States of America	24	-
Rest of the World	-	-
Group operating profit/(loss) – continuing operations	618	(362)
Discontinued operations		
Share of associates' operating profit before exceptional items	723	1,924
Share of associates' operating exceptional items	(1,542)	-
Group and share of associates' operating (loss)/profit	(201)	1,562
Share of associates' non-operating exceptional items	597	-
Gain on disposal of associate	31,405	-
Impairment of associate	(1,057)	-
Loss on disposal of investment	(421)	-
Net interest receivable and similar items	240	120
Profit on ordinary activities before taxation	30,563	1,682

	2007 £'000	2006 £'000
Net assets by location		
Continuing operations before goodwill		
United Kingdom	42,482	6,476
Mainland Europe	7,145	-
United States of America	8,660	-
Rest of the World	(39)	-
	58,248	6,476
Goodwill		
United Kingdom	(352)	-
Mainland Europe	138	-
United States of America	(295)	-
Rest of the World	-	-
	57,739	6,476
Share of associates (discontinued)	-	5,889
Capital employed	57,739	12,365
Net debt	(8,046)	(5,178)
Provisions for liabilities and charges	(1,412)	-
Net assets	48,281	7,187

Avesco Group plc
Notes to the preliminary announcement
For the year ended 30 September 2007

2 Earnings before interest, taxation, depreciation and amortisation ('EBITDA')

	2007 £'000	2006 £'000
EBITDA on continuing operations		
Operating profit before exceptional items and goodwill amortisation	560	(362)
Depreciation	4,873	8
EBITDA on continuing operations*	5,433	(354)
Group and share of associates' operating (loss)/profit	(201)	1,562
Depreciation	4,873	8
Goodwill amortisation	(58)	-
EBITDA*	4,614	1,570

* before non-operating exceptional items.

3 Exceptional items

	2007 £'000	2006 £'000
Share of associates' restructuring costs (i)	(732)	-
Share of associates' provision for litigation claims (ii)	(810)	-
Share of associates' operating exceptional items	(1,542)	-
Share of associates' profit on disposal of investments (iii)	597	-
Gain on disposal of associate (iv)	31,405	-
Impairment of associate (v)	(1,057)	-
Loss on disposal of investment (vi)	(421)	-
Total non-operating exceptional items	30,524	-

- i) Share of associates' restructuring costs is in respect of our associated undertaking Medal Entertainment & Media plc ("MEM"). These expenses have been treated as tax deductible.
- ii) Share of associates' provision for litigation claims is in respect of Complete Communications Corporation Limited ("Complete") where provision has been made for outstanding litigation claims both by and against Complete. The tax effect of this item is £nil.
- iii) Share of associates' profit on disposal of investments is in respect of the profit made by Complete when it sold some of its own subsidiaries just prior to its own sale to 2waytraffic N.V.. The tax effect of this item is £nil.
- iv) As previously announced, the investment in Complete Communications Corporation Ltd ("Complete") was sold on 20 December 2006 to 2waytraffic N.V. The proceeds were 1,534,162 ordinary shares of €0.01 each in 2waytraffic N.V. issued at a total subscription price of £1.9 million, £9.9 million held in a retention account that is subject to deduction for potential warranty and indemnity claims, £23.0 million in cash (net of expenses) and £1.5 million in cash based on the final net assets of Complete. Additional consideration may also be receivable depending on the outcome of certain litigation in the United States. A gain on disposal of £31.4 million has been recognised in the results to 30 September 2007 but is subject to change pending any future adjustments in respect of the final amount due from the retention account and the results of litigation by and against Complete in progress. The Group's share of the results of Complete has been disclosed within discontinued operations in the consolidated profit and loss account for the pre disposal trading in the year ended 30 September 2007 and for the year ended 30 September 2006. The tax effect of this item is £nil.
- v) MEM went into administration during July 2007 and so the Group's investment in MEM was deemed impaired and was written off in full at that time creating a loss of £1.1 million. The Group's share of the results of MEM has been disclosed within discontinued operations in the consolidated profit and loss account for the pre administration trading in the year ended 30 September 2007 and for the year ended 30 September 2006. The tax effect of this item is £nil.
- vi) As reported above, part of the proceeds on the sale of Complete was 1,534,162 ordinary shares of €0.01 each in 2waytraffic N.V. issued at a total subscription price of £1.9 million. This holding was disposed of on 27 September 2007 at a price of 95p per share realising funds of £1.5 million before expenses and creating a loss on the disposal of the investment of £0.4 million. The tax effect of this item is £nil.

Avesco Group plc
Notes to the preliminary announcement
For the year ended 30 September 2007

4 Taxation

Analysis of taxation charge for the year

	2007 £'000	2006 £'000
United Kingdom taxation		
Corporation tax	108	-
Share of associates' current taxation	15	825
	123	825
Overseas taxation		
Corporation tax	239	-
Group and share of associates' current taxation	362	825
Deferred taxation	370	13
Share of associates' deferred taxation	-	6
Group and share of associates' deferred taxation	370	19
Tax on profit on ordinary activities	732	844

5 Earnings per share

Basic earnings per share have been calculated by dividing profit after taxation by the weighted average number of ordinary shares in issue (excluding treasury shares) during the year.

Diluted earnings per share have been calculated by dividing profit after taxation by the weighted average diluted number of ordinary shares in issue (excluding treasury shares) during the year. The Group has two classes of dilutive potential ordinary shares: the share options outstanding under the 1997 unapproved executive share option scheme, which do have a dilutive effect, and the contingently issuable shares under the long term incentive plan, none of which give rise to a dilution in the earnings per share because the performance conditions attached to them have not yet been met.

Adjusted earnings per share have been calculated by dividing profit after taxation and excluding goodwill amortisation and exceptional items, by the weighted average number of ordinary shares in issue during the year. The Directors consider that the adjusted earnings per share figures provide a useful additional indication of performance.

Earnings	2007 £'000	2006 £'000
Profit/(loss) from continuing operations	132	(322)
Profit from discontinued operations	29,699	1,160
Profit for the year	29,831	838
Operating exceptional items	1,542	-
Non-operating exceptional items	(30,524)	-
Goodwill amortisation	(58)	-
Adjusted earnings	791	838
Weighted average number of shares		
For basic earnings per share (000's)	19,853	16,224
Effect of dilutive share options (000's)	706	654
For diluted earnings per share (000's)	20,559	16,878
Earnings/(losses) per share		
Basic from continuing operations	0.7p	(2.0)p
Basic from discontinued operations	149.6p	7.2p
Basic	150.3p	5.2p
Diluted from continuing operations	0.6p	(1.9)p
Diluted from discontinued operations	144.5p	6.9p
Diluted	145.1p	5.0p
Adjusted basic	4.0p	5.2p
Adjusted diluted	3.8p	5.0p

Avesco Group plc
Notes to the preliminary announcement
For the year ended 30 September 2007

6 Dividends

Dividends paid	2007 £'000	2006 £'000
Interim dividend of 2.5p per share (2006: 2.5p per share)	-	405
Final dividend of 3.5p per share (2006: 3.5p per share)	568	568
Total dividend	568	973

The final dividend of 3.5p per share proposed in respect of the year ended 30 September 2006 was paid on 10 April 2007.

An interim dividend for the year ended 30 September 2007 of 2.5p per share was paid on 1 October 2007.

A final dividend for the year ended 30 September 2007 of 3.5p per share has been proposed and, subject to shareholders' approval, will be paid on 7 April 2008 to shareholders on the register at close of business on 7 March 2008.

7 Analysis of net debt

	At 1 October 2006 £'000	Cash flow £'000	Acquisition £'000	Other non-cash changes £'000	Currency translation differences £'000	At 30 September 2007 £'000
Cash at bank and in hand	322	5,233	3,035	-	61	8,651
Bank overdrafts	-	859	(1,036)	-	2	(175)
Net cash	322	6,092	1,999	-	63	8,476
Bank loans due in less than one year	(5,500)	5,705	(1,098)	(202)	21	(1,074)
Bank loans due in more than one year	-	-	(3,593)	202	67	(3,324)
Hire purchase obligations due in less than one year	-	138	(4,671)	(1,735)	28	(6,240)
Hire purchase obligations due in more than one year	-	(3,466)	(4,180)	1,735	27	(5,884)
Net debt	(5,178)	8,469	(11,543)	-	206	(8,046)

8 Acquisition of Avesco plc

The acquisition by InvestinMedia plc of Avesco plc completed on 17 May 2007. On completion of the acquisition, the name of the Company was changed to "Avesco Group plc". The acquisition was satisfied by the issue of 9,669,602 new Avesco Group plc ordinary shares of 10p each and a total cash consideration of £7,289,619. The Company now has 25,985,899 shares in issue of which 92,500 were held in treasury at 30 September 2007.

9 Status of preliminary announcement

The preliminary results for the year to 30 September 2007 are unaudited. The financial information set out in the announcement does not constitute the Group's statutory accounts for the year ended 30 September 2007.

The statutory accounts for the year to 30 September 2007 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 2006 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.

Avesco Group plc

Notes to the preliminary announcement

For the year ended 30 September 2007

10 Basis of Preparation

The preliminary results for the year ended 30 September 2007 have been prepared in accordance with the accounting policies set out in the annual report and accounts for the year ended 30 September 2006 with the following exceptions.

The adoption of FRS 20 "Share-based payment" resulted in the September 2006 year end numbers being restated to recognise an additional charge to the profit and loss account of £197,000 in respect of outstanding share options. The charge comprises £73,000 in respect of the equity value, the other side of which is a credit to reserves, and £124,000 in respect of the National Insurance accrual on these options. The total recognised gains and losses since the last annual report include an adjustment of £339,000 in respect of FRS20 which comprises the £197,000 for the year ended 30 September 2006 and a further £117,000 and £25,000 for the respective equity and National Insurance charges for earlier periods. In the year ended 30 September 2007, the profit and loss account was charged £30,000 in respect of the equity value and credited with £68,000 in respect of the National Insurance accrual due to the Company's lower closing share price.

Treasury shares of £91,000 (2006: £91,000) have been reclassified as a deduction against the profit and loss account as required by FRS 25 "Financial Instruments: Disclosure and presentation".

11 Annual General Meeting

The Annual General Meeting of the Company will be held at 10.00am on 6 March 2008 at Unit E2, Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, RH10 9NH.

12 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.co.uk) and from the registered office of the Company: Unit E2, Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, RH10 9NH.