

EMBARGOED UNTIL 7.00am, 13 September 2011

## **AVESCO GROUP plc**

### **THIRD QUARTER INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2011**

Avesco Group plc, the international provider of services to the corporate presentation, entertainment and broadcast markets, announces its results for the nine months and three months ended 30 June 2011.

#### **KEY HIGHLIGHTS**

##### **Nine months to 30 June 2011**

- Revenue up 10% to £97.4m (nine months ended 30 June 2010: £88.9m)
- EBITDA up 8% to £16.8m (nine months ended 30 June 2010: £15.6m)\*
- Trading profit of £3.2m (nine months ended 30 June 2010: £1.7m)\*
- Operating profit of £2.8m (nine months ended 30 June 2010: £0.6m)
- Profit after tax of £1.5m (nine months ended 30 June 2010: £0.3m)

##### **Three months to 30 June 2011**

- Revenue up 4% to £35.4m (three months ended 30 June 2010: £34.1m)
- EBITDA up 2% to £7.5m (three months ended 30 June 2010: £7.4m)\*
- Trading profit of £2.9m (three months ended 30 June 2010: £2.8m)\*

\* As described in note 3, the Group uses certain non-GAAP alternative measures to assess underlying operating performance.

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

The Avesco Group enjoyed another period of strong growth during the nine months ended 30 June 2011, with further progression in revenue growth and profitability.

Looking towards 2012, we expect to benefit significantly from the “even year effect”, notably with the inclusion of business generated from the European Football Championships and the London Olympics. In addition, we shall have a full 12 months’ contribution from a number of multi-year projects that we have begun during 2011.

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

###### **Avesco Group plc**

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## **Chairman's Statement**

The Avesco Group enjoyed another period of strong growth during the nine months ended 30 June 2011, with further progression in revenue growth and profitability.

### **Results**

We have previously commented during the year on the more favourable trends that we have been seeing in the business and it is pleasing that these are reflected in the results for the nine months ended 30 June 2011. The Group has performed significantly ahead of the first three quarters of the prior year even though that prior year period materially benefited from the inclusion of the first three weeks of the FIFA World Cup in South Africa.

Revenues in the first nine months of this year rose 10% to £97.4m (nine months ended 30 June 2010: £88.9m). The trading profit (which excludes amortisation of acquired assets, restructuring costs and other non-recurring and prior year costs) almost doubled to £3.2m compared to the corresponding period in the prior year (nine months ended 30 June 2010: £1.7m).

Revenues in the three months ended 30 June 2011 grew to £35.4m (three months ended 30 June 2010: £34.1m) while the trading profit increased by 4% to £2.9m (three months ended 30 June 2010: £2.8m).

EBITDA for the three months ended 30 June 2011 rose 2% to £7.5m (three months ended 30 June 2010: £7.4m) and was up 8% to £16.8m for the nine months ended 30 June 2011 (nine months ended 30 June 2010: £15.6m).

The net cash generated from operating activities in the third quarter remained strong at £3.6m (three months ended 30 June 2010: £3.6m). After a further net investment of £2.7m (three months ended 30 June 2010: £4.3m) in equipment and fixed assets, the net debt reduced from £18.7m at 31 March 2011 to £18.3m at 30 June 2011. As a result, the Group's gearing (being net debt divided by total equity) has seen a reduction from 51% at 31 March 2011 to 47% at 30 June 2011.

The adjusted diluted earnings per share for the nine months ended 30 June 2011 was 7.9p (nine months ended 30 June 2010: 5.9p).

### **US Litigation**

The Group has an economic interest in litigation brought in the USA by a company in the Complete Communication Corporation Ltd group ("Complete"). As we reported in our 2011 Interim Report and Accounts, the defendants have appealed against the judgement and the substantial damages awarded to Complete. The appeal process is now progressing although the timescales for its resolution remain extended.

### **Strategy, Current Trading and Outlook**

The fourth quarter of the year will not have the benefit of some of the larger events on which we were engaged in 2010, such as the Shanghai Expo and the final stages of the FIFA World Cup. Nevertheless, we remain confident that the underlying strength of the business, as evidenced in these results, will ensure that the Avesco Group continues to progress and that our full year results will be in line with expectations.

Looking towards 2012, we expect to benefit significantly from the "even year effect", notably with the inclusion of business generated from the European Football Championships and the London Olympics. In addition, we shall have a full 12 months' contribution from a number of multi-year projects that we have begun during 2011.

Our employees deserve considerable credit for their dedication and the service that they offer to our customers – that is what we believe sets us apart from the competition.

The Board remains determined and focused not only to push the Group forward in all aspects of its business but also to ensure that the considerable value, that we believe the Group holds, becomes more visible and recognised. We continue to see a rewarding future for the Avesco Group.

Richard Murray  
Chairman  
13 September 2011

**Unaudited consolidated income statement**  
**For the nine months and three months ended 30 June 2011**

	Three months ended 30 June		Nine months ended 30 June		Year ended 30 September
	2011	2010	2011	2010	2010
	£000s	£000s	£000s	£000s	£000s
<b>Continuing operations</b>					
Revenue	35,376	34,091	97,404	88,868	117,236
Cost of sales	(23,223)	(22,011)	(64,313)	(59,308)	(78,163)
<b>Gross profit</b>	<b>12,153</b>	<b>12,080</b>	<b>33,091</b>	<b>29,560</b>	<b>39,073</b>
Operating expenses	(9,383)	(9,755)	(30,296)	(28,971)	(39,829)
<b>Operating profit/(loss)</b>	<b>2,770</b>	<b>2,325</b>	<b>2,795</b>	<b>589</b>	<b>(756)</b>
Finance income	1	1	4	3	6
Finance costs	(439)	(315)	(1,089)	(1,058)	(1,368)
<b>Profit/(loss) before income tax</b>	<b>2,332</b>	<b>2,011</b>	<b>1,710</b>	<b>(466)</b>	<b>(2,118)</b>
Income tax (expense)/credit	(118)	(58)	(167)	788	1,071
<b>Profit/(loss) for the financial period</b>	<b>2,214</b>	<b>1,953</b>	<b>1,543</b>	<b>322</b>	<b>(1,047)</b>
	<b>Pence per share</b>	<b>Pence per share</b>	<b>Pence per share</b>	<b>Pence per share</b>	<b>Pence per share</b>
<b>Earnings/(losses) per share for profit/(losses) attributable to the equity holders of the company</b>					
- basic	8.7p	7.8p	6.1p	1.3p	(4.2)p
- diluted	8.7p	7.8p	6.1p	1.3p	(4.2)p

**Alternative performance measures (non-GAAP)**  
**For the nine months and three months ended 30 June 2011**

	Three months ended 30 June		Nine months ended 30 June		Year ended
	2011	2010	2011	2010	30 September
	£000s	£000s	£000s	£000s	2010
					£000s
Operating profit/(loss)	2,770	2,325	2,795	589	(756)
Adjusted to exclude:					
Amortisation of acquired intangible assets (IFRS 3)	-	62	-	244	244
Restructuring costs	152	123	360	610	1,316
Other non-recurring and prior year costs	-	301	77	301	475
<b>Trading profit</b>	<b>2,922</b>	<b>2,811</b>	<b>3,232</b>	<b>1,744</b>	<b>1,279</b>
Net finance costs	(438)	(314)	(1,085)	(1,055)	(1,362)
Income tax (expense)/credit	(118)	(58)	(167)	788	1,071
<b>Trading profit after net finance costs and income tax (expense)/credit</b>	<b>2,366</b>	<b>2,439</b>	<b>1,980</b>	<b>1,477</b>	<b>988</b>
	Pence per share	Pence per share	Pence per share	Pence per share	Pence per share
<b>Adjusted earnings per share</b>					
- basic	9.3p	9.7p	7.9p	5.9p	3.9p
- diluted	9.3p	9.7p	7.9p	5.9p	3.9p

Refer to note 3 for a full description of the alternative performance measures adopted by the Group.

**Unaudited consolidated statement of comprehensive income**  
**For the nine months and three months ended 30 June 2011**

	Three months ended 30 June		Nine months ended 30 June		Year ended
	2011	2010	2011	2010	30 September
	£000s	£000s	£000s	£000s	2010
					£000s
Profit/(loss) for the financial period	2,214	1,953	1,543	322	(1,047)
<b>Other comprehensive income</b>					
Currency translation differences	(45)	42	(135)	(325)	(404)
<b>Total comprehensive income/(expense) for the period</b>	<b>2,169</b>	<b>1,995</b>	<b>1,408</b>	<b>(3)</b>	<b>(1,451)</b>

**Unaudited consolidated balance sheet**  
**As at 30 June 2011**

	30 June 2011 £000s	30 June 2010 £000s	30 September 2010 £000s
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	53,230	52,506	51,971
Intangible assets	151	390	328
Deferred income tax assets	4,468	4,234	4,470
Trade and other receivables	220	379	277
	<b>58,069</b>	<b>57,509</b>	<b>57,046</b>
<b>Current assets</b>			
Inventories	1,332	1,201	1,385
Trade and other receivables	28,405	24,323	19,355
Current income tax assets	86	67	113
Cash and cash equivalents	5,382	4,976	6,896
	<b>35,205</b>	<b>30,567</b>	<b>27,749</b>
<b>Total assets</b>	<b>93,274</b>	<b>88,076</b>	<b>84,795</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings and loans	16,822	16,943	15,342
Deferred income tax liabilities	1,402	1,566	1,398
Provisions for other liabilities and charges	237	214	815
	<b>18,461</b>	<b>18,723</b>	<b>17,555</b>
<b>Current liabilities</b>			
Trade and other payables	28,426	24,119	23,980
Current income tax liabilities	499	347	520
Borrowings and loans	6,832	5,751	5,279
Provisions for other liabilities and charges	495	501	211
	<b>36,252</b>	<b>30,718</b>	<b>29,990</b>
<b>Total liabilities</b>	<b>54,713</b>	<b>49,441</b>	<b>47,545</b>
<b>Total assets less total liabilities</b>	<b>38,561</b>	<b>38,635</b>	<b>37,250</b>
<b>Equity</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Ordinary shares	2,599	2,599	2,599
Share premium	23,286	23,286	23,286
Other reserves	79	293	214
Retained earnings	12,597	12,457	11,151
<b>Total equity</b>	<b>38,561</b>	<b>38,635</b>	<b>37,250</b>

**Unaudited consolidated statement of changes in equity**  
**For the nine months and three months ended 30 June 2011**

	Share capital account £000s	Share premium account £000s	Other reserves £000s	Retained earnings £000s	Total £000s
Balance at 1 April 2011	2,599	23,286	124	10,322	36,331
Total comprehensive (expense)/income for the period	-	-	(45)	2,214	2,169
	2,599	23,286	79	12,536	38,500
Transactions with owners in their capacity as owners:					
LTIP and share options	-	-	-	61	61
<b>Balance at 30 June 2011</b>	<b>2,599</b>	<b>23,286</b>	<b>79</b>	<b>12,597</b>	<b>38,561</b>

	Share capital account £000s	Share premium account £000s	Other reserves £000s	Retained earnings £000s	Total £000s
Balance at 1 October 2010	2,599	23,286	214	11,151	37,250
Total comprehensive (expense)/income for the period	-	-	(135)	1,543	1,408
	2,599	23,286	79	12,694	38,658
Transactions with owners in their capacity as owners:					
External dividends paid	-	-	-	(254)	(254)
LTIP and share options	-	-	-	157	157
<b>Balance at 30 June 2011</b>	<b>2,599</b>	<b>23,286</b>	<b>79</b>	<b>12,597</b>	<b>38,561</b>

	Share capital account £000s	Share premium account £000s	Other reserves £000s	Retained earnings £000s	Total £000s
Balance at 1 April 2010	2,599	23,286	251	10,439	36,575
Total comprehensive income for the period	-	-	42	1,953	1,995
	2,599	23,286	293	12,392	38,570
Transactions with owners in their capacity as owners:					
LTIP and share options	-	-	-	65	65
<b>Balance at 30 June 2010</b>	<b>2,599</b>	<b>23,286</b>	<b>293</b>	<b>12,457</b>	<b>38,635</b>

**Unaudited consolidated statement of changes in equity (continued)**  
**For the nine months and three months ended 30 June 2011**

	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)/income for the period	-	-	(325)	322	(3)
	2,599	23,286	293	12,350	38,528
Transactions with owners in their capacity as owners:					
LTIP and share options	-	-	-	107	107
<b>Balance at 30 June 2010</b>	<b>2,599</b>	<b>23,286</b>	<b>293</b>	<b>12,457</b>	<b>38,635</b>

	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	-	-	(404)	(1,047)	(1,451)
	2,599	23,286	214	10,981	37,080
Transactions with owners in their capacity as owners:					
LTIP and share options	-	-	-	170	170
<b>Balance at 30 September 2010</b>	<b>2,599</b>	<b>23,286</b>	<b>214</b>	<b>11,151</b>	<b>37,250</b>

**Unaudited consolidated cash flow statement**  
**For the nine months and three months ended 30 June 2011**

	Three months ended 30 June		Nine months ended 30 June		Year ended
	2011	2010	2011	2010	30 September
	£000s	£000s	£000s	£000s	2010
					£000s
<b>Cash flows from operating activities</b>					
Cash generated from operations	<b>4,158</b>	<b>3,987</b>	<b>9,198</b>	<b>12,658</b>	<b>20,050</b>
Net interest paid	(489)	(388)	(1,115)	(1,038)	(1,311)
Income tax (paid)/received	(99)	(39)	(142)	139	131
<b>Net cash generated from operating activities</b>	<b>3,570</b>	<b>3,560</b>	<b>7,941</b>	<b>11,759</b>	<b>18,870</b>
<b>Cash flows from investing activities</b>					
Purchases of property, plant and equipment	(4,144)	(5,270)	(13,492)	(9,759)	(13,843)
Proceeds from sale of property, plant and equipment	1,419	965	1,693	1,478	2,142
<b>Net cash used in investing activities</b>	<b>(2,725)</b>	<b>(4,305)</b>	<b>(11,799)</b>	<b>(8,281)</b>	<b>(11,701)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	1,530	2,396	10,012	4,974	3,838
Repayments of borrowings	(3,447)	(2,816)	(8,089)	(7,306)	(8,100)
Dividends paid to Company's shareholders	(254)	-	(254)	-	-
<b>Net cash (used)/generated from financing activities</b>	<b>(2,171)</b>	<b>(420)</b>	<b>1,669</b>	<b>(2,332)</b>	<b>(4,262)</b>
<b>Cash (used)/generated from discontinued operations</b>	<b>(27)</b>	<b>75</b>	<b>(173)</b>	<b>98</b>	<b>257</b>
<b>Net (decrease) / increase in cash, cash equivalents and bank overdrafts</b>	<b>(1,353)</b>	<b>(1,090)</b>	<b>(2,362)</b>	<b>1,244</b>	<b>3,164</b>
Cash, cash equivalents and bank overdrafts at beginning of period	5,766	5,751	6,896	3,882	3,882
Exchange (losses)/gains on cash and bank overdrafts	(83)	225	(204)	(240)	(150)
<b>Cash, cash equivalents and bank overdrafts at end of period</b>	<b>4,330</b>	<b>4,886</b>	<b>4,330</b>	<b>4,886</b>	<b>6,896</b>
Bank overdrafts at end of period	1,052	90	1,052	90	-
<b>Cash, cash equivalents at end of period</b>	<b>5,382</b>	<b>4,976</b>	<b>5,382</b>	<b>4,976</b>	<b>6,896</b>

# Notes to the interim report and accounts

## 1. General information

Avesco Group plc ('the Company') and its subsidiaries (together 'the Group') is an international media services business. The Group has subsidiaries around the world and sells in the UK, USA, Europe, Asia Pacific and the Middle East.

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

The registered number of the Company is 01788363.

## 2. Status of interim report and accounts

The interim report and accounts are unaudited but have been reviewed by the auditors, Ernst & Young LLP who were appointed on 9 September 2011, and their independent review report is appended to this document. The interim report and accounts, which were approved by the Board of Directors on 13 September 2011, are not full accounts within the meaning of section 434 of the Companies Act 2006.

The figures for the year ended 30 September 2010 have been extracted from the audited annual report and accounts that have been delivered to the Registrar of Companies. PricewaterhouseCoopers LLP, Avesco Group plc's auditors for the year ended 30 September 2010, reported on those accounts under section 495 of the Companies Act 2006. Their report was unqualified and did not contain a statement under section 498 of that Act.

## 3. Basis of preparation

The interim report and accounts have been prepared using the accounting policies to be applied in the annual report and accounts for the year ending 30 September 2011. These are consistent with those included in the previously published annual report and accounts for the year ended 30 September 2010, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

### Alternative performance measures

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

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

'Trading profit/loss' is separately disclosed, being defined as operating profit adjusted to exclude amortisation of acquired intangible assets, restructuring costs and other non-recurring and prior year costs. The Directors believe that trading profit/loss is an important measure of the underlying performance of the Group.

#### b) *Adjusted earnings per share*

'Adjusted earnings per share' is calculated by dividing the profit for the period excluding the amortisation of acquired intangible assets, restructuring costs and other non-recurring and prior year costs 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*

Trading profit 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.

#### 4. Segmental information

	Three months ended 30 June		Nine months ended 30 June		Year ended
	2011	2010	2011	2010	30 September
	£000s	£000s	£000s	£000s	2010
					£000s
<b>Revenue</b>					
Creative Technology	23,108	19,647	63,302	52,243	69,876
Full Service	5,826	6,252	16,648	16,845	22,164
Broadcast	7,129	8,435	19,869	22,550	26,779
Inter Segment revenue	(687)	(243)	(2,415)	(2,770)	(1,583)
<b>Group revenue</b>	<b>35,376</b>	<b>34,091</b>	<b>97,404</b>	<b>88,868</b>	<b>117,236</b>
<b>Operating profit</b>					
Creative Technology	890	1,012	2,052	933	822
Full Service	847	364	485	(458)	(667)
Broadcast	733	1,689	427	1,718	2,116
Head Office	452	(254)	268	(449)	(992)
<b>Trading profit</b>	<b>2,922</b>	<b>2,811</b>	<b>3,232</b>	<b>1,744</b>	<b>1,279</b>
Amortisation of acquired intangible assets (IFRS 3)	-	(62)	-	(244)	(244)
Restructuring costs	(152)	(123)	(360)	(610)	(1,316)
Other non-recurring and prior year costs	-	(301)	(77)	(301)	(475)
<b>Operating profit/(loss)</b>	<b>2,770</b>	<b>2,325</b>	<b>2,795</b>	<b>589</b>	<b>(756)</b>

#### 5. Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

	Three months ended 30 June		Nine months ended 30 June		Year ended
	2011	2010	2011	2010	30 September
	£000s	£000s	£000s	£000s	2010
					£000s
<b>Trading profit</b>	2,922	2,811	3,232	1,744	1,279
Depreciation	4,558	4,468	13,354	13,635	18,070
Amortisation of software	58	76	201	227	303
<b>EBITDA on trading operations</b>	<b>7,538</b>	<b>7,355</b>	<b>16,787</b>	<b>15,606</b>	<b>19,652</b>

EBITDA is defined in note 3.

## 6. Earnings per share

	Three months ended 30 June		Nine months ended 30 June		Year ended
	2011	2010	2011	2010	30 September
	£000s	£000s	£000s	£000s	£000s
<b>Profit/(loss) for the period</b>	<b>2,214</b>	<b>1,953</b>	<b>1,543</b>	<b>322</b>	<b>(1,047)</b>
Amortisation of acquired intangible assets (IFRS 3)	-	62	-	244	244
Restructuring costs	152	123	360	610	1,316
Other non-recurring and prior year costs	-	301	77	301	475
<b>Trading profit/(loss) after net finance costs and income tax (expense)/credit</b>	<b>2,366</b>	<b>2,439</b>	<b>1,980</b>	<b>1,477</b>	<b>988</b>
<b>Weighted average number of shares (net of treasury shares)</b>					
For basic earnings per share (000's)	25,372	25,023	25,156	25,023	25,023
Effect of dilutive share options (000's)	-	-	-	-	-
<b>For diluted earnings per share (000's)</b>	<b>25,372</b>	<b>25,023</b>	<b>25,156</b>	<b>25,023</b>	<b>25,023</b>
<b>Earnings/(losses) per share</b>					
Basic	8.7p	7.8p	6.1p	1.3p	(4.2)p
Diluted	8.7p	7.8p	6.1p	1.3p	(4.2)p
Adjusted basic	9.3p	9.7p	7.9p	5.9p	3.9p
Adjusted diluted	9.3p	9.7p	7.9p	5.9p	3.9p

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

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

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

## 7. Analysis of net debt

	At 1 April 2011 £000s	Cash flow £000s	Other non cash changes £000s	Currency translation differences £000s	At 30 June 2011 £000s
Cash at bank and in hand	6,017	(557)	-	(78)	5,382
Bank overdrafts	(251)	(796)	-	(5)	(1,052)
<b>Net cash</b>	<b>5,766</b>	<b>(1,353)</b>	<b>-</b>	<b>(83)</b>	<b>4,330</b>
Bank loans due in more than one year	(13,908)	1,425	-	(59)	(12,542)
Hire purchase obligations due in less than one year	(6,016)	1,425	(1,176)	(13)	(5,780)
Hire purchase obligations due in more than one year	(4,514)	(933)	1,176	(9)	(4,280)
<b>Net debt</b>	<b>(18,672)</b>	<b>564</b>	<b>-</b>	<b>(164)</b>	<b>(18,272)</b>

	At 1 October 2010 £000s	Cash flow £000s	Other non cash changes £000s	Currency translation differences £000s	At 30 June 2011 £000s
Cash at bank and in hand	6,896	(1,330)	-	(184)	5,382
Bank overdrafts	-	(1,032)	-	(20)	(1,052)
<b>Net cash</b>	<b>6,896</b>	<b>(2,362)</b>	<b>-</b>	<b>(204)</b>	<b>4,330</b>
Bank loans due in more than one year	(12,363)	(100)	-	(79)	(12,542)
Hire purchase obligations due in less than one year	(5,279)	2,743	(3,256)	12	(5,780)
Hire purchase obligations due in more than one year	(2,979)	(4,566)	3,256	9	(4,280)
<b>Net debt</b>	<b>(13,725)</b>	<b>(4,285)</b>	<b>-</b>	<b>(262)</b>	<b>(18,272)</b>

	At 1 April 2010 £000s	Cash flow £000s	Other non cash changes £000s	Currency translation differences £000s	At 30 June 2010 £000s
Cash at bank and in hand	6,218	(1,449)	-	207	4,976
Bank overdrafts	(467)	359	-	18	(90)
<b>Net cash</b>	<b>5,751</b>	<b>(1,090)</b>	<b>-</b>	<b>225</b>	<b>4,886</b>
Bank loans due in more than one year	(14,556)	987	-	247	(13,322)
Finance lease obligations due in less than one year	(5,434)	1,025	(1,256)	4	(5,661)
Finance lease obligations due in more than one year	(3,290)	(1,592)	1,256	5	(3,621)
<b>Net debt</b>	<b>(17,529)</b>	<b>(670)</b>	<b>-</b>	<b>481</b>	<b>(17,718)</b>

	At 1 October 2009 £000s	Cash flow £000s	Other non cash changes £000s	Currency translation differences £000s	At 30 June 2010 £000s
Cash at bank and in hand	4,531	719	-	(274)	4,976
Bank overdrafts	(649)	525		34	(90)
<b>Net cash</b>	<b>3,882</b>	<b>1,244</b>	<b>-</b>	<b>(240)</b>	<b>4,886</b>
Bank loans due in more than one year	(13,700)	268	-	110	(13,322)
Finance lease obligations due in less than one year	(5,988)	4,122	(3,733)	(62)	(5,661)
Finance lease obligations due in more than one year	(5,256)	(2,058)	3,733	(40)	(3,621)
<b>Net debt</b>	<b>(21,062)</b>	<b>3,576</b>	<b>-</b>	<b>(232)</b>	<b>(17,718)</b>

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

## 8. Interim and final dividends

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

A final dividend for the year ended 30 September 2010 of 1.0p per share was approved by shareholders and was paid on 6 April 2011 to shareholders on the register at 6.00pm on 11 March 2011.

## 9. Contingencies

InvestinMedia Holdings Limited ("InvestinMedia"), a subsidiary of the Company, sold its investment in Complete Communications Corporation Limited ("Complete") on 20 December 2006. In connection with the sale, InvestinMedia and other vendors gave certain warranties and indemnities to the buyer, liability in respect of which runs for periods of up to seven years from the date of completion. Companies in the Complete group are also subject to legal claims which may give rise to liability on the part of InvestinMedia and other vendors under the indemnities. On 8 July 2010 the Company announced that the jury in a US legal action had reached a unanimous verdict favourable to InvestinMedia and the other vendors of Complete. On 21 December 2010, the defendants' alternative motions for a new trial and for judgement as a matter of law were denied. On 14 January 2011 the defendants filed their notice of appeal. If the award is paid in full, the Group's interest (after costs but including pre-judgement interest) is estimated at approximately \$60m. No credit has been taken in these accounts to reflect this verdict, pending completion of the appeal process.

## 10. Distribution of interim report and accounts

Copies of this interim report and accounts are available from the Company's web site ([www.avesco.com](http://www.avesco.com)) or from the Company's registered office: Avesco Group plc, Unit E2, Sussex Manor Business Park, Gatwick Road, Crawley, West Sussex, RH10 9NH. Telephone: +44 (0) 1293 583 400. Fax: +44 (0) 1293 583 410. E-mail: [mail@avesco.com](mailto:mail@avesco.com).

## INDEPENDENT REVIEW REPORT TO AVESCO GROUP PLC

### **Introduction**

We have been engaged by the company to review the condensed set of financial statements in the Interim Report and Accounts for the nine months and three months ended 30 June 2011, which comprises the consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity and consolidated cash flow statement and the related explanatory notes that have been reviewed. We have read the other information contained in the Interim Report and Accounts and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

### **Directors' Responsibilities**

The Interim Report and Accounts is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report and Accounts in accordance with the AIM Rules issued by the London Stock Exchange which require that it is presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

As disclosed in note 3, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Interim Report and Accounts has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

### **Our Responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Interim Report and Accounts based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Report and Accounts for the nine months and three months ended 30 June 2011 is not prepared, in all material respects, in accordance with the accounting policies outlined in Note 3, which comply with IFRS's as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

Ernst & Young LLP  
Reading  
13 September 2011