

ADVENTIS GROUP PLC**Interim Results for the half-year ended 30th June 2011**

Adventis Group Plc (“the Company” or “the Group”), the AIM listed marketing services group, today announces its unaudited interim results for the six months ended 30th June 2011.

Highlights

- Turnover (gross billings) up slightly to £15.3m (2010: £15.1m)
- Operating income (revenue) fell to £4.8m (2010: £5.2m)
- EBITDA loss (before exceptional items) £86,000 (2010: EBITDA profit of £0.46m)
- Orderly wind down of loss making Health segment announced on 19th September 2011 should be completed by year end
- Net debt increased marginally to £3.2m

Nick Winks, Chairman of Adventis Group Plc, commented:

“As stated in my Chairman’s statement accompanying the 2010 results, Adventis Group is in a period of turnaround and we are now attempting to deal with significant problems. All of these issues are being slowly addressed, but it is only with the support of our Bank and the patience of our creditor managers that we have been given any time to attempt to tackle these key issues.”

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Chairman's Statement

As stated in my Chairman's statement accompanying the 2010 results, the Group is in a period of turnaround and we are now attempting to deal with significant problems.

These problems include a high level of Bank debt (£3.5m), a large amount of current deferred consideration (£1.4m) owing to key managers within the subsidiary businesses, a hostile trading environment, particularly for the Media businesses, and very high central costs exemplified by a head office which is half empty and at a rent which is 'top of the market' rate.

All of these issues are being slowly addressed, but it is only with the support of our Bank and the patience of our creditor managers that we have been given any time to attempt to tackle these key issues.

Nick Winks

Chairman

28th September 2011

Business review

Closure of Health

In the 2010 Report and Accounts, the Chairman indicated that the Group was in a period of turnaround and was conducting an in depth review of every aspect of that business. That review particularly focused on Adventis Health which had seen sharply declining turnover since 2009 when it reported billings of £6.0m. Since then a number of steps have been taken to strengthen management and reduce fixed costs but the downtrend in revenues continued and Health has continued to report significant losses on a monthly basis. In the half year to 30th June 2011, Health made an operating loss of £272,000 before exceptional redundancy costs of £45,000 on turnover of £1.0m: workload in July and August was poor and the order book and pipeline did not suggest a viable future.

On 19th September the Company therefore announced that an orderly wind down of the Health business had commenced which should be completed by the end of December 2011. This decision triggers the need for a further impairment charge against the remaining consolidation level goodwill of £1.0m following the £5.0m impairment charge booked in the second half of 2010. Further operating losses, together with closure costs of approximately £350,000, will be reported in the second half of 2011.

Technology

Second2 and bChannels are complementary and well managed businesses that support global technology brands in their go-to-market strategies using reseller partners. Since joining the Group in February 2010, bChannels has integrated well and co-marketing has resulted in several important cross referrals of clients. Second2 saw a period of consolidation in the first half of this year but expects to secure new wins in the second half which will lead to future growth. bChannels has grown revenues and earnings steadily and is expected to continue to develop well in the second half.

In the six months to 30th June 2011, revenues grew by 12% to £4.1m (2010: £3.7m) but operating profits fell slightly to £420,000 (2010: £451,000) reflecting investment in the Second2 cost base ahead of expected future revenue growth. The division completed development of Partnermarketing.com, a suite of software products designed to support technology brands in their management of reseller performance and activity.

A number of organic growth opportunities will be pursued in the months ahead. It is possible that a synergistic acquisition may be available at some stage in the future.

Media

Adgenda and Coltman are media buying agencies focused on the property and financial services markets respectively. Both businesses were relocated in the period to new central London premises. Whilst billings grew healthily by 11% to £9.6m (2010: £8.7m), margins reduced from 12.6% to 11.2% reflecting a more price competitive market together with mix changes and as a result net revenues fell by 1% to £1.074m (2010: £1.087m). Operating profits improved from £332,000 to £403,000.

The second half contains the seasonally quieter summer and Christmas periods and there have been recent signs of curtailed advertising spend by some larger financial institutions in response to current market turbulence. Consequently, second half earnings are expected to be lower than in the first half.

Property

The Group's creative property marketing agency, GDO, has been stabilised and relocated to less expensive and more suitable premises in the period. We expect GDO to be modestly profitable in the second half year.

Corporate costs

Corporate costs have been reduced following the departures of the CEO at the end of May 2011 and the former Finance Director, Peter Linnell, at the end of April 2011. Other savings in corporate costs have been made and underlying costs are being steadily reduced on a monthly basis. Regrettably, the service contract of the former CEO contained a 12 month compensation obligation which is legally binding on the Company. An exceptional charge of £190,000 has therefore been booked for this liability.

Dividend

No dividend is proposed for the period (2010: Nil).

Cash flow and debt

Cash inflow from operations in the period was £335,000 (2010: outflow of £228,000) reflecting a working capital inflow from higher payables. Non-operating outflows included deferred consideration payments for prior year acquisitions of £194,000 (2010: £949,000), dividends nil (2010: £230,000). Overall, net debt increased by £72,000 in the period (2010: increased by £1.140m) to £3.150m.

**Consolidated statement of comprehensive income for the half year to 30 June
2011**

	Unaudited 6 months To 30 June 2011	Unaudited 6 months to 30 June 2010	Audited 12 months to 31 December 2010
Notes	£'000	£'000	£'000
Continuing operations			
Turnover	15,284	15,109	28,650
Cost of sales	(10,625)	(9,940)	(18,486)
Gross profit	4,659	5,169	10,164
Administration expenses	(4,766)	(5,178)	(10,149)
Exceptional items	(1,229)	-	(5,699)
Operating (loss)	(1,336)	(9)	(5,684)
Finance costs	(56)	(54)	(98)
(Loss) on ordinary activities before taxation	(1,392)	(63)	(5,782)
Taxation on profit on ordinary activities	-	19	19
(Loss) for the period	(1,392)	(44)	(5,763)
Total comprehensive income and (loss) for the period	(1,392)	(44)	(5,763)
Attributable to:			
Equity holders of the parent	(1,392)	(44)	(5,763)
(Loss)/Earnings per share			
Basic (loss) per share (pence)	(2.88)	(0.09)	(11.9)
Diluted (loss) per share (pence)	(2.88)	(0.09)	(11.9)

Consolidated statement of financial position as at 30 June 2011

		Unaudited 30 June 2011	Unaudited 30 June 2010	Audited 31 December 2010
	Notes	£'000	£'000	£'000
ASSETS				
Non-current assets				
Property, plant and equipment		772	515	469
Goodwill and other intangible assets	9	11,645	18,458	12,829
Deferred tax asset		-	78	4
		12,417	19,051	13,302
Current assets				
Work in progress		291	364	151
Trade and other receivables		5,479	6,199	5,848
Current income tax asset		200	-	90
Cash and cash equivalents		403	95	
		6,373	6,658	6,089
Total assets		18,790	25,709	19,391
EQUITY				
Capital and reserves				
Share capital	4	121	120	121
Share premium account		7,480	7,481	7,480
Shares held by EBT		(23)	(23)	(23)
Capital redemption reserve		200	200	200
Other reserves		20	20	20
Share based payments reserve		65	130	65
Retained earnings		(1,533)	5,514	(141)
Total equity		6,330	13,442	7,722
LIABILITIES				
Non-current liabilities				
Deferred tax liability		4	4	4
Deferred consideration		1,092	2,045	1,092
		1,096	2,049	1,096
Current liabilities				
Trade and other payables		6,409	5,634	5,917
Current income tax liabilities		-	61	-
Borrowings		3,553	3,000	3,078
Deferred consideration		1,402	1,523	1,578
		11,364	10,218	10,573
Total liabilities		12,460	12,267	11,669
Total equity and liabilities		18,790	25,709	19,391

Group statement of changes in equity

	Share capital	Share premium	Capital redemption reserve	Shares held by EBT	Share based transactions	Retained earnings	Attributable to equity holders	Attributable to non-controlling Interests
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 30 June 2009	109	6,655	220	(23)	126	5,751	12,838	79
Total comprehensive income	-	-	-	-	-	342	342	14
Changes in equity								
Period to 31 December 2009								
Issue of share capital	11	793	-	-	-	-	804	-
Dividends paid	-	-	-	-	-	(305)	(305)	(25)
Share based transactions	-	-	-	-	4	-	4	-
Difference arising on disposal on Interest in Adventis NMG Limited	-	-	-	-	-	-	-	(68)
Balance 31 December 2009	120	7,448	220	(23)	130	5,788	13,683	-
Total comprehensive income	-	-	-	-	-	(44)	(44)	-
Changes in equity								
Period to 30 June 2010								
Issue of share capital	-	33	-	-	-	-	33	-
Dividends paid	-	-	-	-	-	(230)	(230)	-
Balance 30 June 2010 unaudited	120	7,481	220	(23)	130	5,514	13,442	-
Total comprehensive income						(5,720)	(5,720)	
Changes in equity								
Period to 31 December 2010								
Issue of share capital	1	(1)	-	-	-	-	-	-
Share based transactions	-	-	-	-	(65)	65	-	-
Balance 31 December 2010 unaudited	121	7,480	220	(23)	65	(141)	7,722	-
Total comprehensive income						(1,392)	(1,392)	
Balance 30 June 2011 unaudited	121	7,480	220	(23)	65	(1,533)	6,330	-

Consolidated statement of cash flows for the period ended 30 June 2011

	Unaudited 6 months to 30 June 2011 £'000	Unaudited 6 months to 30 June 2010 £'000	Audited 12 months to 31 December 2010 £'000
Cash flows from operating activities			
(Loss)/profit from operations	(1,336)	(9)	(5,684)
Adjustments for:			
Impairment of goodwill	994	6	5,377
Depreciation on plant and equipment	73	66	312
Operating cash flows before movement in working capital	(269)	63	5
Increase in work in progress	(140)	(311)	(99)
Increase/(decrease) in receivables	171	1,089	1,542
(Decrease)/increase in payables	573	(1,069)	(850)
Cash generated by operations	335	(228)	598
Corporation tax paid	(9)	(177)	(297)
Interest paid	(56)	(54)	(98)
Net cash from operating activities	270	(459)	203
Cash flows from investing activities			
Purchase of property, plant & equipment	(93)	(63)	(101)
Development of intangible software assets	(55)	0	(260)
Deferred consideration for prior acquisitions	(194)	(949)	(1,486)
Acquisition of subsidiary	-	561	561
Net cash (used) in investment activities	(325)	(451)	(1,286)
Cash flows from financing activities			
Dividends paid	-	(230)	(230)
Net cash from financing activities	-	(230)	(230)
Net (decrease) in cash and cash equivalents	(72)	(1,140)	(1,313)
Cash and cash equivalents at the beginning of the period	(3,078)	(1,765)	(1,765)
Cash and cash equivalents at the end of the period	(3,150)	(2,905)	(3,078)
Cash and cash equivalents comprises the following amounts:			
Cash and cash equivalents	403	95	-
Borrowings	(3,553)	(3,000)	(3,078)
	(3,150)	(2,905)	(3,078)

Notes to the accounts

Note 1 Principal activity

Adventis Group plc is a company incorporated and domiciled in England & Wales with its registered office at Adventis House, Post Office Lane, Beaconsfield, Bucks, HP9 1FN. The principal activity of the Group is in the provision of creative marketing services to the Technology, Property and Health markets and media buying for the Property, Financial Services and Tourism markets.

Note 2 Basis of preparation

The accounting policies applied in the interim consolidated financial information for the six months ended 30 June 2011 are consistent with those of the annual financial statements for the year ended 31 December 2010, which has been prepared in accordance with IFRS as adopted by the European Union. The financial information contained in the consolidated interim report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The figures for the year ended 31 December 2010 have been extracted from the statutory financial statements which have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain a statement made under Section 498 (2) or (3) of the Companies Act 2006.

Except as described below, the accounting policies adopted in the preparation of the half year consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning on 1 January 2011, and impact the consolidated half year financial information as described:

- IAS 24 Related Party Disclosure

The revised standard has resulted in a change in the definition of a related party, but has no impact on the reported results of the Group.

- Improvements to IFRS issued in May 2010

The improvements largely clarify the required accounting treatment where previous practice had varied and has not resulted in a material change to the Group's accounting policies.

Note 3 Segment analysis

The Group's activities are split into four main operating segments – Technology & Telecoms, Healthcare, Media planning & buying and Property. These segments are the basis on which information is reported to the Group Board. The segment result is the measure used for the purposes of resource allocation and assessment and represents profit earned by each segment, before exceptional operating costs, amortisation and impairment charges, share-based payment charges, corporate costs, net finance costs and taxation. The Group Board does not assess assets and liabilities on a segment basis.

Current business activities, which are provided by each segment, are the provision of marketing consultancy and marketing communications services including corporate identity programmes, advertising campaigns, media planning and buying, marketing literature, research and planning, public relations, exhibitions, web and digital media. There are no major customers.

All divisions operate from the UK and all revenue is derived from the supply of services

	Unaudited 6 months to 30 June 2011	Unaudited 6 months to 30 June 2010	Audited 12 months to 31 December 2010
	£'000	£'000	£'000
TURNOVER (BILLINGS)			
Health	991	2,140	3,389
Technology & telecoms	4,102	3,671	7,561
Media	9,616	8,655	16,279
Property	575	644	1,421
	15,284	15,110	28,650
OPERATING INCOME (REVENUE)			
Health	833	1,571	2,463
Technology & telecoms	2,403	2,177	4,580
Media	1,074	1,087	2,367
Property	349	334	754
	4,659	5,169	10,164
OPERATING PROFIT/ (LOSS)			
Health	(272)	25	(469)
Technology & telecoms	420	451	1,067
Media	403	332	758
Property	(13)	(32)	(73)
	538	776	1,283
Unallocated costs:			
Corporate costs	(572)	(361)	(1,268)
Interest expense (net)	(56)	(54)	(98)
Depreciation	(73)	(72)	-
Exceptional item - goodwill impairment	(994)	-	(5,377)
Exceptional item – other	(235)	(352)	(322)
	(1,392)	(63)	(5,782)
(LOSS)/PROFIT BEFORE TAX	(1,392)	(63)	(5,782)

The goodwill impairment charge in the six months ended 30th June 2011 is attributable entirely to the Health segment. The goodwill impairment charge in the year ended 31st December 2010 was attributable to the Health segment (£5,038,000) and Property segment (£339,000).

Other exceptional costs in the six months ended 30th June 2011 comprise a £190,000 provision for the costs of terminating the employment contract of the former Chief Executive Officer (Corporate) and £45,000 of redundancy costs (Health). Exceptional costs in the previous year related to legal costs incurred in defending a case against the company and the Chief Executive Officer which was settled in 2010 and acquisition costs.

Note 4 Share capital

	30 June 2011 No. shares	30 June 2010 No. shares	31 December 2010 No. shares
Authorised			
Ordinary Shares of 0.25 pence each	60,000,000	60,000,000	60,000,000
Allotted, called up and fully paid			
Ordinary Shares of 0.25 pence each	48,411,267	48,411,267	48,411,267

Up to 21,562,573 (2010: 22,993,826) Ordinary Shares may be issuable in future under share options and acquisitions.

At the Annual General Meeting held on 30th June 2011, shareholders approved the creation of a new class of shares, A Ordinary Shares, with a nominal value of 0.0025p each. After the period end 5,379,030 A Ordinary Shares were issued for total consideration of £134.48. The A Ordinary Shares have no voting or dividend rights and are not traded or freely transferrable. They will have value on an exit event provided a 50% hurdle has been achieved based on the Ordinary Share price at 3rd June 2011.

Note 5 Earnings per share

The calculations of the basic and diluted earnings per share are based on the following data:

	30 June 2011 £'000	30 June 2010 £'000	31 December 2010 £'000
(Loss) for the purpose of basic earnings per share	(1,392)	(44)	(5,763)
Weighted average number of ordinary shares in issue during the period	48,411,267	48,309,362	48,309,362
Diluted weighted average number of ordinary shares in issue during the period	48,411,267	48,309,362	48,309,362
Basic (loss) per share (pence)	(2.88)	(0.09)	(11.9)
Diluted (loss) per share (pence)	(2.88)	(0.09)	(11.9)

As the group made a loss for the period, the effect of the potential dilutive shares is nil.

Note 6 Settlements relating to acquisitions

Deferred consideration of £194,000 has been settled in cash during the period in respect of the acquisition of bChannels Limited, originally announced on 2 February 2010, based on 2010 results.

Note 7 Employee Benefit Trust

In accordance with the Summary of Interpretations 12 – Consolidation – Special Purposes entities, the Company includes the assets and liabilities of that trust within its balance sheet. In the event of the winding up of the Company, neither the shareholders nor the creditors would be entitled to the assets of the employee benefit trust.

Note 8 Goodwill and business combinations

Goodwill arising on consolidation represents the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such occasions that events or changes in circumstances indicate that its value might be impaired.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the acquisition date, of assets given, liabilities incurred or assumed, and equity instruments issued by the group, plus any costs directly attributable to the acquisition. The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair value at the acquisition date, except for non-current assets that are held for resale, which are recognised and measured at fair value less costs to sell. The following is a summary of the Goodwill account:

	£'000
Goodwill	
At 1 January 2011	18,056
Additions	17
Disposals	-
At 30 June 2011	<u>18,073</u>
Impairment	
At 1 January 2011	5,434
Impairment for the period	<u>994</u>
At 30 June 2011	<u>6,428</u>
Net book value	
At 30 June 2011	<u>11,645</u>

Note 9 Post balance sheet event

On 19th September 2011 the Company announced the decision to commence an orderly wind down of the business of Adventis Health Limited following a period of significant and sustained losses. As a result, an impairment charge of £994,000 has been booked to write off the remaining goodwill on consolidation attributable to the Health business segment. Further trading losses and closure costs will be reflected in the full year results.

Note 10 Nature of financial information

The Board approved the interim financial information for the period ended 30 June 2011 on 27th September 2011.

These interim results are available on the Company's website at www.adventis.co.uk.