

ADVENTIS GROUP PLC

Chairman's statement

Although 2009 proved to be another challenging year I am pleased to report that all five of our sectors (Health, Technology, Media, Financial Services and Property) reported a trading profit. During the year the Group was not only able to weather the inclement environment but also continue with a programme of cost cutting, the benefits of which will only be felt in 2010 and beyond.

The resilience of our two main sectors, Healthcare and Technology, was apparent. Whilst not immune to recessionary pressures the development of new molecules, software or technology has its own momentum. Enormous investment is made by our clients in R&D and the market eagerly anticipates each new launch. This tends to ensure that our marketing programmes broadly continue at similar levels in these sectors.

The Media group also enjoyed another profitable year, albeit with lower turnover levels. As has been reported by the global media groups, overall activity levels are down yet we still generate solid revenues and profits in our chosen niches.

Property finally turned a corner. Regrettably we have had to downsize substantially in this sector as activity levels have fallen but the emergence of a trading profit, albeit small, indicates to me that we now have the balance right and are well positioned for recovery in this sector.

I remain impressed with the way the management team has both anticipated and reacted to events during 2009 and believe the overall condition of the Group to be strong.

Recognising the profit achievement of 2009, the Board is recommending that the dividend be maintained at the 2008 level.

I will leave it to the Chief Executive to comment on the results for 2009 and our strategy for 2010 but I would emphasise that Adventis is well able to remain profitable in the current environment and when conditions improve, the Group is well placed to exploit the recovery.

Aubrey Adams
Chairman

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Chief Executive Officer's Statement

The Group continued to trade profitably in 2009 and the Board continued to take further measures to combat the recession. Our main markets of Healthcare, Technology & Telecoms and Media laid the foundation for a substantial profit for 2009 and happily, Property and Financial Services have also contributed to the overall results of the Group.

2009 offered no respite for the marketing industry and the pressure on both revenue and costs continued. Every head of business in the Group is constantly reviewing divisional structures to ensure that all efficiencies are achieved. All costs are very carefully scrutinised and it is the combination of these factors that continues to make the Group profitable where many in the sector have struggled.

Health now generates 38% of gross profit, Media 25%, Technology and Telecoms 23%, Property 10% and Financial 4%. Much of our revenue now comes from two of the most recession resistant sectors in the economy. The Financial Services division was sold to its minority shareholder for £133,000 net of transaction costs at the year end and, although our six year presence in this sector was profitable, the Board has no plans to re-enter this sector at this stage.

Gross profit for 2009 was £10.8m and pre-tax profit was £1.3m.

Our margins remained under pressure as a result of one-off costs of redundancy and restructuring programmes, as well as competitive pricing. However, they are still comparatively healthy with the Group achieving one of the higher margin levels in its sector.

Dividend

The Board is recommending paying a maintained final dividend of 0.484p per share (2008: 0.484p), making a total for the year of 0.714p (2008: 0.714p) on 18 June 2010 to shareholders on the register on 28 May 2010, subject to approval at the Company's Annual General Meeting on 19 May 2010.

Financial Position

The Group continued to enjoy a strong cash flow but as a result of using cash rather than shares to meet deferred consideration obligations, the Group had a debt of £1.8m at the year end. In spite of this the balance sheet remains strong and the Group is well placed to exploit any opportunities as they arise. A share placing was concluded in 2009 and raised a further £804,000 net of costs.

Market Overview

The flow of business from our clients continued to be strong in 2009 with a total of over 340 companies commissioning the Group for marketing services. The geographical spread of activity grew in 2009 with over 12% now relating to Europe or EMEA and new technology has assisted in breaking down some international boundaries.

The use of accountable marketing programmes and more relationship building has been a stronger theme of late. Whereas journal advertising may have been a communication solution in previous years the marketing of pharmaceutical and technology products in particular requires the Group to build relationships with the relevant distribution chain. In Health this often means a strong medical education theme where information relating to various disease areas is disseminated to healthcare professionals. In Technology both software and hardware products are distributed via wholesalers and retailers and communicating and motivating these large numbers of resellers is the key aspect of our activity.

Web based solutions also offer clients the opportunity to accurately measure the impact of such activity and it is the development of bespoke software products that communicate a message or deliver response information that the Group will focus on in 2010. The Group now owns in excess of 10 such software products and a full review of our Intellectual Property assets and their management and marketing is in hand.

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The convergence of the three healthcare companies continued with Adventis Health trading as a strong brand in its sector.

On 2 February 2010 we announced the acquisition of bChannels Limited, a technology & telecoms channel sales and marketing consultancy based in Oxfordshire. As a direct result our Technology offering will be well supported by more upstream exposure and we are already benefiting from the synergies that come with this strategic acquisition.

Our Media companies continue to develop their digital expertise and offer a 'platform neutral' mix of on and offline media.

The downsizing of our London premises generated a reduced overhead. Adventis House in Beaconsfield is largely occupied and is proving to be a great success with clients and staff alike.

The management of the various subsidiaries has been refined in 2009 with a view to working more with the leaders who will be part of the future. The continued motivation of these team leaders and attracting others of similar calibre is an ongoing objective.

The strategic reviews conducted during 2009 now give the right balance for each sector to ensure continued profitability.

Business Strategy

A fundamental review of strategy was conducted by the Board in 2009 and our path to growth can be summarised as:

- A focus on the most resilient sectors of healthcare and technology.
- Endeavour to move 'upstream' on both markets by capturing the molecule or device at an earlier stage.
- Evolve the media offering to reflect the changing media market.
- Build UK and European market share while looking for further overseas opportunities.
- Continue the migration of the Group's service to a more digital offering.
- Achieve growth both by organic means and strategic acquisitions.

Strict management of all aspects of overheads and cash flow will continue to be paramount.

The fall in the value of AIM quoted shares generally puts pressure on our resources but the Board is very grateful for support from its shareholders who share our confidence in the long term future.

Operational Review

The following is a summary of activity by business sector for the year ended 31 December 2009.

Healthcare Sector

Adventis Health completed its organisational remodelling to provide multi-disciplined teams offering our clients true integrated communication solutions to meet their marketing challenges.

Central to our offering is the use of digital technology to provide a range of on-line resources and we continue to develop more traditional forms of advertising to provide intelligent "closed-loop" campaigns.

Our new offering provided the platform for organic growth across existing clients and proved to be a successful formula in a challenging trading year. Notable campaigns included a direct to consumer regional test launch for Allergan using broadcast, ambient and transport media, and the launch of a new formulated psoriasis gel for Leo Laboratories.

In 2010 we look forward to developing more innovative and pioneering products to meet the call to provide "accountable media" solutions for our clients.

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Technology & Telecoms

Our technology and telecoms agency Second2 has maintained strong relationships with its long term clients including Toshiba, Hitachi, EMC, Emulex, Trend Micro, Avnet and Bell Micro, and has achieved some significant new client wins during 2009. Second2 has invested in expanding its digital services portfolio in 2009 and now offers extensive web development, corporate and creative video, and web application development, in addition to core brand and creative services. A review of its client services infrastructure, launch of a new brand identity and website, and focus on building applications to help clients optimise their IT reseller channels puts Second2 in a very strong position to take advantage of recovering client budgets during 2010 and beyond. New client wins in 2009 include Psion Teklogix, Brocade and Hitachi Global Storage Technologies.

As mentioned in the market overview section above the recent acquisition of bChannels Limited is expected to yield significant synergistic benefits. Its client list includes Xerox, Symantec and Samsung and with their core offering being the development of indirect channel sales and marketing programmes it is very complementary to the marketing communications activities of Second2.

Media Planning and Buying

Despite a difficult trading year our three media planning and buying firms, Adagenda Media, Adventis Colman Media and Premium Media have continued to prosper in their niche sectors of property, finance and travel with their combined billings allowing them to feature as one of the UK's top 30 buying points. Offering either pure media solutions or working closely with our creative businesses they have been successful in not only consolidating relationships with current clients but also securing new business.

New clients in 2009 included Vanguard Investments UK Limited, launching the UK arm of the largest indexed mutual fund manager in the USA; Colours, a tour operator specialising in India, China and South East Asia; Ballymore Property Group, providing digital solutions for their London developments; Marriott Vacation Club International, promoting individual European resorts; the Swiss Tourist Board corporate campaign; Grainger Trust, promoting the Hornsey Baths development and Gilliat Financial Solutions, a UK structured product provider.

Property Marketing

Trading conditions in the residential property market continued to be challenging throughout 2009, although we experienced something of an upturn in Q4. This was in part due to retained clients acquiring distressed assets with planning permission and needing to get them to market quickly. We also consolidated our position with two major Registered Social Landlord clients – Genesis Homes and Family Mosaic – which both continue to have active shared ownership programmes. This included executing a fully integrated campaign for the shared ownership aspect of Strata, central London's tallest residential tower in Elephant & Castle.

Major project wins in the commercial sector included Drakes Mews Business Park in Milton Keynes for Threadneedle, branding, digital and collateral for the Eastside Birmingham regeneration and collateral for public consultation on Hammersmith Grove for Development Securities. Ongoing work for clients or projects such as SEGRO, PRUPIM, Targetfollow and SEEDA continues to be strong.

Outlook

The General Election has given some uncertainty to the first half of 2010. While the value of the FTSE 100 continues to climb, concerns about fundamental economic issues have ensured any recovery will be limited in the short term. The successful operators in our sector have learnt to trade in this more challenging environment and not hope for a better one. Adapting trading methods and reducing cost bases is a major factor in future success.

The fundamentals of our major sectors remain strong and our offering to them becomes more relevant and attractive as we continue to evolve. The Group now enjoys a lower level of overhead due to lower premises

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costs and a lower headcount in challenged areas. We will be growing selectively only in areas where demand is anticipated to be strong.

Results so far in 2010 indicate that most sectors have improved somewhat on 2009 and visibility for the year ahead has improved from the same time in 2009. The business strategy featured above will be the blueprint for future growth.

Charles Phillpot
Chief Executive Officer

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Consolidated income statement for the year ended 31 December 2009

	Notes	2009 £'000 Unaudited	2008 £'000 Audited
Turnover			
Continuing operations		28,329	35,609
Cost of sales		<u>(17,519)</u>	<u>(25,852)</u>
Gross profit		10,810	12,260
Administration expenses		<u>(9,559)</u>	<u>(10,464)</u>
		<u>1,251</u>	<u>1,796</u>
Operating profit			
Profit on ordinary activities before interest		1,282	1,706
Investment revenue		2	96
Finance costs		<u>(33)</u>	<u>(6)</u>
Profit on ordinary activities before taxation		<u>1,251</u>	<u>1,796</u>
Taxation on profit on ordinary activities	3	<u>(395)</u>	<u>(579)</u>
Profit for the financial year		<u>856</u>	<u>1,217</u>
Attributable to:			
Owners of the parent		819	1,203
Non-controlling interests		37	14
Profit for the financial year		<u>856</u>	<u>1,217</u>
Earnings per share ("EPS")	5		
Basic earnings per share (pence)		1.97	2.78
Diluted earnings per share (pence)		1.90	2.65

The Group's results derive entirely from continuing operations

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Consolidated statement of comprehensive income for the year ended 31 December 2009

	Notes	2009 £'000 Unaudited	2008 £'000 Audited
Profit for the year		856	1,217
Other comprehensive income and expense		-	-
Total comprehensive income and expense the year		856	1,217
Total comprehensive income and expense attributable to:			
Owners of the parent		819	1,203
Non-controlling interests		37	14
Profit for the financial year		856	1,217

The Group's results derive entirely from continuing operations

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Consolidated statement of financial position as at 31 December 2009

	Notes	2009 £'000	2008 £'000
		Unaudited	Audited
ASSETS			
Non-current assets			
Property, plant and equipment		518	569
Goodwill and other intangible assets	6	15,693	16,067
Deferred tax asset		78	97
		<u>16,289</u>	<u>16,733</u>
Current assets			
Work in progress		53	256
Trade and other receivables		7,025	9,990
Cash and cash equivalents		35	287
		<u>7,113</u>	<u>10,533</u>
Total assets		23,402	27,266
EQUITY			
Capital and reserves			
Share capital		120	109
Share premium account		7,448	6,655
Treasury stock	7	(157)	(157)
Capital redemption reserve		200	200
Other reserves		20	20
Share based payments reserve		130	126
Retained earnings		5,922	5,408
Shareholder's equity		13,683	12,361
Non-controlling interests		0	56
Total equity		13,683	12,417
LIABILITIES			
Non-current liabilities			
Provisions for other liabilities and charges		4	4
Deferred consideration		1,097	2,605
		<u>1,101</u>	<u>2,609</u>
Current liabilities			
Trade and other payables		5,636	8,528
Current income tax liabilities		98	999
Borrowings		1,800	0
Deferred consideration		1,084	2,713
		<u>8,618</u>	<u>12,240</u>
Total liabilities		9,719	14,849
Total equity and liabilities		23,402	27,266

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Consolidated statement of changes in equity for the year ended 31 December 2009

	Share capital	Share premium	Capital & other reserves	Non-controlling Interests	Treasury stock	Share based transactions	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance 31 December 2007	104	6,168	220	67	(10)	96	4,507	11,152
Profit for the year	-	-	-	14	-	-	1,203	1,217
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	14	-	-	1,203	1,217
Changes in equity for 2008								
Issue of share capital	5	487	-	-	-	-	-	492
Dividends paid	-	-	-	(25)	-	-	(302)	(327)
Treasury stock acquired	-	-	-	-	(134)	-	-	(134)
Shares acquired by EBT	-	-	-	-	(13)	-	-	(13)
Share based transactions	-	-	-	-	-	30	-	30
Balance 31 December 2008	109	6,655	220	56	(157)	126	5,408	12,417
Profit for the year	-	-	-	37	-	-	819	856
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	37	-	-	819	856
Changes in equity for 2009								
Issue of share capital	11	793	-	-	-	-	-	804
Dividends paid	-	-	-	(25)	-	-	(305)	(330)
Share based transactions	-	-	-	-	-	4	-	4
Difference arising on disposal on Interest in Adventis NMG Ltd	-	-	-	(68)	-	-	-	(68)
Balance 31 December 2009	120	7,448	220	-	(157)	130	5,922	13,683

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Consolidated statement of cash flows for the year ended 31 December 2009

	2009 £'000	2008 £'000
Cashflows from operating activities		
Profit from operations	1,282	1,706
Adjustments for:		
Impairment of investments	57	133
Share based transactions	4	30
Depreciation on fixtures and equipment	137	200
Operating cashflows before movement in working capital	<u>1,480</u>	<u>2,069</u>
Increase in work in progress	203	64
Increase (decrease) in receivables	2,805	(661)
(Decrease) increase in payables	(2,892)	391
Cash generated by operations	<u>1,596</u>	<u>1,863</u>
Corporation tax paid	(1,116)	(957)
Interest paid	(33)	(6)
Net cash from operating activities	<u>447</u>	<u>900</u>
Cash flows from investing activities		
Interest received	2	95
Purchase of property, plant & equipment	(86)	(235)
Sale of interest in subsidiary	(69)	0
Development of intangible software assets	(110)	0
Purchase of own shares	0	(134)
Deferred consideration for prior acquisitions	(2,710)	(3,741)
Net cash used in investment activities	<u>(2,973)</u>	<u>(4,015)</u>
Cash flows from financing activities		
Dividends paid	(330)	(327)
Repayments of obligations under finance leases	0	(14)
Proceeds of issuing share capital	804	3
Net cash from financing activities	<u>474</u>	<u>(338)</u>
Net (decrease) in cash and cash equivalents	<u>(2,052)</u>	<u>(3,453)</u>
Cash and cash equivalents at the beginning of the period	<u>287</u>	<u>3,740</u>
Cash and cash equivalents at the end of the period	<u>(1,765)</u>	<u>287</u>
Cash and cash equivalents comprises the following balance sheet amounts:		
Cash and cash equivalents	35	287
Borrowings	(1,800)	0
	<u>(1,765)</u>	<u>287</u>

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Notes to the financial statements For the year ended 31 December 2009

1. Basis of preparation

The financial information set out in this announcement does not constitute the Company's statutory accounts as defined in section 343 of the Companies Act 2006 for the years ended 31 December 2009 and 2008. Except as shown below, the financial information for the year ended 31 December 2009 has been prepared using the accounting policies which are consistent with those adopted in the audited accounts for the year ended 31 December 2008. The financial information for the year ended 31 December 2008 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditors have reported on the 2008 accounts; their report was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. Whilst the auditors have not yet reported on the financial statements for the year ended 31 December 2009, they anticipate issuing an unqualified report which will not contain statements under section 498(2) and (3) of the Companies Act 2006. The statutory accounts for the year ended 31 December 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. The financial information set out in this announcement was approved by the Board of Directors on 23 March 2010.

2. Summary of significant accounting policies

Basis of accounting

The 2009 financial statements are the group's fifth consolidated financial statements prepared under International Financial Reporting and Accounting Standards as adopted for use by the European Union with a transition date of 1 January 2004, except for the impact of IAS1 (revised 2007) Presentation of Financial Statements effective for annual periods beginning on or after 1 January 2009. The impact of this standard is purely presentational.

The financial statements have been prepared on the going concern basis, and a historic cost basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of a subsidiary.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling party's interests in excess of the non-controlling interests' interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the non-controlling interests has a binding obligation and is able to make additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions and balances are eliminated on consolidation.

Taxation

The tax charge represents the sum of current and deferred tax.

Current tax payable is based on taxable profits for the year. Taxable profits differ from net profits as reported in the income statement because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities

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2. Summary of significant accounting policies

Taxation - continued

are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability or the asset is realised.

Employee Benefit Trust

In accordance with SIC 12 "Consolidation – special purpose entities", the Company includes the assets and liabilities of that trust within its consolidated 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.

Investment in own shares held in connection with the Group's employee share schemes are deducted from the shareholders' funds in accordance with IAS 32 "Financial instruments: Presentation" until such time as they vest unconditionally to participating employees.

The fair value of employee services received in exchange for the grant of shares is recognised as an expense. The total amount to be expensed rateably over the performance period is determined by reference to the fair value of the shares determined at the grant date.

3. Tax on profit on ordinary activities

Analysis of charge in period

	2009	2008
	£'000	£'000
Current tax:		
UK corporation tax on profits of the year	343	518
Adjustments in respect of previous periods	11	-
	<hr/>	<hr/>
Total current tax	354	518
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	41	61
	<hr/>	<hr/>
Total deferred tax	41	61
	<hr/>	<hr/>
Tax on profits on ordinary activities	395	579
	<hr/>	<hr/>

4. Dividends

	2009	2008
	£'000	£'000
Amounts recognised as distributions to equity holders in the year:		
Final dividend of 0.484p (2008: 0.484p) per share	207	202
Interim dividend of 0.23p (2008: 0.23p) per share	98	100
Adventis NMG Ltd dividends	25	25
	<hr/>	<hr/>
	330	327
	<hr/>	<hr/>
Recommended final dividend of 0.484p (2008: 0.484p) per share	228	212
	<hr/>	<hr/>

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The recommended final dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements. The estimate of the recommended dividend is based on the number of shares in issue as at 23 March 2010.

5. Earnings per share

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

	2009	2008
	£'000	£'000
Profit for the purpose of basic earnings per share	856	1,197
Number of shares		
Weighted average number of ordinary shares in issue during the year	43,353,614	43,077,514
Effect of dilutive options	-	3,826
Effect of dilutive long-term incentive plan	1,366,959	1,050,082
Effect of dilutive deferred consideration	374,800	1,007,749
Diluted weighted average number of ordinary shares in issue during the year	45,095,373	45,139,171

The diluted weighted average number of ordinary shares in issue during the year includes 374,800 ordinary shares representing the contingent deferred consideration due on the acquisition of Leapfrog Medical Communications Limited at the average Adventis share price for 2009.

	2009	2008
	£'000	£'000
Goodwill		
Carrying amount		
At 1 January	16,067	11,126
Additions/(reductions)	(317)	5,074
Impairments	(57)	(133)
At 31 December	15,693	16,067

The reduction in goodwill is due to the revaluation of the contingent consideration relating to previous acquisitions.

	2009	2008
	£'000	£'000
Treasury stock		
Balance		
At 1 January	(157)	(10)
Employee benefit trust additions	-	(13)
Company purchases of Treasury Shares	-	(134)
At 31 December	(157)	(157)

At 31 December 2009 794,133 ordinary shares were held in treasury stock (2008: 794,133 shares) with a market value of £154,856 (2008: £103,237). This represents 1.65% of the issued share capital of the Company (2008: 1.8%).

8. Availability of this announcement

Copies of this announcement will be available from the Company's registered office, 95 Wigmore Street, London W1U 1HH, and on the Company's website, www.adventis.co.uk.