

27 May 2011

Adventis Group Plc (“Adventis”, “the Group” or “the Company”)

Preliminary results for the year ended 31 December 2010

Adventis Group Plc (“ATG”), the AIM quoted marketing services, media buyer and advertising agency, today announces its unaudited preliminary results for the year ended 31 December 2010

Key points - financial

- Headline turnover up 1% to £28.7m (2009: £28.3m) and gross margin down 6% to £10.2m (2009: £10.8m)
- Technology and Telecoms result boosted by the acquisition of bChannels Limited in February 2010
- Group operating profit of £15,000 before exceptional charges (2009: £1.3m)
- Exceptional costs of £5.7m - a goodwill impairment charge of £5.4m and legal costs of £0.3m
- Basic loss per Ordinary share of 12.0p (2009: earnings 1.9p). Ignoring goodwill impairment, underlying basic loss per ordinary share of 0.8p
- No final or interim dividend (2009: aggregate dividends of 0.714p per Ordinary share)
- Net debt increased to £3.1m (2009: £1.8m) reflecting £1.5m of deferred consideration payments in cash
- New, slightly increased, bank debt facilities agreed with Lloyds Banking Group who are informed and supportive

Key points – operational

- £1.3m operating profit reversal of Health segment from a 2009 operating profit of £0.8m to a 2010 operating loss of £0.5m with turnover down 44% year on year to £3.4m. Management changes, cost base reductions and improved financial controls implemented in 2011
- Technology and Telecoms doubled operating profit to £1.1m, including £0.3m from acquisition, an operating margin of 14.3% on revenues of £7.5m
- Media revenues down 4% and operating profits down 26% to £0.8m. Appeal in progress against NPA decision, announced on 23 March 2011, to withdraw membership
- Corporate costs of £1.2m: actions being taken to reduce costs in 2011
- Departure of former Chairman, Chief Executive and Financial Director since the year end: new Chairman and Financial Director with specialist turnaround expertise now in place
- Multi-faceted programme to improve business performance, earnings and cash flows underway

Nick Winks, Chairman of Adventis, said:

“2010 was not a good year. Adventis is now in a period of turnaround where every aspect of the business is subject to re-examination and repair. Those business operations that are unviable will be sold if possible or closed if a buyer cannot be found.

The Technology and Telecoms segment has generated reliable levels of profit: further strategic benefits from the integration of bChannels will be exploited.

2011 will be a difficult year and success is not guaranteed. We have however made a good start in tackling the main issues and I hope to be able to report good progress this time next year.”

Enquiries

Adventis Group Plc

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Chairman's Statement

2010 was not a good year. The Group made a small profit at trading level and a big loss after a £5.4m goodwill impairment charge and exceptional costs of £0.3m on litigation. As in 2009, Adventis failed to generate any cash and was sustained by increased borrowings. The Chairman, the Finance Director and the Chief Executive who were in place throughout 2010 have now left the Company.

Adventis Group is now in a period of turnaround where every aspect of the business is subject to re-examination and repair. Those business operations that are unviable will be sold if possible or closed if a buyer cannot be found.

The technology businesses, bChannels and Second2, have generated reliable levels of profit: although some strategic benefits of having them both in one Group since we acquired bChannels in February 2010 are emerging, further benefits have yet to be exploited. The Media businesses, Coltman and Adgenda are profitable, albeit at very low gross margins and with the threat of NPA recognition being withdrawn due to the Group's financial situation.

The Health and Property businesses made losses in 2010. In particular Health moved from a reasonable profit in 2009 to a significant loss.

Group overheads absorbed all of the net contribution generated by the operating businesses. Having agreed increased new facilities since the year end with our bankers, our priority for 2011 is to fix, close or sell underperforming businesses. We need to establish a strategy to enable the Group to build upon its profitable parts. We will also work with our talented managers to help integrate acquired businesses into Adventis Group so that we gain synergies without losing management flair at operating level. Group central costs will be reduced, working capital and cash managed tightly and deferred consideration obligations satisfied.

2011 will be a difficult year and success is not guaranteed. We have however made a good start in tackling the main issues and I hope to be able to report good progress this time next year.

Nick Winks

Operating and financial review

Summary

On turnover of £28.7m little changed from 2009, the Group generated an operating profit before interest and exceptional items of £15,000 (2009: £1,282,000). Net finance costs were £98,000 (2009: £33,000) reflecting higher average debt levels. Exceptional items – a £5,377,000 charge for impairment of goodwill on the Health and Property businesses and £322,000 of costs on settling a legal claim – meant a pre-tax loss of £5,782,000 in 2010 against a profit of £1,251,000 in 2009.

Basic loss per share in 2010 was 12.0p (2009: earnings 2.0p). If the goodwill impairment charge is excluded, basic loss per share in 2010 was 0.8p.

These results reflect the £1.3m deterioration in underlying performance of the Health segment that reported an operating loss of £469,000 in 2010 against an operating profit of £791,000 in 2009. Until very late in the year, Health was expected to generate a much-improved performance in the second half of the year. When it became apparent in early 2011 that revenue expectations were optimistic and a goodwill impairment charge was likely, a Trading Statement was made on 27th January 2011. The statement announced an investigation and that discussions had commenced with the Group's bankers. Since the year-end senior management of Health has changed, costs reduced by a redundancy programme and current and future performance is being monitored more closely.

Technology and Telecoms – boosted by the acquisition of bChannels for an estimated £2.2m in February 2010 – performed well and reported doubled operating profits whilst Media performed creditably in the face of difficult market conditions. Property turned from a small profit into a small loss. The Operating Review below comments on the 2010 performance of individual business units in greater detail.

Going Concern

Since the year-end new and slightly increased facilities of £3.5m have been agreed with Lloyds Banking Group who continue to be very supportive of the Group during a period of transition. The Directors have prepared and approved detailed projections to support those facilities.

The Group has £1.6m of current deferred consideration obligations under earnout arrangements. The Directors believe that they will be able to negotiate deferred settlement of these obligations in line with the Group's available resources.

These financial statements are prepared on a Going Concern basis.

Cash flow and net debt

Cash flow from operations in the year was £599,000 (2009: £1,596,000) after exceptional legal costs of £322,000 but helped by a working capital inflow of £692,000 mainly from reduced receivables (2009: inflow of £116,000). Capex, tax and interest payments absorbed £757,000 (2009: absorbed £1,343,000).

The acquisition of bChannels was initially cash enhancing: cash consideration of £705,000 was less than the £1,266,000 of cash balances that the business had on acquisition. However, the Group continued to make significant cash earnout payments and paid out £1,486,000 in the year (2009: £2,710,000) and no funds were raised from share issues (2009: £804,000).

Net debt rose by £1,313,000 to £3,078,000 comprising a fully drawn £3m Revolving Credit Facility and bank overdraft balances of £78,000. At the year end the Group had an £250,000 overdraft

facility.

Net assets

Group net assets declined by £5,961,000 to £7,722,000 – equivalent to 14.8p per Ordinary share currently in issue – principally due to the impairment charge against Health and Property goodwill carried on consolidation. Net assets reflects £12.6m of remaining goodwill and intangible expenditure on the development of Partnermarketing.com. Intangibles for development costs carried by Health of £106,271 were written off at the year end and are charged against Health operating results for the year.

Liabilities include £2.7m of estimated payments due on earnout consideration for acquisitions of which £1.6m is classified as a current obligation. At the Company's option an element of deferred consideration liabilities can be settled in new ordinary shares.

KPIs

Key performance indicators (KPIs) used internally and commonly throughout the industry include staff costs as a proportion of gross profit (revenue) which was 75% in 2010 (2009: 68%) and staff costs per employee which fell slightly to £48,100 (2009: £49,600). Productivity KPIs include revenue earned per employee which fell by 12% to £63,900 (2009: £72,600).

Dividends

In view of the loss for the year and the resultant deficiency on the Company's distributable reserves, no final dividend is recommended (2009: 0.484p). No interim dividend was paid for the year. Payment of the final 2009 dividend of £230,000 was made in June 2010.

Review of operations

Technology & Telecoms

Since the acquisition of bChannels in February 2010, the Group's Technology and Telecoms businesses, bChannels and Second2, have begun to work together effectively to develop joint services and target joint clients, including Cisco, Sony and Symantec. Together the businesses offer a comprehensive range of services to technology vendors, from channel consulting, project management and helpdesk outsourcing, to creative campaign development, digital marketing services and web application development. Both companies delivered strong performances in 2010 and continued to reinforce their relationships with key clients. Second2's digital creative services achieved significant growth in 2010, with many clients benefiting from improved campaign ROI that the effective use of video and interactive applications provides. We are increasingly dealing with clients at both a regional and global level and our list of blue chip technology clients continues to expand.

bChannels continued to expand during 2010 and successfully relocated to larger new offices late in the year. Particular growth has come from telephone-based Marketing Support Desk which delivers training services to resellers of technology across Europe. Major clients include Symantec and SAP. 2010 also saw the expansion of this service into Asia, with a team of ten agents being located in the offices of a partner company in Beijing and Singapore. bChannels continues to be active with clients in North America. The technology market in general continued to show growth, particularly in the software sector. Major new project wins in 2010 included work with SAP, HP Software and Citrix. The outlook for 2011 is positive.

During the second half of 2010 we launched partnermarketing.com, a web application platform that draws on the services and experience of both bChannels and Second2 to enable technology vendors

to better support their reseller channels. Partnermarketing.com is now in use by a diverse group of clients including Avaya, LG, Psion, Sony and Symantec. This platform is part of the increasing collaboration taking place between the two companies to win and deliver services to joint clients.

Together Technology & Telecoms became the Group's largest segment in terms of operating profits, delivering full year operating profit of £1,067,000 on turnover of £7.5m, an operating margin of 14.3%. Operating profits almost doubled over 2009, reflecting both the bChannels acquisition and organic growth in Second2 earnings.

Media

Trading remained challenging throughout 2010, however our three media planning and buying firms, Adagenda Media, Adventis Coltman 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 creative businesses they have been successful in consolidating relationships with current clients and securing new business.

Sixteen significant new client wins were recorded in 2010.

Whilst gross revenues for the year of £16.3m were 4% down on 2009, second half revenues were 6% ahead of the prior year and operating profits and margin were up on those of the first half. Full year operating profit was £758,000, down 26% on 2009.

Healthcare

2010 was a challenging year for the Health division, with sector consolidation resulting in aggressive discounting as procurement seeks to further rationalise agency rosters. This has resulted in the loss of an account to a global network and the scope of some accounts narrowing to specific activities. Nevertheless, there have been some notable successes, with the successful launch of a new antibiotic for a European pharmaceutical business, and the early interest of manufacturers into our ground breaking patient adherence programme utilising social marketing techniques. There have also been important new account wins relating to our digital offering including a new web portal for a leading international pharmaceutical business.

After reporting a small operating profit in the first half, second half revenues declined by 42% to £1.25m and an operating loss of £494,000 for the second half was the result. Overall revenues fell by 44% year on year.

Since the year-end changes have been made to the senior management team and the business has reduced headcount through a redundancy programme in April. The costs and savings from that decision will flow in 2011.

Health continues to focus on developing innovative digital solutions to clients' needs. At the same time the agency is improving its strategic offer and has developed tools that will help clients build in digital strategy within their overall marketing and communication planning.

In a highly competitive market the business development team is striving for organic growth within existing strong client relationships whilst aggressively pursuing new clients.

Property Marketing

2010 proved a challenging year for GDO, with a significant decrease in projects from the UK commercial property sector. The company experienced an overall increase in sales, largely due to a

significant uplift in business from Registered Providers (also known as RSL or Housing Associations). The margins on this business were, however, lower than historically could be expected from either the private or commercial development sectors. The protracted procurement process involved in winning public sector business also put pressure on internal costs, reducing still further our margins.

Andrew Pearson
Finance Director

Consolidated statement of comprehensive income

For the year ended 31 December 2010

	Notes	2010 £'000 unaudited	2010 £'000 unaudited	2009 £'000 audited
Continuing operations				
Turnover				
Continuing operations			28,650	28,329
Cost of sales			(18,486)	(17,519)
			<u>10,164</u>	<u>10,810</u>
Gross profit				
Administration expenses			(10,149)	(9,528)
Exceptional items				
Impairment of goodwill	4	(5,377)		-
Legal fees	4	(322)		-
			<u>(5,699)</u>	<u>-</u>
Operating (loss)/profit				
			<u>(5,684)</u>	<u>1,282</u>
Investment revenue			-	2
Finance costs			(98)	(33)
			<u>(5,782)</u>	<u>1,251</u>
(Loss)/profit on ordinary activities before taxation			19	(395)
Taxation on (loss)/profit on ordinary activities			<u>(5,763)</u>	<u>856</u>
(Loss)/profit for the financial year				
			<u>-</u>	<u>-</u>
Other comprehensive income				
Total comprehensive income for the financial year				
			<u>(5,763)</u>	<u>856</u>
Attributable to:				
Equity holders			(5,763)	819
Non-controlling interests			(-)	37
			<u>(5,763)</u>	<u>856</u>
(Loss)/Earnings per share				
	6		<u>(12.0)</u>	<u>1.9</u>
Basic (loss)/earnings per share (pence)			(12.0)	1.8
Diluted (loss)/earnings per (pence)			(12.0)	1.8

Consolidated statement of financial position

As at 31 December 2010

	Notes	2010 £'000	2009 £'000
		unaudited	audited
ASSETS			
Non-current assets			
Property, plant and equipment		469	518
Goodwill and other intangible assets		12,829	15,693
Deferred tax asset		4	78
		<u>13,302</u>	<u>16,289</u>
Current assets			
Work in progress		151	53
Trade and other receivables		5,848	7,025
Current income tax assets		90	-
Cash and cash equivalents		-	35
		<u>6,089</u>	<u>7,113</u>
Total assets		<u>19,391</u>	<u>23,402</u>
EQUITY			
Capital and reserves			
Share capital		121	120
Share premium account		7,480	7,448
Shares held by EBT		(23)	(23)
Capital redemption reserve		200	200
Other reserves		20	20
Share based payments reserve		65	130
Retained earnings		(141)	5,788
Total equity		<u>7,722</u>	<u>13,683</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liability		4	4
Deferred consideration		1,092	1,097
		<u>1,096</u>	<u>1,101</u>
Current liabilities			
Trade and other payables		5,917	5,637
Current income tax liabilities		-	98
Borrowings		3,078	1,800
Deferred consideration		1,578	1,083
		<u>10,573</u>	<u>8,618</u>
Total liabilities		<u>11,669</u>	<u>9,719</u>
Total equity and liabilities		<u>19,391</u>	<u>23,402</u>

Consolidated statement of changes in equity

For the year ended 31 December 2010

	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	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Audited Balance 31 December 2008	109	6,655	220	(23)	126	5,274	12,361	56	12,417
Total comprehensive income	-	-	-	-	-	819	819	37	856
Changes in equity for 2009									
Issue of share capital	11	793	-	-	-	-	804	-	804
Dividends paid	-	-	-	-	-	(305)	(305)	(25)	(330)
Share based transactions	-	-	-	-	4	-	4	-	4
Disposal of Adventis NMG Limited	-	-	-	-	-	-	-	(68)	(68)
Audited Balance 31 December 2009	120	7,448	220	(23)	130	5,788	13,683	-	13,683
Total comprehensive income	-	-	-	-	-	(5,763)	(5,763)	-	(5,763)
Changes in equity for 2010									
Issue of share capital	1	32	-	-	-	(1)	32	-	32
Dividends paid	-	-	-	-	-	(230)	(230)	-	(230)
Share based transactions	-	-	-	-	(65)	65	-	-	-
Unaudited Balance 31 December 2010	121	7,480	220	(23)	65	(141)	7,722	-	7,722

Consolidated statement of cash flows

For the year ended 31 December 2010

	Note	2010 £'000	2009 £'000
		unaudited	audited
Cashflows from operating activities			
Operating (loss)/profit		(5,684)	1,282
Adjustments for:			
Impairment of investments		-	57
Impairment of goodwill		5,377	-
Share based transactions		-	4
Depreciation on property plant and equipment including amortisation of intangibles		312	137
Operating cashflows before movement in working capital		5	1,480
(Increase)/decrease in work in progress		(99)	203
Decrease in receivables		1,542	2,805
(Decrease) in payables		(850)	(2,892)
Cash generated from operations		598	1,596
Corporation tax paid		(297)	(1,116)
Interest paid		(98)	(33)
Net cash from operating activities		203	447
Cash flows from investing activities			
Interest received		-	2
Purchase of property, plant & equipment		(101)	(86)
Sale of interest in subsidiary		-	(69)
Development of intangible software assets		(260)	(110)
Acquisition of subsidiary undertaking	7	561	-
Deferred consideration for prior acquisitions		(1,486)	(2,710)
Net cash (used) in investment activities		(1,286)	(2,973)
Cash flows from financing activities			
Dividends paid		(230)	(330)
Proceeds of issuing share capital net of costs		-	804
Net cash (used)/from financing activities		(230)	474
Net (decrease) in cash and cash equivalents		(1,313)	(2,052)
Cash and cash equivalents at the beginning of the period		(1,765)	287
Cash and cash equivalents at the end of the period		(3,078)	(1,765)
Cash and cash equivalents comprises:			
Cash and cash equivalents		-	35
Borrowings		(3,078)	(1,800)
		(3,078)	(1,765)

Notes to the financial statements

For the year ended 31 December 2010

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 2010 and 2009. The financial information for the year ended 31 December 2010 has been prepared using accounting policies which are consistent with those adopted in the audited accounts for the year ended 31 December 2009. The financial information for the year ended 31 December 2009 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditors have reported on the 2009 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 2010, 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 2010 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 26 May 2011.

2. Summary of significant accounting policies

Basis of accounting

The 2010 financial statements are prepared under International Financial Reporting and Accounting Standards, as adopted for use by the European Union.

The financial statements have been prepared on the going concern basis and historical cost basis. The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities 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 the amount 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 in excess of the non-controlling interests in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling interest 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 year are included in the consolidated statement of comprehensive income ("CSCI") 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.

Going concern

The financial statements have been prepared on the going concern basis. The group has made a loss for the year, has seen a cash outflow as a consequence of deferred consideration payments and other factors, and is dependent upon the continued support of its bankers. At the year end, the group had a fully drawn committed term revolving credit facility of £3m and an overdraft facility of £0.25m. The term facility is due to expire in June 2011.

Since the year end the bank has confirmed its ongoing support and agreed to provide new facilities of £3.5m in aggregate, comprising an asset-based facility of £2.5m, a committed two year revolving credit term facility of £0.75m and an uncommitted £0.25m overdraft facility.

In addition group has current liabilities of £1.6m for deferred consideration payments due on recent acquisitions. The group expects to agree payment terms covering the majority of these obligations in order to ensure that they can be funded within the anticipated available bank facilities.

The directors have prepared detailed financial projections for the group incorporating the availability of this financing.

On the basis of these financial projections, the directors have concluded that the group will be able to meet its liabilities as they fall due for the foreseeable future, and therefore that the going concern basis of preparation is appropriate.

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.

The accounting policies applied in preparing the management information for each of the reportable segments are the same as the Group's accounting policies described in note 2.

	2010 £'000	2009 £'000
	unaudited	audited
Turnover (billings)		
Health	3,389	6,016
Technology & telecoms	7,561	3,389
Media	16,279	16,900
Property	1,421	1,366
Other	-	658
	28,650	28,329
Operating income (revenue)		
Health	2,463	4,134
Technology & telecoms	4,580	2,507
Media	2,367	2,683
Property	754	1,092
Other	-	394
	10,164	10,810
Operating (loss)/profit		
Health	(469)	791
Technology & telecoms	1,067	543
Media	758	1,018
Property	(73)	12
Other	-	69
	1,283	2,433
Unallocated costs:		
Corporate costs	(1,268)	(957)
Interest expense (net)	(98)	(31)
Impairment of goodwill	(5,377)	(194)
Exceptional items	(322)	-
(Loss)/profit before tax	(5,782)	1,251

The impairment of goodwill – Health £5,038,000 and Property £339,000.

4. Exceptional items

	2010 £'000	2009 £'000
	unaudited	audited
The Group incurred exceptional items on continuing operations as follows:		
Impairment of goodwill	(5,377)	(-)
Legal costs	(322)	(-)
	(5,699)	(-)

The impairment of goodwill of £5,377,000 (2009: Nil) has arisen following the annual impairment review to compare the carrying value of the cash generating units to their recoverable value (their value in use). The legal costs were incurred in defending a case against the company and the Chief Executive Officer, which was settled during the year.

5. Dividends

	2010 £'000 unaudited	2009 £'000 audited
Amounts recognised as distributions to equity holders in the year:		
Final dividend of 0.484p for 2009 (2008: 0.484p) per share	230	207
Interim dividend of Nil for 2010 (2009: 0.23p) per share	-	98
Adventis NMG Limited dividends	-	25
	<u>230</u>	<u>330</u>
Recommended final dividend for 2010 of Nil (2009: 0.484p) per share	-	228

No final dividend is proposed for 2010.

6. Earnings per share

	2010 £'000 Unaudited	2009 £'000 Audited
(Loss)/profit for the purpose of basic earnings per share	(5,782)	819
Number of shares		
Weighted average number of ordinary shares in issue during the year	48,309,362	43,353,614
Effect of dilutive options	-	-
Effect of dilutive long-term incentive plan	1,431,253	1,366,959
Effect of dilutive deferred consideration	21,562,573	374,800
Effect of shares held in treasury	(794,133)	-
Diluted weighted average number of ordinary shares in issue during the year	<u>70,509,055</u>	<u>45,095,373</u>

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

7. Acquisition of bChannels Limited

	Book value	Fair value adjustments	Fair value
	£'000	£'000	£'000
Trade and other receivables	263	-	263
Bank balances and cash	1,266	-	1,266
Trade and other payables	(1,066)	-	(1,066)
Current tax liabilities	(157)	-	(157)
	<u>306</u>	<u>-</u>	<u>306</u>
Goodwill			1,849
Fair value			<u>2,155</u>
Satisfied by:			£'000
Cash			705
Ordinary shares issued – 193,796 shares at 17.2p			33
Contingent deferred consideration			1,417
			<u>2,155</u>
Bank balances and cash acquired			1,266
Cash consideration			(705)
Net cash arising on acquisition			<u>561</u>

The contingent consideration is payable over four years and the actual sums payable will be based on the profits generated by bChannels Limited during the four years ending 31st December 2013. Up to 25% of the contingent consideration will, at the company's option, be satisfied in new ordinary shares. The maximum potential consideration payable is £4.5 million. The due diligence costs and stamp duty tax arising from this transaction amounted to £42,000 and have been treated as an operating cost in compliance with IFRS 3 (revised).

Goodwill of £1,849,000 has been recognised on acquisition and is attributable to future operating synergies from the combination, cross selling opportunities and the assembled workforce.

In the period following acquisition, bChannels Limited contributed £2,828,487 to Group revenue and £266,125 operating profit which has been included with the consolidated statement of comprehensive income for the year.

If the acquisition had occurred on 1 January 2010, the acquisition would have contributed £3,137,275 to Group revenue and £325,196 operating profit.

8. Availability of this announcement

Copies of this announcement will be available from the Company's registered office, Adventis House, Post Office Lane, Beaconsfield, Bucks HP9 1FN, and on the Company's website, www.adventis.co.uk.