

Avisen plc
(“Avisen” or, the “Company” or “the Group”)

Half-yearly results for the six months ended 31 July 2009

Avisen, the AIM quoted technology consultancy specialising in performance management, announces its unaudited half yearly results for the six months ended 31 July 2009.

Highlights:

- Operating income £994,407
- Pre tax profit £91,641
- Earnings per share 0.08 pence
- Three acquisitions completed in the half year: Wexner Global Limited, EON Enterprises Limited, Quadrum Consulting Proprietary (Pty) Limited
- Acquisition of Inca Holdings Limited completed post half year
- New client wins include Tesco PLC and Kettle Foods Limited

Marcus Hanke, Chief Executive Officer of Avisen, commented:

“The Company has had an exciting six months, with the acquisitions of Wexner, EON, Quadrum and Inca, which was completed in August, along with recently being nominated as Best Newcomer at the AIM Awards and winning an IBM Midmarket Business Partner Award earlier this month.

“We will continue our “buy-and-build” strategy and remain confident in our ability to deliver growth and become a leading player in the business intelligence and performance management market.”

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Chairman's statement

I am pleased to present the results of the Group for the six month period ended 31 July 2009.

Results

Turnover for the period, which includes turnover produced by companies acquired during the period, amounted to £2,226,050 (10 month period ended 31 January 2009: £2,772,725). Profit before income tax for the period amounted to £91,641 (10 month period ended 31 January 2009: loss of £99,585) which resulted in earnings per share of 0.08p (10 month period ended 31 January 2009: loss per share of 4.07p).

The Group's results for the period, which are unaudited, have been produced using reverse acquisition accounting as the basis of consolidation in order to give a true and fair view of the Group's progress to date. In addition, unaudited comparable figures have been produced for the 10 month period ended 31 January 2009. Furthermore, the results for Avisen Group Limited for the year ended 31 March 2008 (prior to its acquisition by Z GROUP plc) have been reproduced as comparables. The figures for the year ended 31 March 2008 for Avisen Group Limited are not statutory accounts for the purpose of the Companies Act but were included in the Company's AIM admission document and were reviewed by Horwath Clark Whitehill LLP, who stated in that document that the financial information gave a true and fair view of the state of affairs of the Avisen Group Limited.

Overview

Avisen is a business and technology consultancy and support provider. The Group's management team has grown the business rapidly in a relatively short period of time. The Group's strategy is to create shareholder value both through acquisition and organic growth. The Board is focussed on acquiring companies that either extend the customer base of the Group's current offering or provide complementary services and support that can be delivered to the current client base or sold through its sales channels. The management team has demonstrated their ability to rapidly absorb the new businesses in order to achieve cost savings and to grow the recurring income base of the Group through software and solution support. In addition, Avisen's customers are starting to receive the benefit of the Group's offshore capability in South Africa where it can develop and support its Corporate Performance Management software tools, allowing the Company to price its products and services competitively and increase its margins.

I am pleased to report that during the period under review our "buy and build" strategy is now producing clear results. In the six months to 31 July 2009 the Company completed three acquisitions; Wexner Global Limited ("Wexner"), Eon Enterprises Limited ("EON") and Quadrum Consulting (Propriety) Limited ("Quadrum"). In addition, a fourth acquisition, Inca Holdings Limited ("INCA"), was completed in August 2009. The Board, in line with its stated strategy, continues to evaluate a number of potential new acquisition opportunities.

The trading businesses of Wexner, EON, Quadrum and INCA, in addition to that of Solution Minds (UK) Limited which was acquired prior to the Group's admission to trading on AIM, have all been consolidated under the 'INCA' brand. Consolidation of these businesses since the period end has strengthened the Group's customer base and resulted in significantly improved recurring revenue streams.

Avisen remains focused on the advisory and consulting market. It is both a customer and channel to market for INCA's software, service and support offerings. The Board expects the full benefit of the operational and other synergies arising from the acquisitions that have been completed to date to be realised in the financial year ended 31 January 2011.

The advisory business is continuing to win engagements with FTSE 350 companies. Recent engagements have included providing board level strategic advice, aligning executive teams, developing business intelligence and planning capability, managing pan-European Corporate Performance Management transformation, profitability improvement and managing a multi-million divestment/integration programme. In addition, customers from our original Infocube, Inca and Solution Minds businesses are starting to benefit from the additional services that the advisory team has to offer this base.

Board and Employees

The Board also announces that Mr Andrew Turner, Director will be leaving the Company today. Following the Group's reverse onto AIM, in February 2009, and its first half year as a quoted company, Andrew is leaving in order to pursue other interests. The Board would like to thank Andrew for his valuable contribution to the Group.

Marcus Hanke, Chief Executive Officer, said, *"I have had a great personal and working relationship with Andrew and have valued his efforts, and wish him the very best in his future endeavours."*

As a specialist service provider it is imperative that we retain high calibre employees. As the business has

grown through acquisition it can often be an unsettling time for the employees of the Group and I would like to extend my sincere thanks and gratitude to all members of our staff for their commitment and loyalty.

We remain proud that the high level of service our customers expect has been maintained throughout and it is thanks to the dedication of our colleagues that this has been possible.

Current trading and outlook

During the period under review the Company has had a number of high calibre client wins including Tesco PLC and Kettle Foods Limited. Due to the number and size of the acquisitions completed since admission to trading on AIM, the reported figures do not accurately reflect the expected future performance of the Group. The Board anticipates the combined revenues generated from these acquisitions to significantly improve the Group's revenues in the second half of the year. The Group's order book includes £1.5 million of higher margin recurring software support renewals.

The opportunity before the Group for the second half of the year is to leverage the Group's wider value propositions to the existing client base. The exclusive distribution agreement signed with Acorn Systems Inc for the UK and South Africa represents a significant growth opportunity.

We began the second half of the financial year with a strong pipeline of potential business and the Company's conversion record since July 2009 has, in the opinion of the Board, been outstanding, which gives us great confidence for the second half of this financial year.

Jon Claydon
Non-executive Chairman
30 October 2009

**GROUP INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED 31 JULY 2009**

	Notes	Six months ended 31 July 2009 Continuing Operations £	Six months ended 31 July 2009 Acquisitions £	Six months ended 31 July 2009 Total £	10 months ended 31 January 2009 Total £	Year ended 31 March 2008 £
Turnover		2,021,451	204,599	2,226,050	2,772,725	4,020,397
Cost of sales		(1,040,706)	(190,937)	(1,231,643)	(1,218,727)	(1,997,792)
Operating Income		980,745	13,662	994,407	1,553,998	2,022,605
Other administrative expenses		(810,200)	(100,525)	(910,725)	(1,668,365)	(1,571,565)
Operating profit/(loss)		170,545	(86,863)	83,682	(114,367)	451,040
Finance income		-	-	-	-	(772)
		7,954	5	7,959	14,782	31,878
Profit/(Loss) before income tax		178,499	(86,858)	91,641	(99,585)	482,146
Income tax expense		-	-	-	(2,733)	(164,610)
Profit/(Loss) for the period		178,499	(86,858)	91,641	(102,318)	317,536
Earnings/(Loss) per share (pence)						
Basic	3			0.08	(4.07)	
Diluted	3			0.08	(4.07)	

**GROUP BALANCE SHEET
AS AT 31 JULY 2009**

	As at 31 July 2009 £	As at 31 January 2009 £	As at 31 March 2008 £
Assets			
Property	43,486	30,278	12,993
Other intangible assets, including goodwill	2,508,192	671,417	244,889
Other receivables	376,831	113,599	-
Non-current assets	2,928,509	815,294	257,882
Trade and other receivables	1,607,234	698,727	760,856
Cash and cash equivalents	753,647	468,303	1,066,526
Current assets	2,360,881	1,167,030	1,827,382
Total assets	5,289,390	1,982,324	2,085,264
Equity and liabilities			
Capital and reserves attributable to equity holders of the Company			
Share capital	5,778,523	25,151	21,483
Share premium account	6,292,399	328,719	206,518
Share option reserve	63,410	-	-
Merger reserve	2,166,667	-	-
Reverse acquisition reserve	(11,584,337)	-	-
Exchange reserve	(6,288)	-	(259)
Retained profit	384,845	284,943	403,221
Minority interest	-	-	241
Total equity	3,095,219	638,813	631,204
Trade and other payables	2,194,171	1,343,511	1,198,910
Current tax payable	-	-	255,150
Current liabilities	2,194,171	1,343,511	1,454,060
Total liabilities	2,194,171	1,343,511	1,454,060
Total equity and liabilities	5,289,390	1,982,324	2,085,264

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 JULY 2009**

	Share Capital £	Share Premium £	Share Based Payments Reserve £	Merger Reserve £	Reserve Acquisition Reserve £	Exchange Reserve £	Retained Earnings £	Total £
Balance at 1 February 2009 [Note 2]	1,187,294	5,967,758	63,410	-	-	-	(5,793,965)	1,424,497
Reserves movement	-	-	-	-	-	-	6,087,169	6,087,169
Shares issued	4,591,229	-	-	-	-	-	-	4,591,229
Reverse acquisition costs	-	(192,594)	-	-	-	-	-	(192,594)
Premium on issue of shares	-	517,235	-	-	-	-	-	517,235
Merger reserve	-	-	-	2,166,667	-	-	-	2,166,667
Exchange reserve	-	-	-	-	-	(6,288)	-	(6,288)
Reverse acquisition reserve	-	-	-	-	(11,584,337)	-	-	(11,584,337)
Profit for the period	-	-	-	-	-	-	91,641	91,641
Total recognised income and expense for the period	4,591,229	324,641	-	2,166,667	(11,584,337)	(6,288)	6,178,810	1,670,722
Balance at 31 July 2009	5,778,523	6,292,399	63,410	2,166,667	(11,584,337)	(6,288)	384,845	3,095,219

**CASH FLOW STATEMENT
FOR THE SIX MONTH PERIOD ENDED 31 JULY 2009**

	Six months ended 31 July 2009 £	10 months ended 31 January 2009 £	Year ended 31 March 2008 £
Cash flow from operating activities			
Operating profit/(loss)	83,682	(114,367)	451,040
Depreciation	8,592	7,098	7,330
Amortisation	-	-	-
Share option credit	-	-	-
Dividend income	-	-	-
Increase in trade and other receivables	(1,147,364)	(51,469)	(404,384)
Increase in trade and other payables	720,308	13,262	597,799
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Cash (used in)/generated from operations	(334,782)	(145,476)	651,785
Income taxes paid	(77,302)	(94,554)	(20,735)
Interest paid	-	-	(772)
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Net cash (used in)/generated from operating activities	(412,084)	(240,030)	630,278
Cash flow from investing activities			
Purchase of property, plant and equipment	(8,628)	(24,383)	-
Acquisition of subsidiaries	966,769	(25,000)	(41,018)
Expenditure on product development	(280,511)	(386,925)	-
Interest received	7,959	14,782	31,878
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Net cash generated from/(used by) investing activities	685,589	(421,526)	(9,140)
Cash flows from financing activities			
Proceeds on the issue of share capital	-	61,519	27,901
Increase in bank overdrafts	17,980	-	-
Repayments of borrowings	(12,429)	-	-
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Net cash generated from financing activities	5,551	61,519	27,901

**CONSOLIDATED CASH FLOW STATEMENT CONT'D
FOR THE SIX MONTH PERIOD ENDED 31 JULY 2009**

	Six months ended 31 July 2009 £	10 months ended 31 January 2009 £	Year ended 31 March 2008 £
Net increase/(decrease) in cash and cash equivalents	279,056	(600,037)	649,039
Cash and cash equivalents at the beginning of the period	468,303	1,066,526	414,759
Effect of foreign exchange	6,288	1,814	2,728
Cash and cash equivalents at the end of the period	<u>753,647</u>	<u>468,303</u>	<u>1,066,526</u>
Bank balances and cash	<u>753,647</u>	<u>468,303</u>	<u>1,066,526</u>

NOTES TO THE HALF YEARLY REPORT FOR THE SIX MONTH PERIOD ENDED 31 JULY 2009

1 Principal Activity

Avisen plc is a company incorporated and domiciled in England & Wales with its registered office at 16 Devonshire Street, London W1G 7AF. The principal activity of the Group is the provision of business and technology consultancy with specialisms in performance management, strategy creation, development and implementation.

2 Basis of Preparation

The accounting policies applied in the half yearly consolidated financial information are consistent with those of the annual financial statements for the period ended 31 January 2009 as described in those financial statements except for the impact of the standard applicable for the current financial position described below:

IAS 1 (revised 2007) Presentation of Financial Statements – effective for annual periods beginning on or after 1 January 2009. IAS 1 (revised 2007) presents transactions with owners in detail and non-owner changes in equity as a single line in the statement of changes in equity. The standard introduces a Consolidated Statement of comprehensive Income which presents all items of unrecognised income and expense and is linked to the Consolidated Income Statement. In addition, the Consolidated Balance Sheet may be renamed as the Consolidated Statement of Financial Position and the Consolidated Cash Flow Statement can be renamed consolidated Statement of Cash Flows. The company may continue to use existing terminology.

IAS 1 (revised 2007) is a disclosure standard and has no impact on the financial position and results of the Group.

On 2 February 2009 the company, then named Z Group plc, became the legal parent of Avisen Group Limited. Due to the relative values of the companies, the former Avisen Group Limited shareholders became the majority shareholders with 78.5% of the enlarged share capital. Further, the company's continuing operations and executive management were those of Avisen Group Limited. Accordingly, the substance of the combination was that Avisen Group Limited acquired Z Group plc in a reverse acquisition. As part of the business combination Z Group plc changed its name to Avisen plc and changed its year end to 31 January.

Under the requirements of the Companies Act 2006 it would normally be necessary for the company's consolidated accounts to follow the legal form of the business combination. In that case the pre-combination results would be those of Z Group plc. The results of Avisen Group Limited would then be brought into the Group from 2 February 2009. However, this would portray the combination as an acquisition of Avisen Group Limited by Z Group plc and would, in the opinion of the directors, fail to give a true and fair view of the substance of the business combination. Accordingly, the directors have adopted reverse acquisition accounting as the basis of consolidation in order to give a true and fair view.

In invoking the true and fair override the directors note that the reverse acquisition accounting is allowed under IFRS3 Business Combinations.

As a consequence of applying reverse acquisition accounting, the results for the period ended 31 July 2009 comprise the consolidated results of Avisen Group Limited for the period ended 31 July 2009 plus those of Z Group plc from 2 February 2009, the date of the reverse acquisition. The 10 month comparative to 31 January 2009 represents the consolidated position of Avisen Group Limited prior to the reverse acquisition.

Due to the substance of the transaction, displaying the comparable six month figures for Z Group Plc would be misleading and inconsistent against the accounting treatment adopted. As the substance of the combination relates to Avisen Group Limited acquiring Z Group Plc it is more appropriate to show the audited figures to 31

March 2008 of Avisen Group Limited together with the unaudited 10 month period. The six months to 31 July 2009 relate to the enlarged group and therefore represent the first interim period of the business combination.

In the Statement of Changes in Equity set out above the brought forward figures as at 1 February 2009 arise from the audited financial statements of Avisen Plc, formerly Z Group Plc, 'the legal parent' before the reverse acquisition. Under reverse acquisition accounting the substance of equity and capital reserves remains that of the 'legal parent' with retained earnings being that of the 'legal subsidiary', Avisen Group Limited. The 'legal parents' audited accounts can be found at www.avisenplc.com.

3 Earnings/(loss) per share

The calculation of basic earnings per share is based upon the profit after tax divided by weighted average number of shares in issue during the period.

The calculation of fully diluted earnings per share is based upon the profit after tax divided by the weighted average number of shares in issue during the period after taking into account the dilutive effect of share options.

Basic & diluted Earnings/(loss) per share	Profit/(Loss) after tax £	Weighted average number of shares	Earnings/(loss) per share (pence)
Six months ended 31 July 2009	89,487	110,412,546	0.08
10 months ended 31 January 2009	(102,318)	2,515,100	(4.07)

4 Nature of Financial Information

The interim information set out above is neither audited nor reviewed and does not represent the statutory financial statements within the meaning of s435 of the Companies Act 2006 for Avisen plc or for any of the entities comprising the Avisen plc Group for the period ended 31 July 2009. The figures for the period ended 31 January 2009 were extracted from the legal subsidiary consolidated statements which remain unaudited. As at 31 January 2009 the legal parent has undertaken a statutory audit for which the financial statements have been presented to shareholders. The auditors' report on those financial statements was unqualified.

The Board approved the interim financial information for the period ended 31 July 2009 on 30 October 2009.

Copies of the half-yearly results will be available shortly from the Company's registered office, 16 Devonshire Street, London W1G 7AF and on the Company's website www.avisenplc.com.

5 Dividends

No dividend is proposed for the six months ended 31 July 2009.