

Avisen plc (AIM: AVI)

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

Interim Results for the six month period ended 31 July 2011

The directors of Avisen (the “Board”)(AIM:AVI), the business technology and profit improvement specialist, is pleased to announce the Company’s unaudited interim results for the six month period ended 31 July 2011.

Highlights

Current year

Financial highlights

- Turnover from continuing operations increased by 53 per cent to £2.6m (6 months 2010: £1.7m)
- Adjusted* EBITDA from continuing operations of £0.6m (6 months 2010: loss of £0.5m)
- Overall profit for the period after tax of £0.8m, (6 months 2010: loss of £6.6m after impairment of £4.5m in relation to the acquisition of Xploite plc)
- Strong balance sheet at 31 July 2011 with £2.9m of cash and no debt (31 January 2011 net cash of £0.2m)
- The Avisen trading business generated revenues of £2.5m and adjusted* EBITDA of £1m
- The Storage Fusion trading business generated revenues of £0.2m and broke even at an adjusted* EBITDA level
- Disposed of Inca Software Limited (“Inca”) for £7.3m of cash resulting in an accounting profit on disposal of £0.4m, following the write-off of goodwill and intangible assets of £7.6m

*Adjusted for strategic, integration and other one off items

Operational highlights

- In July, a contract was signed with Unilever plc (“Unilever”) to supply a global cost to serve solution, demonstrating Avisen’s ability in the ‘Big Data’ market
- Storage Fusion finalised the development of the Portal enabled Storage Resource Analysis (“SRA”) product, which will enable it to be sold as ‘Software as a Service’ (“SaaS”)
- In June, Storage Fusion signed a sales contract with a global information technology company for its SRA Software product

Post Balance Sheet Highlights

- On 7 October 2011, the Company announced a transaction to acquire the entire issued share capital of 1Spatial Holdings plc (“1Spatial”) for a consideration £4.7m to be satisfied by the issue of shares in Avisen (“the Transaction”). Subject to, *inter alia*, various shareholder approvals, the scheme is expected to become effective on 25 November 2011
- In September, Storage Fusion signed a further two contracts, with a US Storage Consultant and another global technology company

Commenting on the results, Marcus Hanke, CEO of Avisen, says:

“We have demonstrated successful trading performance during the period as well as securing a number of key contracts. This gives us a strong platform for growth going forward. We are excited for the future and feel confident that, subject to completion of the 1Spatial Transaction, the enlarged group will be well positioned for growth and the generation of increased shareholder value”

For further information, please contact:

Avisen plc

Marcus Hanke (CEO)/Claire Milverton (CFO)

Tel: +44 (0)20 3527 5004

Strand Hanson Limited

Tel: +44 (0)20 74093 494

James Harris / Paul Cocker

Bishopsgate Communications
Deepali Schneider/Natalie Quinn
avisen@bishopsgatecommunications.com

Tel: +44 (0)20 7562 3350

Chairman's statement

I am pleased to present the results of the group for the six month period ended 31 July 2011. We have had a successful first half of the year both from a results perspective and from a strategic perspective. Comparing the 6 months for July 2010 to the 6 months to July 2011, all of our performance measures have improved. Most notably, our overall profit after tax from total operations has improved from a £6.6m loss in 2010 to a £0.8m profit in 2011.

In my July 2011 Chairman's statement I commented on our future, which would be to invest in our current businesses and actively pursue acquisition opportunities. I am pleased to report that we have been taking great steps in the right direction to achieve this, with investment in both the Avisen trading business and Storage Fusion, giving rise to success and more recently the announcement of the proposed Transaction with 1Spatial.

We are very excited about the Transaction. Avisen had secured a strong financial position following the disposal of Inca and signing the Unilever contract. We needed to add scale to our business but also wanted a business which had significant Intellectual Property Rights in its own right and combined with Avisen would provide a leveraged opportunity. We considered a number of opportunities before deciding that 1Spatial was a prospect where we felt that there would be the greatest ability to extract value across the new combined group. Subject to certain conditions and various shareholder approvals, the Transaction is due to complete on 25 November 2011 and, should it do so, we will be able to include two months trading results of 1Spatial in our year end results to 31 January 2012.

Overall results for the six months to July 2011 (with comparison to July 2010)

Results from continuing operations for the six month period ended 31 July 2011 include turnover of £2.6m (6 months 2010: £1.7m), adjusted EBITDA of £0.6m (6 months 2010: loss of £0.5m) and a profit for the period after tax of £0.4m (6 months 2010: loss of £6.5m following a one off impairment charge of £4.5m on the acquisition of Xploite plc).

Overall net profits for the period including both continuing and discontinued operations were £0.8m (6 months 2010: loss of £6.6m). Adjusted profit per share was 0.26 pence (6 months 2010: loss was 0.13 pence) and basic profit per share from continuing operations was 0.18 pence, (6 months 2010: loss was 3.45 pence).

Avisen UK

During the first half of this year we invested heavily in securing the Unilever 'Global Cost to Serve' contract for its global supply chain and customer service function. This was a pivotal contract which demonstrated that we could deliver a 'Cost to Serve' solution to a world leading company. The increasing focus on 'Big Data', analysing large data sets, is set to become a key basis of competition, underpinning new waves of productivity growth, innovation, and consumer surplus going forward. It was therefore imperative that we secured this contract which provides the blueprint for future sales in this area. The contract will provide a number of revenue streams including licence fees, support and maintenance fees, managed service fees and consultancy fees for an initial period of three years. During the period we have also worked with a number of blue chip clients developing proof of concept 'Cost to Serve' solutions. As well as delivering these 'Cost to Serve' solutions, we have also been working with our other key customers during the period including Atkins and Tesco Direct.

The un-predictable nature of revenue and the significant lead time from initial customer interest to fulfilment is an unavoidable factor of our business. However, the Board has a strong belief in the management team's ability to secure and fulfil new contracts, particularly following the success of the Unilever contract and I am pleased that we can see a pipeline of opportunities arising for the future.

Avisen's revenue in the period improved by 49% compared with the previous period to £2.5m (6 months 2010: £1.7m). The primary driver for the increase was the recognition of the Unilever licence revenues. Improved gross margins and cost control gives an Adjusted EBITDA profit of £1.0m for the 6 month period (6 months 2010: £0.3m). This is an increase of 233% on the prior period at the adjusted EBITDA performance level.

Storage Fusion

We have also invested heavily in our Storage Fusion business to extend the vendor storage arrays we support, and to develop a portal to enable our SRA product to be delivered as a true “software as a service” solution. This is the first portal enabled storage assessment service in the market place. The product is now starting to generate genuine traction in the market place; which is demonstrated by the significant amount of interest from a number of global storage vendors and the signing of three major contracts in the last four months (June to September). The sales pipeline is very strong, however we have been limited by resources and have therefore taken steps to recruit additional staff to meet the demand.

Storage Fusions’ revenue in the period was £0.2m, as compared with £0.1m in the corresponding period last year (Storage Fusion was acquired on 27 April 2010). There is therefore low revenue growth year on year, however as noted above, there were some key contracts signed very recently, the impact of which is not fully reflected in these results.

Storage Fusion made a small adjusted EBITDA loss in the period of £0.1m (2010: adjusted EBITDA profit of £0.1m). The overhead cost amounting to £0.2m was slightly increased on the prior year; One key aspect of the Storage Fusion business is that any new sales contracts won have a significant effect on profitability as there is no direct cost of sale associated with the transaction.

Head office costs

Total head office costs in the period have reduced to £0.3m from £0.8m in the previous comparative period. This is as a result of closely monitoring, reviewing and cutting head office costs. In addition, in 2010, there were a number of Directors on the Board, following the Xploite transaction, who left at the end of July 2010.

Inca software

Avisen disposed of Inca Software on 1 April 2011. The Inca business comprised two acquisitions made in 2009 for a total consideration of £4m in Avisen plc shares. Avisen plc was approached in December 2010 with a cash offer for the business of £7.3m (£6m on completion and £1.3m on 1 April 2012). The overall gain on disposal following the write off of goodwill and intangible assets of £7.6m was £0.4m.

The Board believed that it was in the best interests of the shareholders to accept this offer. Our decision to accept the offer was influenced by the constant margin pressure the division faced and our concerns surrounding our ability to scale the business and be up to date with the latest SaaS technologies without further significant investment. We have used the cash to invest in both Avisen and Storage Fusion and going forward will use it to invest in 1Spatial, subject to the successful completion of the Transaction.

In the two month period prior to disposal, Inca was break even at a post-tax position.

Consolidated statement of financial position

The assets and liabilities of Inca are classified as ‘Held for sale’ in the January 2011 numbers. Following the disposal of Inca in April 2011, these assets and liabilities do not form part of the Avisen group balance sheet as at 31 July 2011.

Non-current assets £3.1m at 31 July 2011 (£3.0m at 31 January 2011)

The main component of non-current assets is goodwill and intangible assets in relation to the Storage Fusion business. The main movements on the balance are capitalisation of research & development costs of £0.2m and amortisation of £0.2m.

Current assets (including cash) of £8.2m (£1.6m at 31 January 2011)

Total current assets comprise trade and other receivables of £5.3m (January 2011: £1.2m) and cash of £2.9m (January 2011: £0.4m). The increase in trade and other receivables of £4.1m is predominately due to an increase in trade receivables (mainly in respect of the Unilever contract) and £1.3m of deferred consideration receivable from the disposal of Inca.

The increase in the cash balance is due to the net proceeds received on the sale of Inca less costs resulting from investment in Avisen and Storage Fusion over the last few months. More details on the cash flow are given below.

Current liabilities of £3.2m (£3.3m at 31 January 2011)

Following the receipt of the cash from the disposal of Inca, trade and other payables have reduced by £0.1m. The group does not have any current tax liabilities or borrowings at 31 July 2011.

Non-current liabilities of £0.3m (£0.3m at 31 January 2011)

At 31 July 2011, this balance relates to a deferred tax liability of £0.3m. At 31 January 2011 this balance comprised 0.2m of deferred tax and £0.1m of borrowings (now repaid).

Share capital and reserves of £7.8m (£7.0m at 31 January 2011)

The only movement within share capital and reserves from January 2011 is the profit made by the group of £0.8m.

Statement of cashflows

The group had cash of £2.9m and no debt as at 31 July 2011 (31 January 2011: Net cash of £0.2m). The most significant inflow in the period was the cash inflow from the sale of Inca of £5.4m (after costs and net of cash balance transferred with Inca). The main cash outflow in the period is with respect to operations, of £2.9m. Following the receipt of the Inca cash we paid off certain long-standing liabilities and used the remainder of the cash to invest in securing the Unilever contract. The nature of our business is that we have significant upfront costs in securing contracts in terms of salary and wages costs of our consultants, who will deliver the 'Proof of concept' to the client. In addition, we encounter long credit terms with the majority of our customers, which has a negative effect on working capital as the majority of our costs are payable immediately. We also invested £0.2m in research and development to continue our development of our SRA software and portal in our Storage Fusion business.

Conclusion and outlook

We have had a successful trading performance during the period, secured a number of key contracts and agreed the terms of an exciting acquisition opportunity, which gives us a platform for growth. We look forward to the future with confidence and, subject to successful completion of the Transaction, we are excited about the opportunity for the growth of the enlarged group as a combined entity with 1Spatial, where there should be an ample opportunity for mutual growth and increased shareholder value.

Chairman

28 October 2011

Consolidated statement of comprehensive income
6 months ended 31 July 2011

	Notes	Unaudited Six months ended 31 July 2011 £'000	Audited Year ended 31 January 2011 £'000	Unaudited Six months ended 31 July 2010 £'000
Continuing operations				
Revenue		2,628	2,631	1,736
Cost of sales		(1,324)	(1,940)	(1,123)
Gross profit		1,304	691	613
Administrative expenses		(882)	(8,465)	(7,133)
Other operating income		422	(7,774)	(6,520)
		8	-	2
Adjusted* EBITDA		615	(1,481)	(452)
Less: depreciation		(7)	(5)	-
Adjusted* EBITA		608	(1,486)	(452)
Less: amortisation and impairment of intangible assets		(178)	(4,788)	(4,765)
Less: strategic, integration and other one off items	8	-	(1,500)	(1,301)
Operating profit/(loss)		430	(7,774)	(6,518)
Finance income		-	-	-
Finance costs		(8)	(27)	(9)
Net finance costs		(8)	(27)	(9)
Profit/(Loss) before tax		422	(7,801)	(6,527)
Tax (charge)/credit		(12)	159	74
Profit/(Loss) from continuing operations		410	(7,642)	(6,453)
Discontinued operations				
Profit/(Loss) from discontinued operations	6	433	458	(124)
Profit/(Loss) for the period		843	(7,184)	(6,577)
Other comprehensive income				
Exchange differences on translating foreign operations		-	(61)	(46)
Gain on disposal of subsidiary undertaking		-	142	381
Other comprehensive income for the period, net of tax		-	81	335
Total comprehensive income/(expense) attributable to equity shareholders of the company		843	(7,103)	(6,242)
* Adjusted for strategic, integration and other one off items (note 8).				
Earnings/(Loss) per ordinary share expressed in pence per ordinary share from continuing operations:				
Basic	3	0.18	(3.69)	(3.45)
Diluted	3	0.18	(3.69)	(3.45)
Earnings/(Loss) per ordinary share expressed in pence per ordinary share from total operations:				
Basic	3	0.41	(3.47)	(3.52)
Diluted	3	0.41	(3.47)	(3.52)
Adjusted Earnings/(Loss) per ordinary share expressed in pence per ordinary share from continuing operations:				
Basic	3	0.26	(0.65)	(0.13)
Diluted	3	0.26	(0.65)	(0.13)

**Consolidated statement of
financial position
As at 31 July 2011**

	Notes	Unaudited As at 31 July 2011 £'000	Audited As at 31 January 2011 £'000	Unaudited As at 31 July 2010 £'000
Assets				
Non-current assets				
Intangible assets	9	869	858	2,606
Goodwill	9	2,156	2,156	8,149
Property, plant and equipment		35	19	71
Total non-current assets		3,060	3,033	10,826
Current assets				
Trade and other receivables		5,325	1,179	6,505
Cash and cash equivalents		2,898	419	689
Total current assets (excluding assets of disposal group classified as held for sale)		8,223	1,598	7,194
Assets of disposal group classified as held for sale		-	10,242	-
Total current assets		8,223	11,840	7,194
Total Assets		11,283	14,873	18,020
Liabilities				
Current liabilities				
Trade and other payables		(3,175)	(3,271)	(8,164)
Current tax liabilities		-	-	(431)
Borrowings		-	(44)	(768)
Total current liabilities (excluding liabilities of disposal group classified as held for sale)		(3,175)	(3,315)	(9,363)
Liabilities of disposal group classified as held for sale		-	(4,257)	-
Total current liabilities		(3,175)	(7,572)	(9,363)
Non-current liabilities				
Borrowings		-	(62)	(69)
Deferred tax		(258)	(232)	(720)
Total non-current liabilities		(258)	(294)	(789)
Total liabilities		(3,433)	(7,866)	(10,152)
Net assets		7,850	7,007	7,868
Share capital and reserves				
Share capital	10	11,335	11,335	11,160
Share premium account		6,455	6,455	6,324
Own shares held		(306)	(306)	-
Share based payment reserve		387	387	904
Merger reserve		10,006	10,006	10,006
Reverse acquisition reserve		(11,584)	(11,584)	(11,584)
Currency translation reserve		(39)	(39)	(24)
Accumulated losses		(8,404)	(9,247)	(8,918)
Total equity attributable to shareholders of the parent		7,850	7,007	7,868

Consolidated statement of changes in equity
Period ended 31 July 2011

£'000	Share capital	Share premium account	Own shares held	Share based payments reserve	Merger reserve	Reverse acquisition reserve	Currency translation reserve	Accumulated losses	Total
Balance at 1 February 2010	7,162	6,463	-	951	4,830	11,584	22	(2,722)	5,122
Comprehensive income									
Loss for the year	-	-	-	-	-	-	-	(7,184)	(7,184)
Other comprehensive income/(expense)									
Gain on disposal of subsidiary	-	-	-	(122)	-	-	-	142	20
Exchange differences on translating foreign operations	-	-	-	-	-	-	(61)	-	(61)
Total other comprehensive income/(expense)	-	-	-	(122)	-	-	(61)	142	(41)
Total comprehensive expense	-	-	-	(122)	-	-	(61)	(7,042)	(7,225)
Transactions with owners									
Shares issued in the year	4,173	(8)	-	75	-	-	-	-	4,240
Premium on issuance of share to acquire subsidiary	-	-	-	-	5,176	-	-	-	5,176
Transfer on lapse of share based payment	-	-	-	(517)	-	-	-	517	-
Shares held in treasury resulting from disposal of subsidiary	-	-	(306)	-	-	-	-	-	(306)
	4,173	(8)	(306)	(442)	5,176	-	-	517	9,110
Balance at 31 January 2011	11,335	6,455	(306)	387	10,006	(11,584)	(39)	(9,247)	7,007
Balance at 1 February 2011	11,335	6,455	(306)	387	10,006	(11,584)	(39)	(9,247)	7,007
Comprehensive income									
Profit for the year	-	-	-	-	-	-	-	843	843
Total comprehensive income	-	-	-	-	-	-	-	843	843
Balance at 31 July 2011	11,335	6,455	(306)	387	10,006	(11,584)	(39)	(8,404)	7,850

Consolidated statement of cashflows
Period ended 31 July 2011

	Notes	Unaudited 31 July 2011 £'000	Audited 31 January 2011 £'000	Unaudited 31 July 2010 £'000
Cash flows from operating activities				
Cash used in from operations	a)	(2,933)	(604)	(1,217)
Interest paid		(25)	(142)	(69)
Tax received/(paid)		151	(77)	-
Net cash used in operating activities		(2,807)	(823)	(1,286)
Cash flows from investing activities				
Acquisition of subsidiaries		-	2,291	2,134
Disposal of subsidiaries		-	(405)	(533)
Cash received on disposal of subsidiary*		5,404	-	-
Purchase of intangible assets		(3)	-	-
Purchase of property, plant and equipment		(23)	(175)	(28)
Expenditure on product development		(185)	(185)	-
Proceeds from sale of property, plant and equipment		4	-	66
Net cash generated from investing activities		5,197	1,526	1,639
Cash flows from financing activities				
Increase in overdraft		-	-	(19)
Decrease/(Increase) in factoring account		121	(144)	330
Finance lease principal payments		-	(7)	-
Repayment of borrowings		(106)	(250)	(158)
Net cash generated from/(used in) financing activities		15	(401)	153
Net increase in cash and cash equivalents		2,405	302	506
Cash and cash equivalents at start of period		493	183	183
Effects of foreign exchange		-	8	-
Cash and cash equivalents at end of period		2,898	493	689
Classified as:				
Current assets		2,898	419	689
Assets held for sale		-	74	-

*Net of disposal costs and cash balance disposed.

Cash flows from discontinued operations can be summarised for each of the main cash flow headings as follows:

	31 July 2011 £'000	31 January 2011 £'000	31 July 2010 £'000
Cash flows from operating activities			
Net cash generated from/(used in) operating activities	(143)	380	172
Cash flows from investing activities			
Net cash generated from/(used in) investing activities	5,381	(571)	(556)
Cash flows from financing activities			
Net cash generated from/(used in) financing activities	121	(244)	330

a) Cash used in operations	Unaudited As at 31 July 2011 £'000	Audited As at 31 January 2011 £'000	Unaudited As at 31 July 2010 £'000
Continuing operations			
Profit/(loss) before tax	422	(7,801)	(6,527)
Adjustments for:			
Finance cost - net	8	27	9
Depreciation charge	7	5	-
Amortisation and impairment	178	4,788	4,767
(Increase)/Decrease in trade and other receivables	(2,983)	3,123	(1,053)
(Decrease)/Increase in trade and other payables	(439)	(1,268)	1,346
Cash used in continuing operations	(2,807)	(1,126)	(1,458)
Discontinued operations			
Net (loss)/profit before tax	(12)	348	(124)
Adjustments for:			
Finance cost - net	17	115	60
Depreciation charge	19	64	21
Amortisation and impairment	68	406	-
(Decrease)/Increase in trade and other receivables	(137)	(489)	326
(Decrease)/increase in trade and other payables	(81)	78	4
Foreign currency adjustment	-	-	(46)
Cash generated from discontinued operations	(126)	522	241
Cash used in operations	(2,933)	(604)	(1,217)

b) Reconciliation of net cash flow to movement in net funds

	Unaudited As at 31 July 2011 £'000	Audited As at 31 January 2011 £'000	Unaudited As at 31 July 2010 £'000
Increase in cash in the year	2,405	302	506
Net cash inflow from increase in bank loans and overdrafts including factoring	106	250	130
Net cash outflow in respect of overdraft	-	-	20
Net cash inflow in respect of factoring	(121)	144	(330)
Cash outflow in respect of finance leases	-	7	27
Changes resulting from cash flows	2,390	703	353
Loans and finance leases acquired with subsidiary	-	-	(21)
Factoring disposed with Inca	277	-	-
Effect of foreign exchange	-	8	-
Change in net funds	2,667	711	332
Net funds/(debt) at beginning of period	231	(480)	(480)
Net funds at end of period	2,898	231	(148)
Analysis of net funds/(debt)			
Cash and cash equivalents			
- Current assets	2,898	419	689
- Assets held for sale	-	74	-
Hire purchase and finance lease obligations	-	-	(2)
Factoring account	-	(156)	(630)
Bank loans and overdraft	-	(106)	(205)
Net funds/(debt) at end of period	2,898	231	(148)

1 Principal activity

Avisen plc is a public limited company which is listed on the AIM London Stock Exchange and is incorporated and domiciled in the UK. The address of the registered office is 20 Station Road, Gerrards Cross, Buckinghamshire, SL9 8EL. The registered number of the company is 5429800.

The principal activity of the group is a management consultancy and software business that provides companies with advice and solution in order to enhance overall profitability.

2 Basis of preparation

The interim results for the six months ended 31 July 2011, have been prepared on the going concern basis, which assumes that the Group will continue in operational existence for the foreseeable future.

The accounting policies applied in the interim consolidated financial information are consistent with those of the annual financial statements for the year ended 31 January 2011 as described in those financial statements except for the impact of the standards applicable for the current financial position described below:

New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year. The accounting policies applied in the interim consolidated financial information are consistent with those of the annual financial statements for the year ended 31 January 2011 as described in those financial statements except for the impact of the standards applicable for the current financial position described below:

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

The following amendments to existing standards and new interpretations became effective during the current period, but have no significant impact on the Group's financial statements:

- 'Improvements to International Financial Reporting Standards 2010';
- IAS 24 (Revised), 'Related party disclosures';
- IAS 32 (Amendment), 'Financial instruments: Presentation on classification of rights issues';
- IFRIC 14 (Amendment), 'IAS 19 – Prepayments of a minimum funding requirement';
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'.

3 Earnings/Loss per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the period.

	Unaudited			Audited			Unaudited		
	Six months ended 31 July 2011			Year ended 31 January 2011			Six months ended 31 July 2010		
	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000	Continuing £'000	Discontinued £'000	Total £'000
Earnings/(Loss) attributable to equity holders	410	433	843	(7,642)	458	(7,184)	(6,453)	(124)	(6,577)
Adjustments:									
Amortisation of intangible assets	178	68	246	4,788	-	4,788	4,765	-	4,765
Integration, strategic and one off costs	-	-	-	1,500	232	1,732	1,453	322	1,775
Adjusted earnings/(loss)	588	501	1,089	(1,354)	690	(664)	(235)	198	(37)
Basic earnings/(loss) per share	0.18	0.19	0.37	(3.69)	0.22	(3.47)	(3.45)	(0.07)	(3.52)
Diluted earnings/(loss) per share	0.18	0.19	0.37	(3.69)	0.22	(3.47)	(3.45)	(0.07)	(3.52)
Adjusted basic earnings/(loss) per share	0.26	0.22	0.48	(0.65)	0.33	(0.32)	(0.13)	0.11	(0.02)
Adjusted diluted earnings/(loss) per share	0.26	0.22	0.48	(0.65)	0.33	(0.32)	(0.13)	0.11	(0.02)
			Number 000's			Number 000's			Number 000's
Basic weighted average number of shares			226,700			206,977			186,928
Impact of share options and warrants			-			689			-
Diluted weighted average number of shares			226,700			207,666			186,928

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 section 435 of the Companies Act 2006 for Avisen plc or for any of the entities comprising the Avisen Group for the period ended 31 July 2011.

The statutory financial statements for the preceding financial year ended 31 January 2011 were filed with the Registrar and included an unqualified auditors' report.

5 Dividends

No dividend is proposed for the six months ended 31 July 2011 (31 January 2011: nil; 31 July 2010: nil).

6 Segmental information

6 months ended 31 July 2011	Head office £'000	Avisen £'000	Storage Fusion £'000	Total £'000
Continuing operations				
Revenue	-	2,452	176	2,628
Less: intersegment sales	-	-	-	-
Total revenue from third parties	-	2,452	176	2,628
Cost of sales	-	(1,313)	(11)	(1,324)
Gross profit	-	1,139	165	1,304
Total administrative expenses	(350)	(135)	(397)	(882)
Other operating income	8	-	-	8
Adjusted EBITDA	(341)	1,011	(55)	615
Less: depreciation	(1)	(3)	(3)	(7)
Adjusted EBITA	(342)	1,008	(58)	608
Less: amortisation and impairment of intangible assets	-	(4)	(174)	(178)
Less: strategic, integration and other one off items	-	-	-	-
Total operating profit/(loss)	(342)	1,004	(232)	430
Finance income	-	-	-	-
Finance cost	(3)	(5)	-	(8)
Finance cost - net	(3)	(5)	-	(8)
Profit/(Loss) before income tax credit/(charge)	(345)	999	(232)	422
Tax credit/(charge)	-	14	(26)	(12)
Profit/(Loss) for the period from continuing operations	(345)	1,013	(258)	410
Loss for the period from discontinued operations	-	-	-	433
Total profit/(loss) for the period	(345)	1,013	(258)	843
				Inca £'000
Discontinued operations				
Revenue				1,145
Less: intersegment sales				(3)
Total revenue from third parties				1,142
Cost of sales				(722)
Gross profit				420
Total administrative expenses				(415)
Adjusted EBITDA				92
Less: depreciation				(19)
Adjusted EBITA				73
Less: amortisation and impairment of intangible assets				(68)
Less: strategic, integration and other one off items				-
Total operating profit				5
Finance cost - net				(17)
Loss before tax				(12)
Tax credit				-
Loss from discontinued activities				(12)
Gain on disposal (see note 7)				445
Profit for the period				433

12 months ended 31 January 2011	Head office £'000	Avisen £'000	Storage Fusion £'000	Total £'000
Continuing operations				
Revenue	-	2,597	230	2,827
Less: intersegment sales	-	(196)	-	(196)
Total revenue from third parties	-	2,401	230	2,631
Cost of sales	-	(1,940)	-	(1,940)
Gross profit	-	461	230	691
Total administrative expenses	(7,221)	(559)	(685)	(8,465)
Adjusted EBITDA	(1,293)	(61)	(127)	(1,481)
Less: depreciation	-	-	(5)	(5)
Adjusted EBITA	(1,293)	(61)	(132)	(1,486)
Less: amortisation and impairment of intangible assets	(4,500)	(25)	(263)	(4,788)
Less: strategic, integration and other one off items	(1,428)	(12)	(60)	(1,500)
Total operating loss	(7,221)	(98)	(455)	(7,774)
Finance income	-	-	-	-
Finance cost	(7)	(20)	-	(27)
Finance cost - net	(7)	(20)	-	(27)
Loss before income tax credit	(7,228)	(118)	(455)	(7,801)
Tax credit	-	137	22	159
(Loss)/profit for the year from continuing operations	(7,228)	19	(433)	(7,642)
Loss for the period from discontinued operations	-	-	-	458
Total (loss)/profit for the period	(7,228)	19	(433)	(7,184)

	Inca £'000	South Africa £'000	Total £'000
Discontinued operations			
Revenue	9,095	643	9,738
Less: intersegment sales	(19)	(9)	(28)
Total revenue from third parties	9,076	634	9,710
Cost of sales	(5,551)	(664)	(6,215)
Gross profit/(loss)	3,525	(30)	3,495
Total administrative expenses	(2,858)	(179)	(3,037)
Other operating income	4	1	5
Adjusted EBITDA	1,373	(208)	1,165
Less: depreciation	(64)	-	(64)
Adjusted EBITA	1,309	(208)	1,101
Less: amortisation and impairment of intangible assets	(406)	-	(406)
Less: strategic, integration and other one off items	(232)	-	(232)
Total operating profit/(loss)	671	(208)	463
Finance income	-	-	-
Finance cost	(115)	-	(115)
Finance cost - net	(115)	-	(115)
Profit/(Loss) before tax	556	(208)	348
Tax credit	110	-	110
Profit/(loss) from discontinued activities	666	(208)	458

6 months ended 31 July 2010	Head office £'000	Avisen £'000	Storage Fusion £'000	Total £'000
Continuing operations				
Revenue	-	1,822	92	1,914
Less: intersegment sales	-	178	-	178
Total revenue from third parties	-	1,644	92	1,736
Cost of sales	-	(1,055)	(68)	(1,123)
Gross profit	-	589	24	613
Total administrative expenses	(6,616)	(327)	(190)	(7,133)
Other operating income	-	2	-	2
Adjusted EBITDA	(815)	284	79	(452)
Less: depreciation	-	-	-	-
Adjusted EBITA	(815)	284	79	(452)
Less: amortisation and impairment of intangible assets	(4,500)	(20)	(245)	(4,765)
Less: strategic, integration and other one off items	(1,301)	-	-	(1,301)
Total operating (loss)/profit	(6,616)	264	(166)	(6,518)
Finance income	-	-	-	-
Finance cost	(1)	(8)	-	(9)
Finance cost – net	(1)	(8)	-	(9)
(Loss)/Profit before income tax credit	(6,617)	256	(166)	(6,527)
Tax credit	74	-	-	74
(Loss)/Profit for the period from continuing operations	(6,543)	256	(166)	(6,453)
(Loss)/Profit for the period from discontinued operations	254	(378)	-	(124)
Total loss for the period	(6,289)	(122)	(166)	(6,577)
		Inca £'000	South Africa £'000	Total £'000
Discontinued operations				
Revenue		4,359	634	4,993
Less: intersegment sales		(41)	-	(41)
Total revenue from third parties		4,318	634	4,952
Cost of sales		(2,876)	(664)	(3,540)
Gross profit/(loss)		1,442	(30)	1,412
Total administrative expenses		(1,128)	(349)	(1,477)
Other operating income		-	1	1
Adjusted EBITDA		487	(208)	279
Less: depreciation		(21)	-	(21)
Adjusted EBITA		466	(208)	258
Less: amortisation and impairment of intangible assets		-	-	-
Less: strategic, integration and other one off items		(152)	(170)	(322)
Total operating (loss)/profit		314	(378)	(64)
Finance income		-	-	-
Finance cost		(60)	-	(60)
Finance cost – net		(60)	-	((60)
(Loss)/Profit before tax		254	(378)	(124)
Tax credit		-	-	-
(Loss)/profit from discontinued activities		254	(378)	(124)

7 Discontinued operations

On 1 April 2011 the group transferred its entire interest in Inca Software Limited (Inca), to Logicalis UK Limited for £7.3m. £6m was received in cash on completion and £1.3m is due to be received on 1 April 2012. There are no conditions attached to the receipt of the £1.3m.

The results of Inca were reported in the financial statements for the year ended 31 January 2011 as discontinued following their agree disposal in January 2011. Details of the financial performance are set out within the discontinued segmental analysis in note 6.

The assets and liabilities disposed were:

	£'000
Goodwill and intangibles	7,630
Property, plant and equipment	125
Total non-current assets	7,755
Trade and other receivables	2,458
Cash and cash equivalents	50
Total current assets	2,508
Total assets	10,263
Trade and other payables	(3,599)
Current and deferred tax liabilities	(421)
Total current liabilities	(4,020)
Non-current liabilities	
Borrowings	(277)
Total non-current liabilities	(277)
Total liabilities	(4,297)
Net assets	5,966

The gain on disposal as shown within equity is as follows:

	£'000
Consideration received or receivable:	
Cash consideration	6,000
Deferred consideration	1,300
Total consideration	7,300
Disposal costs	(889)
Net consideration received	6,411
Carrying amount of net assets disposed	(5,966)
Gain on sale before income tax	445
Income tax expense*	-
Gain on disposal after income tax	445

*No income tax is due, as gain is subject to Substantial Shareholder Exemption (SSE).

8 Strategic, integration and other one off items

In accordance with the group's policy for strategic, integration and other one off items, the following charges were included in this category for the period:

	Six months ended 31 July 2011	Year ended 31 January 2011	Six months ended 31 July 2010
	£'000	£'000	£'000
Continuing operations			
Strategic costs	-	496	410
Costs of duplication and integration	-	1,004	891
Total – continuing operations	-	1,500	1,301
Discontinued operations			
Costs of duplication and integration	-	232	322
Total – discontinued operations	-	232	322
Total	-	3,232	2,924

9 Intangible assets including goodwill

At 31 July 2011	Goodwill £'000	Brands £'000	Customer and related contracts £'000	Software £'000	Development costs £'000	Total £'000
Cost						
At 1 February 2011	12,849	252	1,852	944	595	16,492
Additions	-	-	-	3	185	188
Disposals	(6,193)	(252)	(1,852)	-	-	(8,297)
At 31 July 2011	6,656	-	-	947	780	8,383
Accumulated impairment and amortisation						
At 1 February 2011	4,500	53	545	243	438	5,779
Amortisation	-	7	62	154	238	246
Disposals	-	(60)	(607)	-	-	(667)
At 31 July 2011	4,500	-	-	397	461	5,358
Net book amount at 31 July 2011	2,156	-	-	550	319	3,025

At 31 January 2011

	Goodwill £'000	Brands £'000	Customer and related contracts £'000	Software £'000	Development costs £'000	Total £'000
Cost						
At 1 February 2010	7,417	252	1,852	23	410	9,954
Additions	5,632	-	-	921	185	6,738
Disposals	(200)	-	-	-	-	(200)
At 31 January 2011	12,849	252	1,852	944	595	16,492
Accumulated impairment and amortisation						
At 1 February 2010	-	17	175	-	393	585
Amortisation	-	36	370	243	28	677
Impairment	4,500	-	-	-	17	4,517
At 31 January 2011	4,500	53	545	243	438	5,779
Net book amount at 31 January 2011	8,349	199	1,307	701	157	10,713
Classified as follows:						
Non-current assets	2,156	-	-	701	157	3,014
Assets held for sale	6,193	199	1,307	-	-	7,699

10 Share capital

	As at 31 July 2011 £'000	As at 31 January 2011 £'000
Authorised		
233,469,964 (Jan 2011: 233,469,964) ordinary shares of 5p each	11,673	11,673
Allotted, called up and fully paid		
226,699,878 (Jan 2011: 226,699,878) ordinary shares of 5p each	11,335	11,335

11 Post balance sheet events

On 7 October 2011 the company announced the proposed Transaction to acquire the entire issued share capital of 1Spatial for £4.7m to be satisfied by the issue of shares in Avisen. Subject to various approvals, the scheme should become effective on 25 November 2011.