Interim Results

for the six months ended 31 December 2009

avanticapital

Interim Results for the six months ended 31 December 2009

Avanti Capital Plc, the AIM quoted investment management company, announces interim results for the six months ended 31 December 2009.

HIGHLIGHTS

- As at 31 December 2009, the Group had net assets (excluding the accounting effects of the consolidation of Eclectic Bars) of £12.0 million or 150 pence per ordinary share.
- As at 31 December 2009, the Group had net assets on a consolidated basis of £10.4 million or 129 pence per ordinary share.
- Key investee company mBlox grows revenues by 10% and has profitable year at the EBITDA level
- Eclectic Bars, in which the Group has a 60% holding, grows revenues by 15% and site EBITDA by 27%.

11 March 2010

ENQUIRIES:

Avanti Capital Plc **Tel: 020 7299 1459**
Julian Fellerman
Richard Kleiner

Interim Results for the six months ended 31 December 2009

Results of the Group

As at 31 December 2009, the Group had net assets (excluding the accounting effects of the consolidation of Eclectic Bars Limited) of £12.0 million (2008: £14.2 million) or 150 pence per share (2008: 177 pence per share). It is the view of the board that this basis gives shareholders the most relevant measure of the underlying value of the net assets within the guidelines for the valuation and disclosure of venture capital portfolios.

As at 31 December 2009, the Group had net assets on a consolidated basis of £10.4 million (2008: £11.7 million) or 129 pence per share (2008: 146 pence per share).

In the period to 31 December 2009, the loss before exceptional items, excluding the consolidation of Eclectic Bars Limited, was £683,000 (2008: £6,000). The profit on a consolidated basis was £19,000 (2008: £314,000).

All of the above figures have been arrived at after including the provision for the carried interest of £2.4 million or 29.7 pence per share. The payment of such carried interest is dependent upon the realisation of the individual assets being at values which are, at least, equal to the values stated in these interim results.

Net asset values (excluding the accounting effect of the consolidation of Eclectic Bars), per Avanti share by category were:

Investments	Carrying Value Pence per share	Carrying Value £m
Eclectic Bars	95	£7.6
Espresso	4	£0.4
mBlox	67	£5.4
Medcenter	5	£0.4
Net current assets including cash	8	£0.6
Total	**179**	**£14.4**

Note:

The total in the above table does not take account of any dilutory effect of the Long Term Incentive Share Scheme options or the carried interest under the investment advisory agreement. Details of the Long Term Incentive Share Scheme options and the carried interest were set out in previous annual reports of the company.

Purchase of own shares

During the period, there has been no purchases by the company of its own shares.

Eclectic Bars

The first six months of trading to 31 December 2009 has continued the trend of last year.

Sales and profits were substantially ahead of last year both in total and like for like. Despite the strong performance for the same period last year the management team continues to drive performance. In summary for the six month period ended 31 December 2009, sales were £6.8 million (2008: £5.9 million), site EBITDA £1.9 million (2008: £1.5 million) and company EBITDA £1.1 million (2007: £0.7 million). Trading over the New Year was strong and management is optimistic about the outcome for the second six months continuing the trend seen in the first half.

Embargo 59 re-opened in June 2009 after an 8 week refurbishment. The site, which boasts a walk-in humidor and substantial smoking terrace, traded 173% over forecast prepared as part of the feasibility study for the first 6 months. This strong performance demonstrates the management team's ability to develop and grow the existing brands in the Eclectic group.

In addition, the team continues to search for suitable sites to further roll out the Sakura brand. Heads of terms and banking have been agreed on a new site in the North West of England and work is now progressing on applications for planning and licensing. This new site is planned to open in August 2010.

On 4 February 2010 Eclectic announced the appointment of Jim Fallon as a non-executive director. Jim has an extensive network of trade and financial contacts in the leisure sector having spent his career to date in both banking and providing M&A advice to companies in the leisure sector. Until recently Jim Fallon was a partner at McQueen, a leading advisory firm to companies in the leisure and retail sectors. This appointment will strengthen the management team at the strategic level.

The Group's investment, which is predominantly in the form of a secured loan, has a book value of £7.6 million (2008: £7.8 million). The only other debt outstanding in Eclectic is a senior debt facility from Barclays Bank plc – debt (net of cash) stood at £0.8 million as at 31 December 2009 (2008: £1.1 million).

At 31 December 2009, the carrying value of the Group's investment in Eclectic was £7.6 million equating to 95 pence per share.

Espresso

Subsequent to our last update, the Espresso Group completed its strategic review and has embarked on launching new technologies into its services. These new features include functionality that broadens the use of Espresso's educational videos by schools and the introduction of access to their services by pupils from home. Feedback from customers has been very positive, and the company anticipates opportunities both for future revenue growth and for further protecting existing retention levels.

Meanwhile, the UK primary school customer base for Espresso remains stable despite increasing cost pressures within the UK education market and the newly launched secondary schools service is consistently increasing its market penetration.

While many of the market participants in Espresso's sector are showing business declines, Espresso's management believes that the positive growth of the business is significantly outperforming the market. However, the company also recognises that the outlook for spending by UK government funded schools will continue to experience reduced confidence levels. Management believes that any depression of new customer acquisition results can be offset by associated expense savings that have already been implemented across the business.

Espresso continues to explore international opportunities on a selective basis, both through commercial partners and through direct to schools business models, depending on the nature of the opportunity. Although still at early stages, there is evidence to suggest that the unique nature of the Espresso service is well suited to international markets with selective localisation, and Espresso continues to see this as an additional source of growth in later years over and above growth from the domestic market.

As at 31 December 2009, the carrying value of the Group's investment in Espresso was £0.4 million equating to 4 pence per share.

mBlox

mBlox, the world's largest mobile transaction network, has announced that it successfully delivered over 3.5 billion application-to-person transactions in 2009 – over a billion mobile transactions more than in 2008 – growing 46% year-on-year. During this period mBlox was profitable with revenues in excess of $110 million.

In 2009, mBlox grew organically, while securing a breadth of new customers to increase its global footprint. North America saw the largest uplift, with volume growth up 127% year-on-year with innovative messaging services and applications being the main driver of SMS transactions. Western Europe achieved 44% growth, with premium messaging spikes seen in France and Spain. Asia Pacific also saw growth of 20% and is expected to grow significantly in 2010 as mBlox expands its presence in the region.

Overall turnover for mBlox increased by over 10% versus 2008, despite a recessionary economy and the company's decision to terminate one of its largest contracts with a client unable to meet its commitments. mBlox generated profits at an adjusted EBITDA level for the first time, showing a swing of over $10 million before exceptional items. Management believe that 2010 will see continued revenue and profit growth as new, secure and resilient mBlox data centres come into service and a new technology platform is deployed. mBlox expects further organic growth in all existing markets and new markets which will be opened up during the year through a combination of natural expansion and acquisition of competitors.

2010 will also see an expansion in product depth and new services, building on innovations mBlox introduced into the market, including Free-To-End-User messaging in the US and Sender-Pays Data in the UK. mBlox's market position will provide many opportunities in 2010 to extend this business model into new sectors, services and territories.

Andrew Dark, the CEO of mBlox, commented, "In 2009, mBlox saw its 10th consecutive year of 30%+ volume growth globally for application-to-person messaging and we have also maintained our global leadership in processing premium transactions with a total retail value more than twice that of our next largest competitor. This demonstrates the immense power of SMS to deliver consumer value for businesses. We have seen growth in many sectors, including financial services, entertainment, transport and online service sectors. Although the SMS market in North America began later, the impressive and accelerating growth hints at the innovation and vast potential in the region. The dramatic increase in mBlox market share in France and growth in other territories demonstrates the value of our global presence and focused strategy."

Notwithstanding the progress that mBlox is making and, in the absence of a validation event, the Board has not reversed the provisions made in previous accounting periods. Except for the small additional investment made by the Group during the period of £60,000, the only change in the carrying value of mBlox is £191,000 and this reflects the favourable movement in exchange rates that prevailed as at 31 December 2009.

As at 31 December 2009, the carrying value of the Group's investment in mBlox was £5.4 million equating to 67 pence per share.

Medcenter

Medcenter is a multinational pharmaceutical marketing company specialising in innovative solutions that increase drug sales and business effectiveness. These solutions are designed to strengthen the relationship between the pharmaceutical industry, physicians and patients, in order to increase product prescription, market share and sales, with proven, effective marketing actions.

With offices in Europe and Latin America, Medcenter works with 50 of the most important international laboratories and with 80 of the most sold products on the market. The company has developed hundreds of marketing programs in which thousands of physicians have taken part in more than 20 countries.

2009 was a very important year in Medcenter as the company achieved many positive milestones notwithstanding the impact that Swine Flu had on the company's major markets in Latin America. The company achieved strong sales growth of 34% with total revenue increasing from $3.8 million in 2008 to $5.1 million in 2009. The strategic agreement with Web MD's Medscape subsidiary (one of the world's largest online professional health marketing companies) continues to meet the expectations of both the company and Web MD and the joint portal combines Medscape's content with Medcenter's relationships with physicians and medical societies in order to provide news feeds, disease resource centres and the latest medical conference coverage. Discussions between Web MD and Medcenter continue with regard to expanding the relationship into Europe.

With regard to the outlook for 2010, the last quarter of 2009 showed significant revenue growth of approximately double the revenues of the third quarter and notwithstanding the element of seasonality it is clear that the company's pharmaceutical clients are again increasing their sales. Medcenter is also looking forward to revenues coming online from new commercial partnerships secured with Reed Elsevier and Google Health. In addition, in August 2009 Medcenter signed a strategic alliance with Doctors.net.uk.

In 2007 and 2008 Medcenter raised a total of $15 million in convertible loan note offerings and is proposing to raise a further $6.7 million in 2010. The proceeds have, and will continue to be, used to enable the company to conduct its business and provide it with working capital necessary to reach operational and cash flow break even. Management of Medcenter believe this will occur during the latter part of 2010. The funds will also facilitate the roll out of programs with Reed Elsevier, Google Heath and Doctors.net.uk.

As at 31 December 2009, the carrying value of the Group's investment in Medcenter was £0.4 million equating to 5 pence per share.

Others

In relation to the remainder of the legacy investments in the Group's portfolio, the Board continues to seek ways of maximising value to the Group. As at 31 December 2009, the aggregate carrying value of these investments was £6,000.

J M Fellerman

R H Kleiner

11 March 2010

4 Consolidated statement of comprehensive income
for the six months ended 31 December 2009

	Notes	**Unaudited 6 months ended 31 Dec 2009 £000**	Unaudited 6 months ended 31 Dec 2008 Restated* £000	Audited 12 months ended 30 Jun 2009 £000
Revenue	3	**6,813**	5,982	12,084
Cost of sales		**(1,211)**	(1,013)	(2,041)
Gross profit		**5,602**	4,969	10,043
Administrative expenses – others		**(5,595)**	(4,794)	(10,373)
Administrative expenses – foreign exchange		**164**	2,181	1,383
Administrative expenses – exceptional	5	**(108)**	(28)	(54)
Operating profit		**63**	2,328	999
Gain/(loss) on disposal of tangible assets		**1**	(21)	(20)
Finance revenue		**1**	10	53
Finance cost		**(42)**	(49)	(114)
Fair valuation of financial assets held at fair value through profit or loss		**(4)**	(1,954)	(1,954)
Profit/(loss) on ordinary activities before taxation		**19**	314	(1,036)
Taxation		**–**	–	–
Minority interest		**–**	–	–
Profit/(loss) for the period		**19**	314	(1,036)
Profit/(loss) per share – basic and diluted	4	**0.23p**	3.91p	(12.91)p

*See note 1 for an explanation of the restatements.

5 Consolidated statement of financial position
at 31 December 2009

	Unaudited 6 months ended 31 Dec 2009 £000	Unaudited 6 months ended 31 Dec 2008 £000	Audited 12 months ended 30 Jun 2009 £000
Assets			
Non current assets			
Goodwill	**4,454**	4,454	4,454
Property, plant & equipment	**2,569**	2,158	2,669
Financial assets held at fair value through profit or loss	**6,127**	6,704	5,906
	13,150	13,316	13,029
Current Assets			
Inventories	**204**	165	146
Trade and other receivables	**1,145**	1,212	1,120
Cash and cash equivalents	**1,112**	872	838
	2,461	2,249	2,104
Total Assets	**15,611**	15,565	15,133
Equity and Liabilities			
Equity			
Issued share capital	**4,815**	4,815	4,815
Capital redemption reserve	**1,409**	1,409	1,409
Merger reserve	**2,045**	2,045	2,045
Retained earnings	**2,095**	3,426	2,076
Total equity	**10,364**	11,695	10,345
Liabilities			
Current Liabilities			
Financial liabilities	**455**	446	449
Trade and other payables	**1,607**	1,332	1,672
	2,062	1,778	2,121
Non-current liabilities			
Financial liabilities	**831**	1,000	1,028
Provisions	**2,354**	1,092	1,639
	3,185	2,092	2,667
Total Liabilities	**5,247**	3,870	4,788
Total Equity and Liabilities	**15,611**	15,565	15,133

Approved by the board on 11 March 2010

Richard Kleiner
Julian Fellerman

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

	Unaudited 6 months ended 31 Dec 2009 £000	Unaudited 6 months ended 31 Dec 2008 Restated* £000	Audited 12 months ended 30 Jun 2009 £000
Operating activities			
Profit/(loss) before taxation	**19**	314	(1,036)
Depreciation and impairment of property, plant and equipment	**173**	186	401
Loss on financial assets at fair value through profit or loss	**4**	1,954	1,954
Currency movements on financial assets held at fair value through profit or loss	**(164)**	(2,181)	(1,383)
(Gain)/loss on disposal of property, plant and equipment	**1**	21	20
Net interest expense	**41**	39	61
(Increase) in inventories	**(58)**	(36)	(17)
(Increase) in trade and other receivables	**(25)**	(110)	(26)
(Decrease)/increase in trade and other payables	**(65)**	75	391
Increase in provisions	**715**	97	644
Net cash from operating activities	**641**	359	1,009
Investing activities			
Interest received	**1**	10	53
Purchase of property, plant & equipment	**(110)**	(277)	(934)
Purchase of investments	**(61)**	–	–
Proceeds from sale of property, plant & equipment	**36**	–	7
Net cash flows used in investing activities	**(134)**	(267)	(874)
Financial activities			
Interest paid	**(42)**	(49)	(73)
(Decrease)/increase in bank overdrafts	**–**	(254)	(373)
Proceeds from borrowings	**32**	–	412
Repayment of borrowings	**(167)**	(44)	(242)
Capital element of finance lease rental payments	**(56)**	43	(105)
Net cash flows used in financing activities	**(233)**	(304)	(381)
Net increase/(decrease) in cash and cash equivalents	**(274)**	(212)	(246)
Cash and cash equivalents at start of period	**838**	1,084	1,084
Cash and cash equivalents at end of period	**1,112**	872	838

*See note 1 for an explanation of the restatements.

Consolidated statement of changes in equity (unaudited)
for the six months ended 31 December 2009

	Share Capital £000	Merger Reserve £000	Capital Redemption Reserve £000	Minority Interest £000	Retained Earnings £000	Totals £000
At 1 July 2009	4,815	2,045	1,409	–	2,076	10,345
Profit for the period	–	–	–	–	19	19
At 31 December 2009	4,815	2,045	1,409	–	2,095	10,364

1. Basis of preparation of interim financial information

The financial information for the 6 months ended 31 December 2008 and 31 December 2009 does not constitute statutory accounts for the purposes of S240 of the Companies Act 2006 and has not been audited.

The interim financial statements have been prepared in accordance with those IFRS standards, as adopted by the EU, and IFRIC Interpretations issued and effective as at the time of issuing these interim financial statements.

Certain items in the unaudited statement of comprehensive income and statement of cash flows for the 6 months ended 31 December 2008 have been restated to ensure consistent presentation with the audited financial statements for the year ended 30 June 2009. The changes made have no impact on the profit before tax or profit after tax or in the net cash outflow for the period.

In the statement of comprehensive income, foreign exchange movements that were previously classified as part of finance costs have been reclassified within administrative expenses, increasing operating profit by £2,181,000 but having no impact on the profit before tax or profit after tax for the 6 month period ended 31 December 2008.

In the statement of cash flows, the interest paid and received was previously included within operating activities but has now been reclassified to form part of investing and financial activities. The net cash inflows from operating activities has increased to £359,000 (previously £320,000), the net cash outflows from investing activities has decreased to £267,000 (previously £277,000) and the net cash outflows from financial activities has increased to £304,000 (previously £255,000). These restatements have had no impact on the net decrease in cash and cash equivalents for the 6 month period ended 31 December 2008.

2. Accounting policies

The accounting policies used in the preparation of the financial information for the 6 months ended 31 December 2009 are the accounting policies as applied in the Group's financial statements for the year ended 30 June 2009.

3. Segmental information

	Unaudited 6 months ended 31 Dec 2009 £000	Unaudited 6 months ended 31 Dec 2008 £000	Audited 12 months ended 30 Jun 2009 £000
Revenue by products and services			
Bars and nightclubs	**6,813**	5,957	12,059
Other income	**–**	25	25
	6,813	5,982	12,084

4. Earnings per share

	Unaudited 6 months ended 31 Dec 2009	Unaudited 6 months ended 31 Dec 2008	Audited 12 months ended 30 Jun 2009
Profit/(loss) for the period (£000)	**19**	314	(1,036)
Basic weighted and diluted number of shares (number)	**8,025,752**	8,025,752	8,025,752
Earnings per share (pence) – Basic and diluted (pence)	**0.23**	3.91	(12.91)

5. Exceptional items

	Unaudited 6 months ended 31 Dec 2009 £000	Unaudited 6 months ended 31 Dec 2008 £000	Audited 12 months ended 30 Jun 2009 £000
Deal and merger costs:			
– Redundancy costs	**6**	16	16
– Cost of abortive deals	**16**	5	12
– Others	**75**	1	–
Restructuring charges	**11**	6	26
	108	28	54

6. Pro-forma information

Accounting Standards require the Group to consolidate Eclectic Bars Limited. Shareholders may find it useful to see the separate trading results and net assets of Avanti Capital plc and Eclectic Bars Limited as shown in this pro-forma.

The adjustments shown within the pro-forma financial information enables a reconciliation to be made to the consolidated interim results which comprise the usual consolidation items including fees and interest charged by the Group to Eclectic Bars Limited and the inclusion within the pro-forma Profit and Loss, of EBITDA for Eclectic Bars Limited for the 26 weeks period ended 27 December 2009.

Income Statement	Avanti Capital plc £000	Eclectic Bars Limited £000	Adjustments £000	Group Total £000
Revenue	53	6,813	(53)	6,813
Cost of sales	–	(1,211)	–	(1,211)
Gross profit	53	5,602	(53)	5,602
Operating expenses	(981)	(4,493)	53	(5,421)
EBITDA	(928)	1,109	-	181
Foreign exchange gain/(loss) on financial assets	164	–	–	164
Depreciation	(2)	(171)	–	(173)
Finance cost	(4)	(202)	160	(46)
Finance revenue	161	–	(160)	1
Profit on ordinary activities before taxation and exceptional items	(609)	736	–	127
Exceptional items – other	(74)	(34)	–	(108)
Profit on ordinary activities before taxation	(683)	702	–	19
Taxation	–	–	–	–
Profit on ordinary activities after taxation	(683)	702	–	19
Minority interest	–	–	–	–
Profit for the period after minority interest	(683)	702	–	19
Assets				
Non-current assets				
Goodwill	–	6,476	(2,022)	4,454
Property, plant & equipment	4	2,565	–	2,569
Financial assets held at fair values through income statement	13,755	–	(7,628)	6,127
	13,759	9,041	(9,650)	13,150
Current assets				
Inventories	–	204	–	204
Trade & other receivables	39	1,106	–	1,145
Cash and cash equivalents	619	493	–	1,112
	658	1,803	–	2,461
Current liabilities				
Bank loans & overdrafts	–	335	–	335
Finance leases	–	120	–	120
Trade & other payables	35	1,572	–	1,607
	35	2,027	–	2,062
Net current assets/(liabilities)	623	(224)	–	399
Total assets less current liabilities	14,382	8,817	(9,650)	13,549
Creditors: amounts falling due after one year				
Shareholders' loan	–	(7,628)	7,628	–
Finance leases	–	(69)	–	(69)
Bank loans	–	(762)	–	(762)
Provisions	(2,354)	–	–	(2,354)
Net assets	12,028	(358)	(2,022)	10,364
Represented by:				
Called up share capital	4,815	–	–	4,815
Capital redemption reserve	1,409	–	–	1,409
Merger reserve	2,045	–	–	2,045
Retained earnings	3,759	358	(2,022)	2,095
Shareholders' funds	12,028	358	(2,022)	10,364

Copies of this Announcement will be available, free of charge, from the Company's office at 25 Harley Street, London, W1G 9BR for a period of 1 month from the date of this Announcement. A copy of this Announcement will also be available on the Company's website at www.avanticap.com.

Independent review report to Avanti Capital plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009 which comprises the Consolidated income statement, Consolidated balance sheet, Consolidated statement of cash flows, the Consolidated statement of changes in equity and the related notes 1 to 5. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Report in accordance with the AIM Rules issued by the London Stock Exchange which require that it is presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2009 is not prepared, in all material respects, in accordance with the accounting policies outlined in note 2, which comply with IFRS's as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

Ernst & Young LLP
London

11 March 2010

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