Report and Consolidated Financial Statements
30 June 2010

avanti capital plc

Company Registration number 03319365

1 Contents

Directors and advisers

Directors
P J Crawford (Chairman)
J M Fellerman
R H Kleiner
W A H Crewdson

Secretary
J M Fellerman

Company registration number
03319365

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
Barclays Bank plc
Kensington and Chelsea
PO Box 4599
London SW3 1XE

Royal Bank of Scotland plc
PO Box 34
15 Bishopsgate
London EC2P 2AP

Nominated adviser and broker
Collins Stewart Limited
9th Floor,
88 Wood Street
London EC2V 7QR

Solicitors
Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA

Investment adviser
Odyssey Partners Limited
25 Harley Street
London W1G 9BR

Registered office
25 Harley Street
London W1G 9BR

www.avanticap.com

3 Company statement

Results of the group

As the primary purpose of the company is to act as an investment management business, references are made to the net assets and results of the company, excluding the effects of consolidating the investment in Eclectic Bars Limited, in which the company has a controlling interest.

As at 30 June 2010 the group had net assets (excluding the accounting affects of the consolidation of Eclectic Bars Limited) of £12.1 million (2009: £12.7 million) or 151 pence per ordinary share (2009: 158 pence per share).

As at 30 June 2010, the group had net assets on a consolidated basis of £10.9 million (2009: £10.4 million) or 135 pence per ordinary share (2009: 130 pence per share).

In the year to 30 June 2010, the loss before exceptional items, excluding the consolidation of Eclectic Bars Limited was £0.6 million (2009: £1.5 million). The profit before tax on a consolidated basis was £0.5 million (2009: loss £1.0 million).

All the above figures have been arrived at after making a provision for the carried interest of £2.6 million (or 32p 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 the accounts as at 30 June 2010.

In order to reflect the underlying commercial value of the group's net assets we have provided on pages 40 and 41, by way of additional information to our shareholders, supplementary information comprising un-audited pro-forma accounts which reflect the separate activities of the group.

4 Company statement continued

Portfolio investments

Eclectic Bars

Eclectic is the UK's leading operator of premium, music-focused bars and clubs. The company's venues, which follow an independent music policy, predominantly target a mid- to upper-market customer base of more sophisticated students midweek and stylish 21+ adults at weekends.

The company has once again strongly outperformed the sector. Total sales were up 12% and like-for-like sales up 2%. For the 52 weeks ended 27 June 2010, the company EBITDA and the site EBITDA were £1.982 million and £3.727 million respectively increases on 2008/09 of 59% and 30% respectively.

For the 15 weeks since the beginning of July, like for like sales are up 6.9%, whilst total sales are up 4.4% as compared to the previous financial year and 6.2% against forecast.

The venues' midweek business continues to grow year on year and helps to secure the company's position as one of the market leaders at the top end of the student market in most of the towns and cities in which it trades.

Eclectic's three refits/new openings continue to trade well against their targeted, annual cash-on-cash returns of 25% and 30% respectively. The Sakura units, which opened in Lincoln in October 2007 and in Reading in May 2008, both exceeded these targets with returns of 56% and 54% in their first two years of trading. Embargo 59, in London's Chelsea, which was refurbished in June 2009, has traded strongly from the first day of reopening and has already fully repaid its investment costs, leaving it on track to deliver a return of 130% at the end of its first year.

Expansion will continue in the financial year 2010/2011 with a number of new developments. A third Sakura in Manchester opened at the beginning of October and the company's existing unit in Brighton re-opened in July as 'Lola Lo', a new-format Polynesian-themed bar and club. Negotiations are currently ongoing in respect of a number of other interesting opportunities.

The business focus continues to deliver added value for customers. Improved product ranges and credible, entertaining DJs and live entertainment, together with quality service and standards, remain the bedrock of this success.

Eclectic's overall strategy is to continue to assemble, grow and improve a large portfolio of bars. The current and new brands within the estate have proved to be strong and resilient cash contributors, which provide an excellent template from which to develop and enhance the many venues and businesses coming onto the market from failed operators. Market conditions continue to present prospects for sensibly-priced acquisitions which will enable Eclectic to consolidate its strong position in the sector.

As at 30 June 2010, the carrying value of the company's investment in Eclectic was £7.5 million equating to 94p per share.

Espresso

Espresso is the UK's leading educational digital content company.

Espresso continued its strong performance in the secondary school market in its second year of operation, and sustained growth in the primary school market was driven principally by price and high retention levels.

In response to market needs, the company's investment in product and technology development was accelerated during the year, with added emphasis on learning platform integration and home access to our services by pupils. However, whilst education fared better than many other departments in the recent UK government's "Comprehensive Spending Review", it is anticipated that schools' budgets will come under some pressure, at least in the short term.

In response to the commercial realities of the UK market and the need to drive shareholder value, Espresso has accelerated its international expansion plans and now has established operations in the US, a representation agreement in Canada in addition to its already established partnership in Sweden. The company's management believe that these initiatives will ultimately make the company more attractive to a strategic acquirer who should attribute a premium value to a business with a proven successful international model.

Other investors include ProVen VCT, ProVen Growth and Income VCT, Guinness Flight VCT, MeCom Group, Channel 4 Ventures, ITN and Babcock & Brown.

The group's investment is carried at a value £0.4 million. This implies an equity value for Espresso of £20 million. As reported in last year's annual report, during 2009 , Espresso re-financed A loan notes which resulted in the repayment of the notes held by the group. As part of this re-financing, ProVen subscribed for new equity shares at an equity value of £25 million.

As at 30 June 2010, the carrying value of the company's investment in Espresso was £0.4 million equating to 4p per share.

5 Company statement continued

mBlox

mBlox is the world's largest mobile transaction network. It enables businesses to deliver and bill for mobile services and content around the world. It specialises in global operator connectivity and mobile billing, maintaining connections to more then 650 mobile operators in 180+ countries through its carrier-grade network.

The year to December to 2009 was a transformational year for mBlox and resulted in the company becoming profitable at an adjusted EBITDA level for the first time in its history. In 2010 to date mBlox has experienced strong revenue and adjusted EBITDA growth over 2009. For the full year 2010, the company is forecasting strong revenue growth and a significant acceleration of EBITDA.

In the year to December 2009 mBlox delivered over 3.5 billion application-to-person transactions, a volume up over 40% versus the prior year. These transactions covered a wide range of applications including, mobile originated and terminated messages and Premium SMS, powered mobile business, mobile marketing, transportation ticketing, payments and mobile entertainment worldwide. mBlox continues its path of high growth.

The company is now looking to expand its service through organic development and acquisitions. In-house development is already underway to provide a broader set of services and payment mechanisms to mBlox's 1,000+ customer base. Additionally the company is actively looking at targets to acquire in the major continents outside North America and Western Europe where company is comfortably number 1 in its space on a like for like basis.

To execute its strategy of making acquisitions, mBlox is looking to raise up to $25 million in a new series F round. Of this amount approximately $12 million has, to date, been invested by existing investors. In order to maintain Avanti's ownership in mBlox, an investment was made in September 2010 of $558,000 (£360,000) to participate in mBlox's series F round. The funds raised in the round will be used for both organic growth and acquisitions, the former growing out territorial and operator coverage, the latter to provide the company with a range of services for business wishing to engage in broader commerce with Smartphone users.

As at 30 June 2010 the carrying value of the company's investment in mBlox was £6.1 million equating to 76p per share (2009 – 64p per share). It should be noted that this value does not include the additional investment made in September 2010.

Medcenter

Medcenter continues to make progress in growing its core business of providing medical education and marketing services to the pharmaceutical industry in Latin America and Iberia.

Medcenter is employing a strategy to align itself with the global pharmaceutical industry by creating both geographical reach and product breadth. In addition to further cultivating the WebMD relationship, Medcenter has negotiated commercial agreements with Reed Elsevier Latin America (combining Medcenter's proprietary learning system with Elsevier's high quality content), Doctors.Net.UK (selling and co-marketing arrangement) and Google Health (delivery of Google Apps suites combining Google's custom office applications with Medcenter content – subsidised to physicians through large pharmaceutical marketing campaigns).

Whilst the company continued its sales growth in 2009, driven largely by sales from its physicians' portal with WebMD Medscape, it still has not yet reached a position of positive cash flow. Accordingly, the company has undertaken to raise further funds in the form of convertible loan notes to ensure it has sufficient funding to reach critical mass.

In view of the inherent uncertainty regarding the ability of Medcenter to reach positive cash flow and profitability and taking account of the potential dilution as a result of the convertible loan notes, the board have taken the view to make a full provision against the carrying value.

Legacy Portfolio

The company reiterates its policy of disposing of its investment in the legacy portfolio at the earliest possible time. As at 30 June 2010, the aggregate carrying value of these investments was £6,300.

The expected completion of the sale of Netfractal, reported in last year's annual report, did not take place due to the insolvency of the purchasing entity.

6 Company statement continued

Net asset values (excluding the accounting effects of the consolidation of Eclectic Bars Limited) per Avanti share by category

Investment	Carrying value as at 30 June 2010 Pence per share	Carrying value as at 30 June 2010 £m
Eclectic Bars	94	£7.5
Espresso	4	£0.4
mBlox	76	£6.1
Medcenter	–	–
Net current assets (including cash)	9	£0.7
Total	183	£14.7

Note:
The above figures do not take account of any dilutory effect of the LTISS options or the carried interest under the investment advisory agreement (refer to Report of the Directors).

Purchase of own shares

During the year, there has been no purchase by the company of its own shares.

As stated previously, the Board reaffirms its policy of the company making purchases of its own shares in circumstances where it believes the net asset value per share is likely to be increased.

J M Fellerman
R H Kleiner
Directors

1 November 2010

7 Statement of corporate governance

Compliance with the 2008 FRC Combined Code

The company is not required to comply with the 2008 FRC Combined Code. Set out below are the corporate procedures that have been adopted.

The Board

The Board of Avanti Capital plc is the body responsible for the group's objectives, its policies and the stewardship of its resources. At the balance sheet date, the board comprised four directors being Julian Fellerman and Richard Kleiner with Philip Crawford and William Crewdson being the independent directors.

The Board has six board meetings during the year. The two independent directors sit on both the audit and the remuneration committees, namely Philip Crawford and William Crewdson. Philip Crawford is the chairman of both the audit committee and the remuneration committee. The terms of reference of both these committees have been approved by the Board.

Remuneration committee

The committee's responsibilities include the determination of the remuneration and options of other directors and senior executives of the group and the administration of the company's option schemes and arrangements. The committee takes appropriate advice, where necessary, to fulfil this remit.

Audit committee

The committee meets twice a year including a meeting with the auditors shortly before the signing of the accounts. The terms of reference of the audit committee include: any matters relating to the appointment, resignation or dismissal of the external auditors and their fees; discussion with the auditors on the nature, scope and findings of the audit; consideration of issues of accounting policy and presentation; monitoring the work of the review function carried out to ensure the adequacy of accounting controls and procedures.

Nomination committee

The company does not maintain a nomination committee. Any board appointments are dealt with by the Board itself.

Internal control

The Board is responsible for the group's system of internal control and for reviewing the effectiveness of the system of internal control. Internal control systems are designed to meet the particular needs of a business and manage the risks but not to eliminate the risk of failure to achieve the business objectives. By its nature, any system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Internal audit

Given the size of the group, the Board does not believe it is appropriate to have a separate internal audit function. The group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and are dealt with appropriately.

Relations with shareholders

Aside from announcements that the company makes periodically to the market, the Board uses the annual general meeting to communicate with private and institutional investors and welcomes their participation.

Going concern

On the basis of the current financial projections, the directors have a reasonable expectation that the company and the group have adequate financial resources to continue in operational existence for the foreseeable future. The directors accordingly have adopted the going concern basis in the preparation of the group's accounts.

Directors' report
for the year ended 30 June 2010

The directors present their report with the audited consolidated financial statements for the year ended 30 June 2010.

Results and dividends

The profit for the year before taxation of the group amounted to £510,000 (2009 – loss £1.0 million) and the profit for the year after taxation and non-controlling interests of the group amounted to £510,000 (2009 – loss £1.0 million) which was equivalent to a profit of 6.36p per share (2009 – loss of 12.91p per share) and the net assets of the group were £10.9 million (2009 – £10.4 million).

The directors do not recommend the payment of a dividend for the year ended 30 June 2010 (2009 – £nil).

Principal activity and review of the business

The company's principal activity during the year continued to be that of a investment management and ancillary services company. The principal activity of Eclectic Bars Limited, one of the group's subsidiary undertakings was as an operator of bars and night clubs. Further details are set out in the company statement on pages 3 to 6.

The principal risks and uncertainties facing the business are investment risk, interest risk and liquidity risk (see note 27 on page 37). With the exception of the investment in mBlox, the group does not have a material exposure to foreign currency risk.

The various categories of risk are proactively managed to ensure exposure to risk is mitigated whenever possible and appropriate. The board has assessed that the Key Performance Indicator that is the most effective measure of progress towards achieving the group's strategies and as such towards fulfilling the group's objectives is the net asset value per share.

The main risks arising from the group's financial instruments are investment risk, interest rate risk and liquidity risk. With the exception of the investment in mBlox, the group does not have a material exposure to foreign currency risk. The board reviews policies for managing each of these risks, and they are summarised as follows:

Investment risk

Investment risk includes investing in companies that may not perform as expected. The group's investment criteria focus on the quality of the business and the management team of the target company, market potential and the ability of the investment to attain the returns required within the time horizon set for the investment. Due diligence is undertaken on each investment. The group regularly reviews the investments in order to monitor the level of risk and mitigate exposure where appropriate.

Interest rate risk

The group borrows in currencies to match the denomination at fixed and floating rates of interest to generate the desired interest profile and to manage the group's exposure to interest fluctuations.

Liquidity risk

The group's policy is to finance its operations and expansion through working capital and, in the case of investing in target companies, to raise an appropriate level of acquisition finance.

Credit risk

There are no significant concentrations of credit risk within the group. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

Future developments

The company will be pursuing its policy of maximising the value of its investments and, at the appropriate time, to realise such investments.

Directors and their interests

The directors during the year were as follows:

P J Crawford
J M Fellerman
R H Kleiner
W A H Crewdson

The interests of the directors and their immediate families and the interests of persons connected with the directors for the purposes of section 252 of the Companies Act 2006 in the issued ordinary share capital of the company as at 30 June 2010 (all of which are beneficial unless otherwise noted) are as follows:

	Number of ordinary issued shares	
	As at 1 July 2009	**As at 30 June 2010**
P J Crawford	391,923	**391,923**
J M Fellerman	562,307	**664,660**
R H Kleiner	562,307	**664,660**
W A H Crewdson	–	**–**

9 Directors' report continued

The rights of the directors to subscribe for shares in Avanti Capital plc, their immediate families and persons connected with the directors for the purposes of section 420 of the Companies Act 2006 are as follows:

Rights to subscribe for shares	At 1 July 2009 or date of appointment if later	Granted	Cancelled	Exercised	**At 30 June 2010**
J M Fellerman	–	–	–	–	**–**
R H Kleiner	–	–	–	–	**–**

As at 30 June 2010 there were 1,289,452 options to subscribe for ordinary shares in the capital of the company at 150 pence per share under the company's Long Term Share Scheme ("LTISS"). Following revisions the company's purchase of its own shares and the consequential changes to the number of options, there remain as at 30 June 2010, 1,289,452 options granted under the LTISS all of which are held by previous directors. The terms of the LTISS are such that the options are exercisable at a price of 150p per share subject to the company's share price or net asset value reaching certain specified targets. The options, which were granted on 10 January 2002, expire on 9 January 2012.

As reported in previous year's annual report, the company entered into an investment advisory agreement with Odyssey Partners Limited ("OPL"). The principal terms of the investment advisory agreement are that OPL, a company controlled by Julian Fellerman and Richard Kleiner, provides all of the functions previously carried out by the executive management team in respect of the group's portfolio. OPL bears all of its internal overheads and is paid an annual fee of £264,000 per annum which was equivalent to 1.8% of the company's asset value as at 30 June 2010. In addition, OPL has a carried interest by reference to the realisations achieved in relation to the assets. The threshold, after which the carried interest becomes payable, is based on realisations of not less than £6.6 million or 82.5 pence per share (based on the issued share capital of the company on 30 November 2008). There is a hurdle of 6% per annum to protect the company from the effects of time in relation to the realisation of the portfolio. Once realisations are achieved in excess of £6.6 million, provided that the return to the company would be at least that amount together with the hurdle, then in relation to any excess, OPL will be entitled to 25% of such excess up to £9.1 million of realisations or 113 pence per share. OPL's share will be increased by 5% for each £2.5 million in excess of £9.1 million up to a maximum of 40% for realisations in excess of £14.1 million or 176 pence per share (refer also to note 25 on page 36).

Report on directors' remuneration

The remuneration of the directors for the year ended 30 June 2010 is as follows:

	Basic salary and fees £	Benefits £	**Total £**	2009 Total
Directors				
P J Crawford	25,000	1,638	**26,638**	26,171
W A H Crewdson	15,000	–	**15,000**	15,000
J M Fellerman	–	4,091	**4,091**	1,910
R H Kleiner	–	875	**875**	754
	40,000	6,604	**46,604**	43,835

(1) The above figures represent the due proportion of each director's annual salary reflecting the period during the year for which each director was a director of the company.

(2) There were no pension payments in respect of either year.

(3) During the year, as part of the investment advisory agreement entered into between the company and Odyssey Partners Limited, Odyssey Partners Limited received fees totalling £264,000 (2009 : £344,000) including directors' fees of Julian Fellerman and Richard Kleiner.

The remuneration committee comprises Philip Crawford (chairman) and William Crewdson. Its terms of reference are concerned principally with the remuneration packages offered to directors in that they should be competitive and are designed to attract, retain and motivate directors of the right calibre.

Significant shareholdings

As at 7 July 2010, the company's significant shareholders were Mr. R J R French 13.4%, Moorfield Group Limited 12.5%, Marlborough Fund Managers Limited 7.4% and Aviation Adventures Limited 4.1%.

Directors' report continued

Employee involvement

The group is aware of the importance of good communication in relationships with its staff. The group follows a policy of encouraging training and regular meetings between management and staff in order to provide common awareness on the part of staff of the financial and economic circumstances affecting the group's performance.

Disabled persons

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Policy and practice on payment of creditors

It is the group's policy to settle all agreed liabilities within the terms established with suppliers. During the year the average credit period taken was 30 days (2009 – 30 days).

Going concern

The group's principal activities, together with the risk factors likely to have an impact on its future are set out on page 8 and in note 27 on page 37. The directors, having assessed the responses of the management of Eclectic Bars Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Eclectic Bars Limited to continue as a going concern or its ability to continue with the current level of interest payments to the company.

The company's board has also reviewed the group's current projections for a period up to June 2012 and has a reasonable expectation that the company and the group have adequate financial resources to continue in operational existence for the foreseeable future.

In view of the above, the board believes the going concern is the appropriate basis of accounting in the preparing the annual financial statements.

Purchase of own shares

During the year under, the company has not purchase any of its own shares. The Board intends to pursue the purchase by the company of its own shares where it believes will enhance the value per share to the continuing shareholders.

Companies Act 2006

The Companies Act 2006 (the "Act") sets out the director's general duties which largely codify the existing law but with some changes. Under the Act, from 1 October 2006, a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty.

These are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving the authorisation if they think this is appropriate.

Auditors

A resolution to re-appoint Ernst & Young LLP will be put to the members at the forthcoming Annual General Meeting.

Disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on Page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

Julian Fellerman
Secretary
1 November 2010

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards as adopted by the European Union.

The directors are required to prepare group and parent company financial statements for each financial year which present fairly the financial position of the group and parent company and the financial performance and cash flows of the group and parent company for that year. In preparing those Group and parent company financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and parent company's financial position and financial performance; and
- state that the group and parent company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and parent company and to enable them to ensure that the Group and parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the independent auditors to the members of Avanti Capital plc

We have audited the financial statements of Avanti Capital Plc for the year ended 30 June 2010 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in equity, the company balance sheet, the consolidated cash flow statement, the company's cash flow statement and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2010. and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andy Glover (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

1 November 2010

13 Consolidated income statement
for the year ended 30 June 2010

	Notes	2010 £000	2009 £000
Revenue	3	**13,522**	12,084
Cost of sales		**(2,384)**	(2,041)
GROSS PROFIT		**11,138**	10,043
Administrative expenses – others		**(10,490)**	(8,990)
Administrative expenses – exceptional items	4	**(155)**	(54)
OPERATING PROFIT	5	**493**	999
Profit/(loss) on disposal of tangible assets	5	**(5)**	(20)
Finance revenue	9	**4**	53
Finance cost	10	**(80)**	(114)
Fair value movement of financial assets held at fair value through profit or loss	16	**88**	(1,954)
PROFIT/(LOSS) BEFORE TAXATION		**510**	(1,036)
Tax expense	11	**–**	–
PROFIT/(LOSS) FOR THE YEAR		**510**	(1,036)
Profit/(loss) per share – basic and diluted	13	**6.36p**	(12.91)p

14 Consolidated balance sheet
at 30 June 2010

	Notes	2010 £000	2009 £000
ASSETS			
Non current assets			
Intangible assets	14	**4,454**	4,454
Property, plant & equipment	15	**2,763**	2,669
Financial assets held at fair value through profit or loss	16	**6,460**	5,906
		13,677	13,029
Current assets			
Inventories	17	**149**	146
Trade and other receivables	18	**978**	1,120
Cash and cash equivalents	19	**1,527**	838
		2,654	2,104
TOTAL ASSETS		**16,331**	15,133
EQUITY AND LIABILITIES			
EQUITY			
Issued share capital	22	**4,815**	4,815
Capital redemption reserve	23	**1,409**	1,409
Other reserves	23	**2,045**	2,045
Retained earnings	23	**2,586**	2,076
TOTAL EQUITY		**10,855**	10,345
LIABILITIES			
Current liabilities			
Financial liabilities	24	**435**	449
Trade and other payables	20	**1,827**	1,672
		2,262	2,121
Non current liabilities			
Financial liabilities	24	**628**	1,028
Provisions	21	**2,586**	1,639
		3,214	2,667
TOTAL LIABILITIES		**5,476**	4,788
TOTAL EQUITY AND LIABILITIES		**16,331**	15,133

Julian Fellerman – Director

Richard Kleiner – Director

1 November 2010

15 Consolidated statement of changes in equity
at 30 June 2010

	Issued share capital £000	Other reserves £000	Capital redemption reserve £000	Retained earnings £000	Totals £000
At 1 July 2008	4,815	2,045	1,409	3,112	11,381
Loss for the year	–	–	–	(1,036)	(1,036)
At 30 June 2009	4,815	2,045	1,409	2,076	10,345
Profit for the year	–	–	–	510	510
At 30 June 2010	4,815	2,045	1,409	2,586	10,855

16 Company balance sheet
at 30 June 2010

	Notes	2010 £000	2009 £000
ASSETS			
Non current assets			
Property, plant & equipment	15	**3**	6
Financial assets held at fair value through profit or loss	16	**10,790**	10,989
		10,793	10,995
Current assets			
Trade and other receivables	18	**533**	563
Cash and cash equivalents	19	**652**	560
		1,185	1,123
TOTAL ASSETS		**11,978**	12,118
EQUITY AND LIABILITIES			
EQUITY			
Issued share capital	22	**4,815**	4,815
Capital redemption reserve	23	**1,409**	1,409
Other reserves	23	**2,045**	2,045
Retained earnings	23	**1,080**	2,129
TOTAL EQUITY		**9,349**	10,398
LIABILITIES			
Current liabilities			
Trade and other payables	20	**43**	81
Non current liabilities			
Provisions	21	**2,586**	1,639
TOTAL LIABILITIES		**2,629**	1,720
TOTAL EQUITY AND LIABILITIES		**11,978**	12,118

Julian Fellerman – Director

Richard Kleiner – Director

1 November 2010

17 Consolidated cash flow statement
for the year ended 30 June 2010

	Notes	2010 £000	2009 £000
Operating activities			
Profit/(loss) before tax	*	**510**	(1,036)
Depreciation of property, plant and equipment	15	**347**	401
(Profit)/loss on financial assets at fair value through profit or loss	16	**(88)**	1,954
Currency movements on financial assets at fair value through profit or loss	16	**(405)**	(1,383)
(Gain)/loss on disposal of property, plant and equipment		**(5)**	20
Net interest expense	9,10	**76**	61
Increase in inventories	17	**(3)**	(17)
Decrease/(increase) in trade and other receivables	18	**142**	(26)
Increase in trade and other payables	20	**155**	391
Increase in provisions	21	**947**	644
Net cash flow from operating activities		**1,676**	(310)
Investing activities			
Interest received	9	**4**	53
Purchase of property, plant & equipment	15	**(471)**	(934)
Purchase of investments	16	**(61)**	–
Proceeds from disposal of property, plant & equipment		**35**	7
Net cash flows used in investing activities		**(493)**	(874)
Financing activities			
Interest paid		**(80)**	(73)
Decrease in bank overdraft		**–**	(373)
Proceeds from borrowings	24	**30**	412
Repayment of borrowings	24	**(330)**	(242)
Repayment of capital element on finance lease rentals		**(114)**	(105)
Net cash flows used in financing activities		**(494)**	(381)
Net increase/(decrease) in cash and cash equivalents		**689**	(246)
Cash and cash equivalents at 1 July		**838**	1,084
Cash and cash equivalents at 30 June		**1,527**	838

* Exceptional Items

Cash flows relating to operating exceptional items

In the current year there were operating cash outflows from exceptional items relating to redundancy and restructuring charges of £130,000 (2009 – £16,000) and cost of abortive projects of £25,000 (2009 – £38,000).

18 Company cash flow statement
for the year ended 30 June 2010

	Notes	2010 £000	2009 £000
Operating activities			
Loss before tax		**(1,417)**	(1,207)
Depreciation of property, plant and equipment	15	**4**	4
Decrease in loans to subsidiary held as fixed asset investments	16	**234**	46
Currency movements on financial assets at fair value through profit or loss	16	**(35)**	(63)
Decrease in trade and other receivables	18	**30**	116
(Decrease)/Increase in trade and other payables	20	**(38)**	25
Increase in provisions	21	**947**	644
Net cash flow from operating activities		**(275)**	(435)
Investing activities			
Interest received		**368**	254
Purchase of property, plant & equipment	15	**(1)**	–
Net cash flows used in investing activities		**367**	254
Net increase/(decrease) in cash and cash equivalents		**92**	(181)
Cash and cash equivalents at 1 July		**560**	741
Cash and cash equivalents at 30 June		**652**	560

Notes to the consolidated financial statements at 30 June 2010

1. Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of Avanti Capital Plc and its subsidiaries (the group) for the year ended 30 June 2010 were authorised for issue by the board of directors on 1 November 2010 and the balance sheet was signed on the board's behalf by Julian Fellerman and Richard Kleiner. Avanti Capital Plc is a public limited company incorporated and domiciled in England and Wales. The company's ordinary shares are traded on the Alternative Investment Market.

The group and parent company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to financial statements of the group and parent company for the year ended 30 June 2010.

The principal accounting policies adopted by the group and parent company are set out in note 2. No profit or loss account is presented for the company as permitted by Section 408 of the Companies Act 2006.

2. Accounting policies

Basis of preparation

The group and parent company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to financial statements of the Group and parent company for the year ended 30 June 2010 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2010.

The group and parent company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The group and parent company financial statements have been prepared under the historical cost convention as modified for certain financial instruments, which are stated at fair value.

Judgements and key sources of estimation and uncertainty

The preparation of the group and parent company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the balance sheet date, amounts reported for revenues and expenses during the year, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the group and parent company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Financial assets held at fair value through profit or loss

The financial assets held at fair value through profit or loss are valued in accordance with the accounting policy set out later in this note on page 21. In certain cases, the group is required to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty. Further details are given in note 16.

Operating lease commitments

The group has entered commercial property leases as lessor on its investment property portfolio and as a lessee it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risk and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Impairment of non-financial assets

The group assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts are not recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset to cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Notes to the consolidated financial statements
at 30 June 2010

2. Accounting policies (continued)

Basis of consolidation

The Consolidated financial statements include the financial statements of Avanti Capital plc and the entities it controls (its subsidiaries) for the periods reported.

For the purposes of preparing these consolidated accounts, subsidiaries are those entities controlled by the group. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities and is achieved through direct or indirect ownership of voting rights, by way of contractual agreement. The financial statements of subsidiaries, which are prepared for the same reporting period, are included in the consolidated financial statements from the date that control commences until the date control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from the intra-group transactions are eliminated in full. Accounting policies of subsidiary entities are consistent with the group accounting policies disclosed here.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the group and is presented separately within equity in the consolidated balance sheet, separate from parent shareholders' equity.

Foreign currency translation

The consolidated financial statements are presented in Sterling pounds, which is also the parent company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the balance sheet date. All differences are taken to the income statement. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Such cost includes the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met, in which case the carrying value of the replaced part is written off. All major repairs and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Leasehold improvements	– 4 years
Furniture and fittings	– 4 years
IT equipment	– 3 years
Motor vehicles	– 3 to 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Business combinations and goodwill

Business combinations are accounted for using the purchase method.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

21 Notes to the consolidated financial statements at 30 June 2010

2. Accounting policies (continued)

Business combinations and goodwill (continued)

Goodwill disposed of in this circumstance is measured base on the relative values of the operation disposed of and the portion of the cash generating unit retained. The group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating units, to which goodwill relates. Where the recoverable amount of the cash generating units is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods. The group performs its annual impairment test of goodwill as at 30 June.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets held at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The group currently holds no held-to-maturity or available for sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

The group determines the classifications of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date the group commits to purchase or sell the asset. Regular way purchases or sales of financial assets that require delivery of assets within the period are generally established by regulation or convention in the market place.

Financial assets held at fair value through profit or loss

Financial assets held at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains and losses on investments held for trading are recognised in the income statement.

Financial assets, comprising equity shares and share options, are valued in accordance with the "International Private Equity and Venture Capital Valuation Guidelines" published by the British Venture Capital Association on the following basis:

(a) Early stage investments: these are investments in immature companies, including seed, start-up and early stage investments. Such investments are valued at a cost less any provision considered necessary, until no longer viewed as early stage or unless a significant transaction involving an independent third party at arm's length, values the investment at a materially different value;

(b) Development stage investments: such investments are in mature companies having a maintainable trend of sustainable revenue and from which an exit, by way of flotation or trade sale, can be reasonably foreseen. An investment of this stage is periodically re-valued by reference to open market value. Valuation will usually be by one of four methods as indicated below:

   i. At cost for at least one period unless such a basis is unsustainable;

   ii. On a third party basis based on the price at which a subsequent significant investment is made involving a new investor;

   iii. On an earnings basis, but not until at least a period since the investment was made, by applying a discounted price/earnings ratio to profit after taxation, either before or after interest; or

   iv. On a net asset basis, again applying a discount to reflect the illiquidity of the investment.

   v. On a comparable valuation by reference to similar businesses that have objective data representing their relevant equity value.

(c) Quoted investments: such investments are valued using the quoted market price, discounted if the shares are subject to any particular restrictions or are significant in relation to the issued share capital of a small quoted company.

A review of impairment in value is undertaken by reference to funding, investment or offers in progress after the balance sheet date and provision is made accordingly where the impairment in value is recognised.

Loans and receivables

Loans and receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted in an active market. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and loses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2. Accounting policies (continued)

Impairment of financial assets

The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation model.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all cost incurred in bringing each product to its present location and condition.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and short term deposits with a maturity of 3 months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

Interest bearing loan and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

De-recognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;
- The group retains the right to receive cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- The group has transferred its rights to receive cash flows from the asset and neither (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchase option (including a cash settled option or similar provision) on the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2. Accounting policies (continued)

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modifications is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease rentals are charged to the income statement on an accrual basis over the term of the lease.

Operating exceptional items

Operational exceptional items are treated as such if the matters are material and fall within one of the categories below:

(a) Restructuring costs of an activity of the group;

(c) Disposals of property and investments; and

(c) Abortive deals.

Revenue recognition

Revenue is recognised to the extent that it probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income is recognised as interest accrues (using the effective interest rate method).

Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Notes to the consolidated financial statements
at 30 June 2010

2. Accounting policies (continued)

Deferred income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary difference associated with an investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductable temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductable temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductable temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

Changes in accounting policies

The amended standard, IFRS 7, requires additional disclosures about fair value measurements. Fair value measurements relate to items recorded at fair value which have been disclosed in note 16 on page 33 and include a three-level hierarchy, by class, for all financial instruments recognised at fair value by the group.

IFRS 8 requires disclosure based on segmental information presented to the board. This has not changed the business segments about which information is given, the secondary segment information has been replaced by group-wide analysis of revenues and non-current assets by major geographic area. It is not expected that the group will have customers that individually account for more than 10% of total revenue (see note 3 on page 26).

The revised standard, IAS 1, relates to the revised presentation of financial statements, and which requires the reconciliation of movements in equity to be presented as a primary statement entitled "Consolidated Statement of Changes in Equity". In addition, the Consolidated Statement of Recognised Income and Expense has been replaced with the Consolidated Income Statement. The revised standard requires this statement to present all items of recognised income and expense in either one or two linked statements. The group has elected to present one statement.

New standards and interpretations not applied

A number of standards and interpretations (and amendments thereto) have been issued by the International Accounting Standards Board and its International Financial Reporting Interpretations Committee which are not yet effective and have not been adopted, many of which are either not relevant to the Company or have no impact on the financial statements of the Company. Set out below are those standards and interpretations (including revisions and amendments thereto that may have an impact on the financial statements of the Company.

International Accounting Standards (IAS/IFRS)		**Effective for periods commencing***
IFRS 9	Financial Instruments: Classification and Measurement	1 January 2013
IAS 24	Related Party Disclosures (revised)	1 January 2011
IAS 32	Amendment to IAS 32: Classification of Rights Issue	1 February 2010
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 14	Amendment: Prepayments of a Minimum Funding Requirement	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

Notes to the consolidated financial statements
at 30 June 2010

2. Accounting policies (continued)

New standards and interpretations not applied (continued)

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group prepares its financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the group's discretion to early adopt standards.

As reported last year, the group did not early adopt the revised IFRS 3. The effective date is 1 July 2009 and so will apply it prospectively to all business combinations that are made since this effective date. The key features of the revised IFRS 3 include a requirement for acquisition-related costs to be expensed and not included in the purchase price; and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill). The standard also changes the treatment of non-controlling interests (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held minority interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

IAS 27 revised is effective for annual periods beginning on or after 1 July 2009, in line with the revised IFRS 3. The revised standard no longer restricts the allocation to non-controlling (minority) interest of losses incurred by a subsidiary to the amount of the minority equity investment in the subsidiary.

Any future partial disposal of equity interest in a subsidiary that does not result in a loss of control will be accounted for as an equity transaction and will have no impact on goodwill, nor will it give rise to any gain or loss. Where there is loss of control of a subsidiary, any retained interest will have to be re-measured to fair value, which will impact the gain or loss recognised on disposal.

The directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the group' s financial statements in the period of initial application.

IAS 23 has been revised to require capitalisation of borrowing cost when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional provisions in the Standard, the Group will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date of 1 January 2009. No changes will be made for borrowing costs incurred prior to this date that have been expensed.

The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target).

The directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the group's financial statements in the period of initial application.

26 Notes to the consolidated financial statements
at 30 June 2010

3. Segmental information

The primary reporting format is determined to be business segments as the group's risks and rates of return are affected predominantly by differences in the business segments. Secondary segment information is reported Geographically. For management purposes, the group organised into business units based on their products and services, and has 2 reportable business segments as follows:

Investment and ancillary services provides management services in respect of the investment market.

Bar and night clubs segment relates to the UK late-nights, entertainment-led venues and restaurants.

Primary reporting format – business segments

The following tables present revenue and loss and certain asset and liability information regarding the group's business segments for the years ended 30 June 2010 and 2009.

Year ended 30 June 2010

	Investments & ancillary £000	Bars & Night clubs £000	Eliminations £000	Total £000
Revenue				
Sales to external customers	–	13,522	–	13,522
Inter segment sales	105	–	(105)	–
Segment revenue	105	13,522	(105)	13,522
Results				
Group operating profit	(1,062)	1,555	–	493
Gain on disposal of tangible assets	–	5	–	5
Net finance revenue	368	(444)	–	(76)
Fair valuation of financial assets held at fair value				
through profit or loss	88	–	–	88
Loss before taxation	(606)	1,116	–	510
Tax expense	–	–	–	–
Profit for the year	(606)	1,116	–	510
Assets and liabilities				
Other segment assets	746	9,125	–	9,871
Financial assets held at fair value through profit or loss	6,460	–	–	6,460
Total assets	7,206	9,125	–	16,331
Segment liabilities	2,636	2,804	–	5,440
Total liabilities	2,636	2,804	–	5,440
Other segment disclosures				
Capital expenditure:				
Property, plant and equipment – additions	1	470	–	471
Financial assets held at fair value through profit or loss				
- additions	61	–	–	61
Depreciation	4	343	–	347

3. Segmental information (continued)

Year ended 30 June 2009

	Investments & ancillary £000	Bars & Night clubs £000	Eliminations £000	Total £000
Revenue				
Sales to external customers	25	12,059	–	12,084
Inter segment sales	105	–	(105)	–
Segment revenue	130	12,059	(105)	12,084
Results				
Group operating profit	226	773	–	999
Loss on disposal of tangible assets	–	(20)	–	(20)
Net finance revenue	257	(318)	–	(61)
Fair valuation of financial assets held at fair value through profit or loss	(1,954)	–	–	(1,954)
Loss before taxation	(1,471)	435	–	(1,036)
Tax expense	–	–	–	–
Loss for the year	(1,471)	435	–	(1,036)
Assets and liabilities				
Other segment assets	760	8,467	–	9,227
Financial assets held at fair value through profit or loss	5,906	–	–	5,906
Total assets	6,666	8,467	–	15,133
Segment liabilities	1,725	3,063	–	4,788
Total liabilities	1,725	3,063	–	4,788
Other segment disclosures				
Capital expenditure:				
Property, plant and equipment – additions	–	1,009	–	1,009
Depreciation	4	397	–	401

3. Segmental information (continued)

Secondary reporting format – Geographical segments

The following tables present revenue certain asset and capital expenditure information regarding the Group's geographical segments for the years ended 30 June 2010 and 2009.

Year ended 30 June 2010

	UK £000	USA £000	Total £000
Revenue			
Sales to external customers	13,552	–	13,552
Revenue from continuing operations	13,552	–	13,552
Other segment information			
Segment assets	9,871	–	9,871
Financial assets held at fair value through profit or loss	351	6,109	6,460
Total assets	10,222	6,109	16,331
Capital expenditure:			
Property, plant and equipment	1,009	–	1,009

Year ended 30 June 2009

	UK £000	USA £000	Total £000
Revenue			
Sales to external customers	12,084	–	12,084
Revenue from continuing operations	12,084	–	12,084
Other segment information			
Segment assets	9,227	–	9,227
Financial assets held at fair value through profit or loss	351	5,555	5,906
Total assets	9,578	5,555	15,133
Capital expenditure:			
Property, plant and equipment	471	–	471

4. Administrative expenses – exceptional items

	2010 £000	2009 £000
Deal and merger costs:		
- Redundancy costs	**8**	16
- Cost on abortive projects	**25**	12
Restructuring charges	**122**	26
	155	54

The proportion of exceptional items that relate to non-controlling interests is £31,000 (2009 – £10,000). Any charges or expenses in respect of non-controlling interests are not considered recoverable and accordingly are not treated as such in the financial statements.

29 Notes to the consolidated financial statements at 30 June 2010

5. Operating profit

This is stated after charging:

	2010 £000	2009 £000
Depreciation of property, plant and equipment	347	401
Net foreign currency differences	546	1,427
Cost of inventories recognised as an expense		
(included in cost of sales)	2,384	2,041
Operating lease payments – land and buildings	934	1,028
Net losses on:		
Provision for carried interest	(947)	(644)

6. Auditors' remuneration

	2010 £000	2009 £000
Audit of the Group's financial statements	35	57
Other fees to auditors:		
– auditing the accounts of subsidiaries	30	34
	65	91

7. Staff costs

	2010 £000	2009 £000
Wages and salaries	3,206	2,980
Social security costs	211	197
	3,471	3,177

There were no pension contributions during the year.

The average monthly number of employees during the year was as follows:

	2010 No.	2009 No.
Investment holdings	4	4
Bar and night clubs		
– Bar staff	397	371
– Head office	15	16
	416	391

8. Directors' remuneration

	2010 £000	2009 £000
Emoluments	47	44

An analysis of directors' remuneration is set out in the directors' report. There were no pension payments in respect of either year. Included in the report on directors' remuneration are details of fees payable to Odyssey Partners Limited, a company controlled by Julian Fellerman and Richard Kleiner, in respect of the investment advisory agreement between the company and Odyssey Partners Limited.

Notes to the consolidated financial statements
at 30 June 2010

9. Finance revenue

	2010 £000	2009 £000
On deposits and liquid funds	**4**	53

10. Finance cost

	2010 £000	2009 £000
Bank loans and overdrafts	**61**	91
Finance lease interest	**19**	23
	80	114

Details of the movements during the year for financial assets held at fair value through profit or loss are set out in note 16.

11. Taxation

The major components of income tax for the years ended 30 June 2010 and 2009 are:

(a) Analysis of charge in year:

	2010 £000	2009 £000
Current tax		
UK corporation tax on the profit for the year	**–**	–
Deferred tax		
Excess capital allowance over depreciation (note 11(c))	**–**	–
Total tax charge for year	**–**	–

(b) Factors affecting current tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2010 £000	2009 £000
Profit/(loss) on ordinary activities before tax	**510**	(1,036)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	**143**	(290)
Effects of:		
Disallowable expenses and non-taxable income	**8**	545
Movement in unrecognised deferred tax	**307**	144
Losses brought forward utilised	**(458)**	(399)
Current tax for the year (note 11a)	**–**	–

(c) Deferred tax

The group has tax losses arising in the UK of approximately £22.0 million (2009 – £22.5million) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets of £6.2 million (2009 – £6.5million) have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group.

In addition, deferred tax assets of £0.1 million (2009 – £0.1 million) arising on decelerated capital allowances of £0.3 million (2009 – £0.3 million) and deferred tax assets of £0.5 million (2008 – £0.4 million) arising on the carried interest provision of £2.5 million (2009 – £1.6million) have also not been recognised as there is sufficient certainty of future profits against which the temporary difference will unwind.

Notes to the consolidated financial statements
at 30 June 2010

12. Dividends
No dividend will be declared for the year ended 30 June 2010 (2009 – £nil).

13. Earnings per share
The earnings per share calculation is based on the group's retained profit for the year of £510,000 (2009 – £1.04 million (loss)) and the weighted average number of shares in issue for the year of 8,025,752 (2009 – 8,025,752).

The loss attributed to ordinary shareholders and the weighted average number of shares for the purposes of calculating the diluted earnings per share is identical to those used for basic earnings per share.

14. Intangible assets

	Positive Goodwill £000	Negative Goodwill £000
Cost:		
At 1 July 2009 and 30 June 2010	4,454	(1,749)
Amortisation and impairment		
At 1 July 2009 and 30 June 2010	–	(1,749)
Net book value as at 30 June 2010	4,454	–
Net book value as at 30 June 2009	4,454	–

Goodwill arose through the acquisition of Eclectic Bars Limited, and so has been allocated to this single cash generating unit for the purpose of impairment testing.

The calculation of fair value less costs to sell has indicated no impairment in the goodwill arising on the acquisition. The key assumptions in calculating the fair value less costs to sell are:

- Site EBITDA being the EBITDA at site level before deduction of central infra structure and head office costs.
- EBITDA multiples being the relevant multiple applied to the site EBITDA in arriving at an appropriate enterprise value (including goodwill) for the business.

The board believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to exceed its recoverable amount.

15. Property, plant and equipment

Group	Leasehold improvements £000	IT equipment £000	Furniture and fittings £000	Motor vehicles £000	Total £000
Cost:					
At 30 June 2008	1,755	278	842	69	2,944
Additions	865	25	45	74	1,009
Disposals	(21)	–	(33)	(10)	(64)
At 30 June 2009	2,599	303	854	133	3,889
Additions	244	21	180	26	471
Disposals	(30)	(227)	(62)	(21)	(340)
At 30 June 2010	2,813	97	972	138	4,020
Depreciation:					
At 30 June 2008	153	256	414	33	856
Charge for the year	158	16	208	19	401
Disposals	(21)	–	(10)	(6)	(37)
At 30 June 2009	290	272	612	46	1,220
Charge for the year	175	18	131	23	347
Disposals	(5)	(227)	(58)	(20)	(310)
At 30 June 2010	460	63	685	49	1,257
Net book value:					
At 30 June 2010	2,353	34	287	89	2,763
At 30 June 2009	2,309	31	242	87	2,669
At 30 June 2008	1,602	22	428	36	2,088

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2010 was £131,000 (2009: £239,000). Leased assets and assets under hire purchase contracts are pledged as security for the related finance leases and hire purchase liabilities.

Company	IT equipment £000	Furniture and fittings £000	Total £000
Cost:			
At 30 June 2008	195	49	244
Additions	8	(8)	–
At 30 June 2009	203	41	244
Additions	1	–	1
Disposal	(192)	(38)	(230)
At 30 June 2010	12	3	15
Depreciation:			
At 30 June 2008	195	39	234
Depreciation charge for the year	4	–	4
At 30 June 2009	199	39	238
Depreciation charge for the year	3	1	4
Disposal	(192)	(38)	(230)
At 30 June 2010	10	2	12
Net book value:			
At 30 June 2010	2	1	3
At 30 June 2009	4	2	6
At 30 June 2008	–	10	10

16. Financial assets held at fair value through profit or loss

	Group 2010 £000	**Company 2010 £000**	Group 2009 £000	Company 2009 £000
Unlisted investments	**6,460**	**3,256**	5,906	3,221
Investment in unlisted subsidiaries	**–**	**7,534**	–	7,768
	6,460	**10,790**	5,906	10,989

Group – Unlisted investments

	Cost £000	Provision £000	Revaluation £000	Book value £000
At 30 June 2008	13,628	(9,729)	2,578	6,477
Exchange differences	–	1,383	–	1,383
Revaluation	–	–	(1,954)	(1,954)
At 30 June 2009	13,628	(8,346)	624	5,906
Additions	61	–	–	61
Exchange differences	–	405	–	405
Revaluation	–	–	88	88
At 30 June 2010	13,689	(7,941)	712	6,460

Company – Unlisted investments

	Cost £000	Provision £000	Revaluation £000	Book value £000
At 30 June 2008	12,714	(1,742)	–	10,972
Additions	204	–	–	204
Repayments	(250)	–	–	(250)
Exchange differences	–	63	–	63
At 30 June 2009	12,668	(1,679)	–	10,989
Repayments	(234)	–	–	(234)
Exchange differences	–	35	–	35
At 30 June 2010	12,434	(1,644)	–	10,790

Fair value hierarchy
As at 30 June 2010, the group held the following financial instruments measured at fair value:

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

Assets measured at fair value

	Total £000	Level 1 £000	Level 2 £000	Level 3 £000
Financial assets held at fair value through profit or loss:				
Equity shares				
At 30 June 2009	5,906	–	5,549	357
Additions	61	–	61	–
Exchange differences	405	–	405	–
Revaluation	88	–	88	–
At 30 June 2010	6,460	–	6,103	357

16. Financial assets held at fair value through profit or loss (continued)

No transfers were made to or from level 3 during the year. The directors do not consider that any reasonable change to the assumptions in valuing level 3 assets would result in a significant adjustment to the fair value of these assets.

The above disclosure, which is required under IFRS 7, provides an exemption from disclosing comparative information when first applying the new disclosure requirements.

Details of the investments in which the company holds, directly or indirectly, 20% or more of the nominal value of any class of share capital are as follows:

Name of Company	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:			
Avanti Holdings plc	Ordinary shares	100%	Private equity
Avanti Partners (UK) Limited	Ordinary shares	100%	Management services
Avanti Partners NV *	Ordinary shares	100%	Private equity
Eclectic Bars Limited (formerly Barclub Limited)	Ordinary shares	60%	Operation of late night bars and night clubs

Avanti Partners (UK) Limited and Avanti Partners NV are directly owned by Avanti Holdings plc and the rest of the subsidiaries are directly owned by Avanti Capital plc.

* Incorporated in Belgium. All other subsidiaries are domiciled and incorporated in England & Wales.

The fair values of financial assets are determined in accordance with the valuation guidelines issued by the British Venture Capital Association as set out in accounting policy note 2.

Management has estimated the potential effect of using reasonably possible alternatives for price-earnings ratios would result in the range of difference in fair value from a reduction of approximately £2.2 million (2009: £1.2 million using less favourable assumptions to an increase of approximately £2.2 million (2009: £1.4 million) using more favourable assumptions. Management has used, for the purposes of the above figures, price-earnings ratios that they believe are comparable to the group's investments.

Fair valuation for the carrying value of financial assets held at fair value through profit or loss has been considered and, except for the provision in the group's investments in mBlox and Medcenter, no other provision was considered necessary.

17. Inventories

	2010 £000	2009 £000
Goods for re-sale	**149**	146

18. Trade and other receivables

	Group 2010 £000	**Company 2010 £000**	Group 2009 £000	Company 2009 £000
Trade receivables	**87**	**–**	99	30
Other taxes	**–**	**–**	13	–
Amounts due from subsidiary company	**–**	**505**	–	434
Other receivables	**891**	**28**	1,008	99
	978	**533**	1,120	563

Trade receivables are non-interest bearing and are generally on a 30-90 days' terms. Fair valuation for the provision of impairment has been considered and no provision was considered necessary.

At both 30 June 2010 and 30 June 2009 none of the trade receivables were past due or impaired.

The credit quality of trade receivables that are neither past due nor impaired is assessed by reference to external credit ratings where available, otherwise historical information relating to counterparty default rates is used.

Of the balance in respect of counterparties with internal ratings, 100% of existing customers are with no history of defaults.

Notes to the consolidated financial statements
at 30 June 2010

19. Cash and cash equivalents

	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Cash at bank and on hand	879	4	282	4
Short-term deposits	648	648	556	556
	1,527	652	838	560

The carrying value of the group's cash and cash equivalent assets was considered and no provision was considered necessary.

20. Trade and other payables

	Group 2010 £000	Company 2010 £000	Group 2009 £000	Company 2009 £000
Trade payables	570	2	664	4
Other taxes and social security costs	326	–	216	–
Accruals	931	41	792	77
	1,827	43	1,672	81

21. Provision

	Group and company £000
Carried Interest	
At 30 June 2008	995
Provided in the year	644
At 30 June 2009	1,639
Provided in the year	947
At 30 June 2010	2,586

In November 2008, the company entered into a new arrangement with Odyssey Partners Limited in relation to the management of the group's portfolio. The terms include a hurdle over which the carried interest has a positive value. This hurdle is equivalent to 82.5 p per share (a 23% premium to the share price as at 4 November 2008, the date the new arrangement was effected and a 20% premium to the share price on 14 October 2010).

The carried interest has been provided on the basis of the terms of agreement between the company and Odyssey Partners Limited. The amount has been calculated by reference to the net assets as at 30 June 2010 which assumes that the amounts attributable to each asset will be realised at the amounts so stated. The timing of each asset's realisation event is uncertain.

22. Share capital

	Authorised 2010 No.	Authorised 2009 No.	Allotted, called up and fully paid 2010 No.	Allotted, called up and fully paid 2009 No.
Ordinary shares of £0.60 each	20,833,333	20,833,333	8,025,752	8,025,752
	£000	£000	£000	£000
Ordinary shares of £0.60 each	12,500	12,500	4,815	4,815

As at 30 June 2010 there were 8,025,752 ordinary shares of 60 pence each in the capital of the company. There has been no purchase by the company of its own shares during the year.

23. Reserves

Group

	Capital redemption reserve £000	Other reserves £000	Retained earnings £000	Total £000
At 30 June 2009	1,409	2,045	2,076	5,530
Profit retained for the financial year	–	–	510	510
At 30 June 2010	1,409	2,045	2,586	6,040

Company

	Capital redemption reserves £000	Other reserves £000	Retained earnings £000	Total £000
At 30 June 2009	1,409	2,045	2,129	5,583
Loss retained for the financial year	–	–	(1,049)	(1,049)
At 30 June 2010	1,409	2,045	1,080	4,534

24. Financial liabilities

	Effective Interest rates %	**Maturity**	**2010 £000**	2009 £000
Current:				
Obligations under finance leases and hire purchase contracts		**Dec 2011**	100	114
Other loans:				
£932,000 bank loans (2009: £1.232m)	2% above base	**Apr 2013**	335	335
			435	449
Non-current:				
Obligations under finance leases and hire purchase contracts		**Dec 2011**	31	131
Other loans:				
£932,000 bank loans (2009: £1.232m)	2% above base	**Apr 2013**	597	897
			628	1,028

The bank loans and overdrafts are secured by a floating charge over certain of the assets of Eclectic Bars Limited and its subsidiaries. The bank overdraft has a facility limit of £600,000. As part of the arrangements with its bankers, Eclectic Bars and its subsidiaries are required to report on a quarterly basis regarding certain covenants including leverage (EBITDA/Net debt), interest cover and fixed charge cover.

The bank loan is repayable in quarterly instalments of £83,738 and is repayable by April 2013.

25. Transaction with directors

In the period under review, Odyssey Partners Limited, a company in which Julian Fellerman and Richard Kleiner has a material interest, provided investment advisory services amounting to £264,000 (2009- £344,000). The group also paid £34,475 (2009 – £34,000) in respect of accountancy services to Gerald Edelman, a firm in which Richard Kleiner has a partnership interest.

Included in provisions is an amount of £2.586 million (2009: £1.639 million) which relates to carried interest that would be payable to Odyssey Partners Limited if the net assets were to be realised at their carrying value at the balance sheet date.

26. Commitments and contigencies

Operating lease commitments

At 30 June 2010, the group had total minimum commitments under non-cancellable operating leases as set out below:

	2010 £000	2009 £000
Land and Buildings		
Operating leases which expire:		
– in less than one year	**10**	10
– within two to five years	**–**	–
– in over five years	**12,248**	12,643
	12,258	12,653

The company had no commitments under non-cancellable operating leases.

Finance lease and hire purchase contracts

At 30 June 2010, the group had total minimum commitments under finance leases and hire purchase contracts as set out below:

	2010 £000	2009 £000
Within one year	**100**	130
After one year but no more than five years	**31**	136
Total minimum lease payments	**131**	266
Less amounts representing finance charges	**(6)**	(21)
Present value of minimum lease payments	**125**	245

The company has no commitments under finance leases or hire purchase contracts.

Finance assets held at fair value through profit or loss

The company has a cash commitment in respect of one its investments, namely XDL Intervest (USA) Limited Partnership. The company was originally committed to pay a total of CAN$1 million (£712,000) to XDL Intervest (USA) Limited Partnership but the commitment has now been capped at CAN$800,000 (£388,000). As at 30 June 2010, CAN$668,038 (£324,000) had been paid leaving an outstanding commitment of CAN$131,962 (£64,000).

27. Financial risk management objectives and policies

The group's financial instruments comprise investments, cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The vast majority of the group's financial investments are denominated in sterling.

The group does not enter into derivatives or hedging transactions.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are investment risk, interest rate risk and liquidity risk. With the exception of the investment in mBlox, the group does not have a material exposure to foreign currency risk. The board reviews policies for managing each of these risks, and they are summarised as follows:

Investment risk

Investment risk includes investing in companies that may not perform as expected. The group's investment criteria focus on the quality of the business and the management team of the target company, market potential and the ability of the investment to attain the returns required within the time horizon set for the investment. Due diligence is undertaken on each investment. The group regularly reviews the investments in order to monitor the level of risk and mitigate exposure where appropriate.

Interest rate risk

The group borrows in currencies to match the denomination at fixed and floating rates of interest to generate the desired interest profile and to manage the group's exposure to interest fluctuations.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the group's loss before tax (through the impact on floating rate borrowings):

Notes to the consolidated financial statements
at 30 June 2010

27. Financial risk management objectives and policies (continued)

	Increase/decrease In basis points	Effect on profit before tax 2010
2010		
Sterling	+ 100	(1)
Sterling	– 100	1
2009		
Sterling	+ 100	(12)
Sterling	– 100	12

Liquidity risk
The group's policy is to finance its operations and expansion through working capital and, in the case of investing in target companies, to raise an appropriate level of acquisition finance.

The table below summarises the maturity profile of the group's financial liabilities at 30 June 2010 and 2009 based on contractual undiscounted payments:

Year ended 30 June 2010

	Total £000	On demand £000	Up to 1 year £000	1-2 Years £000	2-5 years £000
Interest bearing loans and borrowings	1,159	–	502	471	186
Trade and other payables	570	–	570	–	–

Year ended 30 June 2009

	Total £000	On demand £000	Up to 1 year £000	1-2 Years £000	2-5 years £000
Interest bearing loans and borrowings	1,690	–	536	500	654
Trade and other payables	664	–	664	–	–

The group aims to mitigate liquidity risk by managing cash generation by its operations, and applying cash collection targets throughout the group. Investment is carefully controlled, with authorisation limits operating up to board level and cash payback periods applied as part of the investment appraisal process.

Credit risk
There are no significant concentrations of credit risk within the group. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

Short term trade receivables and payables
Amounts dealt with in the numerical disclosures in this note exclude short term receivables and payables.

There is no material difference between the fair values and book values of any of the group's financial instruments.

Strategies for managing capital
The primary objective of the group's capital management is to ensure it is able to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it, in light of economic conditions. To maintain or adjust the capital structure, the group may return capital to shareholders or perhaps issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2010 and 30 June 2009.

27. Financial risk management objectives and policies (continued)

Financial assets

The group has financial assets as shown below:

Currency	**Floating rate financial assets 2010 £000**	**Non-interest bearing financial assets 2010 £000**	Floating rate financial assets 2009 £000	Non-interest bearing financial assets 2009 £000
Sterling – cash and short term deposits	**1,527**	**–**	838	–
Sterling – unquoted investments	**–**	**351**	–	351
US Dollar – unquoted investments	**–**	**6,089**	–	5,555
	1,527	**6,440**	838	5,906

The floating rate assets earn interest at rates based upon LIBOR. Non-interest bearing financial assets are available on demand.

Supplementary information (unaudited) at 30 June 2010

Pro Forma Profit & Loss and Balance Sheets

Notes to the Pro Forma Profit & Loss and Balance Sheets

The pro forma financial information has not been audited.

The pro forma financial information has been prepared to illustrate the effect of not consolidating the results and net assets of Eclectic Bars Limited and therefore sets out the investment activity of Avanti Capital plc as distinct from the bars and clubs activity operated by Eclectic Bars Limited.

The adjustments shown within the pro forma financial information enables a reconciliation to be made to the audited figures included within this annual report and 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 & Loss, of EBITDA for Eclectic Bars Limited in respect of the 52-weeks period from 29 June 2009 to 27 June 2010.

Profit & Loss	Avanti £000	Eclectic Bars £000	Adjustment £000	Group Total £000
Turnover				
– continuing operations	105	13,522	(105)	13,522
	105	13,522	(105)	13,522
Less: cost of sales	–	(2,384)	–	(2,384)
Gross profit	105	11,138	(105)	11,138
Operating expenses	(1,003)	(9,152)	105	(10,050)
EBITDA	(898)	1,986	–	1,088
Depreciation & goodwill				
amortisation	(4)	(343)	–	(347)
Interest payable	–	(446)	366	(80)
Interest receivable	368	2	(366)	4
Profit on ordinary activities before Taxation and exceptional items	(534)	1,199	–	665
Exceptional items – other	(72)	(83)	–	(155)
(Loss)/profit on ordinary activities before taxation	(606)	1,116	–	510
Taxation	–	–	–	–
(Loss)/profit for the period after minority interest	(606)	1,116	–	510

Supplementary information (unaudited)

Pro Forma Profit & Loss and Balance Sheets

Net Assets	Avanti £000	Eclectic Bars £000	Adjustments £000	Group Total £000
Fixed assets				
Goodwill	–	6,476	(2,022)	4,454
Tangible assets	3	2,760	–	2,763
Investments	13,995	–	(7,535)	6,460
	13,998	9,236	(9,557)	13,677
Current assets				
Stock	–	149	–	149
Debtors	40	938	–	978
Cash at bank & in-hand	703	824	–	1,527
	743	1,911	–	2,654
Creditors: amounts falling due within one year	(50)	(2,212)	–	(2,262)
Net current assets	693	(301)	–	392
	14,691	8,935	(9,557)	14,069
Creditors: amounts falling due after one year				
Shareholders' loan	–	(7,535)	7,535	–
Other creditors	–	(628)	–	(628)
	14,691	772	(2,022)	13,441
Provisions	(2,586)	–	–	(2,586)
	12,105	772	(2,022)	10,855
Represented by:				
Share capital	4,815	–	–	4,815
Capital redemption reserve	1,409	–	–	1,409
Other reserves	2,045	–	–	2,045
Profit & loss accounts	3,836	772	(2,022)	2,586
Shareholders' funds	12,105	772	(2,022)	10,855

Notice of Annual General Meeting

Notice is hereby given that the 2010 Annual General Meeting of Avanti Capital plc ("the Company") will be held at the offices of Berwin Leighton Paisner, Adelaide House, London Bridge, London EC4R 9HA on the 7th day of December 2010 at 11.00 a.m. to transact the following business:

Ordinary Business

1. To receive and adopt the directors report, the financial statements and the auditors report for the year ended 30 June 2010.

2. That the Directors' Remuneration Report as set out on pages 8-11 of the report and accounts (as referred to in 1 above) be and is hereby approved.

3. To re-elect William Crewdson as a director.

4. To confirm the re-appointment of Ernst & young LLP as auditors of the Company and to authorise the directors to fix their remuneration.

Special Business

As special business, to consider and, if though fit, pass the following resolutions of which Resolution 5 will be proposed as an ordinary resolution Resolutions 6 and 7 will be proposed as special resolutions:

Ordinary resolution

5. That the Directors be and they are hereby generally and unconditionally authorised (in substitution for all previous authorities in that regard) to exercise all of the powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985 ("the Act")) up to an aggregate nominal amount of £4,815,451 provided that this authority shall expire on the conclusion of the annual general meeting of the Company held in 2011 or 31 December 2011 (whichever is earlier) unless and to the extent that such authority is renewed or extended prior to such date so that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

6. That the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act") in substitution for all previous powers granted thereunder, to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority granted by Resolution 5 above of this resolution as if Section 89(1) of the Act did not apply to any such allotment provided that this power should be limited to:

   (a) the allotment of equity securities on a pro rata basis in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them, but subject to such exclusions and other arrangements as the directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas holders, fractional entitlement or otherwise;

   (b) the allotment of equity securities (in addition to the allotment of equity securities pursuant to the foregoing paragraph) with an aggregate value of up to £1,605,150 being 33.3 per cent. of the issued share capital of the Company on 31 October 2010.

   And the power hereby conferred shall expire on the conclusion of the annual general meeting of the Company held in 2011 or 31 December 2011 (whichever is earlier) unless renewed or extended prior to such time except that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would, or might, require equity securities to be allotted, after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power hereby conferred has not expired.

7. That the Company be generally and unconditionally authorised for the purposes of section 166 of the Act to make market purchases (within the meaning of Section 163 of the Act) of ordinary shares of 60p each in the capital of the Company ("Ordinary Shares") provided that:

   (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is such number of shares which would fully utilise the whole of the distributable reserves of the Company from time to time;

   (b) the minimum price which may be paid for an Ordinary Share is 60p per share;

   (c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent. of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased;

(d) the authority hereby conferred expires at the conclusion of the next annual general meeting of the Company to be held in 2011 or, if earlier twelve months after the date of the passing of this resolution unless such authority is renewed, varied or revoked prior to such time; and

the Company can make a contract or contracts to purchase Ordinary Shares under this authority before the expiry of the authority; and may make a purchase of Ordinary Shares in pursuance of any such contract or

BY ORDER OF THE BOARD

Julian Fellerman
Secretary

1 November 2010

Registered Office:
25 Harley Street
London
W1G 9BR

Notes:

(1) A member entitled to attend and vote at the above-mentioned Annual General Meeting may appoint one nor more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.

(2) A pre-paid form of proxy is enclosed. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such authority) must be deposited at the offices of the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU no later than 11.00 a.m. on 5 December 2010. Completion of the form of proxy will not preclude a member from attending and voting in person.

(3) The Company, pursuant to regulation 41 of the The Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 5 December 2010 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to the entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

(4) There will be available for inspection at the registered office of the Company, during usual business hours non any weekday from the date of this notice until the date of the meeting, and at the place of the meeting for 15 minutes prior to and during the meeting, copies of any directors' service agreements with the Company and particulars for the period up to 28 October 2010 of the transactions of each director and, so far as he can reasonably ascertain, of his family in the share capital of the Company.

Avanti Capital plc
25 Harley Street
London W1G 9BR

www.avanticap.com

Company Registration number 03319365