Interim Results
for the six months ended 31 December 2011

avanticapital

1 Group review
Interim Results for the six months ended 31 December 2011

Avanti Capital Plc ("Avanti" or "the group"), the AIM-quoted investment management group, announces its interim results for the six months ended 31 December 2011.

HIGHLIGHTS

- As at 31 December 2011, the group had net assets (excluding the accounting effects of the consolidation of Eclectic Bars Limited) of £12.1 million or 150 pence per ordinary share.
- As at 31 December 2011, the group had net assets on a consolidated basis of £12.7 million or 158 pence per ordinary share.
- Key investee company, mBlox grows revenues by 15% and is again profitable at the EBITDA level.
- Eclectic Bars, in which the group has a 60% holding, grows revenues by over 30% and achieves site EBITDA of £2.5 million, a 39% increase on the corresponding 6-month period in 2010.

14 March 2012

ENQUIRIES:

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Richard Kleiner

Collins Stewart Europe Limited **Tel: 020 7523 8350**
Mark Dickenson
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2 Company statement

Interim Results for the six months ended 31 December 2011

Results of the Group

As at 31 December 2011, the group had net assets (excluding the accounting effects of the consolidation of Eclectic Bars Limited) of £12.1 million (2010: £11.8 million) or 150 pence per share (2010: 147 pence per share). It is the view of the board that this basis gives shareholders the most relevant measure of the underlying value of the net assets within the guidelines for the valuation and disclosure of venture capital portfolios.

As at 31 December 2011, the group had net assets on a consolidated basis of £12.7 million (2010: £11.1 million) or 158 pence per share (2010: 138 pence per share).

In the period to 31 December 2011, the profit before exceptional items, excluding the consolidation of Eclectic Bars Limited, was £61,000 (2010: £288,000 - loss). The profit on a consolidated basis was £1.1 million (2010: £222,000).

All of the above figures have been arrived at after including the provision for the carried interest of £3.03 million or 37.7 pence per share. The payment of such carried interest is dependent upon the realisation of the individual assets being at values which are, at least, equal to the values stated in these interim results.

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

Investments	Carrying Value Pence per share	Carrying Value £m
Eclectic Bars	92	£7.3
Espresso	4	£0.4
mBlox	78	£6.3
Net current assets including cash	14	£1.1
Total	**188**	**£15.1**

Note:

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

Purchase of own shares

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

Eclectic Bars

The first six months of trading to the end of December 2011 has continued the trend of previous year.

Despite the strong performance for the same period last year the management team has continued to drive performance, with sales for the period ahead of last year both on total and like-for-like bases.

In summary for the six month period ended December 2011, sales were £10.0 million (2010: £7.2 million), site EBITDA £2.5 million (2010: £1.8 million) and company EBITDA £1.6 million (2010: £1.0 million). The sales uplift of 39% together with the EBITDA uplift of 39% benefited from the full year effect of the openings in the second half of last year. Profit before tax for the six month period ended 31 December 2011 was £1.1m (2010: £0.2m).

Trading over the last six months and over the New Year was once again strong and management are optimistic about the outcome for the second six months continuing the trend seen in the first half.

During the current six month period there has been one further refit and one additional new opening;

- Edinburgh was closed in June 2011 and re-opened towards the end of August 2011; this is the sixth Lola Lo opened in the last twelve months. This new format has once again helped to significantly increase sales, up 33% for the first four full months of trading as compared with last year.

- The company's new unit in Reading opened towards the end of September 2011 to enviable success with its vibrant design and sensational cocktails. This unit will be the seventh Lola Lo (Eclectic's second unit in Reading) and boasting one of the largest outside gardens in the estate.

The Eclectic Bars team continues to search for suitable sites to further roll out the Sakura and Lola Lo brands.

The strong performance of the new opening and refit programmes demonstrates the management team's ability to continue to develop and grow the Eclectic group.

The group's investment, which is predominantly in the form of a secured loan, has a book value of £ 7.4 million (2010: £7.5 million). The only other debt outstanding in Eclectic is a senior debt facility from Barclays Bank plc – debt (net of cash) stood at £1.8 million as at 31 December 2011 (31 December 2010: £1.3 million). Barclays Bank has continued to support the company's refit and acquisition programme with new lending.

At 31 December 2011, the carrying value of the group's investment in Eclectic was £ 7.3 million equating to 92p per share.

Espresso

At this stage of Espresso's development, the majority of revenue continues to come from the UK schools market, but this year has also seen significant progress in developing an international business model which has benefited from investment in enhanced delivery platforms and technologies.

In spite of continued market uncertainty in the UK, revenues continued to grow during a period when school spending on educational resources generally saw a significant decline. At the same time, profitability in the UK business grew significantly as one-time costs associated with replacing obsolete infrastructure in schools came to an end and the business benefited from operational efficiencies achieved across all functional areas as a consequence of a stable customer base.

Away from the UK, the company reported significant growth in its Swedish partnership with revenues and school counts having doubled year-on-year. Espresso's US operation, despite the US education market having its own funding challenges, has now secured 700 new schools in the US and the board anticipate strong growth in 2012 as market and brand awareness builds from the bottom of the current spending cycle in the US. The increase in the US cost base reflects, amongst other things, the full year impact of staffing levels, greater management oversight and product production costs which only were in the 2010 financial results for part of the company's financial year.

As at 31 December 2011, the carrying value of the group's investment in Espresso was £0.4 million equating to 4p per share.

Interim Results for the six months ended 31 December 2011

mBlox

mBlox specialises in connecting enterprises and brands with mobile consumers using a range of services including application-to-person (A2P) messaging and purchase of digital content via premium short message service (PSMS).

2011 represented another year of growth but included market challenges. During 2011 the company increased sales of these two existing services resulting in a growth of total revenue from $123 million in 2010 to $142 million in 2011. However, competitive pricing pressure on A2P messaging resulted in only a slight growth in gross margin from $51 million in 2010 to $52 million in 2011 and a slight increase in operating expense resulted in flat EBITDA of $6 million in both years.

In December 2011, Andrew Dark, the CEO, tendered his resignation from mBlox, which was accepted by the board. Andrew joined mBlox in early 2009 and improved the company's operations and financial status significantly during his three-year term. In this first year, mBlox posted the first positive EBITDA in company history and grew that figure to $6 million in both 2010 and 2011. However the next stage of mBlox will require a chief executive to introduce and scale the new products that had been in development. Steven Love (CFO) is interim CEO during the period of the search and appointment of the new CEO.

While 2012 is expected to reflect continued revenue growth, the year will represent the most productive period for products in a number of years. The new operating platform, NGP (Next Generation Platform), will be finalised in the first half of the year. NGP is the platform on which new services will be offered with the provisioning of services and support of customers expected to be significantly improved on this new platform. In January 2012, mBlox brought greater emphasis to Direct Bill, which is the second generation of 'carrier billing' (PSMS being the first). Direct Bill is expected to enjoy significantly greater commercial success and is already operational for carriers in many countries. mBlox is in the process of a global development/market roll out plan of Direct Bill.

Following the acquisition in late 2010 of Mashmobile of Lund, Sweden, two new smart-phone products are scheduled to be launched and announced to the market in March 2012. "Engage" is a marketing and content management app for iPhone and android operating platforms and "Entrust" is a card payment app with ability to accept credit card payments. Currently there are a number of prospective customers for use of Engage or a combination of both products ranging from use of the geolocation and 'rich push' features to full use of the libraries and easy-to-use APIs to deliver and charge for products and services. The new products are likely to bring an increased gross margin to mBlox.

As at 31 December 2011, the carrying value of the group's investment in mBlox was £6.3 million equating to 78p per share.

Investing Policy

The group's investing policy remains unchanged as the group continues to pursue its objectives through two complementary activities:

- Its investment operation, which acquires interests in technology and trading businesses; and
- Its consultancy operation, which offers a business development service, to develop the investee business until an exit opportunity arises.

As previously announced, it is Avanti's current intention not to invest in any new investments but to continue to support the existing investment portfolio.

Legacy portfolio

In relation to the remainder of the legacy investments in the group's portfolio, the board continues to seek ways of maximising value to the group. As at 31 December 2011, the aggregate carrying value of these investments was £40,000.

R H Kleiner

W A H Crewdson

14 March 2012

Consolidated income statement
for the six months ended 31 December 2011

	Notes	Unaudited 6 months ended 31 Dec 2011 £000	Unaudited 6 months ended 31 Dec 2010 £000	Audited 12 months ended 30 Jun 2011 £000
Revenue	3	**10,039**	7,187	15,515
Cost of sales		**(2,133)**	(1,403)	(3,091)
Gross profit		**7,906**	5,784	12,424
Administrative expenses – others		**(6,905)**	(5,345)	(11,869)
Administrative expenses – foreign exchange		**221**	(149)	–
Administrative expenses – exceptional	5	**(81)**	(20)	368
Operating profit		**1,141**	270	923
Finance revenue		**–**	1	4
Finance cost		**(70)**	(49)	(106)
Fair valuation of financial assets held at fair value through profit or loss		**–**	–	34
Profit on ordinary activities before taxation		**1,071**	222	855
Tax expense		**31**	–	(157)
Profit on ordinary activities after taxation		**1,102**	222	698
Attributable to				
Shareholders of the parent		**598**	18	317
Non-controlling interest		**504**	204	381
Profit for the period		**1,102**	222	698
Profit per share attributable to shareholders of the parent – basic and diluted	4	**13.73p**	2.77p	3.95p

5 Consolidated balance sheet
At 31 December 2011

	Unaudited 6 months ended 31 Dec 2011 £000	Unaudited 6 months ended 31 Dec 2010 £000	Audited 12 months ended 30 Jun 2011 £000
Assets			
Non current assets			
Goodwill	**4,751**	4,454	4,751
Property, plant & equipment	**6,250**	4,261	5,301
Financial assets held at fair value through profit or loss	**6,685**	6,646	6,464
Deferred tax asset	**252**	–	159
	17,938	15,361	16,675
Current Assets			
Inventories	**331**	275	233
Trade and other receivables	**1,339**	1,114	1,258
Cash and cash equivalents	**1,414**	799	1,169
	3,084	2,188	2,660
Total Assets	**21,022**	17,549	19,335
Equity and Liabilities			
Equity			
Issued share capital	**4,815**	4,815	4,815
Capital redemption reserve	**1,409**	1,409	1,409
Merger reserve	**2,045**	2,045	2,045
Retained earnings	**3,192**	2,808	2,594
Equity attributable to equity shareholders of the parent	**11,464**	11,077	10,863
Non-controlling interest	**1,194**	–	690
Total Equities	**12,655**	11,077	11,553
Liabilities			
Current liabilities			
Financial liabilities	**908**	620	809
Trade and other payables	**2,605**	1,958	2,388
	3,513	2,578	3,197
Non-current liabilities			
Financial liabilities	**1,448**	1,124	1,454
Provisions	**3,029**	2,770	2,815
Deferred tax liabilities	**377**	–	316
	4,854	3,894	4,585
Total Liabilities	**8,367**	6,472	7,782
Total Equity and Liabilities	**21,022**	17,549	19,335

Approved by the board on 14 March 2012

R H Kleiner
W A H Crewdson

6 Consolidated statement of cash flows
For the period ended 31 December 2011

	Unaudited 6 months ended 31 Dec 2011 £000	Unaudited 6 months ended 31 Dec 2010 £000	Audited 12 months ended 30 Jun 2011 £000
Operating activities			
Profit before taxation	**1,071**	222	855
Depreciation and impairment of property, plant and equipment	**203**	173	577
Loss on financial assets at fair value through profit or loss	**–**	–	(34)
Currency movements on financial assets held at fair value through profit or loss	**(221)**	149	364
Loss on disposal of property, plant and equipment	**–**	6	–
Net interest expense	**70**	48	104
(Increase) in inventories	**(98)**	(126)	(67)
(Increase) in trade and other receivables	**(81)**	(136)	(218)
Increase in trade and other payables	**312**	131	257
Increase in provisions	**214**	185	299
Net cash from operating activities	**1,470**	652	2,067
Investing activities			
Interest received	**–**	1	4
Purchase of property, plant & equipment	**(1,152)**	(1,753)	(2,818)
Purchase of investments	**–**	(334)	(334)
Acquisition of shares in subsidiary undertaking	**–**	–	(392)
Net cash acquired with subsidiary undertaking	**–**	–	6
Proceeds from sale of property, plant & equipment	**–**	76	18
Net cash flows used in investing activities	**(1,152)**	(2,010)	(3,516)
Financial activities			
Interest paid	**(70)**	(38)	(77)
Proceeds from borrowings	**1,119**	892	1,704
Repayment of borrowings	**(1,072)**	(202)	(477)
Capital element of finance lease rental payments	**(50)**	(22)	(59)
Net cash flows used in financing activities	**(73)**	630	1,091
Net increase/(decrease) in cash and cash equivalents	**245**	(728)	(358)
Cash and cash equivalents at start of period	**1,169**	1,527	1,527
Cash and cash equivalents at end of period	**1,414**	799	1,169

Consolidated statement of changes in equity (unaudited)
for the six months ended 31 December 2011

	Share Capital £000	Other Reserve £000	Capital Redemption Reserve £000	Retained Earnings £000	**Share-holders' equity £000**	Non-controlling interest £000	**Totals £000**
At 1 July 2011	4,815	2,045	1,409	2,594	**10,863**	690	**11,553**
Profit for the period	–	–	–	598	**598**	504	**1,102**
At 31 December 2011	4,815	2,045	1,409	3,192	**11,461**	1,194	**12,655**

1. Basis of preparation of interim financial information

The financial information for the 6 months ended 31 December 2010 and 31 December 2011 does not constitute statutory accounts for the purposes of S240 of the Companies Act 2006 and has not been audited.

The interim financial statements have been prepared in accordance with those IFRS standards, as adopted by the EU, and IFRIC Interpretations issued and effective for the period ended 31 December 2011.

2. Accounting policies

The accounting policies used in the preparation of the financial information for the 6 months ended 31 December 2011 are the accounting policies as applied to the Group's financial statements for the year ended 30 June 2011.

3. Segmental information

	Unaudited 6 months ended 31 Dec 2011 £000	Unaudited 6 months ended 31 Dec 2010 £000	Audited 12 months ended 30 Jun 2011 £000
Revenue by products and services			
Bars and nightclubs	**10,039**	7,187	15,515
Other income	–	–	–
	10,039	7,187	15,515

4. Earnings per share

	Unaudited 6 months ended 31 Dec 2011	Unaudited 6 months ended 31 Dec 2010	Audited 12 months ended 30 Jun 2011
Profit for the period (£000)	**1,102**	222	317
Basic weighted and diluted number of shares (number)	**8,025,752**	8,025,752	8,025,752
Earnings per share (pence) – Basic and diluted (pence)	**13.73p**	2.77p	3.95p

5. Exceptional items

	Unaudited 6 months ended 31 Dec 2011 £000	Unaudited 6 months ended 31 Dec 2010 £000	Audited 12 months ended 30 Jun 2011 £000
Deal and merger costs:			
– Redundancy costs	**11**	14	6
– Cost of abortive deals	**54**	–	14
– Others	**16**	6	(455)
Restructuring charges	**–**	–	67
	81	20	(368)

6. Pro-forma Profit & Loss and Balance Sheets

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

The adjustments shown within the pro-forma financial information enables a reconciliation to be made to the consolidated interim results which comprise the usual consolidation items including fees and interest charged by the group to Eclectic Bars Limited and the inclusion within the pro-forma Profit and Loss, of EBITDA for Eclectic Bars Limited for the 26 weeks period ended 25 December 2011.

Profit & loss	Avanti Capital plc £000	Eclectic Bars Limited £000	Adjustments £000	Group Total £000
Turnover	52	10,039	(52)	10,039
Cost of sales	–	(2,133)	–	(2,133)
Gross profit	52	7,906	(52)	7,906
Operating expenses	(469)	(6,285)	52	(6,702)
EBITDA	(417)	1,621	–	1,204
Foreign exchange gain on investments	221	–	–	221
Depreciation & goodwill	(1)	(202)	–	(203)
Interest payable	–	(328)	258	(70)
Interest receivable	258	–	(258)	–
Profit on ordinary activities before Taxation and exceptional items	61	1,091	–	1,152
Exceptional items – other	(1)	(80)	–	(81)
Profit on ordinary activities before taxation	60	1,011	–	1,071
Taxation	–	252	(221)	31
Profit for the period	60	1,263	(221)	1,102

Balance Sheet				
Net Assets				
Non-current assets				
Goodwill	–	6,773	(2,022)	4,751
Tangible assets	2	6,248	–	6,250
Investments	14,035	–	(7,350)	6,685
Deferred tax assets	–	252	–	252
	14,037	13,273	(9,372)	17,938
Current assets				
Stock	–	331	–	331
Debtors	41	1,298	–	1,339
Cash and cash equivalents	1,056	358	–	1,414
	1,097	1,987	–	3,084
Creditors: amounts falling due within one year	37	3,476	–	3,513
Net current assets/(liabilities)	1,060	(1,489)	–	(429)
	15,097	11,784	(9,372)	17,509
Creditors: amounts falling due after one year				
Shareholders' loan	–	(7,350)	7,350	–
Other creditors	–	(1,448)	–	(1,448)
	15,097	2,986	(2,022)	16,061
Non-current liabilities				
Provisions	(3,029)	–	–	(3,029)
Deferred tax liabilities	–	–	(377)	(377)
Net assets	12,068	2,986	(2,399)	12,655
Represented by:				
Called up share capital	4,815	–	–	4,815
Capital redemption reserve	1,409	–	–	1,409
Other reserve	2,045	–	–	2,045
Profit & loss account	3,799	2,986	(3,593)	3,192
Non-controlling interest	–	–	1,194	1,194
Shareholders' funds	12,068	2,986	(2,399)	12,655

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

Independent review report to Avanti Capital plc

Introduction

We have been engaged by the company to review the condensed financial statements in the half-yearly financial report for the six months ended 31 December 2011, which comprises the Consolidated income statement, the Consolidated balance sheet, the Consolidated statement of cash flows, the Consolidated statement of changes in equity and the related notes 1 to 6. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2011 is not prepared, in all material respects, in accordance with the accounting policies outlined in Note 1, which comply with IFRS's as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

Ernst & Young LLP
London

14 March 2012

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