Interim Results
for the six months ended 31 December 2012

avanticapital

Group review
Interim Results for the six months ended 31 December 2012

Avanti Capital Plc, ("Avanti" or "the group") the AIM-quoted investment management company, announces its interim results for the six months ended 31 December 2012.

HIGHLIGHTS

- As at 31 December 2012, the group had net assets (excluding the accounting effects of the consolidation of Eclectic Bars Limited) of £11.2 million or 139 pence per ordinary share.
- As at 31 December 2012, the group had net assets on a consolidated basis of £12.1 million or 151 pence per ordinary share.
- Key investee company, mBlox appoints new CEO, Tom Cotney.
- Eclectic Bars, in which the group has a 60% holding, achieves site EBITDA of £2.75 million and company EBITDA of £1.7 million.

20 March 2013

ENQUIRIES:

Avanti Capital Plc **Tel: 020 7299 1459**
R H Kleiner

Canaccord Genuity Ltd. **Tel: 020 7523 8000**
Bruce Garrow
Adam Miller

Company statement
Interim Results for the six months ended 31 December 2012

Results of the Group
As at 31 December 2012, the group had net assets (excluding the accounting effects of the consolidation of Eclectic Bars Limited) of £11.2 million (2011: £12.1 million) or 139 pence per share (2011: 150 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 2012, the group had net assets on a consolidated basis of £12.1 million (2011: £12.7 million) or 151 pence per share (2011: 158 pence per share).

In the period to 31 December 2012, the loss before exceptional items, excluding the consolidation of Eclectic Bars Limited, was £153,000 (2011: Profit £61,000). The profit on a consolidated basis was £480,000 (2011: £1.1million).

All of the above figures have been arrived at after including the provision for the carried interest of £2.8 million or 34.9 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	91	£7.3
Espresso	4	£0.4
mBlox	63	£5.0
Net current assets including cash	16	£1.3
Total	**174**	**£14.0**

Note:
The total in the above table does not take account of any dilutory effect of the carried interest under the investment advisory agreement. Options under the Long Term Incentive Share Scheme lapsed in January 2012. Details of 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 2012, has continued the trend of the previous year.

Despite the strong performance for the same period last year, the management team continues to drive performance. Sales for the period were slightly ahead of last year, both in total and like for like.

In summary, for the six month period ended December 2012:

- Sales were £10.2 million (2011: £10.0 million)
- Site EBITDA £2.75 million (2011: £2.5 million)
- Company EBITDA £1.7 million (2011: £1.5 million)

Trading over the period and over New Year was once again strong and management are optimistic that the second six months will continue the trend seen in the first half.

At the end of July 2012, Eclectic entered into a new management contract to operate a further 33 restaurants, bars and nightclubs on behalf of PBR Leisure Limited. PBR Leisure owns The Living Room, a leading premium bar and restaurant brand, with a total of 14 sites, and a portfolio of 19 other bar, nightclub and hotel businesses operated under the Ultimate Leisure umbrella. These sites are spread all across the UK.

The PBR Leisure estate, together with Eclectic's own portfolio, brings the number of venues under management from 16 to just under 50. This significant expansion of operations 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 £ 7.3 million (2011: £7.4 million). The only other debt outstanding in Eclectic is a senior debt facility from Barclays Bank plc. In September 2012 the company renewed its term debt for a further period of three years and agreed a £1.5 million revolving facility to support the refit and acquisition programme. As at December 2012, bank debt (net of cash) stood at £0.66 million (2011: £1.85 million).

At 31 December 2012, the carrying value of the group's investment in Eclectic was £ 7.3 million equating to 91p per share.

Espresso
In Espresso's core UK business, during 2012, UK school spending largely reverted to historical levels as schools had better confidence in budgets. That confidence has led to strong growth in new business orders in 2012 compared to the prior year. Profitability in the UK business grew as the business also benefited from operational efficiencies achieved across all functional areas. Espresso has continued to invest in the infrastructure required to support those operational efficiencies. The results for the year to 31 July 2012 and financial position of the company's UK business are shown in the summary below.

UK Core Business	**Year ended 31 July 2012 (£ millions)**	Year Ended 31 July 2011 (£ millions)	Change (%)	Change (£ millions)
Turnover	13.5	13.4	1	0.1
Earnings before interest, tax, amortisation, FRS20 charges and non-recurring items (excluding US investment)	3.4	2.6	31	0.8

There has also been strong growth in the Swedish service as the service is now used by 13% of K-6 schools in Sweden. While this has been driven by new schools subscribing to the service, the Swedish initiative has also benefited from increased customer renewal levels that are approaching levels similar to those in the UK. In North America the business continues with its expansion plans. Given the brand recognition for the service, its market penetration and geographic diversity of customers, the business now intends to leverage third party distribution channels like those developed in Sweden to further accelerate its growth. The underlying profitability and cash generative nature of the UK business has meant that the North American investment has been funded internally.

As at 31 December 2012, the carrying value of the group's investment in Espresso was £0.4 million equating to 4p per share.

mBlox

mBlox, the leader in mobile engagement, helps brands, agencies and enterprises create meaningful connections with their customers on mobile devices anytime and anywhere. mBlox's network of more than 800 mobile operators around the world enables businesses to reach nearly 5 billion consumers. mBlox makes it easy to use interactive text message campaigns, push notifications and geolocation in order to drive revenue, lifetime customer value and return on investment (ROI).

mBlox offers carrier-based and over-the-top (OTT) mobile messaging services. The carrier-based services are based on application-to-service messaging between brands and mobile devices. OTT services are through mBlox Engage, a cloud-based platform which enables companies to create, automate and measure meaningful marketing campaigns for their mobile application users. Engage automates the delivery of highly targeted, contextually relevant messages and push notifications to consumers by auto-populating their membership in campaigns based on their real-time behavior, location and local time.

In 2012 mBlox recorded another record year of mobile marketing and engagement, with 5.3 billion business-to-consumer interactions across more than 180 countries and over 1,083 mobile network operators. In the UK, France and Spain, mBlox saw a peak of these interactions in June, reaching record volumes for the summer sales period. In Italy, volumes almost doubled in 2012, with a record peak in December, and in Sweden volumes increased by 36%. Europe, however, was not the only geography with tremendous growth; Australia hit an all-time volume record in December, and its yearly volumes increased by almost 70%. mBlox processed more than 14 million standard rate application-to-person text messages on an average every day during 2012. Messages reached the destination mobile handsets, where available, in an average time of less than 10 seconds. In addition, consumers sent texts to enterprises enabled by the mBlox network at the rate of 25 messages every second.

In December 2012, mBlox announced the appointment of Thomas M. (Tom) Cotney, Jr. as Chief Executive Officer to lead mBlox into new growth areas for mobile engagement. Tom Cotney brings expertise in revenue growth, global expansion and value-added software platforms in a range of sectors and he will focus on expanding mBlox's global scale and product range, driving growth through geographical expansion into major new markets and new product offerings in the fast growing mobile market. He will also drive service efficiencies, and enhance the quality of service for which mBlox is known in the industry.

Tom Cotney has held a number of senior positions, most recently as board advisor to Catavolt, Inc., a B2B enterprise mobility company. Prior to that he was the Chief Executive for Air2Web where he successfully transformed the company's business model before its acquisition by Velti, PLC. Tom Cotney was also the GM of IBM's business processing outsourcing division in the Americas, and prior to that the head of its Communications Sector. Both businesses exceeded $1 billion in revenue. The scale and content, particularly the solution orientation of the business process outsourcing business, are expected to be vital experience sets for mBlox's continued expansion in global markets.

One of the new CEO's first actions was the appointment of Jonas Lindeborg to the newly created position of Chief Technology Officer. Mr. Lindeborg joined mBlox in 2010 as part of the acquisition of Mashmobile, and has been integral to the delivery of the new mBlox Engage platform. The new CTO role will focus on ensuring that mBlox delivers the most effective solutions for customer engagement and provides brands and enterprises the ability to gain better ROI from their mobile initiatives.

As reported in the June 2012 Annual Report, in view of the market conditions, the board of Avanti Capital Plc took the decision to make a division against the then carrying value of mBlox of £1 million. Accordingly, and after adjusting for movement in foreign exchange, as at 31 December 2012, the carrying value of the group's investment in mBlox was £5.0 million equating to 63p 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 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. Shortly after the period end, in January 2013, the group's investment in XDL Intervest was finally realised in the approximate amount of $40,000. As at 31 December 2012, the aggregate carrying value of the legacy portfolio investments was £40,000.

R H Kleiner

W A H Crewdson

20 March 2013

Consolidated income statement
for the six months ended 31 December 2012

	Notes	Unaudited 6 months ended 31 Dec 2012 £000	Unaudited 6 months ended 31 Dec 2011 £000	Audited 12 months ended 30 Jun 2012 £000
Revenue	3	**10,198**	**10,039**	**19,629**
Cost of sales		**(2,125)**	(2,133)	(4,132)
Gross profit		**8,073**	7,906	15,497
Administrative expenses – others		**(7,291)**	(6,905)	(14,086)
Administrative expenses – foreign exchange		**(174)**	221	156
Administrative expenses – exceptional	5	**(31)**	(81)	(251)
Operating profit		**577**	1,141	1,316
Finance revenue		**2**	–	1
Finance cost		**(45)**	(70)	(132)
Fair valuation of financial assets held at fair value through profit or loss		**–**	–	(1,000)
Profit on ordinary activities before taxation		**534**	1,071	185
Tax expense		**(54)**	31	(126)
Profit on ordinary activities after taxation		**480**	1,102	59
Attributable to				
Shareholders of the parent		**198**	598	(265)
Non-controlling interest		**282**	504	324
Profit for the period		**480**	1,102	59
Profit/(loss) per share attributable to shareholders of the parent – basic and diluted	4	**2.47p**	7.45p	(3.30)p

5 Consolidated balance sheet
At 31 December 2012

	Unaudited 31 Dec 2012 £000	Unaudited 31 Dec 2011 £000	Audited 30 Jun 2012 £000
Assets			
Non current assets			
Goodwill	**4,762**	4,751	4,762
Property, plant & equipment	**5,687**	6,250	5,850
Financial assets held at fair value through profit or loss	**5,444**	6,685	5,620
Deferred tax asset	**191**	252	163
	16,084	17,938	16,395
Current Assets			
Inventories	**370**	331	264
Trade and other receivables	**1,514**	1,339	1,144
Cash and cash equivalents	**2,236**	1,414	1,306
	4,120	3,084	2,714
Total Assets	**20,204**	21,022	19,109
Equity and Liabilities			
Equity			
Issued share capital	**4,815**	4,815	4,815
Capital redemption reserve	**1,409**	1,409	1,409
Merger reserve	**2,045**	2,045	2,045
Retained earnings	**2,527**	3,192	2,329
Equity attributable to equity shareholders of the parent	**10,796**	11,461	10,598
Non-controlling interest	**1,296**	1,194	1,014
Total Equity	**12,092**	12,655	11,612
Liabilities			
Current liabilities			
Financial liabilities	**678**	908	811
Trade and other payables	**2,937**	2,605	2,447
	3,615	3,513	3,258
Non-current liabilities			
Financial liabilities	**1,172**	1,448	1,064
Provisions	**2,797**	3,029	2,729
Deferred tax liabilities	**528**	377	446
	4,497	4,854	4,239
Total Liabilities	**8,112**	8,367	7,497
Total Equity and Liabilities	**20,204**	21,022	19,109

Approved by the board on 20 March 2013

R H Kleiner

W A H Crewdson

Consolidated statement of cash flows
For the period ended 31 December 2012

	Unaudited 6 months ended 31 Dec 2012 £000	Unaudited 6 months ended 31 Dec 2011 £000	Audited 12 months ended 30 Jun 2012 £000
Operating activities			
Profit before tax from operations	**534**	1,071	185
Depreciation and impairment of property, plant and equipment	**567**	203	1,072
Loss on financial assets at fair value through profit or loss	**–**	–	1,000
Currency movements on financial assets held at fair value through profit or loss	**176**	(221)	(156)
Loss on disposal of property, plant and equipment	**102**	–	32
Net interest expense	**45**	70	131
(Increase) in inventories	**(106)**	(98)	(31)
(Increase)/decrease in trade and other receivables	**(370)**	(81)	114
Increase in trade and other payables	**490**	312	59
Increase/(decrease) in provisions	**68**	214	(86)
Net cash from operating activities	**1,506**	1,470	2,320
Investing activities			
Interest received	**2**	–	1
Purchase of property, plant & equipment	**(505)**	(1,152)	(1,690)
Net cash flows used in investing activities	**(503)**	(1,152)	(1,689)
Financial activities			
Interest paid	**(45)**	(70)	(132)
Proceeds from borrowings	**1,950**	1,119	1,335
Repayment of borrowings	**(1,961)**	(1,072)	(1,638)
Capital element of finance lease rental payments	**(17)**	(50)	(59)
Net cash flows used in financing activities	**(73)**	(73)	(494)
Net increase in cash and cash equivalents	**930**	245	137
Cash and cash equivalents at start of period	**1,306**	1,169	1,169
Cash and cash equivalents at end of period	**2,236**	1,414	1,306

Consolidated statement of changes in equity (unaudited)
for the six months ended 31 December 2012

	Share Capital £000	Merger Reserve £000	Capital Redemption Reserve £000	Retained Earnings £000	**Shareholders' equity £000**	Non-controlling interest £000	**Totals £000**
At 1 July 2012	4,815	2,045	1,409	2,329	**10,598**	1,014	**11,612**
Profit for the period	–	–	–	198	**198**	282	**480**
At 31 December 2012	4,815	2,045	1,409	2,527	**10,796**	1,296	**12,092**

Notes to the Accounts
for the six months ended 31 December 2012

1. Basis of preparation of interim financial information
The financial information for the 6 months ended 31 December 2011 and 31 December 2012 does not constitute statutory accounts for the purposes of S240 of the Companies Act 2006 and has not been audited.

Information that has been extracted from the June 2012 accounts are those from the audited accounts that have been filed at Companies House.

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 2012.

2. Accounting policies
The accounting policies used in the preparation of the financial information for the 6 months ended 31 December 2012 are the accounting policies as applied to the group's financial statements for the year ended 30 June 2012.

3. Segmental information

	Unaudited 6 months ended 31 Dec 2012 £000	Unaudited 6 months ended 31 Dec 2011 £000	Audited 12 months ended 30 Jun 2012 £000
Revenue by products and services			
Bars and nightclubs	**10,198**	10,039	19,629
	10,198	10,039	19,629

4. Earnings per share

	Unaudited 6 months ended 31 Dec 2012	Unaudited 6 months ended 31 Dec 2011	Audited 12 months ended 30 Jun 2012
Profit/(loss) for the period (£000)	**198**	598	(265)
Basic weighted and diluted number of shares (number)	**8,025,752**	8,025,752	8,025,752
Earnings/(loss) per share (pence) – Basic and diluted (pence)	**2.47p**	7.45p	(3.30)p

5. Exceptional items

	Unaudited 6 months ended 31 Dec 2012 £000	Unaudited 6 months ended 31 Dec 2011 £000	Audited 12 months ended 30 Jun 2012 £000
Deal and merger costs:			
– Redundancy costs	**2**	11	133
– Cost of abortive deals	**20**	54	47
– Others	**1**	16	–
Restructuring charges	**8**	–	72
	31	81	252

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 enable 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 23 December 2012.

Profit & loss	Avanti Capital plc £000	Eclectic Bars Limited £000	Adjustments £000	Group Total £000
Turnover	53	10,198	(53)	10,198
Cost of sales	–	(2,125)	–	(2,125)
Gross profit	53	8,073	(53)	8,073
Operating expenses	(326)	(6,451)	53	(6,724)
EBITDA	(273)	1,622	–	1,349
Foreign exchange loss on investments	(174)	–	–	(174)
Depreciation & goodwill	(1)	(566)	–	(567)
Interest payable	–	(344)	299	(45)
Interest receivable	290	2	(290)	2
(Loss)/Profit on ordinary activities before Taxation and exceptional items	(158)	714	9	565
Exceptional items – other	–	(31)	–	(31)
(Loss)/Profit on ordinary activities before taxation	(158)	683	9	534
Taxation	–	–	(54)	(54)
(Loss)/Profit for the period	(158)	683	(45)	480

Pro-forma Balance Sheet	Avanti Capital plc £000	Eclectic Bars Limited £000	Adjustments £000	Group Total £000
Net Assets				
Non-current assets				
Goodwill	–	6,784	(2,022)	4,762
Tangible assets	2	5,685	–	5,687
Investments	12,751	–	(7,307)	5,444
Deferred tax assets	–	–	191	191
	12,753	12,469	(9,138)	16,084
Current assets				
Stock	–	370	–	370
Debtors	40	1,474	–	1,514
Cash and cash equivalents	1,197	1,039	–	2,236
	1,237	2,883	–	4,120
Creditors: amounts falling due within one year	24	3,591	–	3,615
Net current assets/(liabilities)	1,213	(708)	–	505
	13,966	11,761	(9,138)	16,589
Creditors: amounts falling due after one year				
Shareholders' loan	–	(7,307)	7,307	–
Other creditors	–	(1,172)	–	(1,172)
	13,966	3,282	(1,831)	15,417
Non-current liabilities				
Provisions	(2,797)	–	–	(2,797)
Deferred tax liabilities	–	–	(528)	(528)
Net assets	11,169	3,282	(2,359)	12,092
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	2,900	3,282	(3,655)	2,527
Non-controlling interest	–	–	1,296	1,296
Shareholders' funds	11,169	3,282	(2,359)	12,092

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 2012, 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 2012 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

20 March 2013

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