Interim Results
for the six months ended 31 December 2013

avanticapital

Group review
Interim Results for the six months ended 31 December 2013

Avanti Capital Plc, ("Avanti" or "the group") the AIM-quoted investment management company, announces its interim results for the six months ended 31 December 2013.

HIGHLIGHTS

- As at 31 December 2013, the group had net assets of £13.3 million or 166 pence per ordinary share.
- Key investee company, mBlox, makes steady progress under the leadership of CEO, Tom Cotney.
- Eclectic Bars, in which the group had a 60% holding, achieves an IPO on the Alternative Investment Market and in so doing enables the group to dispose of its entire interest realising a profit of £4.8 million.

25 March 2014

ENQUIRIES:

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Richard Kleiner

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Joe Weaving
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Company statement
Interim Results for the six months ended 31 December 2013

Results of the Group
As at 31 December 2013, the group had net assets of £13.3 million (2012: £12.1 million) or 166 pence per share (2012: 151 pence per share).

In the period to 31 December 2013, the profit after tax was £3.2 million (2012: £0.5 million). This included the gain realised on the disposal of the group's interest of Eclectic Bars Limited of £4.8 million.

The above figures have been arrived at after including the provision for the carried interest of £1.7 million or 21 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, per Avanti share by category were:

Investments	Carrying Value Pence per share	Carrying Value £m
mBlox	52	£4.2
Other assets including cash	114	£9.1
Total	**166**	**£13.3**

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

Payment of dividends
Following the flotation of Eclectic Bars Limited which resulted in a realisation of the group's investment from both its loan and shareholding, the board resolved to pay dividends to its shareholders equating to 105p per share. Of this amount, 62p per share was paid on 16 January 2014 and, following the adoption of the Capital Reduction Scheme, a further 43p per share is to be paid shortly. Details of the Capital Reduction Scheme was set out in the Circular that was sent to shareholders on 6 February 2014.

Eclectic Bars
As referred to above, Eclectic Bars successfully was listed on the Alternative Investment Market in late November 2013. At the time the funds raised by Eclectic Bars enabled the group's interest in the company in the form of its loan of £7.3 million and the whole of its shareholding to be fully realised. The gross realisation proceeds were £11.7 million including a capital gain for the group as reported in the attaching Income Statement of £4.8 million. Due to the availability of capital losses, there should be no corporation tax payable on the capital gain.

The board of Avanti Capital Plc would like to take this opportunity to wish Reuben Harley, the CEO of Eclectic Bars and the rest of his management team every success in the future.

Espresso
As announced in late 2013, the group disposed of the whole of its interest in Espresso as part of a sale of the whole company. As a result, the group realised a total consideration of £342,000 which was broadly in line with the carrying value of the group's investment in Espresso, decreased for legal costs.

mBlox
As the largest independent A2P (application-to-person) mobile messaging company in the world, mBlox helps brands, agencies and service providers create meaningful connections with their customers on mobile devices anytime, anywhere. mBlox's network of more than 800 mobile operators around the world enables businesses to reach nearly 6 billion consumers. mBlox makes it easy for businesses to use text messages and push notifications to drive revenue, lifetime customer value and ROI. The company's market longevity and experience give customers peace of mind that they are sending the right message at the right time based on industry best practices, while an account management team of local experts provide ongoing support in a rapidly changing mobile environment.

mBlox offers mobile messaging solutions that drive positive engagement throughout the customer lifecycle, with a primary focus on mobile care. In fact, 82% of the messages delivered by mBlox are service-oriented. Today's enterprises are relying more and more on mobile messaging, specifically SMS, as a critical tool in both acquiring and nurturing their customers. According to Frost & Sullivan, text message open rates remain at 98%, compared to a small fraction of that amount (around 12%) for email. The ubiquity and handset agnostic nature of SMS make it the optimal channel for applications such as two-factor identity authentication, emergency alerts, airline schedule changes or delay communications, and shipping notifications, just to name a few.

Juniper Research predicts that in 2016 revenue from A2P messages will reach $70.1 billion and overtake that of P2P (consumer oriented Person-to-Person) SMS, while Ovum believes that the period from 2013 until 2017 will mark a golden age for A2P SMS, with SMS coming into its own as a bearer technology for a range of mobile services. mBlox is well-positioned to take full advantage of this growth within the A2P messaging market.

The combination of focus on enterprises with a rising adoption, and A2P messaging, provides a solid strategic foundation for growth. Portio Research, Ltd. Projects that A2P messaging will continue to grow in excess of 13% through 2016, while internet based messaging (Over-the-Top or OTT) will slow the growth of more consumer oriented traffic called P2P to below 2% in the same period.

As part of mBlox's global strategy, the company in 2013 expanded not only geographically, but in hiring senior management talent to lead mBlox into new territories while strengthening support for current customers and partners. In March 2014, mBlox will be opening a new world-class network operations center in Atlanta, USA to support its global customer base. The Atlanta office joins Tokyo, Japan and Prague, Czech Republic as recent additions to the company's global footprint, complementing existing offices in Paris, London, and Singapore, as well as the corporate headquarters in Silicon Valley.

As reported in the June 2013 Annual Report, in view of the lack of any further validation events, the board of Avanti Capital plc have decided to continue to carry the group's investment in mBlox at cost, excluding any adjustment in foreign exchange movements. Accordingly, and after adjusting for movements in foreign exchange, as at 31 December 2013, the carrying value of the group's investment in mBlox was £4.2 million equating to 52p 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. As at 31 December 2013, all remaining legacy portfolio investments had been written down to £1.

R H Kleiner

W A H Crewdson

25 March 2014

Consolidated income statement
for the six months ended 31 December 2013

	Notes	Unaudited 6 months ended 31 Dec 2013 £000	Unaudited 6 months ended 31 Dec 2012 £000	Audited 12 months ended 30 Jun 2013 £000
Revenue	3	**44**	**10,198**	**21,197**
Cost of sales		–	(2,215)	(4,335)
Gross profit		**44**	8,073	16,862
Administrative expenses – others	5	(1,983)	(7,291)	(15,262)
Foreign exchange gain/(loss)		117	(174)	–
Administrative expenses – exceptional	6	–	(31)	(68)
Operating (loss)/profit		**(1,822)**	1,141	1,532
Finance revenue		280	2	7
Finance cost		–	(45)	(100)
Fair valuation of financial assets held at fair value through profit or loss		–	–	(1,278)
Loss/profit on ordinary activities before taxation		**(1,542)**	529	161
Tax expense		–	(54)	(287)
Loss/profit on ordinary activities after taxation from continuing operations		**(1,542)**	**480**	**(126)**
Discontinued operation				
Profit after tax for the period from Discontinued operation	7	**4,789**	–	–
Profit/(loss) on ordinary activities after taxation		**3,247**	**480**	**(126)**
Attributable to				
Shareholders of the parent		3,157	198	(423)
Non-controlling interest		90	282	297
Profit for the period		**3,247**	**480**	**(126)**
Profit per share attributable to shareholders of the parent – basic and diluted	4	**39.34p**	2.47p	(5.27)p

5 Consolidated balance sheet
At 31 December 2013

	Unaudited 6 months ended 31 Dec 2013 £000	Unaudited 6 months ended 31 Dec 2012 £000	Audited 12 months ended 30 Jun 2013 £000
Assets			
Non current assets			
Goodwill	–	4,762	5,196
Property, plant & equipment	1	5,687	5,438
Financial assets held at fair value through profit or loss	4,213	5,444	4,442
Deferred tax asset	–	191	91
	4,214	16,084	15,167
Current Assets			
Inventories	–	370	306
Trade and other receivables	95	1,514	1,336
Cash and cash equivalents	10,741	2,236	1,898
	10,836	4,120	3,540
Total Assets	15,050	20,204	18,707
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	5,063	2,527	1,906
Equity attributable to equity shareholders of the parent	13,332	10,796	10,175
Non-controlling interest	–	1,296	1,311
Total Equity	13,332	12,092	11,486
Liabilities			
Current liabilities			
Financial liabilities	–	678	676
Trade and other payables	33	2,937	2,596
	33	3,615	3,272
Non-current liabilities			
Financial liabilities	–	1,172	808
Provisions	1,685	2,797	2,554
Deferred tax liabilities	–	528	587
	1,685	4,497	3,949
Total Liabilities	1,718	8,112	7,221
Total Equity and Liabilities	15,050	20,204	18,707

Approved by the board on 25 March 2014

R H Kleiner

W A H Crewdson

Consolidated statement of cash flows
For the period ended 31 December 2013

	Unaudited 6 months ended 31 Dec 2013 £000	Unaudited 6 months ended 31 Dec 2012 £000	Audited 12 months ended 30 Jun 2013 £000
Operating activities			
(Loss)/Profit before tax from continuing operations	**(1,542)**	529	161
Profit from discontinued operations	**4,789**	–	–
Depreciation and impairment of property, plant and equipment	**–**	567	1,159
Loss on financial assets at fair value through profit or loss	**–**	–	1,278
Currency movements on financial assets held at fair value through profit or loss	**(117)**	176	(139)
Loss on disposal of property, plant and equipment	**–**	102	102
Expenses on disposal of subsidiary undertakings	**(151)**	–	14
Gain on disposal of subsidiary undertakings	**(4,563)**	–	–
Net interest expense	**–**	45	93
(Increase) in inventories	**–**	(106)	(26)
Decrease/(Increase) in trade and other receivables	**(95)**	(370)	(185)
Increase in trade and other payables	**17**	490	144
(Decrease)/Increase in provisions	**(869)**	68	(175)
Net cash from operating activities	**2,531**	1, 501	2,426
Investing activities			
Interest received	**–**	2	7
Purchase of property, plant & equipment	**–**	(505)	(749)
Net cash transferred with subsidiary undertakings	**(607)**	–	–
Acquisition of business, net of cash	**–**	–	(552)
Proceeds from disposal of financial assets at fair value through profit or loss	**11,981**	–	25
Net cash flows used in investing activities	**11,374**	(503)	(1,269)
Financial activities			
Interest paid	**–**	(45)	(100)
Proceeds from borrowings	**–**	1,950	1,950
Repayment of borrowings	**–**	(1,961)	(2,383)
Capital element of finance lease rental payments	**–**	(12)	(32)
Net cash flows used in financing activities	**–**	(68)	(494)
Net increase/(decrease) in cash and cash equivalents	**8,843**	930	592
Cash and cash equivalents at start of period	**1,898**	1,306	1,306
Cash and cash equivalents at end of period	**10,741**	2,236	1,898

Consolidated statement of changes in equity (unaudited)
for the six months ended 31 December 2013

	Share Capital £000	Other Reserve £000	Capital Redemption Reserve £000	Retained Earnings £000	**Shareholders' equity £000**	Non-controlling interest £000	**Totals £000**
At 1 July 2013	4,815	2,045	1,409	1,906	**10,175**	1,311	**11,486**
Profit for the period	–	–	–	3,157	**3,157**	(1,311)	**1,846**
At 31 December 2013	4,815	2,045	1,409	5,063	**13,332**	–	**13,332**

Notes to the accounts
for the six months ended 31 December 2013

1. Basis of preparation of interim financial information
The financial information for the 6 months ended 31 December 2012 and 31 December 2013 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 2013 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 2013.

2. Accounting policies
The accounting policies used in the preparation of the financial information for the 6 months ended 31 December 2013 are the accounting policies as applied to the group's financial statements for the year ended 30 June 2013.

3. Segmental information

	Unaudited 6 months ended 31 Dec 2013 £000	Unaudited 6 months ended 31 Dec 2012 £000	Audited 12 months ended 30 Jun 2013 £000
Revenue by products and services			
Bars and nightclubs	**–**	10,198	21,197
Management fees	**44**	–	–
	44	10,198	21,197

4. Earnings per share

	Unaudited 6 months ended 31 Dec 2013	Unaudited 6 months ended 31 Dec 2012	Audited 12 months ended 30 Jun 2013
Profit/(loss) for the period (£000)	**3,157**	198	(423)
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)	**39.34p**	2.47p	(5.27)p

5. Administrative expenses – others

	£000
Directors' remuneration	20
Provision for carried interest	1,714
Loss on disposal of fixed asset investments through profit and loss	8
Other	241
	1,983

6. Exceptional items

	Unaudited 6 months ended 31 Dec 2013 £000	Unaudited 6 months ended 31 Dec 2012 £000	Audited 12 months ended 30 Jun 2013 £000
Deal and merger costs:			
– Redundancy costs	**–**	1	11
– Cost of abortive deals	**–**	20	10
– Others	**–**	1	–
Restructuring charges	**–**	8	47
	–	31	68

Notes to the accounts
for the six months ended 31 December 2013 continued

7. Discontinued operations

During the period under review, the group disposed of its interest in Eclectic Bars Limited following its flotation on the Alternative Investment Market.

	£000
Profit & loss	
Turnover	9,337
Less: Cost of sales	(1,957)
Gross profit	7,380
Operating expenses	(6,070)
EBITDA	1,310
Depreciation	(503)
Interest payable	(319)
Profit/(Loss) on ordinary activities before taxation and exceptional items	488
Exceptional items – other	(98)
Profit on ordinary activities before taxation	390
Taxation	(164)
Profit for the period from discontinued operations	226
Gain on disposal of the discontinued operations	4,563
Total	4,789

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 2013, 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 7. 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 2013 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

25 March 2014

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