Interim Results

for the six months ended 31 December 2014

avanti capital

Group review

Interim Results for the six months ended 31 December 2014

Avanti Capital Plc, ("Avanti" or "the group") the AIM-quoted investment management company, announces its interim results for the six months ended 31 December 2014.

HIGHLIGHTS

- As at 31 December 2014, the group had net assets of £4.6 million or 57 pence per ordinary share.
- Key investee company, Mblox, continues to make steady progress under the leadership CEO, Tom Cotney.

23 March 2015

ENQUIRIES:

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Richard Kleiner

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Andrew Potts

Results of the Group

As at 31 December 2014, the group had net assets of £4.6 million (2013: £13.3 million) or 57 pence per share (2013: 166 pence per share).

In the period to 31 December 2014, the profit after tax was £60,000 (2013: £3.2 million).

The above figures have been arrived at after including the provision for the carried interest of £157,000 or 1.96 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	56	£4.5
Other assets including cash	24	£1.9
Total	**80**	**£6.4**

Purchase of own shares

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

Mblox

Mblox the world's largest CRM mobile messaging provider completed 2014 with its most strategic accomplishments to-date. The company raised $43 million in loans from Horizon Technology Partners and Comerica to refinance debt and complete two acquisitions that accelerate its goal of being the largest Mobile Cloud Overlay Network in the world with reach to more users than any company in the world.

In June 2014, the company acquired CardBoardFish. This acquisition paved the way for the company to expand its long number products from 11 countries to 27 and its network direct connections by 15%. The move also established Mblox as a registered mobile operator in 10 countries gaining access to core network capabilities at a significantly lower cost.

In July 2014, the company acquired Zoove, a voice activated service to allow consumers to use vanity codes to dial brands like **Sears or **NFL in the US. This voice activated service complements its messaging product base by allowing calls to its exclusive range of **numbers to give consumers the option of opting in to messaging services or to deliver application downloads. The offering is initially available in the US.

As part of the fundraising at the time of the 2 acquisitions, along with other large shareholders in Mblox, the group invested into a loan instrument in the amount of $367,000. The terms of the loan instrument are included in note 6.

Through an increased focus on enterprise market penetration the company landed nine new client relationships that increased its global messaging volumes by 25%. This year, the company will bring a significant advancement in platform ease of use and lower cost of ownership to market via Atlas (the NexGen platform based on the modified Cardboardfish platform). This new capability gives Mblox customers access to more mobile subscribers via a single network "hop" than any provider of its kind in the world. CEO Tom Cotney said, "Atlas gives Mblox and its clients the lowest marginal cost of expanded use of Mobile Messaging, thus increasing the already high ROI of mobile CRM applications which we support."

"Our Cloud based overlay network remakes it even simpler for clients who see the need to serve their consumers globally. Atlas will drive our penetration of the fast growing CRM market, and its ubiquity and scalability positions us to expand in the enterprise space in more creative ways than ever, e.g., the rapidly developing Internet of Things."

The company does not publish its detailed financials.

As reported in the June 2014 Annual Report, in view of the lack of any current validation events in the form of external equity fundraisings, the board of Avanti have decided to continue to carry the group's investment in Mblox at cost, including the additional investment in loan receivable of $367,000. Accordingly, and after adjusting for movements in foreign exchange, as at 31 December 2014, the carrying value of the group's investment in Mblox was £4.5 million, equating to 57p 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.

Cash burn and overheads

Following the disposal of its investment in Eclectic Bar Group plc, the group reached agreement with its investment adviser, Odyssey Partners Limited, to reduce the management fees by 50%. This change took effect from 1 January 2014.

The directors have also examined means of reducing the group's cash burn and overheads in light of the reduction in the size of the investment portfolio and, in particular, the focus on achieving an exit from the position in Mblox as soon as practicable. These measures will include a substantial deferral of the management fees payable to the investment adviser in order to conserve cash flow. It is intended that this further change will be implemented with effect from 1 July 2015, being the beginning of the forthcoming financial year.

R H Kleiner

W A H Crewdson

23 March 2015

Condensed consolidated income statement
for the six months ended 31 December 2014

	Notes	Unaudited 6 months ended 31 Dec 2014 £000	Restated Unaudited 6 months ended 31 Dec 2013 £000	Audited 12 months ended 30 Jun 2014 £000
Administrative expenses – others	4	**(364)**	(1,975)	(2,249)
Administrative expenses – foreign exchange		**19**	5	–
Administrative expenses – exceptional	5	**–**	(8)	(8)
Operating (loss)		**(345)**	(1,978)	(2,257)
Finance revenue		**12**	3	7
Finance cost		**–**	–	–
Fair valuation movement of financial assets held at fair value through profit or loss		**393**	112	(12)
Profit/(Loss) on ordinary activities before taxation from continuing operations		**60**	(1,863)	(2,262)
Income tax expense		**–**	–	–
Profit/(Loss) on ordinary activities after taxation from continuing operations		**60**	(1,863)	(2,262)
Discontinued operation				
Profits after tax for the period from discontinued operation		**–**	5,110	5,110
Profit on ordinary activities after taxation		**60**	3,247	2,848
Profit and total comprehensive income for the period		**60**	3,247	2,848
Attributable to				
Shareholders of the parent		**60**	3,157	2,758
Non-controlling interest		**–**	90	90
Profit for the period		**60**	3,247	2,848
Profit per share attributable to shareholders of the parent – basic and diluted	3	**0.74p**	39.34p	34.36p
Basic and diluted from continuing operations		**0.74p**	(23.21p)	(28.18)p
Basic and diluted from discontinued operations		**–**	62.55p	62.55p

Condensed consolidated balance sheet
at 31 December 2014

	Notes	**Unaudited 6 months ended 31 Dec 2014 £000**	Unaudited 6 months ended 31 Dec 2013 £000	Audited 12 months ended 30 Jun 2014 £000
ASSETS				
Non-current assets				
Property, plant & equipment		**1**	1	1
Financial assets held at fair value through profit or loss		**4,472**	4,213	4,079
Non-current financial assets	6	**236**	–	–
Deferred tax asset		**–**	–	–
		4,709	4,214	4,080
Current Assets				
Trade and other receivables		**23**	95	84
Cash and cash equivalents		**1,652**	10,741	2,048
		1,675	10,836	2,132
TOTAL ASSETS		**6,384**	15,050	6,212
EQUITY AND LIABILITES				
EQUITY				
Issued share capital		**80**	4,815	80
Capital redemption reserve		**–**	1,409	–
Other reserve		**–**	2,045	–
Retained earnings		**4,486**	5,063	4,426
Equity attributable to equity shareholders of the parent		**4,566**	13,332	4,506
Non-controlling interest		**–**	–	–
TOTAL EQUITY		**4,566**	13,332	4,506
LIABILITIES				
Current liabilities				
Trade and other payables		**30**	33	75
		30	33	75
Non-current liabilities				
Provisions	7	**1,788**	1,685	1,631
Deferred tax liabilities		**–**	–	–
		1,788	1,685	1,631
TOTAL LIABILITIES		**1,818**	1,718	1,706
TOTAL EQUITY AND LIABILITIES		**6,384**	15,050	6,212

Approved by the board on 23 March 2015

R H Kleiner

W A H Crewdson

5 Condensed consolidated statement of cash flows
for the six months ended 31 December 2014

	Unaudited 6 months ended 31 Dec 2014 £000	Restated Unaudited 6 months ended 31 Dec 2013 £000	Audited 12 months ended 30 Jun 2014 £000
Operating activities			
Profit/(Loss) before tax from continuing operations	**60**	(1,863)	(2,262)
Profit from discontinued operations	**–**	5,110	5,110
Depreciation and impairment of property, plant and equipment	**–**	505	505
Loss on financial assets at fair value through profit or loss	**–**	8	8
(Gain)/loss in the fair value of financial assets designated at fair value through profit or loss	**(393)**	(112)	12
Net foreign exchange difference	**(16)**	(5)	–
Net interest (revenue)/expense	**(12)**	35	35
(Gain) on disposal of subsidiary undertakings	**–**	(4,563)	(4,563)
(Increase) in inventories	**–**	(27)	(27)
Decrease/(Increase) in trade and other receivables	**65**	65	160
(Decrease)/Increase in trade and other payables	**(45)**	294	257
Increase/(Decrease) in provisions	**157**	(869)	(923)
Net cash flow (used in) operating activities	**(184)**	(1,422)	(1,688)
Investing activities			
Interest received	**8**	–	–
Interest paid	**–**	(35)	(35)
Purchase of loan receivable	**(220)**	–	–
Purchase of property, plant & equipment	**–**	(537)	(537)
Net cash transferred with subsidiary undertakings	**–**	(607)	(607)
Proceeds from disposal of subsidiary, net of cash sold	**–**	11,684	11,684
Proceeds from disposal of investment	**–**	269	269
Purchase of business combination net of cash	**–**	(1,087)	(1,087)
Proceeds from disposal of financial assets at fair value through profit or loss	**–**	–	–
Net cash flows (used in)/generated from investing activities	**(212)**	9,687	9,687
Financial activities			
Dividends paid	**–**	–	(8,427)
Proceeds from borrowings	**–**	750	750
Repayment of borrowings	**–**	(162)	(162)
Capital element of finance lease rental payments	**–**	(10)	(10)
Net cash flows generated/(used in) financing activities	**–**	578	(7,849)
Net (decrease)/increase in cash and cash equivalents	**(396)**	8,843	150
Cash and cash equivalents at start of period	**2,048**	1,898	1,898
Cash and cash equivalents at end of period	**1,652**	10,741	2,048

Condensed consolidated statement of changes in equity (unaudited)
for the six months ended 31 December 2014

	Share Capital £000	Other Reserve £000	Capital Redemption Reserve £000	Retained Earnings £000	**Totals £000**
At 1 July 2013	4,815	2,045	1,409	1,906	**10,175**
Profit for year ended 30 June 2014	–	–	–	2,758	**2,758**
Capital Reduction	(4,735)	(2,045)	(1,409)	8,189	**–**
Dividends	–	–	–	(8,427)	**(8,427)**
At 1 July 2014	80	–	–	4,426	**4,506**
Profit for the period	–	–	–	60	**60**
At 31 December 2014	80	–	–	4,486	**4,566**

Notes to the accounts
for the six months ended 31 December 2014

1 Basis of preparation of interim financial information

Avanti Capital plc (the 'company') is a public limited company incorporated and domiciled in England and Wales. The company's ordinary shares are traded on the AIM market of the London Stock Exchange. The interim condensed consolidated financial statements comprise the interim financial statements of Avanti Capital Plc and its subsidiaries (collectively, the 'group') for the six months ended 31 December 2014.

The financial information for the year ended 30 June 2014 does not constitute the company's statutory accounts for that year, but is derived from those accounts.

Statutory accounts for 30 June 2014 have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

The interim condensed consolidated financial statements for the 6 months ended 31 December 2014 have been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2014 which were prepared in accordance with IFRS as adopted by the European Union.

Going concern

After making appropriate enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For those reasons, the board continues to adopt the going concern basis in preparing the interim report.

Prior year restatement

The income statement in respect of the 6 months ended 31 December 2013 has been restated such that the figures for revenue and interest receivable from discontinued operation have been included as part of discontinued operation. The corresponding cash flow statement for the 6 months period ended 31 December 2013 has also been restated accordingly.

Segmentation

Following the disposal of its investment in Eclectic Bar Group plc, the group now only has one segment being in respect of investment activities. The information relating to the geographical segmentation is set out in note 8. Such information will also be reflected in the group's annual financial statements.

2. Accounting policies

The accounting policies used in the preparation of the financial information for the 6 months ended 31 December 2014 are the accounting policies as applied to the group's financial statements for the year ended 30 June 2014, except as noted below.

Changes in accounting policies

The following amendments to existing standards and interpretations were effective for the period, but either they were not applicable to or did not have a material impact on the Group:

	Effective dates*
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IAS 27 Separate Financial Statements	1 January 2013
IAS 28 Investments in Associates and Joint Ventures	1 January 2013
IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendments)	1 January 2014
IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (Amendments)	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (Amendments)	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
IFRIC 21 Levies	1 January 2014
IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)	1 July 2014
Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014

* IFRS 10, IFRS 11, IFRS 12 and IAS 27 and IAS 28 have been adopted by the EU with an effective date of 1 January 2014.

3. Earnings per share

	Unaudited 6 months ended 31 Dec 2014	Unaudited 6 months ended 31 Dec 2013	Audited 12 months ended 30 Jun 2014
Profit for the period (£000)	**60**	3,157	2,758
Basic weighted and diluted number of shares (number)	**8,025,752**	8,025,752	8,025,752
Earnings per share (pence) – Basic and diluted (pence)	**0.74p**	39.34p	34.36p

4. Administrative expenses – others

	Unaudited 6 months ended 31 Dec 2014 £000	Unaudited 6 months ended 31 Dec 2013 £000	Audited 12 months ended 30 Jun 2014 £000
Directors' remuneration	**23**	20	42
Professional fees	**153**	199	456
Provision for carried interest	**157**	1,714	1,661
Other	**31**	42	90
	364	1,975	2,249

5. Exceptional items

	Unaudited 6 months ended 31 Dec 2014 £000	Unaudited 6 months ended 31 Dec 2013 £000	Audited 12 months ended 30 Jun 2014 £000
Loss on disposal of financial asset held at fair value through profit or loss	–	8	8
	–	8	8

6. Non-current financial assets

The non-current financial asset comprises the secured loan that was made to Mblox in July 2014 amounting to $367,000 (equivalent amount – £220,000). The terms of the loan are that it has a maturity date of 31 July 2018 and attracts interest at the rate of 11% per annum. In addition, a success fee is receivable upon a future event, being a sale or IPO, the amount of which is dependent on both the date and amount of value by reference to such an event.

7. Provisions

The provision amounting to £1.788 million relates to the carried interest due to the investment adviser, Odyssey Partners Limited. As indicated in the annual report for the financial year 30 June 2014, the carried interest provision assumes that the group's remaining investments are realised at their respective book values.

8. Geographical segmentation

	UK £000	USA £000	TOTAL £000
Segment assets	1,676	236	**1,912**
Financial assets held at fair value through profit or loss	–	4,472	**4,472**
	1,676	4,708	**6,384**

Copies of this Announcement will be available, free of charge, from the company's office at 73 Cornhill, London, EC3V 3QQ 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 2014, 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 8. 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 International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

As disclosed in note 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 2410 (UK and Ireland), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. 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 2014 is not prepared, in all material respects, in accordance with the accounting policies outlined in Note 1 and Note 2, which comply with IFRSs as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

Ernst & Young LLP
London

23 March 2015

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