Interim Results
for the six months ended 31 December 2006

avanticapital

Group Review

Interim Results for the six months ended 31 December 2006

Avanti Capital Plc, the AIM quoted private equity company, announces interim results for the six months ended 31 December 2006.

HIGHLIGHTS

- As at 31 December 2006, the group had net assets (excluding the accounting effects of the consolidation of Barclub Limited) of 181 pence per ordinary share.
- Espresso acquires Channel 4 Learning in move into secondary school market.
- 2006 was the fifth consecutive year of high growth for mBlox.
- Po Na Na delivers sales 7% ahead on a like for like basis.
- London property sold at £0.4m surplus to book value.
- Share buy back policy to continue.

30 March 2007

ENQUIRIES:

Avanti Capital Plc **Tel: 020 7070 7070**
Julian Fellerman
Richard Kleiner

Interim Results for the six months ended 31 December 2006

Results of the Group

As at 31 December 2006, the group had net assets (excluding the accounting effects of the consolidation of Barclub Limited) of £15.2 million (2005: £20.1 million) or 181 pence per ordinary share (2005: 216 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 2006, the group had net assets on a consolidated basis of £13.4 million (2005: 18.2 million) or 159 pence per share (2005: 195 pence per share).

In the period to 31 December 2006, the loss before exceptional items, excluding the consolidation of Barclub Limited, was £218,000 (2005: profit of £645,000). The loss on a consolidated basis was £305,000 (2005: loss of £518,000).

Net asset values (excluding the accounting effects of the consolidation of Barclub Limited), per Avanti share by category were:

Investment	Carrying value (pence per share)
Espresso	4
mBlox	66
Medcenter	4
PoNaNa (Barclub)	82
Others	2
Cash	18
Property (and other net assets)	5
Total	**181**

In line with the announcement made by the Company in October 2006, the board is now concentrating all efforts on maximising the realisation value of this relatively mature Portfolio of Investments.

Portfolio Investments

Espresso

On 21 March 2007 Espresso announced that it had reached an agreement to merge Channel 4 Learning, Channel 4’s award winning education rights exploitation business, into its portfolio of businesses. The transaction is subject to Espresso shareholder approval and is expected to complete during April 2007. Channel 4 will retain a minority stake in the combined business.

The deal will further enhance Espresso’s position in the UK education sector where it already has nearly 50% market penetration in English primary schools. The deal will enable Espresso to build on the success that it has enjoyed in the primary school sector, in the secondary school sector.

As at 31 December 2006 the carrying value of the company’s investment in Espresso was 4 pence per ordinary share.

mBlox

During the period to 31 December 2006 mBlox continued to grow successfully. At the beginning of February 2007 mBlox announced a record number of off-portal transactions for 2006, with over 1.4 billion application-to-person transactions processed worldwide.

2006 was the fifth consecutive year of high growth for mBlox with business up 40% over 2005. In the US, the number of premium SMS transactions mBlox processed increased 100% over 2005 and globally mBlox cleared and settled payments for mobile content transactions worth more than $500 million in street revenue.

In February 2007 mBlox also announced that Simon Duffy joined the company’s board of directors as chair of the audit committee. Previously chief executive officer and executive vice-chairman of NTL, the UK fixed network operator, Simon Duffy held senior roles at Orange, EMI and Tiscali and has served on the boards of several major public companies listed in London and New York. This appointment followed the appointment in October 2006 of Susan Swenson to its board of directors. Susan Swenson is currently a non-executive director of Wells Fargo & Company, the US financial services group.

mBlox continues to prosper in this dynamic business sector. By way of an example of the type of business transacted by mBlox, it announced on 19 March 2007 that it is working with travel and transport information company OAG to deliver a global SMS flight status alert service to the Star Alliance network. Made possible through mBlox’s mobile terminated solution, the SMS update service enables Star Alliance customers to track flights irrespective of location virtually anywhere on the planet as well as track details of internal connecting flights.

As at 31 December 2006, the carrying value of the company’s investment in mBlox was £5.6 million or 66 pence per ordinary share.

Medcenter

During the period, Medcenter began to see the benefits following the recruitment of Paul Kelly as Chief Executive Officer and Ray Land as Chief Financial Officer, with gross margins having been increased substantially and greater operational efficiency. The business traded broadly in line with its internal forecasts.

As at 31 December 2006, the carrying value of the company's investment in Medcenter was 4 pence per ordinary share.

Po Na Na

Since the restructuring of the business in June 2006 sound progress has been made. The site EBITDA for the bars and clubs acquired for the first six months since the restructuring was £0.52 million. This was 14% ahead of the internal forecast set at the time of the restructuring, with sales for that period being 7% ahead on a like for like basis. In the second half, the business continues to trade ahead of the internal forecast and ahead of sales on a like for like basis.

Barclub has a very experienced and sound management team and is now considering a number of expansion opportunities both organically and by merger and acquisition.

As at 31 December 2006, the carrying value of the company's investment in Barclub was £6.9 million or 82 pence per ordinary share. As at 30 June 2006 the carrying value of the company's investment in Barclub was £7.5 million. The reduction of £0.6 million is represented by repayments made by Barclub to the company under the loan arrangements in place.

Others

In relation to the remainder of the legacy investments in the group's portfolio, as previously indicated, the board continues to seek ways of maximising the value to the group. As at 31 December 2006 the aggregate carrying value of the investment in these companies was £131,000.

Property

On 26 March 2007 the company agreed to sell its leasehold office in London for £700,000 which showed an excess of £376,000 over the book value to the property. This excess has not been reflected in the Interim Accounts.

Purchase of own shares

During the period, the company made purchases of 118,160 of its own shares at an average price per share of 123 pence.

Since 31 December 2006, the company made purchases of a further 50,000 of its own shares with an average price per share of 122 pence.

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

27 March 2007

Group profit and loss account
for the six months ended 31 December 2006

	6 months ended 31 Dec 2006 £000	6 months ended 31 Dec 2005 £000	12 months ended 30 June 2006 £000
Turnover			
– continuing operations	**6,973**	9,552	**17,107**
Cost of sales	**(1,158)**	(1,758)	**(3,153)**
Gross profit	**5,815**	7,794	**13,954**
Operating expenses:			
Administrative expenses – exceptional	**(698)**	(119)	**(687)**
Administrative expenses – others	**(6,160)**	(8,347)	**(16,062)**
	(6,858)	(8,466)	**(16,749)**
Operating loss	**(1,043)**	(672)	**(2,795)**
Operating loss			
– continuing operations	**(1,043)**	(672)	**(2,795)**
Profit on disposal of investments	**–**	–	**96**
Loss on disposal of tangible assets	**–**	–	**(273)**
Interest receivable	**41**	234	**352**
Interest payable	**–**	(199)	**(185)**
Loss on ordinary activities before taxation	**(1,002)**	(637)	**(2,805)**
Taxation	**–**	–	**–**
Minority interest	**182**	222	**113**
Retained (loss)/profit for the period	**(820)**	(415)	**(2,692)**
Loss per share – basic and diluted	**(9.13)p**	(4.40)p	**(29.01)p**

5 Statement of total recognised gains and losses

	6 months ended 31 Dec 2006 £000	6 months ended 31 Dec 2005 £000	12 months ended 30 June 2006 £000
(Loss)/profit for the period	(820)	(415)	(2,692)
Revaluation of fixed asset investments	–	–	1,984
(Loss)/profit for the period attributable to members of the parent company	(820)	(415)	(708)

Group balance sheet
at 31 December 2006

	6 months ended 31 Dec 2006 £000	6 months ended 31 Dec 2005 £000	12 months ended 30 June 2006 £000
Fixed Assets			
Goodwill – positive goodwill	**4,076**	4,566	**4,214**
Tangible assets	**1,406**	1,927	**1,513**
Fixed asset investments	**6,411**	6,407	**6,362**
	11,893	12,900	**12,089**
Current Assets			
Stock	**163**	345	**201**
Debtors	**1,233**	1,807	**846**
Cash at bank and in hand	**1,690**	8,884	**1,083**
	3,086	11,036	**2,850**
Creditors: amounts falling due within one year	**(1,309)**	(3,931)	**(129)**
Net current assets	**1,777**	7,105	**2,721**
Total assets less current liabilities	**13,670**	20,005	**14,810**
Creditors: amounts falling due after more than one year	**(10)**	(1,677)	**–**
Minority interest loan account	**–**	(107)	**–**
Net Assets	**13,660**	18,221	**14,810**
Capital and Reserves			
Called up share capital	**5,060**	5,602	**5,131**
Revaluation reserves	**1,984**	2,125	**1,984**
Capital redemption reserves	**1,164**	622	**1,093**
Other reserves	**2,045**	2,045	**2,045**
Minority interests	**(182)**	(189)	**1**
Profit and loss account	**3,589**	8,016	**4,556**
Shareholders' funds	**13,660**	18,221	**14,810**

Approved by the board on 27 March 2007

Richard Kleiner
Julian Fellerman

Group statement of cash flows
for the period ended 31 December 2006

	6 months ended 31 Dec 2006 £000	6 months ended 31 Dec 2005 £000	12 months ended 30 June 2006 £000
Net Cash inflow/(outflow) from operating activities	299	1,509	(2,416)
Returns on investments and servicing of finance			
Interest received	41	234	352
Interest paid	–	(199)	(185)
Taxation			
Corporation tax paid	–	–	–
Capital expenditure and financial investments			
Purchase of tangible fixed assets	(74)	(302)	(459)
Purchase of intangible assets	(183)	–	–
Purchase of investments	(52)	(1,760)	(2,081)
Proceeds from sale of tangible assets	3	16	4
Receipts from sales of fixed asset investments	–	–	27
Net cash outflow from capital expenditure and financial investment	(306)	(2,046)	(2,509)
Acquisitions and disposals			
Purchase of minority interest in subsidiary undertaking	–	–	–
Net cash outflow from acquisition and disposal	–	–	–
Net cash inflow/(outflow) before management of liquid resources and financing	34	(502)	(4,922)
Management of liquid resources			
Movement of liquid resources	(20)	2,056	9,314
Financing			
Payments for share buy back	(147)	(874)	(2,050)
New long term borrowings	–	(1,187)	–
Repayment of other loans	–	–	(2,752)
Issue of shares by group companies to minority shareholders	–	–	80
(Decrease)/Increase in cash in the year	(133)	(507)	(330)

Note to the Group Statement of Cashflows

Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss	(1,043)	(672)	(2,795)
Depreciation	181	203	434
Goodwill amortisation	321	86	396
Provision against diminution in investments	–	25	223
Loss on sale of tangible assets	–	136	–
Decrease/(Increase) in stock	38	22	84
(Increase)/Decrease in debtors	(387)	(235)	2
Increase/(Decrease) in creditors	1,189	1,944	(541)
	299	1,509	(2,416)

1. Basis of preparation of interim financial information

Accounting convention

The interim accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the financial statements of the company and its subsidiary undertakings, including Barclub Limited, drawn up to 31 December. No profit and loss account is presented for the company as permitted by section 230 of the Companies Act 1985.

Fixed asset investments

Fixed asset investments, comprising equity shares and share options, are stated at the lower of cost and valuation and in accordance with the "Guidelines for the valuation and disclosure of venture capital portfolios" 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 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 established companies and from which an exit, by way of flotation or trade sale, can be reasonably foreseen. An investment of this stage is periodically revalued 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 issue of capital is made involving a significant investment by 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;

(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;

(d) Share options are subject to vesting and other conditions set out in the various option agreements. The valuation is based on the intrinsic value of all share options that have vested. This is the difference between the market value of shares at the balance sheet date and the exercise price.

A review of permanent diminution in value is undertaken by reference to funding, investment or offers in progress after the balance sheet date. No adjustment is made for any uplift in value after the balance sheet date.

2. Exceptional items

	6 months ended 31 Dec 2006 £000	6 months ended 31 Dec 2005 £000	**12 months ended 30 June 2006 £000**
Provision for impairment of fixed asset investments	**–**	25	**223**
Deal and merger costs:			
– Redundancy costs	**340**	–	**354**
– Cost on share buy back	**1**	7	**–**
Restructuring charges	**334**	46	**56**
Abortive deal costs	**23**	41	**54**
	119	119	**687**

3. Year ended 30 June 2006

The figures for the full financial year ended 30 June 2006 are not the Group's statutory accounts for that financial year within the meaning of section 240 of the Companies Act 1985. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

4. Commitments

The company has a cash commitment in respect of one of its investments, namely XDL Intervest (USA) Limited Partnership. The company was originally committed to pay a total of CAN$1m to XDL Intervest (USA) Limited Partnership but the commitment has now been capped at CAN$800,000. As at 31 December 2006, CAN$668,000 had been paid leaving an outstanding commitment of CAN$132,000.

5. Contingent liabilities

The company has entered into a guarantee of the obligations of Barclub Limited in respect of its lease at its Edinburgh site. The annual rent of Barclub's Edinburgh site is £57,000.

6. Pro-Forma information

The Accounting Standards require the Group to consolidate Barclub Limited. Shareholder may find it useful to see the separate trading results and net assets of Avanti and Barvest as shown in this Pro-Forma.

	Avanti		Barclub		Adjustments	Group Total	
Profit & Loss	£000	£000	£000	£000	£000	£000	£000
TURNOVER							
– continuing operations		92		6,934	(53)		6,973
Less : Cost of sales		0		(1,158)			(1,158)
Gross profit		92		5,776			5,815
Operating expenses							
Administrative expenses		(446)		(5,256)	53		(5,649)
EBITDA		(354)		520			166
Depreciation & goodwill amortisation		(8)		(503)			(511)
Interest payable	0		(114)		114	0	
Interest receivable	155		0		(114)	41	
		155		(114)			41
(Loss)/profit on ordinary activities before taxation and exceptional items		(207)		(97)			(304)
Exceptional items		(339)		(359)			(698)
(Loss)/profit on ordinary activities before taxation		(546)		(456)			(1,002)
Taxation		0		0			0
(Loss)/profit on ordinary activities after taxation		(546)		(456)			(1,002)
Minority interest		0		0	182		182
(Loss)/profit for the period after minority interest		(546)		(456)			£(820)

6. Pro-Forma information (continued)

Net assets	Avanti £000	Barclub £000	Adjustments £000	Group Total £000
Fixed assets				
Goodwill	0	6,098	(2,022)	4,076
Tangible assets	328	1,078		1,406
Investments	13,487	0	(7,076)	6,411
	13,815	7,176		11,893
Current assets				
Stock	0	163		163
Debtors	155	1,099	(21)	1,233
Cash at bank and in-hand	1,539	151		1,690
	1,694	1,413		3,086
Creditors: amounts falling due within one year	71	1,259	21	1,309
Net current assets	1,623	154		1,777
	15,438	7,330		13,670
Creditors: amounts falling due after one year				
Shareholders' loans	0	(7,776)	7,776	0
Other creditors	0	(10)		(10)
	0	(7,787)		(10)
Net Assets	**15,438**	(456)	(1,322)	**13,660**
Represented by:				
Share capital	5,060	0	(0)	5,060
Revaluation reserves	1,984	0		1,984
Capital redemption reserves	1,164	0		1,164
Other reserves	2,045	0		2,045
Minority interest	0	0	(182)	(182)
Profit & loss account	5,185	(456)	(1,140)	3,589
Shareholders' funds	**15,438**	(456)	(1,322)	**13,660**

Copies of this Announcement will be available, free of charge, from the company's office at 2 Motcomb Street, London, SW1X 8JU 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.

Independent review report to Avanti Capital plc

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 December 2006, which comprises the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Group Cash Flow Statement and the related notes 1 to 4. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information issued by the Auditing Practices Board. To the fullest extent required by the 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report as required by the AIM Rules issued by the London Stock Exchange.

Review work performed

We conducted our review having regard to the guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2006.

Ernst & Young LLP
London
27 March 2007

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