Report and Consolidated Financial Statements

30 June 2012

avanti capital plc

Company Registration number 03319365

Contents

Directors and advisers

Directors
P J Crawford (Chairman)
R H Kleiner
W A H Crewdson

Secretary
R H Kleiner

Company registration number
03319365

Independent Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
Barclays Bank plc
Kensington and Chelsea
PO Box 4599
London SW3 1XE

Royal Bank of Scotland plc
PO Box 34
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London EC2P 2AP

Nominated adviser and broker
Canaccord Genuity Limited
9th Floor,
88 Wood Street
London EC2V 7QR

Solicitors
Berwin Leighton Paisner LLP
Adelaide House
London Bridge
London EC4R 9HA

Investment adviser
Odyssey Partners Limited
25 Harley Street
London W1G 9BR

Registered office
25 Harley Street
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3 Company statement

Results of the group
As the primary purpose of the company is to act as an investment management business, references are made to the net assets and results of the company, excluding the effects of the consolidating the investment in Eclectic Bars Limited, in which the company has a controlling right.

As at 30 June 2012 the group had net assets (excluding the accounting affects of the consolidation of Eclectic Bars Limited) of £11.3 million (2011: £12.0 million) or 141 pence per ordinary share (2011: 150 pence per share).

As at 30 June 2012, the group had net assets on a consolidated basis of £11.6 million (2011: £11.6 million) or 145 pence per ordinary share (2011: 144 pence per share).

In the year to 30 June 2012, the loss before exceptional items, excluding the consolidation of Eclectic Bars Limited, was £0.7 million (2011: £0.6 million). The profit before tax on a consolidated basis was £0.2 million (2011: £0.9 million).

All the above figures have been arrived at after making a provision for the carried interest of £2.7 million (or 34p per share) (2011: £2.8 million). 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 the accounts as at 30 June 2012.

In order to reflect the underlying commercial value of the group's net assets we have provided on pages 42 and 43, by way of additional information to our shareholders, supplementary information comprising un-audited pro-forma accounts which reflect the separate activities of the group.

Company statement continued

Portfolio investments

Eclectic Bars

Eclectic is a leading operator of premium bars, clubs and restaurants. The company's venues, which follow an independent music policy, predominantly target a mid- to upper market customer base of more sophisticated students midweek and stylish 21+ adults at weekends.

The past year has seen another strong performance from the team at Eclectic, who have continued to grow sales both in total and like for like.

For the twelve month period ended June 2012, sales were £19.6 million (2010: £15.5 million), site EBITDA (defined as earnings before interest, depreciation and amortisation) £4.8million (2011: £4.1 million) and company EBITDA £2.9 million (2010: £2.2 million). These results have been achieved despite closures during the year as part of the on going programme of site refits and new openings.

Management are optimistic about the upcoming year, with like for like sites expected to continue to grow over prior years and the full effect of new sites and refits continuing to contribute to the company's performance.

The past 15 months have seen another year of considerable activity with 2 new venues acquired, and 3 units refurbished.

- The 2011 year ended with the acquisition of a new site in Bournemouth, although this venue was already trading as a Polynesian bar, it was fully upgraded to a Lola Lo format in March 2012.

- Edinburgh reopened in August 2011 as a sixth Lola Lo. This new format has helped to increase sales by 23% for the 11 months against the prior year.

- Towards the end of the summer of 2011 a brand new site was acquired on Friar Street in Reading, which opened in October as the seventh Lola Lo. This stunning venue with its large outside space has, after twelve months, won the accolade of the Lola Lo with the highest annual sales in the company to date.

- In May 2012 Lincoln was reopened as the eighth Lola Lo. This refit was completed in less than three weeks and now completes the refurbishment programme to Lola Lo from within the existing estate.

The strong performance of the new opening and refit programmes for the year has been underpinned with quality service, strong product, table service (with over 80% of tables pre booked at the weekends), strong music and premium student nights throughout the week days

The management team continues to search for suitable sites to further roll out the Sakura and Lola Lo brands. Since the year end, new funding has been put in place with Barclays Bank to enable the business to acquire 3-4 sites a year.

A further exciting development since the year end has been the announcement that the company has entered into a management contract to operate 33 restaurants, bars and nightclubs on behalf of PBR Leisure Limited. PBR Leisure owns The Living Room, a leading premium bar and restaurant brand, operating 14 sites, and a portfolio of 19 other bar, nightclub and hotel businesses operated across the UK. This now brings the total number of sites operated by Eclectic to 49 sites.

In September 2012, Eclectic successfully concluded additional banking facilities from Barclays Bank plc comprising a new three-year Revolving Loan Facility of £1.5 million which is available for both refit of existing sites and for new acquisitions.

Once again Eclectic's management team have demonstrated their ability to continue to develop and grow the Eclectic group seeking out new opportunities and continuing to deliver strong sales and EBITDA performance. The company's investment, which is predominantly in the form of a secured loan, has a book value of £7.3 million (2011: £7.4 million), equating to 91 pence per share (2011 – 92 pence per share). The only other debt outstanding in Eclectic is a series of senior debt facilities from Barclays Bank plc which (net of cash) stood at £1.5 million as at the end of June 2012 (2011 – £1.9 million).

Espresso

During the year to 31 July 2012, Espresso, the UK's leading educational digital content company achieved its 4th year of profit growth.

Over the past several years Espresso has been taking steps to expand the business outside the UK. Key events include the launch of Espresso in Sweden through a partnership with a leading publisher in that market, the launch of Espresso in the USA and Canada as well as the development of relationships with publishers in Ireland and Germany. All of these initiatives are at various stages of development, with the initial investment into the development of Espresso in Sweden delivering a profit to the business in the latest financial year (July 2012). Given that these investments into the development of subscription based businesses generally take several years to deliver positive margins, management believe that Sweden's positive EBITDA contribution and the positive market reaction to the new services in the USA and Canada bodes well for future years. All this comes against a backdrop of stable revenues and margin improvement of approximately 25% for the core UK business.

As at 30 June 2012, the carrying value of the company's investment in Espresso was £0.4 million (2011 – £0.4 million) equating to 4 pence per share (2011 – 4 pence 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 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.

The mBlox Developer Program is a web-based dashboard with pay as you go pricing, making it easy and cost effective for Web and mobile developers to build effective mobile engagement APIs into their mobile applications.

Due to market conditions in 2012, mBlox ceased development of new products for the carrier billing market whilst continuing to support existing customers in the PSMS (Premium SMS) market. In view of this and the continuing difficult market conditions that currently prevail within the sector in which mBlox operates, the board of Avanti Capital plc have taken a prudent approach in determining the carrying value of its investment in mBlox. Accordingly, a provision of £1 million has been made as against the carrying value as at 30 June 2011.

As at 30 June 2012, after including the provision referred to above, the carrying value of the group's investment in mBlox was £5.2 million (2011 – £6.1 million) equating to 66 pence per share (2011 – 76 pence per share).

Remainder of the Portfolio

As at 30 June 2012, the aggregate carrying value of these investments is £40,000.

Net asset values (excluding the accounting effects of the consolidation of Eclectic Bars Limited) per Avanti share by category

Investment	Carrying value as at 30 June 2012 Pence per share	Carrying value as at 30 June 2012 £m
Eclectic Bars	91	£7.3
Espresso	4	£0.4
mBlox	66	£5.2
Net current assets (including cash)	14	£1.2
Total	175	£14.1

Note:
The above figures do not take account of any dilutory effect of the carried interest under the investment advisory agreement (refer to Report of the Directors).

Purchase of own shares

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

As stated previously, 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.

Richard Kleiner
William Crewdson
Directors

6 November 2012

7 Statement of corporate governance

Compliance with the 2010 FRC Combined Code
The company is not required to comply with the 2010 FRC Combined Code on Corporate Governance. Set out below are the corporate procedures that have been adopted.

The Board
The Board of Avanti Capital plc is the body responsible for the group's objectives, its policies and the stewardship of its resources. At the balance sheet date, the board comprised three directors being Richard Kleiner with Philip Crawford and William Crewdson being the independent directors.

The Board has six board meetings during the year. The two independent directors sit on both the audit and the remuneration committees, namely Philip Crawford and William Crewdson. Philip Crawford is the chairman of both the audit committee and the remuneration committee. The terms of reference of both these committees have been approved by the Board.

Remuneration Committee
The committee's responsibilities include the determination of the remuneration and options of other directors and senior executives of the group and the administration of the company's option schemes and arrangements. The committee takes appropriate advice, where necessary, to fulfil this remit.

Audit Committee
The committee meets twice a year including a meeting with the auditors shortly before the signing of the accounts. The terms of reference of the audit committee include: any matters relating to the appointment, resignation or dismissal of the external auditors and their fees; discussion with the auditors on the nature, scope and findings of the audit; consideration of issues of accounting policy and presentation; monitoring the work of the review function carried out to ensure the adequacy of accounting controls and procedures.

Nomination Committee
The company does not maintain a nomination committee. Any board appointments are dealt with by the Board itself.

Internal Control
The Board is responsible for the group's system of internal control and for reviewing the effectiveness of the system of internal control. Internal control systems are designed to meet the particular needs of a business and manage the risks but not to eliminate the risk of failure to achieve the business objectives. By its nature, any system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Internal Audit
Given the size of the group, the Board does not believe it is appropriate to have a separate internal audit function. The group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and are dealt with appropriately.

Relations with Shareholders
Aside from announcements that the company makes periodically to the market, the Board uses the annual general meeting to communicate with private and institutional investors and welcomes their participation.

Going Concern
On the basis of the current financial projections, the directors have a reasonable expectation that the company and the group have adequate financial resources to continue in operational existence for the foreseeable future. The directors accordingly have adopted the going concern basis in the preparation of the group's accounts. See page 10.

Directors' report
for the year ended 30 June 2012

The directors present their report with the audited consolidated financial statements for the year ended 30 June 2012.

Results and dividends

The profit for the year before taxation of the group amounted to £0.2 million (2011 – £0.9 million) and the profit for the year after taxation including non-controlling interests of the group amounted to £0.1 million (2011 – £0.7 million). Of this £0.3 million (2011 – £0.4 million) is attributable to non-controlling interests, leaving £0.3million (2011 – £0.3 million) attributable against the shareholders of the parent. This was equivalent to a loss of 3.30 pence per share (2011 – profit of 3.95 pence per share) attributable to shareholders of the parent. The net assets of the group were £11.6 million (2011 – £11.6 million). Of this £1.04 million (2011 – £0.7 million) is attributable to non-controlling interests leaving £11.2 million (2011 – £10.9 million) attributable to the shareholders of the parent.

The directors do not recommend the payment of a dividend for the year ended 30 June 2012 (2011 – £nil).

Principal activity and review of the business

The company's principal activity during the year continued to be that of an investment management and ancillary services company. The principal activity of Eclectic Bars Limited, one of the group's subsidiary undertakings was as an operator of bars and night clubs. Further details are set out in the company statement on pages 3 to 6.

The board consider that the most appropriate key performance indicator for the group is the fair valuation of its assets and the net asset per share, as set out on page 6.

The principal risks and uncertainties facing the business and the group's financial instruments are investment risk, interest rate risk and liquidity risk (see note 28 on page 39). With the exception of the investment in mBlox, the group does not have a material exposure to foreign currency risk.

The various categories of risk are proactively managed to ensure exposure to risk is mitigated whenever possible and appropriate. The board has assessed that the Key Performance Indicator that is the most effective measure of progress towards achieving the group's strategies and as such towards fulfilling the group's objectives is the net asset value per share.

The Board reviews policies for managing each of these risks, and they are summarised as follows:

Investment risk

Investment risk includes investing in companies that may not perform as expected. The group's investment criteria focus on the quality of the business and the management team of the target company, market potential and the ability of the investment to attain the returns required within the time horizon set for the investment. Due diligence is undertaken on each investment. The group regularly reviews the investments in order to monitor the level of risk and mitigate exposure where appropriate.

Interest rate risk

The group borrows in currencies to match the denomination at fixed and floating rates of interest to generate the desired interest profile and to manage the group's exposure to interest fluctuations.

Liquidity risk

The group's policy is to finance its operations and expansion through working capital and, in the case of investing in target companies, to raise an appropriate level of acquisition finance.

Credit risk

There are no significant concentrations of credit risk within the group. The maximum credit risk exposure relating to financial assets is presented by the carrying value as at the balance sheet date.

Future developments

The company will be pursuing its policy of maximising the value of its investments and, at the appropriate time, to realise such investments.

Directors and their interests

P J Crawford
J M Fellerman (deceased 17 November 2011)
R H Kleiner
W A H Crewdson

It is with very deep regret that Julian Fellerman died on 17 November 2011. Julian had made a significant contribution to the group and will be missed by his colleagues and associates.

The company has not granted indemnity on behalf of any of its directors during the year.

The interests of the directors and their immediate families and the interests of persons connected with the directors for the purposes of section 252 of the Companies Act 2006 in the issued ordinary share capital of the company as at 30 June 2012 (all of which are beneficial unless otherwise noted) are as follows:

	Number of ordinary issued shares	
	As at 1 July 2011	**As at 30 June 2012**
P J Crawford	391,923	**391,923**
J M Fellerman (deceased 17.11.2011)	664,600	**664,600**
R H Kleiner	702,160	**702,160**
W A H Crewdson	–	**–**

The rights of the directors to subscribe for shares in Avanti Capital plc, their immediate families and persons connected with the directors for the purposes of section 420 of the Companies Act 2006 are as follows:

Rights to subscribe for shares	At 1 July 2011 or date of appointment if later	Granted	Cancelled	Exercised	**At 30 June 2012**
J M Fellerman	–	–	–	–	**–**
R H Kleiner	–	–	–	–	**–**

As at 30 June 2011 there were 1,289,452 options to subscribe for ordinary shares in the capital of the company at 150 pence per share under the company's Long Term Share Scheme ("LTISS"). The terms of the LTISS are such that the options are exercisable at a price of 150p per share subject to the company's share price or net asset value reaching certain specified targets. The options, which were granted on 10 January 2002, expired on 9 January 2012. None of the options had been exercised on or before 10 January 2012 and accordingly all of the options have now lapsed.

The company has an investment advisory agreement with Odyssey Partners Limited ("OPL"). The principal terms of the investment advisory agreement are that OPL, a company controlled by Richard Kleiner and the executor of the estate of Julian Fellerman , provides all of the functions previously carried out by the executive management team in respect of the group's portfolio. OPL bears all of its internal overheads and is paid an annual fee of £264,000 per annum which is equivalent to 1.9% of the company's asset value as at 30 June 2012. In addition, OPL has a carried interest by reference to the realisations achieved in relation to the assets. The threshold, after which the carried interest becomes payable, is based on realisations of not less than £6.6m or 82.5 pence per share (based on the issued share capital of the company on 30 November 2008). There is a hurdle of 6% per annum to protect the company from the effects of time in relation to the realisation of the portfolio. Once realisations are achieved in excess of £6.6 million, provided that the return to the company would be at least that amount together with the hurdle, then in relation to any excess, OPL will be entitled to 25% of such excess up to £9.1m of realisations or 113 pence per share. OPL's share will be increased by 5% for each £2.5m in excess of £9.1m up to a maximum of 40% for realisations in excess of £14.1m or 176 pence per share (refer also to note 22 on page 44).

Report on directors' remuneration

The remuneration of the directors for the year ended 30 June 2012 is as follows:

	Basic salary and fees £	Benefits £	**2012 Total £**	2011 Total
Directors				
P J Crawford	25,000	8,229	**33,229**	26,446
W A H Crewdson	15,000	–	**15,000**	15,000
J M Fellerman (deceased 17.11.2011)	–	1,663	**1,663**	3,174
R H Kleiner	–	5,681	**5,681**	4,593
	40,000	15,573	**55,573**	49,213

(1) The above figures represent the due proportion of each director's annual salary reflecting the period during the year for which each director was a director of the company.

(2) There were no pension payments in respect of either year.

(3) During the year, as part of the investment advisory agreement entered into between the company and Odyssey Partners Limited, Odyssey Partners Limited received fees totalling £264,000 (2011 : £264,000) including the non-executive directors' fees of Richard Kleiner.

The remuneration committee comprises Philip Crawford (chairman) and William Crewdson. Its terms of reference are concerned principally with the remuneration packages offered to directors in that they should be competitive and are designed to attract, retain and motivate directors of the right calibre.

Directors' report
continued

Significant shareholdings
As at 7 July 2012, the company's significant shareholders were Mr. R J R French 14.3%, Stessa Investments Limited 12.5% and Marlborough Fund Managers Limited 7.4%.

Employee involvement
The group is aware of the importance of good communication in relationships with its staff. The group follows a policy of encouraging training and regular meetings between management and staff in order to:

- provide common awareness on the part of staff of the financial and economic circumstances affecting the group's performance;
- provide employees or their representatives with information on matters of concern to them as employees; and
- consult employees or their representatives on a regular basis, so that the views of employees can be taken into account in making decisions which are likely to affect their interests.

Disabled persons
The group gives full and fair consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Policy and practice on payment of creditors
It is the group's policy to settle all agreed liabilities within the terms established with suppliers. During the year the average credit period taken was 30 days (2011 – 30 days).

Going concern
The group's principal activities, together with the risk factors likely to have an impact on its future are set out on page 8 and in note 28 on page 39. The directors, having assessed the responses of the management of Eclectic Bars Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Eclectic Bars Limited to continue as a going concern or its ability to continue with the current level of interest payments.

The group has adequate financial and management resources together with long term relationships with suppliers and as a result, the directors believe that the group is well placed to managed its business risks successfully despite the current uncertain economic outlook.

The directors have also reviewed and considered the cashflow forecasts of Avanti Capital plc and the group for the next twelve months from the approval of the financial statements and on this basis, the directors are of the view that both the company and the group will be able to continue as a going concern for the foreseeable future.

Purchase of own shares
During the year under review, the company has not purchased any of its own shares. The board intends to pursue the purchase by the company of its own shares where it believes will enhance the value per share to the continuing shareholders.

Auditors
A resolution to re-appoint Ernst & Young LLP will be put to the members at the forthcoming Annual General Meeting.

Disclosure of information to auditors
The directors who were members of the board at the time of approving the directors' report are listed on Page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

Richard Kleiner
Secretary
6 November 2012

11 Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law, the directors are required to prepare group and parent company financial statements under IFRSs as adopted by the European Union.

Under Company Law the directors must not approve the group and parent company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group and parent company for that period. In preparing the group and parent company financial statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the group and parent company;
- select suitable accounting policies in accordance with IAS 8: *Accounting Policies, Changes in Accounting Estimates* and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions of the group's and the company's financial position and financial performance; and
- state whether the group and parent company financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the group and parent company and enable them to ensure that the group and parent company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the independent auditors to the members of Avanti Capital plc

We have audited the financial statements of Avanti Capital Plc for the year ended 30 June 2012 which comprise the consolidated income statement, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated cash flow statement, the company cash flow statement and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Company Statement, Statement of Corporate Governance and Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2012 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Philippa Jane Green (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

6 November 2012

Notes:

1. The maintenance and integrity of the Avanti Capital plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement
for the year ended 30 June 2012

	Notes	2012 £000	2011 £000
Revenue	3	**19,629**	15,515
Cost of sales		**(4,132)**	(3,091)
GROSS PROFIT		**15,497**	12,424
Administrative expenses – others		**(13,930)**	(11,869)
Administrative expenses – exceptional items	4	**(251)**	368
OPERATING PROFIT	5	**1,316**	923
Finance revenue	9	**1**	4
Finance cost	10	**(132)**	(106)
Fair valuation movements of financial assets held at fair value through profit or loss	16	**(1,000)**	34
PROFIT BEFORE TAXATION		**185**	855
Tax expense	11	**(126)**	(157)
PROFITAND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**59**	698
Attributable to			
Shareholders of the parent		**(265)**	317
Non-controlling interest		**324**	381
		59	698
(Loss)/earnings per share attributable to shareholders of the parent			
Basic and diluted	13	**(3.30)p**	3.95p

14 Consolidated balance sheet
at 30 June 2012

	Notes	2012 £000	2011 £000
ASSETS			
Non current assets			
Intangible assets	14	**4,762**	4,751
Property, plant & equipment	15	**5,850**	5,301
Financial assets held at fair value through profit or loss	16	**5,620**	6,464
Deferred tax asset	11	**163**	159
		16,395	16,675
Current assets			
Inventories	18	**264**	233
Trade and other receivables	19	**1,144**	1,258
Cash and cash equivalents	20	**1,306**	1,169
		2,714	2,660
TOTAL ASSETS		**19,109**	19,335
EQUITY			
Issued share capital	23	**4,815**	4,815
Capital redemption reserve	24	**1,409**	1,409
Other reserves	24	**2,045**	2,045
Retained earnings	24	**2,329**	2,594
Equity attributable to equity shareholders of the parent		**10,598**	10,863
Non-controlling interest	24	**1,014**	690
TOTAL EQUITY		**11,612**	11,553
LIABILITIES			
Current liabilities			
Financial liabilities	25	**811**	809
Trade and other payables	21	**2,447**	2,388
		3,258	3,197
Non-current liabilities			
Financial liabilities	25	**1,064**	1,454
Provision	22	**2,729**	2,815
Deferred tax liabilities	11	**446**	316
		4,239	4,585
TOTAL LIABILITIES		**7,497**	7,782
TOTAL EQUITY AND LIABILITIES		**19,109**	19,335

Richard Kleiner – Director

William Crewdson – Director

6 November 2012

15 Company balance sheet
at 30 June 2012

	Notes	2012 £000	2011 £000
ASSETS			
Non current assets			
Property, plant & equipment	15	**1**	2
Financial assets held at fair value through profit or loss	16	**10,174**	10,247
		10,175	10,249
Current assets			
Trade and other receivables	19	**1,299**	1,312
Cash and cash equivalents	20	**1,085**	893
		2,384	2,205
TOTAL ASSETS		**12,559**	12,454
EQUITY AND LIABILITIES			
EQUITY			
Issued share capital	23	**4,815**	4,815
Capital redemption reserves	24	**1,409**	1,409
Other reserves	24	**2,045**	2,045
Retained earnings	24	**1,496**	1,316
TOTAL EQUITY		**9,765**	9,585
LIABILITIES			
Current liabilities			
Trade and other payables	21	**65**	54
Non-current liabilities			
Provision	22	**2,729**	2,815
TOTAL LIABILITIES		**2,794**	2,869
TOTAL EQUITY AND LIABILITIES		**12,559**	12,454

Richard Kleiner – Director

William Crewdson – Director

6 November 2012

16 Statement of changes in equity
at 30 June 2012

Consolidated	Issued share capital £000	Other reserves £000	Capital redemption reserves £000	Retained earnings £000	Totals attributable to owners of the parent £000	Non-controlling interest £000	Totals £000
At 1 July 2010	4,815	2,045	1,409	2,277	10,546	309	10,855
Profit for the year	–	–	–	317	317	381	698
At 1 July 2011	4,815	2,045	1,409	2,594	10,863	690	11,553
(Loss)/profit for the year	–	–	–	(265)	(265)	324	59
At 30 June 2012	4,815	2,045	1,409	2,329	10,598	1,014	11,612

Company	Issued share capital £000	Other reserves £000	Capital redemption reserves £000	Retained earnings £000	Share-holders' equity £000	Totals £000
At 1 July 2010	4,815	2,045	1,409	1,080	9,349	9,349
Profit for the year	–	–	–	236	236	236
At 1 July 2011	4,815	2,045	1,409	1,316	9,585	9,585
Profit for the year	–	–	–	180	180	180
At 30 June 2012	4,815	2,045	1,409	1,496	9,765	9,765

17 Consolidated cash flow statement
for the year ended 30 June 2012

	Notes	2012 £000	2011 £000
Operating activities			
Profit before tax from operations	*	**185**	855
Depreciation of property, plant and equipment	15	**1,072**	577
Loss on financial assets at fair value through profit or loss	16	**1,000**	(34)
Currency movements on financial assets at fair value through profit or loss	16	**(156)**	364
Loss on disposal of property, plant and equipment		**32**	–
Net interest expense	9,10	**131**	104
Increase in inventories	18	**(31)**	(67)
Decrease/(increase) in trade and other receivables	19	**114**	(218)
Increase in trade and other payables	21	**59**	257
(Decrease)/increase in provisions	22	**(86)**	229
Net cash flow from operating activities		**2,320**	2,067
Investing activities			
Interest received	9	**1**	4
Purchase of property, plant & equipment and intangible assets	14,15	**(1,690)**	(2,818)
Purchase of investments	16	**–**	(334)
Acquisition of shares in subsidiary undertaking	17	**–**	(392)
Net cash acquired with subsidiary undertaking	17	**–**	6
Proceeds from disposal of property, plant & equipment		**–**	18
Net cash flows used in investing activities		**(1,689)**	(3,516)
Financing activities			
Interest paid		**(132)**	(77)
Proceeds from borrowings		**1,335**	1,704
Repayment of borrowings		**(1,638)**	(477)
Capital element on finance lease rental payments		**(59)**	(59)
Net cash flows used in financing activities		**(494)**	1,091
Net increase/(decrease) in cash and cash equivalents		**137**	(358)
Cash and cash equivalents at 1 July		**1,169**	1,527
Cash and cash equivalents at 30 June		**1,306**	1,169

* **Exceptional Items**

Cash flows relating to operating exceptional items

In the current year there were operating cash outflows from exceptional items relating to redundancy and restructuring charges of £132,632 (2011- £43,590) and cost of abortive projects of £46,633 (2011 – £13,265).

18 Company cash flow statement
for the year ended 30 June 2012

	Notes	2012 £000	2011 £000
Operating activities			
Profit before tax		**180**	236
Depreciation of property, plant and equipment	15	**1**	3
Decrease in loans to subsidiary held as fixed asset investments	16	**73**	141
Fixed asset investments transferred to subsidiary	16	**–**	401
Currency movements on financial assets at fair value through profit or loss		**–**	1
Net interest income		**(530)**	(461)
(Increase)/Decrease in trade and other receivables	19	**13**	(779)
Increase/(decrease) in trade and other payables	21	**11**	11
Increase/(decrease) in provisions	22	**(86)**	229
Net cash flow from operating activities		**(338)**	(218)
Investing activities			
Interest received		**530**	461
Purchase of property, plant & equipment	15	**–**	(2)
Net cash flows used in investing activities		**530**	459
Net increase in cash and cash equivalents		**192**	241
Cash and cash equivalents at 1 July		**893**	652
Cash and cash equivalents at 30 June		**1,085**	893

Notes to the consolidated financial statements
at 30 June 2012

1. Authorisation of financial statements and statement of compliance with IFRSs

The financial statements of Avanti Capital plc for the year ended 30 June 2012 were authorised for issue by the board of directors on 6 November 2012 and the balance sheet was signed on the board's behalf by Richard Kleiner and William Crewdson. Avanti Capital plc is a public limited company incorporated and domiciled in England and Wales. The company's ordinary shares are traded on the Alternative Investment Market.

The group and parent company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to financial statements of the group and parent company for the year ended 30 June 2012.

The principal accounting policies adopted by the group and parent company are set out in note 2. No profit or loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. The profit dealt with in the financial statements of the parent company is £180,000 (2011 – £236,000).

2. Accounting policies

Basis of preparation

The group and parent company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to financial statements of the group and parent company for the year ended 30 June 2012 and applied in accordance with the Companies Act 2006. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2012.

The group and parent company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The group and parent company financial statements have been prepared under the historical cost convention as modified for certain financial instruments, which are stated at fair value.

Judgements and key sources of estimation and uncertainty

The preparation of the group and parent company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the balance sheet date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets or liability affected in the future.

In the process of applying the group and parent company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Financial assets designated at fair value through profit or loss

The financial assets designated at fair value through profit or loss are valued in accordance with the accounting policy set out later in this note on page 21. In certain cases, the group is required to make estimates about expected future cash flows and discount rates, and hence they are subject to uncertainty. Further details are given in note 16.

Operating lease commitments

The group has entered commercial property leases as a lessee it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risk and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Impairment of non-financial assets

The group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts are not recoverable.

When value in use calculations are undertaken, management must allocate the expected future cash flows from the asset to cash generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2. Accounting policies (continued)

Basis of consolidation

The Consolidated financial statements include the financial statements of Avanti Capital plc and the entities it controls (its subsidiaries) for the periods reported.

For the purposes of preparing these consolidated accounts, subsidiaries are those entities controlled by the group. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities and is achieved through direct or indirect ownership of voting rights, by way of contractual agreement. The financial statements of subsidiaries, which are prepared for the same reporting period, are included in the consolidated financial statements from the date that control commences until the date control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from the intra-group transactions are eliminated in full. Accounting policies of subsidiary entities are consistent with the group accounting policies disclosed here.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the group and is presented separately within equity in the consolidated balance sheet, separate from parent shareholders' equity.

Foreign currency translation

The consolidated financial statements are presented in Sterling pounds, which is also the parent company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the balance sheet date. All differences are taken to the income statement. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Such cost includes the cost of replacing part of the property, plant and equipment when the cost is incurred, if the recognition criteria are met, in which case the carrying value of the replaced part is written off. All major repairs and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight line basis over the useful life of the asset as follows:

Leasehold improvements	– 4 years
Furniture and fittings	– 4 years
IT equipment	– 3 years
Motor vehicles	– 3 to 5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is de-recognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end. The assets are reviewed for impairment if events or circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Business combinations and goodwill

Business combinations are accounted for in accordance with IFRS 3 (revised) for acquisitions made after 1 July 2009.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

The group assesses whether there are any indicators that goodwill is impaired at each reporting date. Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired.

2. Accounting policies (continued)

Business combinations and goodwill (continued)

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating units, to which goodwill relates. Where the recoverable amount of the cash generating units is less than the carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill are not reversed in future periods. The group performs its annual impairment test of goodwill as at 30 June.

Investments and other financial assets

Financial assets within the scope of IAS 39 are classified as financial assets held at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The group currently holds no held-to-maturity or available for sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit and loss, directly attributable transaction costs.

The group determines the classifications of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date the group commits to purchase or sell the asset. Regular way purchases or sales of financial assets that require delivery of assets within the period are generally established by regulation or convention in the market place.

Financial assets designated at fair value through profit or loss

Financial assets held at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

Financial assets designated at fair value through profit or loss are those that have been designated by management upon initial recognition. Management designated the financial assets, comprising equity shares and share options, at fair value through profit or loss upon initial recognition due to these assets are part of a group of financial assets, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in ‘Fair valuation movements of financial assets held at fair value through profit or loss’. Interest earned or incurred is accrued in ‘Interest income’ or ‘Interest expense’ respectively, using the effective interest rate, while dividend income is recorded in ‘Other operating income’ when the right to the payment has been established.

Financial assets, comprising equity shares and share options, are valued 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 a 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 mature companies having a maintainable trend of sustainable revenue and from which an exit, by way of flotation or trade sale, can be reasonably foreseen. An investment of this stage is periodically re-valued by reference to open market value. Valuation will usually be by one of five 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 significant investment is made involving 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.

   v. On a comparable valuation by reference to similar business that have objective data representing their equity value.

2. Accounting policies (continued)

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.

A review of impairment in value is undertaken by reference to funding, investment or offers in progress after the balance sheet date and provision is made accordingly where the impairment in value is recognised.

Loans and receivables
Loans and receivables are non-derivative financial assets with a fixed or determinable payment that are not quoted in an active market. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Impairment of financial assets
The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (ie the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the income statement.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the group will not be able to collect all the amounts due under the original terms of the invoice. The carrying amount of the receivables is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectable.

Fair value
The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

Inventories
Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes all cost incurred in bringing each product to its present location and condition.

Cash and cash equivalents
Cash and short term deposits in the balance sheet comprise cash at bank and short term deposits with a maturity of 3 months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities

Interest bearing loans and borrowings
All loans and borrowings are initially recognised at fair value less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

De-recognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

- The group retains the right to receive cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

2. Accounting policies (continued)

Financial assets (continued)

- The group has transferred its rights to receive cash flows from the asset and neither (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

When continuing involvement takes the form of a written and/or purchase option (including a cash settled option or similar provision) on the transferred asset that the group may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modifications is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Finance leases, which transfer to the group substantially all the risk and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in the income statement.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

Operating lease rentals are charged to the income statement on an accrual basis over the term of the lease.

Operating exceptional items

Operational exceptional items are treated as such if the matters are material and fall within one of the categories below:

a) Restructuring costs of an activity of the group;

b) Disposals of property and investments; and

c) Abortive deals.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Interest income is recognised as interest accrues (using the effective interest rate method).

2. Accounting policies (continued)

Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary difference associated with investments in subsidiaries, associates and interest in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that the future taxable profit will allow the deferred tax asset to be recovered.

Changes in accounting policies

The following standards and interpretations are applicable to and have been adopted by the Group:

	Effective dates
IAS 24 Related Party Disclosures (Amendment)	1 January 2011
IFRIC 14 Prepayments of a minimum funding requirement (Amendment)	1 January 2011
IFRS 7 Financial Instruments Disclosures (Amendment)	1 July 2011
Improvements to IFRSs (2010) – key amendments were made:	1 January 2011

- IFRS 7 Financial Instruments: Disclosures – Clarification of disclosures
- IAS 1 Presentation of Financial Statements – Clarification of statement of changes in equity

There was no significant impact on the consolidated or company financial statements.

New standards and interpretations not applied

The following standards and interpretations in issue are not yet effective for the Group and have not been adopted by the Group:

	Effective dates*
IAS 12 Income taxes (Amendment)	1 January 2012
IAS 1 Presentation of Financial Statements (Amendments)	1 July 2012
IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendment)	1 January 2013

2. Accounting policies (continued)

New standards and interpretations not applied (continued)

	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
IFRS 13 Fair value measurement	1 January 2013
IAS 19 Employee benefits (Amendment)	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 (Amendment)	1 January 2014
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015

The directors do not expect the adoption of these standards and interpretations to have a material impact on the consolidated or company financial statements in the period of initial adoption.

* The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the group prepares its financial statements in accordance with IFRS as adopted by the European Union (EU), the application of new standards and interpretations will be subject to their having been endorsed for use in the EU via the EU Endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the group's discretion to early adopt standards.

3. Segmental information

The primary reporting format is determined to be business segments as the group's risks and rates of return are affected predominantly by differences in the business segments. Secondary segment information is reported geographically. For management purposes, the group organised into business units based on their products and services, and has 2 reportable business segments as follows:

- Investment and ancillary services provides management services in respect of the investment market.
- Bar and night clubs segment relates to the UK late-night, entertainment-led venues and restaurants.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

3. Segmental information (continued)

Primary reporting format – business segments

The following tables present revenue and loss and certain asset and liability information regarding the group's business segments for the years ended 30 June 2012 and 2011.

Year ended 30 June 2012

	Investments & ancillary £000	Bars & Night clubs £000	Eliminations £000	Total £000
Revenue				
Sales to external customers	–	19,629	–	19,629
Inter segment sales	105	–	(105)	–
Segment revenue	105	19,629	(105)	19,629
Results				
Segment results	(214)	1,530	–	1,316
Group operating profit	(214)	1,530	–	1,316
Net finance cost	530	(661)	–	(131)
Fair valuation of financial assets held at fair value through profit or loss	(1,000)	–	–	(1,000)
Profit before taxation	(684)	869	–	185
Tax expense	–	–	(103)	(103)
Profit for the year	(684)	869	(103)	82
Assets and liabilities				
Other segment assets	1,178	12,148	241	13,567
Financial assets held at fair value through profit or loss	5,620	–	–	5,620
Total assets	6,798	12,148	241	19,187
Segment liabilities	3,195	4,258	500	7,953
Total liabilities	3,195	4,258	500	7,953
Other segment disclosures				
Capital expenditure:				
Property, plant and equipment – additions	–	1,679	–	1,679
Financial assets held at fair value through profit or loss – additions	–	–	–	–
Depreciation	1	1,071	–	1,072

3. Segmental information (continued)

Year ended 30 June 2011

	Investments & ancillary £000	Bars & Night clubs £000	Eliminations £000	Total £000
Revenue				
Sales to external customers	–	15,515	–	15,515
Inter segment sales	105	–	(105)	–
Segment revenue	105	15,515	(105)	15,515
Results				
Segment results	(593)	1,516	–	923
Group operating profit	(593)	1,516	–	923
Net finance cost	462	(564)	–	(102)
Fair valuation of financial assets held at fair value through profit or loss	34	–	–	34
Profit before taxation	(97)	952	–	855
Tax expense	–	–	(157)	(157)
Profit for the year	(97)	952	(157)	698
Assets and liabilities				
Other segment assets	1,023	11,689	159	12,871
Financial assets held at fair value through profit or loss	6,464	–	–	6,464
Total assets	7,487	11,689	159	19,335
Segment liabilities	2,871	4,595	316	7,782
Total liabilities	2,871	4,595	316	7,782
Other segment disclosures				
Capital expenditure:				
Property, plant and equipment – additions	2	3,130	–	3,132
Financial assets held at fair value through profit or loss – additions	334	–	–	334
Depreciation	3	574	–	577

3. Segmental information (continued)

Secondary reporting format – Geographical segments

The following tables present revenue certain asset and capital expenditure information regarding the Group's geographical segments for the years ended 30 June 2011 and 2010.

Year ended 30 June 2012

	UK £000	USA £000	Total £000
Revenue			
Sales to external customers	19,629	–	19,629
Revenue from continuing operations	19,629	–	19,629
Other segment information			
Segment assets	13,567	–	13,567
Financial assets held at fair value through profit or loss	391	5,229	5,620
Total assets	13,958	5,229	19,187
Capital expenditure:			
Property, plant and equipment – additions	1,679	–	1,679

Year ended 30 June 2011

	UK £000	USA £000	Total £000
Revenue			
Sales to external customers	15,515	–	15,515
Revenue from continuing operations	15,515	–	15,515
Other segment information			
Segment assets	12,871	–	12,871
Financial assets held at fair value through profit or loss	351	5,113	5,464
Total assets	13,222	5,113	18,335
Capital expenditure:			
Property, plant and equipment – additions	3,132	–	3,132

4. Administrative expenses – exceptional items

	2012 £000	2011 £000
Deal and merger costs:		
– Redundancy costs	**133**	6
– Cost on abortive projects	**47**	14
Settlement proceeds relating to a past investment	**–**	(455)
Restructuring charges	**72**	67
	251	(368)

The settlement proceeds, in 2011, relates to an action brought by some of the previous shareholders in uSwitch, one of the company's legacy investments which was sold in 2004. As a past shareholder in uSwitch, the company was part of the action group which brought a claim against certain founder shareholders/directors of uSwitch.

5. Group operating profit

This is stated after charging/(crediting):

	2012 £000	2011 £000
Depreciation of property, plant and equipment	**1,072**	577
Net foreign currency differences	**(156)**	364
Cost of inventories recognised as an expense (included in cost of sales)	**4,129**	3,091
Operating lease payments – land and buildings	**1,241**	1,032
Provision for carried interest	**(86)**	229

6. Auditors' remuneration

	2012 £000	2011 £000
Audit of the group's financial statements	**43**	40
Other fees to auditors:		
– auditing the accounts of subsidiaries	**30**	30
	73	70

There are no non-audit fees paid to the auditors.

7. Staff costs

	2012 £000	2011 £000
Wages and salaries	**4,664**	3,625
Social security costs	**183**	222
	4,847	3,847

There were no pension contributions during the year.

The average monthly number of employees during the year was as follows:

	2012 No.	2011 No.
Investment holdings	**4**	4
Bar and night clubs		
– Bar staff	**354**	289
– Head office	**15**	16
	373	309

8. Directors' remuneration

	2012 £000	2011 £000
Emoluments	56	49

An analysis of directors' remuneration is set out in the directors' report. There were no pension payments in respect of either year. Included in the report on directors' remuneration are details of fees payable to Odyssey Partners Limited, a company controlled by Richard Kleiner and the executors of the estate of Julian Fellerman, in respect of the management agreement between the company and Odyssey Partners Limited.

9. Finance revenue

	2012 £000	2011 £000
On deposits and liquid funds	**1**	4

10. Finance cost

	2012 £000	2011 £000
Bank loans and overdrafts	**128**	99
Finance lease interest	**4**	7
	132	106

Details of the movements during the year for financial assets held at fair value through profit or loss are set out in note 16.

11. Taxation

The major components of income tax for the years ended 30 June 2012 and 2011 are:

(a) Analysis of charge in year:

	2012 £000	2011 £000
Current tax		
UK corporation tax on the profit for the year	**–**	–
Deferred tax		
Excess capital allowance over depreciation (note 11(c))	**–**	–
Origination and reversal of temporary differences	**126**	157
Total tax charge for year	**126**	157

(b) Factors affecting current tax charge for the year:

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2012 £000	2011 £000
Profit on ordinary activities before tax	**185**	855
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011 – 27.5%)	**47**	235
Effects of:		
Impairment of investments	**153**	–
Disallowable expenses and non-taxable income	**90**	75
Losses arising in the current year not relievable against current tax	**–**	92
Losses brought forward utilised	**(61)**	(245)
Adjustment to prior periods	**(79)**	–
Change in tax laws and rates	**(24)**	–
Total tax charge for year (note 11a)	**126**	157

(c) Deferred tax

	2012 £000	2011 £000
Recognised in balance sheet:		
Deferred tax liability – Goodwill	**(446)**	(316)
Deferred tax asset		
Tax losses	**112**	72
Capital allowances	**51**	87
	163	159

11. Taxation (continued)

On 21 March 2012 the UK Government announced a reduction in the main rate of UK corporation tax rate to 24% with effect from 1 April 2012. This change became substantively enacted on 29 March 2012 and therefore the effect of the rate reduction creates a reduction in the total deferred tax asset and liabilities which have been included in the figures shown above. This change will also reduce the group's future current tax charge accordingly. The UK Government also proposed changes to further reduce the main rate of corporation tax by one per cent per annum to 22% by 1 April 2014. The overall effect of the further reductions from 24% to 22% if these applied to the total deferred tax balance at 30 June 2012 would be to reduce the deferred tax asset by approximately £14,000 and deferred tax liability by £37,000.

The group has tax losses arising in the UK of approximately £20.8 million (2011 – £22.2 million) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets of £5.3 million (2011 – £5.5 million) have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the group. If investments classified as 'Financial assets held at fair value through profit or loss' were sold at their valuations at the balance sheet date, capital losses of £2.0 million (2010: £2.0 million) would arise.

In addition, deferred tax assets of £0.1 million (2011 – £0.1 million) arising on decelerated capital allowances of £0.4 million (2011 – £0.4 million) and deferred tax assets of £0.6 million (2011 – £0.6 million) arising on the carried interest provision of £2.7 million (2011 – £2.8 million) have also not been recognised as there is sufficient certainty of future profits against which the temporary difference will unwind.

12. Dividends

No dividend will be declared for the year ended 30 June 2012 (2011 – £nil).

13. Earnings per share

The earnings per share calculation is based on the group's retained loss attributable to the shareholders of the parent for the year of £265,000 (2011 – profit £317,000) and the weighted average number of shares in issue for the year of 8,025,752 (2011 – 8,025,752).

The earnings attributed to ordinary shareholders and the weighted average number of shares for the purposes of calculating the diluted earnings per share is identical to those used for basic earnings per share.

14. Intangible assets

	Goodwill £000
Cost:	
At 1 July 2010	4,454
Acquired through business combinations (see note 17)	297
At 1 July 2011	4,751
Adjustments made in year (see note 17)	11
As at 30 June 2012	4,762
Net book value as at 30 June 2012	4,762
Net book value as at 30 June 2011	4,751

Goodwill arose through the acquisition of Eclectic Bars Limited and the addition relates to an acquisition made by Eclectic Bars Limited during the year, and so has been allocated to this single cash generating unit for the purpose of impairment testing.

The calculation of fair value less costs to sell has indicated no impairment in the goodwill arising on the acquisition. The key assumptions in calculating the fair value less costs to sell are:

- Site EBITDA being the EBITDA at site level before deduction of central infrastructure and head office costs.
- EBITDA multiples being the relevant multiple applied to the site EBITDA in arriving at an appropriate enterprise value (including goodwill) for the business.

The board believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of goodwill to exceed its recoverable amount.

The adjustments stated above were made to reflect the amended value with regard to the acquisition made last year.

15. Property, plant and equipment

Group	Leasehold improvements £000	IT equipment £000	Furniture and fittings £000	Motor vehicles £000	Total £000
Cost:					
At 30 June 2010	2,813	97	972	138	4,020
Transfers	(2,062)	490	1,572	–	–
Additions	569	24	2,186	38	2,817
Acquired in business combination	191	–	123	–	314
Disposals	–	–	–	(29)	(29)
At 30 June 2011	1,511	611	4,853	147	7,122
Transfers	–	–	–	–	–
Additions	195	39	1,356	89	1,679
Acquired in business combination	–	–	–	–	–
Disposals	(49)	(2)	(3)	(59)	(113)
At 30 June 2012	1,657	648	6,206	177	8,688
Depreciation:					
At 30 June 2010	460	63	685	49	1,257
Charge for the year	167	19	377	14	577
Disposals	–	–	–	(13)	(13)
At 30 June 2011	627	82	1,062	50	1,821
Charge for the year	194	24	834	20	1,072
Disposals	(35)	–	(1)	(19)	(55)
At 30 June 2012	786	106	1,895	51	2,838
Net book value:					
At 30 June 2012	871	542	4,311	126	5,850
At 30 June 2011	884	529	3,791	97	5,301
At 30 June 2010	2,353	34	287	89	2,763

The carrying value of plant and equipment held under finance leases and hire purchase contracts at 30 June 2012 was £78,000 (2011: £65,000). Leased assets and assets under hire purchase contracts are pledged as security for the related finance leases and hire purchase liabilities.

The transfers shown above relate to Eclectic Bars' re-classification of certain fixed assets out of leasehold improvements and into more relevant fixed asset categories.

15. Property, plant and equipment (continued)

Company

	IT equipment £000	Furniture and fittings £000	Total £000
Cost:			
At 30 June 2010	12	3	15
Additions	2	–	2
Disposal	–	–	–
At 30 June 2011	14	3	17
Additions	–	–	–
Disposal	–	–	–
At 30 June 2012	14	3	17
Depreciation:			
At 30 June 2010	10	2	12
Depreciation charge for the year	2	1	3
Disposal	–	–	–
At 30 June 2011	12	3	15
Depreciation charge for the year	1	–	1
Disposal	–	–	–
At 30 June 2012	13	3	16
Net book value:			
At 30 June 2012	1	–	1
At 30 June 2011	2	–	2
At 30 June 2010	2	1	3

16. Financial assets held at fair value through profit or loss

	Group 2012 £000	**Company 2012 £000**	Group 2011 £000	Company 2011 £000
Unlisted investments	5,620	–	6,464	–
Investment in unlisted subsidiaries	–	10,174	–	10,247
	5,620	10,174	6,464	10,247

Group – Unlisted investments

	Cost £000	Provision £000	Revaluation £000	Book value £000
At 30 June 2010	13,689	(7,941)	712	6,460
Additions	334	–	–	334
Exchange differences	–	(364)	–	(364)
Revaluation	–	–	34	34
At 30 June 2011	14,023	(8,305)	746	6,464
Additions	–	–	–	–
Exchange differences	–	156	–	156
Revaluation	–	(1,000)	–	(1,000)
At 30 June 2012	14,023	(9,149)	746	5,620

Company – Unlisted investments

	Cost £000	Provision £000	Revaluation £000	Book value £000
At 30 June 2010	12,434	(1,644)	–	10,790
Repayments	(142)	–	–	(142)
Transfer to subsidiaries	(401)	–	–	(401)
At 30 June 2011	11,891	(1,644)	–	10,247
Repayments	(73)	–	–	(73)
Transfer to subsidiaries	–	–	–	–
At 30 June 2012	11,818	(1,644)	–	10,174

Fair value hierarchy
As at 30 June 2012, the group held the following financial instruments measured at fair value:

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

16. Financial assets held at fair value through profit or loss (continued)

Assets measured at fair value

	Total £000	Level 1 £000	Level 2 £000	Level 3 £000
Financial assets held at fair value through profit or loss:				
Equity shares				
At 30 June 2010	6,460	–	6,103	357
Additions	–	–	–	–
Exchange differences	(364)	–	(364)	–
Revaluation	34	–	–	34
At 30 June 2011	6,464	–	6,073	391
Additions	–	–	–	–
Exchange differences	156	–	156	–
Revaluation	(1,000)	–	(1,000)	–
At 30 June 2012	5,620	–	5,229	391

During the reporting period, there were no transfers between level 1 and level 2 and no transfers into and out of level 3. There were no changes made to the assumptions in valuing level 3 assets during the year, however the directors do not consider that any reasonable change would result in a significant adjustment to the fair value of these assets.

Management has estimated the potential effect on level 2 financial assets using reasonably possible alternatives for price-earnings ratios would result in the range of difference in fair value from a reduction of approximately £2.4 million (2011 – £2.4 million using less favourable assumptions to an increase of approximately £2.4 million (2011 – £2.4 million) using more favourable assumptions. Management has used, for the purposes of the above figures, price-earnings ratios that they believe are comparable to the group's investments.

Details of the significant investments in which the company holds, directly or indirectly, 20% or more of the nominal value of any class of share capital are as follows:

Name of Company	Holding	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings:			
Avanti Holdings plc	Ordinary shares	100%	Private equity
Avanti Partners NV *	Ordinary shares	100%	Private equity
Eclectic Bars Limited (formerly Barclub Limited)	Ordinary shares	60%	Operation of late night bars and night clubs
HSB Clubs Limited	Ordinary shares	60%	Operation of late night bars and night clubs

Avanti Partners NV is directly owned by Avanti Holdings plc; HSB Clubs Limited is directly owned by Eclectic Bars Limited; and the rest of the subsidiaries above are directly owned by Avanti Capital plc.

*Incorporated in Belgium. All other subsidiaries are domiciled and incorporated in England & Wales.

The fair values of financial assets are determined in accordance with the valuation guidelines issued by the British Venture Capital Association as set out in accounting policy note 2.

Fair valuation for the carrying value of financial assets held at fair value through profit or loss has been considered and, except for the provision in the group's investments in mBlox and Medcenter, no other provision was considered necessary.

17. Business combinations

On 20 June 2011 Eclectic Bars Limited acquired 100 per cent of the outstanding ordinary shares of HSB Clubs Limited, a private company based in the UK and specialising in late night bars and night clubs.

The fair value of the identifiable assets and liabilities of HSB Clubs Limited as at the date of acquisition were:

Fair value of assets acquired

	Fair value recognised on June 2011 £000s	Fair value revised £000s	Fair value adjustments £000s
Assets			
Tangible assets	314	304	(10)
Inventories	17	17	–
Cash	6	12	6
Prepayments	62	24	(38)
Liabilities			
Creditors	(269)	(279)	(10)
Total identifiable net assets at fair value	130	78	(52)
Goodwill arising on acquisition (see note 14)	297	308	11
Purchase consideration transferred	427	386	(41)
Purchase consideration			
Cash	392	392	–
Contingent consideration	35	(6)	(41)
Total purchase consideration	427	386	(41)

The fair values attributed to the HSB Clubs Limited acquisition, which were determined provisionally last year, have now been finalised and adjustments have been made in the accounts.

18. Inventories

	Group 2012 £000	Group 2011 £000
Goods for re-sale	**264**	233

19. Trade and other receivables

	Group 2012 £000	**Company 2012 £000**	Group 2011 £000	Company 2011 £000
Trade receivables	**111**	**–**	64	–
Amounts due from subsidiary company	**–**	**1,299**	–	1,312
Other debtors	**1,033**	**–**	1,194	–
	1,144	**1,299**	1,258	1,312

Trade receivables are non-interest bearing and are generally on 30-90 days terms. Fair valuation for the provision of impairment has been considered and no provision was considered necessary.

At both 30 June 2012 and 30 June 2011 none of the trade receivables were past due or impaired.

The credit quality of trade receivables that are neither past due nor impaired can not be quantified as no credit rating information for the trade receivables is available.

Of the balance in respect of counterparties with internal ratings, 100% of existing customers are with no history of defaults.

Other debtors comprise prepayments and accrued income predominantly in respect of Eclectic Bars Limited.

20. Cash and cash equivalents

	Group 2012 £000	Company 2012 £000	Group 2011 £000	Company 2011 £000
Cash at bank and on hand	225	4	280	4
Short-term deposits	1,081	1,081	889	889
	1,306	1,085	1,169	893

The fair value and the carrying value of the group's cash and cash equivalent assets was considered and no provision was considered necessary.

21. Trade and other payables

	Group 2012 £000	Company 2012 £000	Group 2011 £000	Company 2011 £000
Trade payables	672	5	877	3
Other taxes and social security costs	660	–	425	–
Accruals and other creditors	1,115	60	1,086	51
	2,447	65	2,388	54

22. Provision

	Group and company £000
Carried interest	
At 30 June 2010	2,586
Provided in the year	229
At 30 June 2011	2,815
Written back in the year	(86)
At 30 June 2012	2,729

In November 2008, the company entered into a new arrangement with Odyssey Partners Limited in relation to the management of the group's portfolio. The terms include a hurdle over which the carried interest has a positive value. This hurdle, based on net assets, is equivalent to 82.5p per share (a 23% premium to the price as at 4 November 2008, the date the new arrangement was effected and a 9% premium to the share price on 22 October 2012).

The carried interest has been provided on the basis of terms of agreement between the company and Odyssey Partners Limited. The amount has been calculated by reference to the net assets as at 30 June 2012 which assumes that the amounts attributable to each asset will be realised at the amounts so stated. The timing of each asset's realisation event is uncertain.

23. Share capital

	Authorised		Allotted, called up and fully paid	
	2012 No.	2011 No.	2012 No.	2011 No.
Ordinary shares of £0.60 each	20,833,333	20,833,333	8,025,752	8,025,752
	£000	£000	£000	£000
Ordinary shares of £0.60 each	12,500	12,500	4,815	4,815

As at 30 June 2012 there were 8,025,752 ordinary shares of 60 pence each in the capital of the company. There has been no purchase by the company of its own shares during the year.

24. Reserves

Capital redemption reserve
Capital redemption reserve arose from the purchase and cancellation of own share capital, and represents the nominal amount of the share capital cancelled.

Other reserves
Other reserves represent share premium paid on the acquisition of subsidiary company.

Non-controlling interest
Non-controlling interest represents the 40% of Eclectic Bars Limited not owned by the parent.

25. Financial liabilities

	Effective Interest rates %	Maturity	2012 £000	2011 £000
Group				
Current:				
Obligations under finance leases and				
hire purchase contracts			**32**	38
Other loans:				
£1.797m bank loans (2011 – £2.198m)	2% above Base*	Variable	**779**	771
			811	809
Non-current:				
Obligations under finance leases and				
hire purchase contracts			**46**	27
Other loans:				
£1.797m bank loans (2011 – £2.198m)	2% above Base*	Variable	**1,018**	1,427
			1,064	1,454

*Base refers to Barclays Bank plc base rate

The bank loans and overdrafts are secured by a floating charge over certain of the assets of Eclectic Bars Limited and its subsidiaries. The bank overdraft has a facility limit of £600,000. As part of the arrangements with its bankers, Eclectic Bars and its subsidiaries are required to report on a quarterly basis regarding certain covenants including leverage (EBITDA/Net debt), interest cover and fixed charge cover.

The bank loan is repayable in quarterly instalments of £194,844 and is repayable by July 2014.

In September 2012, Eclectic successfully concluded additional banking facilities from Barclays Bank plc comprising a new three-year Revolving Loan Facility of £1.5 million which is available for both refit of existing sites and for new acquisitions.

26. Transaction with directors

In the period under review, Odyssey Partners Limited, a company in which Richard Kleiner and the executors of the Estate of Julian Fellerman has a material interest, provided investment advisory services amounting to £264,000 (2011- £264,000). The group also paid £45,500 (2011 – £47,500) in respect of accountancy and administration services to Gerald Edelman, a firm in which Richard Kleiner has a partnership interest.

The group considers that its key management personnel to be the directors of the company. The compensation of key management personnel is disclosed in the Report on Directors' Remuneration on page 9.

Included in provisions is an amount of £2.729 million (2011: £2.815 million) which relates to carried interest that would be payable to Odyssey Partners Limited if the net assets were to be realised at their carrying value at the balance sheet date (see note 22).

27. Commitments and contingencies

Operating lease commitments

At 30 June 2012, the group had total minimum commitments under non-cancellable operating leases as set out below:

	2012 £000	2011 £000
Land and Buildings		
Operating leases which expire:		
– in less than one year	1,219	1,172
– within two to five years	4,798	4,563
– in over five years	13,342	13,308
	19,359	19,043

The company had no commitments under non-cancellable operating leases.

Finance lease and hire purchase contracts

At 30 June 2012, the group had total minimum commitments under finance leases and hire purchase contracts as set out below:

	2012 £000	2011 £000
Within one year	23	38
After one year but no more than five years	55	27
Total minimum lease payments	78	65
Less amounts representing finance charges	(2)	(4)
Present value of minimum lease payments	76	61

The company has no commitments under finance leases or hire purchase contracts.

Finance assets held at fair value through profit or loss

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 (£712,000) to XDL Intervest (USA) Limited Partnership but the commitment has now been capped at CAN$800,000 (£388,000). As at 30 June 2011, CAN$668,038 (£324,000) had been paid, leaving an outstanding commitment of CAN$131,962 (£64,000).

28. Financial risk management objectives and policies

The group's financial instruments comprise investments, cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The vast majority of the group's financial investments are denominated in sterling.

The group does not enter into derivatives or hedging transactions.

The fair values of the group's financial instruments approximate the carrying values as at 30 June 2012 and 30 June 2011.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are investment risk, interest rate risk and liquidity risk. With the exception of the investment in mBlox, the group does not have a material exposure to foreign currency risk. The board reviews policies for managing each of these risks, and they are summarised as follows:

Investment risk

Investment risk includes investing in companies that may not perform as expected. The group's investment criteria focus on the quality of the business and the management team of the target company, market potential and the ability of the investment to attain the returns required within the time horizon set for the investment. Due diligence is undertaken on each investment. The group regularly reviews the investments in order to monitor the level of risk and mitigate exposure where appropriate.

Interest rate risk

The group borrows in currencies to match the denomination at fixed and floating rates of interest to generate the desired interest profile and to manage the group's exposure to interest fluctuations.

28. Financial risk management objectives and policies (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the group's loss before tax (through the impact on floating rate borrowings)

	Increase/decrease In basis points	Effect on profit before tax 2012 £000
2012		
Sterling	+ 100	(2)
Sterling	– 100	2
2011		
Sterling	+ 100	(3)
Sterling	– 100	3

Liquidity risk

The group's policy is to finance its operations and expansion through working capital and, in the case of investing in target companies, to raise an appropriate level of acquisition finance.

The table below summarises the maturity profile of the group's financial liabilities at 30 June 2012 and 2011 based on contractual payments.

Year ended 30 June 2012

	Total £000	On demand £000	Up to 1 year £000	1-2 years £000	2-5 years £000
Interest-bearing loans and borrowings	1,797	–	779	859	159
Trade and other payables	667	–	667	–	–

Year ended 30 June 2011

	Total £000	On demand £000	Up to 1 year £000	1-2 years £000	2-5 years £000
Interest-bearing loans and borrowings	2,263	–	809	734	720
Trade and other payables	875	–	875	–	–

The group aims to mitigate liquidity risk by managing cash generation by its operations, and applying cash collection targets throughout the group. Investment is carefully controlled, with authorisation limits operating up to board level and cash payback periods applied as part of the investment appraisal process.

Credit risk

There are no significant concentrations of credit risk within the group. The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

Short-term trade receivables and payables

Amounts dealt with in the numerical disclosures in this note exclude short-term debtors and creditors.

There is no material difference between the fair values and book values of any of the group's financial instruments.

Strategies for managing capital

The primary objective of the group's capital management is to ensure it is able to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it, in light of economic conditions. To maintain or adjust the capital structure, the group may return capital to shareholders or perhaps issue new shares. No changes were made in the objectives or policies during the years ended 30 June 2012 and 30 June 2011.

28. Financial risk management objectives and policies (continued)

Financial assets

The group has financial assets as shown below:

Currency	**Floating rate financial assets 2012 £000**	**Non-interest bearing financial assets 2012 £000**	Floating rate financial assets 2011 £000	Non-interest bearing financial assets 2011 £000
Sterling – cash and short-term deposits	**1,306**	–	1,169	–
Sterling – unquoted investments	**–**	**351**	–	351
US Dollar – unquoted investments	**–**	**5,269**	–	6,113
	1,306	**5,620**	1,169	6,464

The floating rate assets earn interest at rates based upon LIBOR. Non-interest bearing financial assets are available on demand.

Pro Forma Profit & Loss and Balance Sheets

Notes to the Pro Forma Profit & Loss and Balance Sheets

The pro forma financial information has not been audited.

The pro forma financial information has been prepared to illustrate the effect of not consolidating the results and net assets of Eclectic Bars Limited and therefore sets out the investment activity of Avanti Capital plc as distinct from the bars and clubs activity operated by Eclectic Bars Limited.

The adjustments shown within the pro forma financial information enables a reconciliation to be made to the audited figures included within this annual report and 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 & Loss, of EBITDA for Eclectic Bars Limited in respect of the 52-weeks period from 26 June 2011 to 24 June 2012.

Profit & Loss	Avanti £000	Eclectic Bars £000	Adjustment £000	Group Total £000
Turnover				
– continuing operations	105	19,629	(105)	19,629
	105	19,629	(105)	19,629
Less: cost of sales	–	(4,132)	–	(4,132)
Gross profit	105	15,497	(105)	15,497
Operating expenses	(1,318)	(12,645)	105	(13,858)
EBITDA	(1,213)	2,852	–	1,639
Depreciation & goodwill				
amortisation	(1)	(1,071)	–	(1,072)
Interest payable	–	(661)	529	(132)
Interest receivable	530	–	(529)	1
Profit on ordinary activities beforeTaxation and exceptional items	(684)	1,120	–	436
Exceptional items – other	–	(251)	–	(251)
Profit on ordinary activities before taxation	(684)	869	–	185
Taxation	–	–	(126)	(126)
Profit for the period	(684)	869	(126)	59

43 Supplementary information (unaudited)

Pro Forma Balance Sheet

Net Assets	Avanti £000	Eclectic Bars £000	Adjustments £000	Group Total £000
Non-current assets				
Goodwill	–	6,784	(2,022)	4,762
Tangible assets	1	5,849	–	5,850
Investments	12,939	–	(7,319)	5,620
Deferred tax assets	–	–	163	163
	12,940	12,633	(9,178)	16,395
Current assets				
Stock	–	264	–	264
Debtors	42	1,107	(5)	1,144
Cash at bank & in-hand	1,136	170	–	1,306
	1,178	1,541	(5)	2,714
Creditors: amounts falling due within one year	(65)	(3,139)	–	(3,204)
Net current assets/(liabilities)	1,113	(1,598)	(5)	(490)
	14,053	11,035	(9,183)	15,905
Creditors: amounts falling due after one year				
Shareholders' loan	–	(7,319)	7,319	–
Other creditors	–	(1,064)	(54)	(1,118)
	14,053	2,652	(1,918)	14,787
Non-current liabilities				
Provisions	(2,729)	–	–	(2,729)
Deferred tax liabilities	–	–	(446)	(446)
	11,324	2,652	(2,364)	11,612
Represented by:				
Share capital	4,815	–	–	4,815
Capital redemption reserve	1,409	–	–	1,409
Other reserve	2,045	–	–	2,045
Profit & loss account	3,055	2,597	(3,323)	2,329
Non-controlling interests	–	–	1,014	1,014
Shareholders' funds	11,324	2,597	(2,309)	11,612

Notice is hereby given that the 2012 Annual General Meeting of Avanti Capital plc ("the Company") will be held at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4 9HA on 14 December 2012 at 11.30 a.m to transact the following business.

Ordinary Business

1 To receive and adopt the Directors' Report, the financial statements and the auditors report for the year ended 30 June 2012.

2 That the Directors' Remuneration Report as set out on page 10 of the report and accounts (as referred to in 1 above) be and is hereby approved.

3 To re-elect Richard Kleiner as a director.

4 To confirm the re-appointment of Ernst & Young LLP as auditors of the Company and to authorise the directors to fix their remuneration.

5 To authorise the directors to fix the auditors' remuneration.

Special Business

As special business, to consider and, if thought fit, pass the following resolutions of which Resolution 6 will be proposed as an ordinary resolution and Resolutions 7 and 8 will be proposed as special resolutions:

Ordinary Resolution

6 That the Directors be and they are hereby generally and unconditionally authorised (in substitution for all previous authorities in that regard) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Companies Act 2006 ("the Act")) up to an aggregate nominal amount of £4,815,451 provided that this authority shall expire on the conclusion of the Annual General Meeting of the Company held in 2013 or 31 December 2013 (whichever is earlier) unless and to the extent that such authority is renewed or extended prior to such date so that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

Special Resolutions

7 That the Directors be and they are hereby empowered pursuant to Section 570 of the Act in substitution for all previous powers granted thereunder, to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority granted by Resolution 6 above of this resolution as if Section 561(1) of the Act did not apply to any such allotment provided that this power should be limited to:

(a) the allotment of equity securities on a pro rata basis in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them, but subject to such exclusions and other arrangements as the directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas holders, fractional entitlement or otherwise;

(b) the allotment of equity securities (in addition to the allotment of equity securities pursuant to the foregoing paragraph) with an aggregate value of up to £1,605,150 being 33.3 per cent of the nominal issued share capital of the Company on 31 October 2012.

And the power hereby conferred shall expire on the conclusion of the annual general meeting of the Company held in 2013 or 31 December 2013 (whichever is earlier) unless renewed or extended prior to such a time except that the Company may, before the expiry of any power contained in this resolution, make an offer or agreement which would, or might, require equity securities to be allotted, after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power hereby conferred has not expired.

8 That the Company be generally and unconditionally authorised for the purposes of Section 701 of the Act to make market purchases (within the meaning of Section 693 of the Act) of ordinary shares of 60p each in the capital of the Company ("Ordinary Shares") provided that;

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 1,994,667;

(b) the minimum price which may be paid for an Ordinary Share is 60p per share;

(c) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased;

(d) the authority hereby conferred expires at the conclusion of the next annual general meeting of the Company to be held in 2013 or, if earlier, twelve months after the date of the passing of this resolution unless such authority is renewed, varied or revoked prior to such a time; and

the Company can make a contract or contracts to purchase Ordinary Shares under this authority before the expiry of the authority; and may make a purchase of Ordinary Shares in pursuance of any such contract or contract.

BY ORDER OF THE BOARD

Richard Kleiner
Secretary

6 November 2012

Registered Office:
25 Harley Street,
London
W1G 9BR

Notes:

(1) A member entitled to attend and vote at the above-mentioned Annual General Meeting may appoint one or more proxies to attend, speak and, on a poll, to vote instead of him. A proxy need not be a member of the Company.

(2) A prepaid form of proxy is enclosed. To be valid, the form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such an authority) must be deposited at the offices of the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU no later than 11.30 a.m. on 12 December 2012. Completion of the form of proxy will not preclude a member from attending and voting in person.

(3) The Company, pursuant to regulation 41 of The Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 12 December 2012 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

(4) There will be available for inspection at the registered office of the Company, during usual business hours on any weekday from the date of this notice until the date of the meeting and at the place of the meeting for 15 minutes prior to and during the meeting, copies of any directors' service agreements with the Company.

Avanti Capital plc
25 Harley Street
London W1G 9BR

www.avanticap.com

Company Registration number 03319365