Interim Results

for the six months ended 31 December 2010

avanticapital

Group Review

Interim Results for the six months ended 31 December 2010

Avanti Capital Plc, the AIM quoted investment management company, announces interim results for the six months ended 31 December 2010.

HIGHLIGHTS

- As at 31 December 2010, the Group had net assets (excluding the accounting effects of the consolidation of Eclectic Bars Limited) of £11.8 million or 147 pence per ordinary share.
- As at 31 December 2010, the Group had net assets on a consolidated basis of £11.1 million or 138 pence per ordinary share.
- Key investee company, mBlox grows revenues by over 7% and has profitable year at the EBITDA level being 16x the level achieved in 2009.
- Eclectic Bars, in which the Group has a 60% holding, grows revenues by 6% with site EBITDA at £1.8 million.

16 March 2011

ENQUIRIES:

Avanti Capital Plc **Tel: 020 7299 1459**
Julian Fellerman
Richard Kleiner

Company statement

Interim Results for the six months ended 31 December 2010

Results of the Group

As at 31 December 2010, the Group had net assets (excluding the accounting effects of the consolidation of Eclectic Bars Limited) of £11.8 million (2009: £12.0 million) or 147 pence per share (2009: 150 pence per share). It is the view of the board that this basis gives shareholders the most relevant measure of the underlying value of the net assets within the guidelines for the valuation and disclosure of venture capital portfolios.

As at 31 December 2010, the Group had net assets on a consolidated basis of £11.1 million (2009: £10.4 million) or 138 pence per share (2009: 129 pence per share).

In the period to 31 December 2010, the loss before exceptional items, excluding the consolidation of Eclectic Bars Limited, was £288,000 (2009: £683,000). The profit on a consolidated basis was £222,000 (2009: £19,000).

All of the above figures have been arrived at after including the provision for the carried interest of £2.77 million or 34.5 pence per share. The payment of such carried interest is dependent upon the realisation of the individual assets being at values which are, at least, equal to the values stated in these interim results.

Net asset values (excluding the accounting effect of the consolidation of Eclectic Bars Limited), per Avanti share by category were:

Investments	Carrying Value Pence per share	Carrying Value £m
Eclectic Bars	93	£7.5
Espresso	4	£0.4
mBlox	78	£6.3
Net current assets including cash	7	£0.4
Total	**182**	**£14.6**

Note:

The total in the above table does not take account of any dilutory effect of the Long Term Incentive Share Scheme options or the carried interest under the investment advisory agreement. Details of the Long Term Incentive Share Scheme options and the carried interest were set out in previous annual reports of the company.

Purchase of own shares

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

Eclectic Bars

The first six months of trading to the end of December 2010 has continued the trend of last year.

Despite the strong performance for the same period last year the management team continues to drive performance with sales for the period ahead of last year both in total and like for like.

In summary for the six month period ended December 2010, sales were £7.2 million (2009: £6.8 million), site EBITDA £1.8 million (2009: £1.9 million) and company EBITDA £1.0 million (2009: £1.1 million). Sales together with EBITDA have seen some reductions over the prior period as a result of the ongoing programme of site closures during the period for refits. Profit before tax for the six month period ended 31 December 2010 was £0.2 million (2009 - £0.3 million).

Trading over the last six months and over New Year was once again strong and management are optimistic about the outcome for the second six months continuing the trend seen in the first half.

During the period there have been the following refits and one new opening;

- Brighton reopened in July 2010 as a Polynesian bar called LoLa Lo. This new format has helped to significantly increase sales up 101% for the 6 months against the prior year.
- Norwich was closed in September and reopened towards the end November as the second Lola Lo. Sales for the first two full months of trading have seen revenues up 62% against the same period last year.
- Oxford was closed in September to resolve flooding in the basement bar and is expected to reopen in March as the third LoLa Lo.
- In November a third Sakura was opened on Deansgate Locks in Manchester. Trading has been in line with expectations and the venue received an award for “Best Bar Design” in the “City Life Bar Awards 2010”.

The team continues to search for suitable sites to further roll out the Sakura and Lola Lo brands. In December, Soul Tree in Cambridge was acquired. This unit will reopen in the summer under the LoLa Lo format.

The strong performance of the new opening and refit programmes demonstrates the management team’s ability to continue to develop and grow the Eclectic group.

The Group’s investment, which is predominantly in the form of a secured loan, has a book value of £7.5 million (2009: £7.6 million). The only other debt outstanding in Eclectic is a senior debt facility from Barclays Bank plc – debt (net of cash) stood at £1.3 million as at the end of December 2010 (2009: £0.8 million). Barclays Bank has continued to support our refit and acquisition programme with new lending.

At 31 December 2010, the carrying value of the Group’s investment in Eclectic was £7.5 million equating to 93p per share.

Espresso

As anticipated at the time of our previous update, the allocation of funds and budgets remains uncertain for schools in the UK and the acquisition of new customers in the UK remains difficult. However, Espresso continues to benefit from high customer loyalty and retention rates as many customers having used the service and embedded Espresso materials into their lesson plans for many years. As such, the company believes that profitability of the core domestic business can be protected in any prolonged depression of new customer acquisition through associated expense savings, combined with some modest growth in its Secondary school services, a continuation of high retention levels in Primary supported by some opportunities for selective price increases.

In response to the realities of the UK market and the need to continue to drive shareholder value, the company has accelerated its international expansion plans and has now established operations in the USA and a representation agreement in Canada in addition to its established partnership in Sweden. The company is also exploring other international rights licensing opportunities and representation agreements in other countries. These international expansion efforts are going well and the company is pleased to report good progress in the development of pipeline of business opportunities that have arisen as a result of the investment into this international expansion.

As at 31 December 2010, the carrying value of the Group’s investment in Espresso was £0.4 million equating to 4p per share.

Interim Results for the six months ended 31 December 2010

mBlox

The six months from July to December 2010 was a significant period for mBlox. The company raised $15.7 million in new investment in a series F round with a further $9.3 million of capacity left in the round for new investors. The company is in advanced discussions with new investors regarding the take up of this balance. The initial $15.7 million, which included the conversion of the bridge facility taken in 2009, came from existing investors.

The new money was put to effective use immediately with the company purchasing Mash Mobile, a business based in Lund in Sweden, for an undisclosed sum. Mash has developed a set of software components, protected by granted patents, which allow data held on a consumer's Smartphones to be pushed back into the mBlox cloud (subject to consumer opt in) so that high value services derived from that consumer's location and purchasing preferences can be offered to that phone user.

This exciting extension to the mBlox product range comes at a time when top line revenue in the core business grew to $123.5 million (2009: $115 million) and EBITDA grew even faster to $6.5 million (2009: $0.4 million) (figures unaudited).

The company enters 2011 with a target for further growth in its core operations, expansion through acquisition and new revenues and margin from the release of the new services developed from the Mash Mobile acquisition.

As at 31 December 2010, the carrying value of the Group's investment in mBlox was £6.3 million equating to 78p per share.

Medcenter

Due to the weak and delayed take up of the 2010 Convertible Notes Offering, Medcenter had a cash crisis in mid 2010. This funding gap had a detrimental impact on the second half of 2010 and the commercial prospects for the business. As a result, unaudited revenue for 2010 was only $5 million, being about 20% below the budget of $6.1 million. In addition, the company was forced to raise an additional $1.5 under a Senior Convertible Notes Offering to fund the operating shortfall.

The WebMD/Medcenter Physician portal which combines Medscape's content with Medcenter's relationships with physicians and medical societies in Latin America in order to provide news feeds, disease resource centres, the latest medical conference coverage and CME on a specialty-specific basis saw revenue grow by approximately 36% in 2010 and a similar level of growth is expected in 2011.

Medcenter's management team believe that the outlook for 2011 is quite positive. Revenue is expected to grow by 20% and, most importantly, the business which is now cash flow positive (from an operating perspective) is expected to generate a modest profit in 2011. This achievement is due, in no small part, to the continued discipline by management in containing costs and headcount.

Notwithstanding the positive outlook for 2011, there still appears to be a degree of inherent uncertainty regarding the ability of Medcenter to reach a sustained level of profitability and taking account of the potential dilution as a result of the convertible loan notes, the board have taken the view to keep the full provision against the carrying value.

Legacy portfolio

In relation to the remainder of the legacy investments in the Group's portfolio, the Board continues to seek ways of maximising value to the Group. As at 31 December 2010, the aggregate carrying value of these investments was £6,500.

J M Fellerman

R H Kleiner

16 March 2011

Consolidated income statement
for the six months ended 31 December 2010

	Notes	Unaudited 6 months ended 31 Dec 2010 £000	Unaudited 6 months ended 31 Dec 2009 £000	Audited 12 months ended 30 Jun 2010 £000
Revenue	3	**7,187**	6,813	13,522
Cost of sales		**(1,403)**	(1,211)	(2,384)
Gross profit		**5,784**	5,602	11,138
Administrative expenses – others		**(5,345)**	(5,594)	(10,495)
Administrative expenses – foreign exchange		**(149)**	164	–
Administrative expenses – exceptional	5	**(20)**	(108)	(155)
Operating profit		**270**	64	488
Finance revenue		**1**	1	4
Finance cost		**(49)**	(42)	(80)
Fair valuation of financial assets held at fair value through profit or loss		**–**	(4)	88
Profit on ordinary activities before taxation		**222**	19	510
Taxation		**–**	–	–
Minority interest		**–**	–	–
Profit for the period		**222**	19	510
Profit per share – basic and diluted	4	**2.77p**	0.23p	6.36p

5 Consolidated statement of financial position
at 31 December 2010

	Unaudited 6 months ended 31 Dec 2010 £000	Unaudited 6 months ended 31 Dec 2009 £000	Audited 12 months ended 30 Jun 2010 £000
Assets			
Non current assets			
Goodwill	**4,454**	4,454	4,454
Property, plant and equipment	**4,261**	2,569	2,763
Financial assets held at fair value through profit or loss	**6,646**	6,127	6,460
	15,361	13,150	13,677
Current Assets			
Inventories	**275**	204	149
Trade and other receivables	**1,114**	1,145	978
Cash and cash equivalents	**799**	1,112	1,527
	2,188	2,461	2,654
Total Assets	**17,549**	15,611	16,331
Equity and Liabilities			
Equity			
Issued share capital	**4,815**	4,815	4,815
Capital redemption reserve	**1,409**	1,409	1,409
Merger reserve	**2,045**	2,045	2,045
Retained earnings	**2,808**	2,095	2,586
Total equity	**11,077**	10,364	10,855
Liabilities			
Current Liabilities			
Financial liabilities	**619**	455	435
Trade and other payables	**1,959**	1,607	1,827
	2,578	2,062	2,262
Non-current liabilities			
Financial liabilities	**1,124**	831	628
Provisions	**2,770**	2,354	2,586
	3,894	3,185	3,214
Total Liabilities	**6,472**	5,247	5,476
Total Equity and Liabilities	**17,549**	15,611	16,331

Approved by the board on 16 March 2011

Richard Kleiner
Julian Fellerman

Consolidated statement of cash flows
for the period ended 31 December 2010

	Unaudited 6 months ended 31 Dec 2010 £000	Unaudited 6 months ended 31 Dec 2009 £000	Audited 12 months ended 30 Jun 2010 £000
Operating activities			
Profit before taxation	**222**	19	510
Depreciation and impairment of property, plant and equipment	**173**	173	347
Loss/(profit) on financial assets at fair value through profit or loss	**–**	4	(88)
Currency movements on financial assets held at fair value through profit or loss	**149**	(164)	(405)
(Gain)/loss on disposal of property, plant and equipment	**6**	1	(5)
Net interest expense	**48**	41	76
(Increase) in inventories	**(126)**	(58)	(3)
(Increase)/decrease in trade and other receivables	**(136)**	(25)	142
(Decrease)/increase in trade and other payables	**131**	(65)	155
Increase in provisions	**185**	715	947
Net cash from operating activities	**652**	641	1,676
Investing activities			
Interest received	**1**	1	4
Purchase of property, plant and equipment	**(1,753)**	(110)	(471)
Purchase of investments	**(334)**	(61)	(61)
Proceeds from sale of property, plant and equipment	**76**	36	35
Net cash flows used in investing activities	**(2,010)**	(134)	(493)
Financial activities			
Interest paid	**(38)**	(42)	(80)
Proceeds from borrowings	**892**	32	30
Repayment of borrowings	**(202)**	(167)	(330)
Capital element of finance lease rental payments	**(22)**	(56)	(114)
Net cash flows used in financing activities	**630**	(233)	(494)
Net increase/(decrease) in cash and cash equivalents	**(728)**	274	689
Cash and cash equivalents at start of period	**1,527**	838	838
Cash and cash equivalents at end of period	**799**	1,112	1,527

7 Consolidated statement of changes in equity (unaudited)

for the six months ended 31 December 2010

	Share Capital £000	Merger Reserve £000	Capital Redemption Reserve £000	Minority Interest £000	Retained Earnings £000	Totals £000
At 1 July 2010	4,815	2,045	1,409	–	2,586	10,855
Profit for the period	–	–	–	–	222	222
At 31 December 2010	4,815	2,045	1,409	–	2,808	11,077

Notes to the accounts

1. Basis of preparation of interim financial information

The financial information for the 6 months ended 31 December 2009 and 31 December 2010 does not constitute statutory accounts for the purposes of S240 of the Companies Act 2006 and has not been audited.

The interim financial statements have been prepared in accordance with those IFRS standards, as adopted by the EU, and IFRIC Interpretations issued and effective as at the time of issuing these interim accounts.

2. Accounting policies

The accounting policies used in the preparation of the financial information for the 6 months ended 31 December 2010 are the accounting principles as applied to the Group's accounts for the year ended 30 June 2010.

3. Segmental information

	Unaudited 6 months ended 31 Dec 2010 £000	Unaudited 6 months ended 31 Dec 2009 £000	Audited 12 months ended 30 Jun 2010 £000
Revenue by products and services			
Bars and nightclubs	**7,187**	6,813	13,522

4. Earnings per share

	Unaudited 6 months ended 31 Dec 2010	Unaudited 6 months ended 31 Dec 2009	Audited 12 months ended 30 Jun 2010
Profit for the period (£000)	**222**	19	510
Basic weighted and diluted number of shares (number)	**8,025,752**	8,025,752	8,025,752
Earnings per share (pence) – Basic and diluted (pence)	**2.77p**	0.23p	6.36p

5. Exceptional items

	Unaudited 6 months ended 31 Dec 2010 £000	Unaudited 6 months ended 31 Dec 2009 £000	Audited 12 months ended 30 Jun 2010 £000
Deal and merger costs:			
– Redundancy costs	**14**	6	8
– Cost of abortive deals	**–**	16	25
– Others	**6**	75	–
Restructuring charges	**–**	11	122
	20	108	155

6. Pro-forma information

The Accounting Standards require the Group to consolidate Eclectic Bars Limited. Shareholders may find it useful to see the separate trading results and net assets of Avanti Capital plc and Eclectic Bars Limited as shown in this pro-forma.

The adjustments shown within the pro-forma financial information enables a reconciliation to be made to the consolidated interim results which comprise the usual consolidation items including fees and interest charged by the Group to Eclectic Bars Limited and the inclusion within the pro-forma Profit and Loss, of EBITDA for Eclectic Bars Limited for the 26 weeks period ended 26 December 2010.

Income statement	Avanti Capital plc £000	Eclectic Bars Limited £000	Adjustments £000	Group Total £000
Revenue	53	7,187	(53)	7,187
Cost of sales	–	(1,403)	–	(1,403)
Gross profit	53	5,784	(53)	5,784
Operating expenses	(415)	(4,810)	53	(5,172)
EBITDA	(362)	974	–	612
Foreign exchange loss on financial assets	(149)	–	–	(149)
Depreciation	(2)	(171)	–	(173)
Finance cost	–	(273)	224	(49)
Finance revenue	225	–	(224)	1
Profit on ordinary activities before taxation and exceptional items	(288)	530	–	242
Exceptional items – other	–	(20)	–	(20)
Profit on ordinary activities before taxation	(288)	510	–	222
Taxation	–	–	–	–
Profit on ordinary activities after taxation	(288)	510	–	222
Minority interest	–	–	–	–
Profit for the period after minority interest	(288)	510	–	222

Statement of financial position				
Assets				
Non-current assets				
Goodwill	–	6,476	(2,022)	4,454
Property, plant and equipment	4	4,257	–	4,261
Financial assets held at fair values through income statement	14,104	–	(7,458)	6,646
	14,108	10,733	(9,480)	15,361
Current assets				
Inventories	–	275	–	275
Trade and other receivables	43	1,071	–	1,114
Cash and cash equivalents	457	342	–	799
	500	1,688	–	2,188
Current liabilities				
Bank loans and overdrafts	–	549	–	549
Finance leases	–	70	–	70
Trade and other payables	21	1,938	–	1,959
	21	2,557	–	2,578
Net current assets/(liabilities)	479	(869)	–	(390)
Total assets less current liabilities	14,587	9,864	(9,480)	14,971

Creditors: amounts falling due after one year				
Shareholders' loan	–	(7,458)	7,458	–
Finance leases	–	(39)	–	(39)
Bank loans	–	(1,085)	–	(1,085)
Provisions	(2,770)	–	–	(2,770)
Net assets	11,817	1,282	(2,022)	11,077
Represented by:				
Called up share capital	4,815	–	–	4,815
Capital redemption reserve	1,409	–	–	1,409
Merger reserve	2,045	–	–	2,045
Retained earnings	3,548	1,282	(2,022)	2,808
Shareholders' funds	11,817	1,282	(2,022)	11,077

Copies of this Announcement will be available, free of charge, from the Company's office at 25 Harley Street, London, W1G 9BR for a period of 1 month from the date of this Announcement. A copy of this Announcement will also be available on the Company's website at www.avanticap.com.

Independent review report to Avanti Capital plc

Introduction

We have been engaged by Avanti Capital plc to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 which comprises the consolidated income statement, the consolidated statement of changes in equity, the consolidated statement of financial position, the Company's cash flow statement and the related notes 1 to 5. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

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

The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the basis of preparation outlined in Note 1 and with the AIM Rules issued by the London Stock Exchange.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2010 is not prepared, in all material respects, in accordance with the basis of preparation outlined in Note 1 and in accordance with the AIM Rules issued by the London Stock Exchange.

Ernst & Young LLP
London

16 March 2011

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