Interim Results
for the six months ended 31 December 2015

avanticapital

Group review

Interim Results for the six months ended 31 December 2015

Avanti Capital Plc, ("Avanti" or "the group") the AIM-quoted investment management company, announces its interim results for the six months ended 31 December 2015.

HIGHLIGHTS

- As at 31 December 2015, the group had net assets of £3.3 million or 41 pence per ordinary share.

29 March 2016

ENQUIRIES:

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

Panmure Gordon (UK) Limited **Tel: 020 7886 2500**
Andrew Potts

Results of the Group

As at 31 December 2015, the group had net assets of £3.3 million (2014: £4.6 million) or 41 pence per share (2014: 57 pence per share).

In the period to 31 December 2015, the loss after tax was £981,000 (2014: profit after tax £60,000).

The above figures have been arrived at after including a fair value adjustment in the carrying value of the investment of £1.33 million and a consequential reduction in the provision for the carried interest of £530,000 or 6.60 pence per share. Also included is the provision for management fees of £79,000 or 0.98 pence per share. The payment of such carried interest and management fees are dependent upon the realisation of the individual assets and, in the case of the carried interest, being at values which are, at least, equal to the values stated in these interim results.

The accounting policies have been applied consistently from earlier accounting periods and reference should be made to page 8.

Net asset values per Avanti share by category were:

Investments	Carrying Value Pence per share	Carrying Value £m
Mblox	39	£3.1
Other assets including cash	20	£1.6
Total	**59**	**£4.7**

Purchase of own shares

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

Mblox

Mblox closed its 2015 fiscal year with favourable performance in a market significantly impacted by international currency fluctuations. The company, which is privately held, posted 12% year on year growth in revenues by constant currency and a 14% year on year growth in gross profit calculated in constant currency due to high growth in key markets. Most notably, the company saw its revenues in the United States grow by 26% during the year.

EBITDA grew during the year despite currency headwinds and the operation of dual platforms during a period of transition to newer technology. In constant currency, EBITDA grew at nearly 300%. Due to the proportion of revenues billed to its customers in euros and the conversion of all currencies into the US dollars, Mblox recorded actual revenue growth of -1% versus 12% growth in constant currency. Information provided is non-GAAP management reporting from Mblox's unaudited 2015 financial statements. The company does not publish full details of its financials due to it being a US private company.

Revenue and EBITDA figures above are reported exclusive of Zoove Imc., which was divested towards the end of the period. Mblox received an unsolicited offer from a reseller for the asset that it had acquired in Summer 2014. The transaction was completed before the end of December 2015. The asset contributed less than 3% of Mblox's total revenues.

In addition to the strong growth in the Americas, Mblox completed the development of an entirely new software and hardware base for its platform. An investment of greater than $25 million in this new architecture will reduce the company's delivery cost per message by 50% in the second quarter of 2016 compared to the cost one year ago. Customers outside the US market were converted to the new platform and infrastructure in the third and fourth quarters of 2015.

Migration of the US base is substantially complete as of the time of the writing and will be finalised by the date of publication of this report. Clients are reporting high performance against key metrics demanded in the market today. Throughput and latency are improved according to customer reports, "by orders of magnitude." The infrastructure installed also meets new, more stringent requirements for clients facing regulatory demand to keep data resident in geographies where they operate.

The Mblox management expects growth in both revenue and EBITDA in 2016 due to deployment of a new ecommerce capability for small and medium businesses, and continued growth in in its strategic account development efforts. In particular, higher growth is expected from a small number of value added resellers with global business development efforts.

Notwithstanding the notable efforts of Mblox's senior management team and the recent improvement in the company's performance, it has to be acknowledged that the global economic climate has materially changed since the announcement of Avanti's 2015 results in early November 2015. The directors of Avanti Capital note various macroeconomic events and increased volatility in capital markets which has had an impact on valuations generally.

The last time Avanti recognised a fair value adjustment against its investment in Mblox was in 2013. Since that time, and due to the absence of any validation events, Avanti Capital's investment in Mblox has been carried at cost (subject to adjustment for currency fluctuations).

Having regard to the current level of inherent uncertainty and volatility, and the continued absence of validation events, the board has decided to adopt a prudent approach and apply a fair value adjustment to the carrying value of approximately ⅓. Accordingly, the carrying value of the total investment in Mblox as at 31 December 2015 (after adjusting for currency fluctuations) is £3.1m or 39p per share.

Investing policy

The group's investing policy remains unchanged as the group continues to pursue its objectives through two complementary activities.

- Its investment operation, which acquires interests in technology and trading businesses; and
- Its consultancy operation, which offers a business development service, to develop the investee business until an exit opportunity arises.

As previously announced, it is Avanti's current intention not to invest in any new investments but to support the existing investment portfolio.

R H Kleiner

W A H Crewdson

29 March 2016

Condensed consolidated income statement
for the six months ended 31 December 2015

	Notes	**Unaudited 6 months ended 31 Dec 2015 £000**	Unaudited 6 months ended 31 Dec 2014 £000*	Audited 12 months ended 30 Jun 2015 £000
Administrative expenses – others	4	**316**	(364)	(569)
Foreign exchange gain/(loss)		**16**	19	(10)
Fair valuation movements of financial assets designated at fair value through profit or loss		**(1,327)**	393	341
Operating (loss)/profit		**(995)**	48	(238)
Finance revenue		**14**	12	26
(Loss)/Profit on ordinary activities before taxation		**(981)**	60	(212)
Income tax expense		**–**	–	–
(Loss)/Profit on ordinary activities after taxation from continuing operations		**(981)**	60	(212)
(Loss)/Profit on ordinary activities after taxation		**(981)**	60	(212)
(Loss)/Profit) and total comprehensive income for the period		**(981)**	60	(212)
Attributable to				
Shareholders of the parent		**(981)**	60	(212)
Non-controlling interest		**–**	–	–
(Loss)/Profit for the period		**(981)**	60	(212)
(Loss)/Profit per share attributable to shareholders of the parent – basic and diluted	3	**(12.22)p**	0.74p	(2.64)p
Basic and diluted	3	**(12.22)p**	0.74p	(2.64)p

*Operating profit shown here does not correspond to the condensed consolidated financial statements for the 6-months ended 31 December 2014 and reflects an adjustment made to reclassify the fair valuation movements of financial assets (now included in determining the operating profit or loss) which is consistent with the recent 2015 annual consolidated financial statements issued and with the current interim financial statement.

Condensed consolidated balance sheet
at 31 December 2015

	Notes	Unaudited 6 months ended 31 Dec 2015 £000	Unaudited 6 months ended 31 Dec 2014 £000	Audited 12 months ended 30 Jun 2015 £000
ASSETS				
Non-current assets				
Property, plant & equipment		–	1	–
Financial assets held at fair value through profit or loss		**3,113**	4,472	4,438
Non-current financial assets	5	**248**	236	234
		3,361	4,709	4,672
Current Assets				
Trade and other receivables		**13**	23	26
Cash and cash equivalents		**1,310**	1,652	1,438
		1,323	1,675	1,464
TOTAL ASSETS		**4,684**	6,384	6,136
EQUITY AND LIABILITIES				
EQUITY				
Issued share capital		**80**	80	80
Retained earnings		**3,233**	4,486	4,214
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE PARENT		**3,313**	4,566	4,294
LIABILITIES				
Current liabilities				
Trade and other payables		**47**	30	67
Non-current liabilities				
Provisions	6	**1,324**	1,788	1,775
TOTAL LIABILITIES		**1,371**	1,818	1,842
TOTAL EQUITY AND LIABILITIES		**4,684**	6,384	6,136

Approved by the board on 29 March 2016

R H Kleiner

W A H Crewdson

Condensed consolidated statement of cash flows
for the period ended 31 December 2015

	Unaudited 6 months ended 31 Dec 2015 £000	Unaudited 6 months ended 31 Dec 2014 £000	Audited 12 months ended 30 Jun 2015 £000
Operating activities			
(Loss)/Profit after tax from continuing operations	**(981)**	60	(212)
Depreciation and impairment of property, plant and equipment	**–**	–	1
Loss/(Gain) in the fair value of financial assets designated fair value through profit or loss	**1,327**	(393)	(341)
Net foreign currency difference	**(16)**	(16)	(10)
Net interest income	**(14)**	(12)	(26)
Decrease in trade and other receivables	**13**	65	58
Increase/(Decrease) in trade and other payables	**(20)**	(45)	(8)
(Decrease)/Increase in provisions	**(451)**	157	144
Net cash flow (used in) operating activities	**(142)**	(184)	(394)
Investing activities			
Interest received	**16**	8	22
Purchase of loan receivable	**–**	(220)	(220)
Purchase of financial assets at fair value through profit or loss	**(2)**	–	(18)
Net cash flows generated from (used in) investing activities	**14**	(212)	(216)
Financing activities	**–**	–	–
Net (decrease) in cash and cash equivalents	**(128)**	(396)	(610)
Cash and cash equivalents at start of period	**1,438**	2,048	2,048
Cash and cash equivalents at end of period	**1,310**	1,652	1,438

Condensed consolidated statement of changes in equity (unaudited)
for the six months ended 31 December 2015

	Issued Share Capital £000	Other Reserve £000	Capital Redemption Reserve £000	Retained Earnings £000	**Total attributable to owners of the parent £000**
At 1 July 2014	80	–	–	4,426	**4,506**
Profit for the period	–	–	–	60	**60**
At 31 December 2014	80	–	–	4,486	**4,566**
Loss for period	–	–	–	(272)	**(272)**
At 30 June 2015	80	–	–	4,214	**4,294**
Loss for the period	–	–	–	(981)	**(981)**
At 31 December 2015	80	–	–	3,233	**3,313**

Notes to the interim condensed consolidated financial statements
for the six months ended 31 December 2015

1 Basis of preparation of interim financial information

Avanti Capital plc (the 'company') is a public limited company incorporated and domiciled in England and Wales. The company's ordinary shares are traded on the AIM market of the London Stock Exchange. The interim condensed consolidated financial statements comprise the interim financial statements of Avanti Capital Plc and its subsidiaries (collectively, the 'group') for the six months ended 31 December 2015.

The financial information for the year ended 30 June 2015 does not constitute the company's statutory accounts for that year, but is derived from those accounts. Statutory accounts for 30 June 2015 have been delivered to the Registrar of Companies. The auditors reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006.

The interim condensed consolidated financial statements for the 6 months ended 31 December 2015 have been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2015 which were prepared in accordance with IFRS as adopted by the European Union.

Going concern

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

Segmentation

The group has only one segment being in respect of investment activities. The information relating to the geographical segmentation is set out in note 7. Such information will also be reflected in the group's annual financial statements.

2. Accounting policies

The accounting policies used in the preparation of the financial information for the 6 months ended 31 December 2015 are the accounting policies as applied to the group's financial statements for the year ended 30 June 2015, except as noted below:

Change in accounting policies

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

	Effective dates*
IFRS 10 Consolidate Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosures of Interest in Other Entities	1 January 2013
IAS 27 Separate Financial Statements	1 January 2013
IAS 28 Investments in Associates and Joint Ventures	1 January 2013
IAS 32 Financial Statements: Presentation – offsetting Financial Assets and liabilities (Amendments)	1 January 2014
IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (Amendments)	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation Of Hedge Accounting (Amendments)	1 January 2014
IFRIC 21 Levies	1 January 2014
IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contribution (Amendments)	1 July 2014
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to IFRSs 2011-2013 Cycle	1 July 2014
IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contribution (Amendments)	1 February 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 February 2015
Annual Improvements to IFRSs 2011-2013 Cycle	1 January 2015

* Mandatory effective dates as adopted by the EU.

Financial assets designated at fair value through profit or loss

The group has applied the same accounting policies regarding financial assets in designated at fair value through profit or loss as included in the audited financial statements for the year ended 30 June 2015. Refer to the accounting policy in the 2015 annual report on page 20. Refer to the Company Statement for further information on fair value adjustment recorded during the period in the amount of £1.33 million.

3. (Loss)/Earnings per share

	Unaudited 6 months ended 31 Dec 2015	Unaudited 6 months ended 31 Dec 2014	Audited 12 months ended 30 Jun 2015
(Loss)/Profit for the period (£000)	**(981)**	60	(212)
Basic weighted and diluted number of shares (number)	**8,025,752**	8,025,752	8,025,752
(Loss)/Earnings per share (pence) – Basic and diluted (pence)	**(12.22)p**	0.74p	(2.64)p

4. Administrative expenses – others

	Unaudited 6 months ended 31 Dec 2015 £000	Unaudited 6 months ended 31 Dec 2014 £000	Audited 12 months ended 30 Jun 2015 £000
Directors' remuneration	**23**	23	45
Professional fees	**86**	74	183
Provision for carried interest	**(530)**	157	144
Management fees	**79**	79	145
Other	**26**	31	52
	(316)	364	569

5. Non-current financial assets

The non-current financial asset comprises the secured loan that was made to Mblox in July 2014 amounting to USD367,000 (equivalent amount – £220,000). The terms of the loan are that it has a maturity date of July 2018 and attracts interest of 11% per annum. In addition, a success fee is receivable upon a future event, being a sale or IPO, the amount of which is dependent on both the date and amount of value by reference to such an event.

6. Provisions

	Unaudited 6 months ended 31 Dec 2015 £000	Unaudited 6 months ended 31 Dec 2014 £000	Audited 12 months ended 30 Jun 2015 £000
Carried interest	**1,245**	1,788	1,775
Management fees payable	**79**	–	–
	1,324	1,788	1,775

Both the carried interest and the management fees payable are due to the investment adviser, Odyssey Partners Limited, a company in which Richard Kleiner has a material interest. As indicated in the annual report for the financial year ended 30 June 2015, the carried interest provision assumes that the group's remaining investments are realised at their respective book values. The management fees only become payable if there is a realisation of the group's remaining investment on a £ for £ basis.

7. Geographical segmentations

	UK £000	USA £000	**TOTAL £000**
Segment assets	1,323	248	**1,571**
Financial assets held at fair value through profit or loss	–	3,113	**3,113**
	1,323	3,361	**4,684**

Copies of this Announcement will be available, free of charge, from the company's office at 73 Cornhill, London, EC3V 3QQ for a period of 1 month from the date of this Announcement. A copy of this Announcement will also be available on the company's website at www.avanticap.com.

Independent review report to Avanti Capital plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2015, which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the related notes 1 to 7. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with the AIM Rules issued by the London Stock Exchange.

Our responsibility

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

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements 2410 (UK and Ireland), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board 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 2015 is not prepared, in all material respects, in accordance with the accounting policies outlined in Note 1 and Note 2, which comply with IFRS's as adopted by the European Union and in accordance with the AIM Rules issued by the London Stock Exchange.

Ernst & Young LLP
London

29 March 2016

Avanti Capital plc
73 Cornhill
London EC3V 3QQ

www.avanticap.com