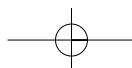
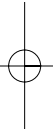
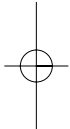


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2 Directors and advisers

Directors

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

Secretary

J M Fellerman

Company registration number: 3319365

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
15 Bishopsgate
London EC2P 2AP

Nominated adviser and broker

Collins Stewart Limited
9th Floor,
88 Wood Street
London EC2V 7QR

Solicitors

Berwin Leighton Paisner
Adelaide House
London Bridge
London EC4R 9HA

Investment adviser

Odyssey Partners Limited
25 Harley Street
London W1G 9BR

Registered Office

25 Harley Street
London W1G 9BR

www.avanticap.com

3 Company statement

Results of the group

As at 30 June 2007 the group had net assets (excluding the accounting effects of the consolidation of Eclectic Bars Limited (formerly Barclub Limited)) of £16.6m (2006: £16.1m) or 207p per ordinary share (2006: 189p per share).

As at 30 June 2007, the group had net assets on a consolidated basis of £13.4m (2006: £14.8m) or 167p per share (2006: 173p per share).

In the period to 30 June 2007, the loss before exceptional items, excluding the consolidation of Eclectic Bars Limited was £2.4m (2006: profit £582,000). The loss on a consolidated basis was £4.3m (2006: loss of £2.7m).

All of the above figures have been arrived at after making a provision for the carried interest of £1.819m (or 23p per share). The payment of such a 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 2007.

In order to reflect the underlying commercial value of the group's net assets we have provided on pages 30 and 31, by way of additional information to our shareholders, supplementary information comprising un-audited pro-forma accounts, which reflect the separate activities of the group.



4 Company statement continued

Portfolio investments

Eclectic Bars (formerly Barclub)

Since the restructuring of the business in June 2006 good progress has been made. The site EBITDA for the business for the 12 month period under review was £2.4 million. This was 4% ahead of the internal forecast made by management. Sales for that period were 3% ahead on a like-for-like basis.

The management team continues to examine a number of expansion opportunities both organically and by merger and acquisition.

In September, Eclectic opened its first new venue. This is located in the centre of Lincoln and trades as a top-end nightclub venue under the Sakura brand. The team is continually seeking suitable sites to open new venues.

As at 30 June 2007, the carrying value of the company's investment in Eclectic is £7.6 million or 95p per share.

Espresso

During 2007, Espresso made an important acquisition and the business has continued in its sales expansion.

In April, Channel 4 Learning (Channel 4's award-winning education rights exploitation business) joined Espresso Education, Netmedia Education and Education Media Delivery as part of Espresso. The acquired business was merged with Espresso Education to provide video-rich curriculum services to primary and secondary schools throughout the UK and abroad. Both businesses are award-winning market leaders in video-based, interactive teaching and learning resources.

As part of the deal, Espresso acquired the assets of Channel 4 Learning, as well as a licence agreement for the exclusive commercial exploitation of Channel 4's existing and future schools' television programmes, where Channel 4 has the rights. The undisclosed purchase price was paid in shares of Espresso.

By July, Espresso had sold its broadband educational offering to around 9,500 of the

18,000 primary schools in England and through the acquisition is looking to expand by developing its reach to cover the secondary schools market in addition to pursuing expansion of its non-UK business opportunities. The business continues to perform in line with expectations and management remains confident about the potential for a successful exit.

Due to the manner of the transaction with Channel 4 Learning and the fact that the price was undisclosed, Espresso does not feel it appropriate to recognise the underlying value of its share in the combined business and therefore no uplift has been included in these accounts.

As at 30 June 2007, the carrying value of the company's investment in Espresso was £315,000 or 5p per share.

mBlox

During the period to 30 June 2007 mBlox continued to grow successfully. At the beginning of February 2007 mBlox announced a record number of off-portal transactions for 2006, with over 1.4 billion application-to-person transactions processed worldwide.

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

The first half of 2007 has seen revenues up over a further 40% on a like for like basis.

As an example of mBlox continued success, in August, mBlox announced that it is working together with an application service provider Dynetic to deliver an exciting new SMS re-bidding service to eBay in the UK, France and Belgium. This service, identical to that launched across Spain by the two companies in September 2006, will enable users to monitor and participate in the online bidding process,

even when they are no longer in front of their PC. It is powered by mBlox inbound and outbound premium SMS services.

As the world's largest online marketplace, with a global customer base of 266 million users, SMS re-bidding is a natural extension of eBay's online auction format capability and mobile access is a key factor particularly as a high proportion of eBay bidders are away from their computers during the final stages of an auction format listing.

As at 30 June 2007, the carrying value of the company's investment in mBlox was £8.6 million or 107p per share. As at 30 June 2006, the carrying value of the company's investment in mBlox was £5.6 million or 65p per share. The increase results from the board's revaluation of this investment following the recent sale by two shareholders of shares in mBlox to a new investor (after adjusting for foreign currency movements).

Medcenter

Medcenter is a multinational pharmaceutical marketing company specialising in innovative solutions that increase drug sales and business effectiveness.

Operating for over 10 years with offices in Europe and the Americas, Medcenter works with 50 of the most important international laboratories (with 80 of the most sold products in the global market). Medcenter has a team of highly qualified pharmaceutical marketing professionals ready to respond with creativity to the needs of the pharmaceutical industry, with solutions in the areas of medical education, promotion, market research and marketing. These solutions are designed to strengthen the relationship between the pharmaceutical industry, physicians and patients in order to increase product prescription, market share and sales.

Michael Fitzgerald, the chairman of Medcenter, is currently actively looking at various business combinations involving Medcenter and certain third parties.

5 Company statement continued

As at 30 June 2007, the carrying value of the company's investment in Medcenter was £274,000 or 4p per share.

Others

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 30 June 2007, the aggregate carrying value of these investments was £71,000.

Property

In May 2007, the company sold its leasehold office in Motcomb Street for £700,000. The book value of the property at the time of disposal was £324,000 and therefore a profit against book value of £376,000 is reflected in these accounts.

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

	Carrying value as at 30 June 2007 (pence per share)
Investment	
Eclectic Bars Limited	95
Espresso	5
mBlox	107
Medcenter	4
Others	1
Net current assets (including cash)	19
Total	<u>231</u>

Note:

The above figures do not take account of any dilutory effect of the LTISS options or the carried interest under the investment advisory agreement. Please refer to the Report of the directors for details of the LTISS options and the carried interest.

Purchase of own shares

During the year, the company made purchases of 526,340 of its own shares at an average price per share of 127p per share.

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.

**J M Fellerman
R H Kleiner**

6 November 2007

6 Corporate governance

Compliance with the 2003 FRC Combined Code

The company is not required to comply with the 2003 FRC Combined Code. 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 four directors, namely Philip Crawford, Julian Fellerman, Richard Kleiner and William Crewdson.

The Board has six board meetings during the year. There are two non-executives that sit on both the audit and the remuneration committees, namely Philip Crawford and William Crewdson. Philip Crawford is both the chairman of 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.

The 2003 FRC Combined Code introduced a requirement for the Board to review the effectiveness of the group's system of internal control, including financial, operational, compliance and risk management. Guidance for directors on the Combined Code: Internal Control: Guidance for Directors on the Combined Code ("The Turnbull Report") was published in September 1999. In view of the relative size of the organisation and the "hands-on" approach of the directors toward systems and risk, the Board does not have the resources to meet the requirements outlined in The Turnbull Report.

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.

7 Directors' report for the year ended 30 June 2007

The directors present their report and accounts for the year ended 30 June 2007.

Results and dividends

The loss for the year before taxation of the group amounted to £4.3m (2006 - loss £2.8m) and the loss for the year after taxation and minority interest of the group amounted to £4.3m (2006 - loss £2.7m) which was equivalent to a loss of 51.01p per share (2006 - 29.01p per share) and the net assets of the group were £13.4m (2006 - £14.8m).

The directors do not recommend the payment of a dividend for the year ended 30 June 2007 (2006 - £nil).

Principal activity and review of the business

The company's principal activity during the year continued to be that of a private equity and ancillary services company and further details are set out in the company statement on pages 3 to 5.

The principal risks and uncertainties facing the business 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 various categories of risk are proactively managed to ensure exposure to risk is mitigated wherever possible and appropriate. Further details of this are set out in note 23 on page 28.

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

The directors during the year were as follows:

P J Crawford
J M Fellerman
R H Kleiner
W A H Crewdson

The interests of the directors and their immediate families and the interests of persons connected with the directors for the purposes of section 346 of the Companies Act 1985 in the issued ordinary share capital of the company as at 30 June 2006 (all of which are beneficial unless otherwise noted) are as follows:

	Number of ordinary issued shares	
	As at 1 July 2006 or at date of appointment, if later	As at 30 June 2007
P J Crawford	315,000	391,923
J M Fellerman	405,720	444,182
R H Kleiner	405,720	444,182
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 246 of the Companies Act 1985 are as follows:

Rights to subscribe for shares	At 1 July 2006 or date of appointment			Exercised	At 30 June 2007
	if later	Granted	Cancelled		
J M Fellerman	416,667	—	416,667	—	—
R H Kleiner	416,667	—	416,667	—	—

As at 30 June 2006 there were 2,500,000 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"). Following the changes to the management structure, the directors holding the options agreed to cancel the LTISS options granted to them. Following revisions the company's purchase of its own shares and the consequential changes to the number of options, there remain as at 30 June 2007, 1,289,452 options granted under the LTISS all of which are held by previous directors. 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 expire on 9 January 2012.

8 Directors' report continued

As announced on 9 October 2006 the company entered into an investment advisory agreement with Odyssey Partners Limited ("OPL"). The principal terms of the investment advisory agreement are that OPL, a company controlled by Julian Fellerman and Richard Kleiner, 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 equal to 3% of the net asset value of the company as at October 2006. 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 £12.7m or 150 pence per share (based on the issued share capital of the company on 11 October 2006). 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 £12.7m, 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 £15.2m of realisations or 179 pence per share. OPL's share will be increased by 5% for each £2.5m in excess of £15.2m up to a maximum of 40% for realisations in excess of £20.2m or 239 pence per share.

Report on directors' remuneration

The remuneration of the directors for the year ended 30 June 2007 is as follows:

	Basic salary and fees	Benefits	Bonus	Compensation for loss of office	2007 Total	2006 Total
	£	£	£	£	£	£
Executive directors						
J M Fellerman	38,365	2,399	—	150,000	190,764	149,731
R H Kleiner	38,365	1,206	—	150,000	189,571	149,734
Non-executive directors						
P J Crawford	25,000	1,015	—	—	26,015	25,987
W A H Crewdson	15,000	—	—	—	15,000	15,000
J M Fellerman	3,750	—	—	—	3,750	—
R H Kleiner	3,750	—	—	—	3,750	—
Former non-executive directors						
A J G Bilton	—	—	—	—	—	12,500
	124,230	4,620	—	300,000	428,850	352,952

(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 management agreement entered into between the company and Odyssey Partners Limited, Odyssey Partners Limited received fees totalling £335,237 including the non-executive directors' fees of Julian Fellerman and 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.

