

The logo for Avanti Screenmedia, featuring the word "avanti" in a bold, lowercase, sans-serif font, with "screenmedia" in a smaller, lowercase, sans-serif font directly below it. The text is white and set against a background of overlapping, semi-transparent squares in various shades of red and pink.

**avanti**  
screenmedia

74 Rivington Street  
London EC2A 3AY  
United Kingdom  
T + 44 (0)20 7749 1600  
F + 44 (0)20 7749 1633  
[www.avanti-screenmedia.com](http://www.avanti-screenmedia.com)

# Avanti Screenmedia Group plc

Report and Financial Statements  
for the year ended  
30 June 2007

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# Officers and Professional Advisers

## DIRECTORS

M J Desmond	<i>Chairman</i>	
D J Williams	<i>Chief Executive</i>	Resigned 16/04/07
S Rees	<i>Chief Executive</i>	Appointed 18/06/07
D J Bestwick	<i>Chief Technology Officer</i>	Resigned 16/04/07
S Chambers	<i>Managing Director</i>	Appointed 14/04/07
G K D Truman	<i>Group Finance Director</i>	
D A Foster	<i>Non-Executive Director</i>	Resigned 16/04/07
W P Wyatt	<i>Non-Executive Director</i>	Resigned 16/04/07
C R Vos	<i>Non-Executive Director</i>	Appointed 04/09/07
F E J G Brackenbury	<i>Non-Executive Director</i>	Resigned 22/11/07

## SECRETARY

G K D Truman

## REGISTERED OFFICE

Ludgate House  
245 Blackfriars Road  
London  
SE1 9UF

## BANKERS

HSBC Bank Plc  
70 Pall Mall  
London  
SW1Y 5EZ

## AUDITORS

Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

## SOLICITORS

Osborne Clarke  
Apex Plaza  
Forbury Road  
Reading  
RG1 1AX

## NOMINATED ADVISER AND BROKER

Charles Stanley Securities  
25 Luke Street  
London  
EC2A 4AR

# Chairman's Report

## Introduction

I am pleased to present our results for the year ending 30 June 2007.

Avanti is the market leader in the out of home digital sector, building digital screen networks in retail, leisure and shopping mall environments for advertising, product promotion and customer entertainment.

The key event that dominated our year was the demerger of Avanti Communications Group plc, the Company's networks business, which was completed on the 16 April. There is no longer any corporate connection between the two companies.

The board of Avanti was restructured upon the demerger with departing directors, David Williams, David Bestwick, William Wyatt and Alan Foster, whom we thank for their efforts for the Company, and new directors Stuart Chambers and myself as the new Chairman.

Avanti Communications Group plc had consumed an increasingly significant proportion of executive management time, resulting in less focus on the media business which had also experienced delays in signing new retail contracts which were not finalised until early 2007.

In June the Company completed the necessary move from its old premises in North London to Ludgate House, Blackfriars which again caused disruption, but on a positive note this resulted in easier access for our sales team to advertising agencies in the West End and provided a more suitable environment for our business.

As a result of the above, and the relatively new nature of our client contracts, advertising revenues have suffered during the year with the mall business achieving low national sales, and the leisure medium having lower year on year sales, mainly as a result of the World Cup activity in the previous year. The financial position has been exacerbated by the onerous terms of certain client contracts that were previously entered into, geared to delivering critical mass on the back of generating robust advertising revenues. The advertising generated to date has not achieved such equilibrium and therefore following the demerger the management of the company

has embarked on a strategy to turn the Company into profitability.

## Strategy

We are pleased to announce that we have secured the appointment of Simon Rees as our new CEO, taking up his role in mid June 2007. Simon was formerly Chief Executive of WPP's media company MindShare UK. The benefits of his appointment are already beginning to be felt by the Company. Avanti has embarked on a new strategy; renegotiating and extending existing contracts; maximising advertising revenue streams across existing mediums; reducing overhead expenditure; and ensuring that the existing business enjoys the requisite focus whilst at the same time exploring new business opportunities.

## Dividend

The Board concludes that it would not be appropriate to recommend payment of a dividend.

## Outlook

I would like to thank the staff of Avanti for their exceptional hard work and dedication. I believe we have made dramatic progress this year and look forward to reporting further progress in 2008.

**Mick Desmond**  
Chairman

# Chief Executive's Report

## Summary of Avanti's business

### Media

Avanti is the market leader in the UK for the provision of screenmedia services, whereby it builds satellite or terrestrial content distribution and screen networks, creates channel strategies, makes video content and sells media space. Clients use this service to entertain customers, build their brand, promote products and sell advertising at or close to the point of sale.

The Company supplies these services to three core sectors: Leisure, Retail and Shopping malls.

### Leisure

Avanti supplies pop music video channels to pubs and clubs, and in the year launched Genie 3, a video DJ system which enables bar managers to take control of and customise their audio visual entertainment. Avanti also sells advertising on these channels; clients are attracted to Avanti's ability to deliver their message to an elusive 18-30 demograph, which is not typically a large consumer of media and therefore hard for advertisers to reach.

The Setanta Sports contract for advertising on the English and Scottish Premiership football channels into pubs in the UK was announced in September and has shown early promise. Avanti has exclusive rights to sell advertising on this channel. In addition Setanta Sports have also won the rights for the FA cup and England matches for which Avanti is seeking a similar arrangement.

### Retail

Avanti completed the roll-out to 200 Spar stores in March 2007 and to date Spar have experienced significant increases in like for like sales in these stores. Whilst it is early days Avanti has booked advertising revenues with a number of major brands across the network including Coca Cola, Walkers, and the Guardian newspaper.

In addition Avanti are looking to increase the estate with further stores from Spar and other convenience retailers.

Avanti also signed a one year contract with Marks and Spencer Group PLC ("M&S").

Following a successful three month trial in four M&S London Flagship stores using interactive touch screen kiosks; it has been agreed to expand to a further 40 stores in the spring.

The kiosks assist customers in the selection of all M&S wines. Located within the wine section, they allow consumers the potential to select additional food purchases recommended by the kiosks.

The kiosks have also attracted considerable interest from other retailers and we expect further contracts in the next financial year.

The Company also signed an advertising contract with Electric Health Media (EHM) Limited. EHM offers patient information and advertising on screens in NHS Trust hospitals and GP surgeries throughout England. The contract gives Avanti the rights to sell local advertising for EHM on their current portfolio of 150 screens at 105 sites, which EHM expect to expand to 350 screens by the spring 2008.

### Shopping Malls

Avanti operates the country's largest shopping mall screenmedia network installed in 33 malls with an audience of over 400 million visits per annum. The channels provide a combination of information, entertainment and product promotion and offer advertisers an opportunity to create a call to action close to the point of sale, directing customers' shopping journeys and influencing behaviour. The shopping mall medium is still relatively new for national advertising. To address this market Avanti has established a commission only local sales force to generate revenues across this network.

### Current Trading

The Company is now re-focussed on generating new business, delivering advertising revenues and servicing its client base.

The Company has made a strong start to the new financial year on a number of fronts. It has; extended its contract with its largest client, The Mall Corporation, for a further three years; and has successfully established its local sales team, which is already generating significant (gross) advertising revenues.

# Chief Executive's Report Continued

National advertising sales across the Company have performed strongly during the first three months of the current financial year. Booked (gross) advertising sales for the current financial year have already exceeded those achieved for the entire 12 months to 30 June 2007. The last few weeks have seen a softening of the retail markets as we approach the busy Christmas period but it is too early to say whether this will impact on the excellent progress that Avanti has made so far this year.



**Simon Rees**  
Chief Executive

# Report of the Directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 30 June 2007.

## Principal Activity

The principal activity of the Group during the year was the supply of media services.

Avanti installs and runs television channels for retailers, pubs and malls at or close to the point of sale. Retailers use these channels to entertain and inform customers, build brand, promote products and generate new sources of advertising revenues. Avanti is the clear market leader in Europe in this emerging media sector.

A review of the business of the Group for the year is included in the Chairman's Statement, the Chief Executive's Report and the finance and operating review.

## Results and Dividends

The results for the year ended 30 June 2007 are shown on page 17. No equity dividend was paid in the year ended 30 June 2007 (2006 – £Nil). No final dividend is proposed at the year end (2006 – £Nil). The loss for the year transferred to reserves is £30.6 million (2006 – profit £3.0 million).

## Share Capital

At 1 July 2006 the Company had an issued share capital of 22,811,479 ordinary shares of £0.01 each. On the 23 December 2006 the employees of the Company exercised options over 79,006 ordinary shares. On the 9 January 2007 the Company placed 1,587,601 ordinary shares of £0.01 each with institutions at an issue price of 250 pence per share. On the 19 March 2007 Gary Truman, David Williams and David Bestwick, exercised options over 16,740, 164,074 and 342,738 ordinary shares of £0.01 each respectively and employees exercised options over 80,538 ordinary shares of £0.01 each. On the 11 April 2007 Gary Truman, David Williams and David Bestwick exercised further options over 121,790, 163,644 and 151,984 ordinary shares of £0.01 each respectively. On the same date Alan Foster exercised options over 8,370 ordinary shares of £0.01 each, John Brackenbury, CBE exercised options over 62,863 ordinary shares of £0.01 each and employees exercised options over 65,000 ordinary shares of £0.01 each. On the 10 May 2007 employees exercised options over 15,000 ordinary shares of £0.01 each.

## Substantial Interests

At 30 June 2007 the following were interested in three per cent or more of the issued share capital of the Company:

	Ordinary Shares of 1p each	
	No.	Percentage
Caledonia Investments Plc	6,163,301	23.9
Kaupthing Bank Luxembourg	1,775,000	6.9
North Atlantic Value LLP (JO Hambro CM)	1,758,313	6.8
Hermes Investment Management Ltd	1,732,965	6.7
David J Williams	1,432,021	5.6
David J Bestwick	1,000,840	3.9

# Report of the Directors Continued

## Share Options

As at 30 June 2007 and according to the Register of Directors' Interests maintained under the Companies Act, the following directors had interests in the following options granted:

Under the Unapproved & EMI Plans:

Name	No. of shares	Exercise Price	Exercise period
M Desmond	15,000	1p	10 years from December 2005
G K D Truman	449,122	1p	10 years from December 2005
S Chambers	717,578	1p	10 years from December 2005

## Auditors

Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed as auditors to the company for the ensuing year.

## Disclosure of information to Auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information and to establish that the company's auditors are aware of that information.

## Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable the Directors to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors

**G K D Truman**  
Group Finance Director

Ludgate House  
245 Blackfriars Road  
London  
SE1 9UF



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# Finance and Operating Review

## Group trading summary

### Revenue

The Company derives revenues from the services it provides to its leisure, shopping mall and retail markets. These revenues arise from network infrastructure fees, content management fees, network management fees, service fees and from advertising commissions.

The Company has a pipeline of potential new business across its targeted markets and in addition has seen strong performance in the current financial year from its national advertising.

In addition the Company has engaged in local sales across its mall network which are currently producing weekly revenues on one or two year contracts.

### Key performance indicators

The Group's key performance indicators are to monitor advertising revenue that is being booked across its markets and review its new potential business pipeline on a twice weekly basis.

### Risks

As is customary in the outdoor advertising industry, Avanti has entered into revenue guarantees with certain of its customers pursuant to which the relevant Avanti Screenmedia Group company guarantees that the revenue share paid to the customer will not be less than an agreed fee level. The calling of significant amounts under such guarantees could have a material adverse effect on the business or financial condition of the Group. Avanti's capital requirements depend on numerous factors, including its ability to maintain and expand its customer base. It is difficult for Directors to predict accurately the timing and amount of the Company's capital requirements. If the plans or assumptions set out in the Company's business plan change or prove to be inaccurate, or if the Company makes any material acquisitions, Avanti may require further financing.

Such financing is likely to either be dilutive to Shareholders or may involve, if debt, restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Any such circumstances could have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

### Losses

The operating loss for the year was £30.6 million (2006: profit £3.0 million). This included an exceptional loss of £23.0 million following the agreed write off of the amounts owed by the Avanti Communications Group companies as a result of the demerger. Excluding the exceptional loss the loss before taxation was £7.6 million (2006: profit £3.0 million).

### Taxation

The exceptional loss arising from the write off of the loan account is not tax deductible. There is no tax charge to the profit and loss account (2006: no charge) due to the trading losses.

### Creditor payment policy

The Group endeavours to pay all suppliers within agreed terms.

### Shareholder returns

The earnings per share are calculated as shown on page 29.

### Post Balance Sheet Events

The Company announced on 21 September 2007 that it had raised a minimum of £680,000 by way of convertible loans and a conditional placing of new Ordinary Shares. This total was subsequently increased to £785,485. Charles Stanley Securities and Seymour Pierce have, on behalf of the Company, completed a conditional placing (the "Placing") of 6,578,366 new Ordinary Shares of 1p each (the "Placing Shares") at a price of 7 pence per Placing Share with institutional and other investors to raise approximately £460,485. The Board was also pleased to announce that it has secured a further £325,000 through convertible unsecured loan agreements, in addition to the £100,000 announced on 4 September 2007. The Company obtained shareholder approval of certain resolutions at an extraordinary general meeting held on 18 October 2007 (the "EGM"). Admission of the Placing Shares to trading on AIM occurred on 19 October 2007.

**Gary Truman**  
Group Finance Director

# Corporate Governance Report

The Company is committed to high standards of corporate governance and supports the Principles of Good Corporate Governance and the Code of Best Practice. This report describes how the Combined Code is applied and reports on compliance with provisions of the Combined Code.

The Board can confirm that, apart from the exceptions below, it has complied with the requirements of the Combined Code throughout the year. The approach established seeks to identify the nature and the extent of the key types of risk, evaluate their seriousness and likelihood of them materialising and consider the effectiveness of the controls in place. The approach also considers the benefits of such controls, in relation to costs incurred.

The exceptions to the compliance with the requirement of the combined code are, D.3.1 requires at least three Non-Executive Directors on the Audit committee, a majority of whom should be independent, A.2.1 requires that different people be the senior independent director and Chairman of the Board. However, the Board considers that the composition of the Audit Committee and Board of Directors is appropriate given the size of the Group.

## **Board of Directors**

At the year end, the Board comprised of three Executive and two Non-Executive Directors (including a Non-Executive Chairman). After consideration of their shareholdings in the Company, the Board considers the Non-Executive Directors to be independent and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Richard Vos has been identified as the senior independent Non-Executive Director. There is a division of authority and responsibility between the Non-Executive Chairman and the Chief Executive.

In accordance with the Articles of Association, Directors are, for this year, required to retire from office by rotation at the Annual General Meeting. The Combined Code recommends that all Directors should be subject to re-election by the shareholders at regular intervals and at least every three years.

The Board meets every two months and has a schedule of matters concerning key aspects of the Group's activities which are specifically referred to it for a collective decision, principally relating to strategy, direction and financial performance of the Group. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring all Board procedures are observed, and to the Group's professional advisors.

## **Board Committees**

The Board has two principal standing committees: the Audit committee and the Remuneration committee. The composition, purpose and function of those committees are described below:

### **Audit Committee**

The Audit Committee is comprised of two Non-Executive Directors and is chaired by Mick Desmond. It meets when deemed necessary, has written terms of reference and its remit is to review the annual and interim accounts and the appropriateness of accounting policies, to review the internal controls and financial reporting, and to make recommendations on these matters to the Board. It also considers the appointment and fees of the external auditors, the resulting reports and discusses the action taken on problem areas identified by Board members or in external audit reports. The Chairman of the Audit Committee reports the outcome of the Audit Committee meetings to the Board and the Board receives the minutes of all Audit Committee meetings.

### **Remuneration Committee**

The Remuneration Committee, which is comprised of three Non-Executive Directors, is chaired by Richard Vos and meets regularly. Its remit is to assess the performance of the Executive Directors and to consider and make recommendations to the Board on remuneration policy for Executive Directors and senior managers of the required calibre.

The Committee also has responsibility for reviewing the operation of the Executives' bonus and incentive schemes. The Chairman of the Remuneration Committee reports the outcome of the meetings to the Board and the Board receives the minutes of all Remuneration Committee meetings.

## Internal Control

The Board has adopted an approach, which is in line with the guidance issued by the London Stock Exchange, in establishing the Group's internal control procedures and policies. The Combined Code introduced a requirement that the effectiveness of the system of internal control, including financial operation, compliance and risk management, is reviewed by the Directors. In addition, the Internal Control: Guidance for Directors on the Combined Code (the Turnbull Report) published in September 1999, provides guidance to the Directors in respect of this requirement.

The Board recognises that it is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system can only provide reasonable assurance and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve the businesses objectives.

## Control Environment

The Group is committed to ensuring that an appropriate control environment exists, which will not slow growth or deter innovation.

The organisational structure is defined and communicated and individual objectives and authority levels are identified.

Each Executive Director has been given responsibility for specific aspects of the Group's business. The Management Board is the key decision-making body at Executive level in the Group and is chaired by the Chief Executive.

The Management Board meets monthly before the main Board and focuses on customer issues and technical strategy. In addition the Chief Executive holds regular planning and review meetings with each of the Executive Directors every one to two weeks.

## Going Concern Basis

After making enquiries, the Directors have formed the judgement that at the time of approving the financial statements, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.



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# Independent Auditors' Report to our Shareholders

We have audited the financial statements of Avanti Screenmedia Group plc which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement and the related notes for the year ended 30 June 2007. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and 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 described in the Statement of Directors' Responsibilities, the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the Directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements or

material inconsistencies with the Group financial statements. Our responsibilities do not extend to any other information.

## **Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's and the Group's affairs as at 30 June 2007 and of the Group's loss for the year then ended; the financial statements have been properly prepared in accordance with the Companies Act 1985; and the information given in the Directors' Report is consistent with the financial statements.

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**Kingston Smith LLP**  
Chartered Accountants  
and Registered Auditors

**SATURDAY 10**

Saturday - 10.30am, 11.45am, 1pm, 2.30pm  
Sunday - 11.30am, 1.30pm, 3pm and 4pm



# Group Profit and Loss Account

## year ended 30 June 2007

	Notes	Year ended 30 June 2007 £	Year ended 30 June 2006 (As restated) £
<b>Turnover</b>	2		
Continuing operations		4,543,061	3,131,770
Disposals		2,107,410	9,719,928
		<u>6,650,471</u>	<u>12,851,698</u>
<b>Cost of sales</b>			
Continuing operations		(4,517,564)	(2,256,213)
Disposals		(1,971,767)	(1,124,179)
		<u>(6,489,331)</u>	<u>(3,380,392)</u>
<b>Gross Profit</b>			
Continuing operations		25,497	875,557
Disposals		135,643	8,595,749
		<u>161,140</u>	<u>9,471,306</u>
<b>Administrative expenses</b>			
Continuing operations		(5,166,979)	(4,192,502)
Disposals		(2,480,104)	(2,686,744)
		<u>(7,647,083)</u>	<u>(6,879,246)</u>
<b>Exceptional item</b>			
Demerger costs		(505,663)	-
Intercompany loan written off on demerger		(22,986,671)	-
		<u>(31,139,417)</u>	<u>(6,879,246)</u>
<b>Operating (Loss)/Profit</b>	3		
Continuing operations		(5,647,145)	(3,316,945)
Disposals		(25,331,132)	5,909,006
		<u>(30,978,277)</u>	<u>2,592,061</u>
Interest receivable and similar income	6	482,193	594,531
Interest payable and similar charges	7	(134,620)	(189,398)
		<u>(30,630,704)</u>	<u>2,997,194</u>
<b>(Loss)/Profit on Ordinary Activities before Taxation</b>			
Taxation	8	-	-
		<u>(30,630,704)</u>	<u>2,997,194</u>
<b>Retained (Loss)/Profit transferred to Reserves</b>	18	<u>(30,630,704)</u>	<u>2,997,194</u>
Basic (loss)/earnings per share			
- continuing operations	9	<u>(23.88p)</u>	<u>(18.25p)</u>
- disposals		<u>(104.33p)</u>	<u>34.14p</u>
Diluted (loss)/earnings per share			
- continuing operations	9	<u>(23.88p)</u>	<u>(18.25p)</u>
- disposals		<u>(104.33p)</u>	<u>53.04p</u>

There are no recognised gains or losses other than the loss for the financial year.

The notes on pages 25 to 35 form part of the financial statements.



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# Group Balance Sheet

## at 30 June 2007

	Notes	30 June 2007 £	30 June 2006 (As restated) £
<b>Fixed Assets</b>			
Tangible assets	10	4,105,047	13,302,364
Intangible assets	10	1,965,119	1,969,047
		<u>6,070,166</u>	<u>15,271,411</u>
<b>Current Assets</b>			
Stock of goods for resale		244,853	505,356
Debtors	13	1,589,525	16,026,904
Cash at bank and in hand		821,544	12,158,864
		<u>2,655,922</u>	<u>28,691,124</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(2,978,690)</u>	<u>(5,164,134)</u>
<b>Net current (liabilities)/assets</b>		<u>(322,768)</u>	<u>23,526,990</u>
<b>Total assets less current liabilities</b>		5,747,398	38,798,401
<b>Creditors: amounts falling due after one year</b>	16	<u>(100,974)</u>	<u>(1,040,571)</u>
<b>Net assets</b>		<u>5,646,424</u>	<u>37,757,830</u>
<b>Capital and Reserves</b>			
Called up share capital	17	257,235	228,115
Share premium account	18	36,777,767	31,781,174
Capital redemption reserve	18	12,758	-
Share based payment reserve	18	196,967	74,371
Profit and loss account	18	(31,598,303)	5,674,170
		<u>5,646,424</u>	<u>37,757,830</u>

Approved by the Board on 3 January 2008

Simon Rees  
Chief Executive

Gary Truman  
Group Finance Director



# Company Balance Sheet

## at 30 June 2007

	Notes	30 June 2007 £	30 June 2006 (As restated) £
<b>Fixed Assets</b>			
Investments	12	<u>1,850,123</u>	<u>2,500,223</u>
		1,850,123	2,500,223
<b>Current Assets</b>			
Debtors	13	8,163,660	29,018,866
Cash at bank and in hand		<u>–</u>	<u>577,188</u>
		<u>8,163,660</u>	<u>29,596,054</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(548,914)</u>	<u>(86,988)</u>
<b>Net current assets</b>		<u>7,614,746</u>	<u>29,509,066</u>
<b>Net Assets</b>		<u><b>9,464,869</b></u>	<u><b>32,009,289</b></u>
<b>Capital and Reserves</b>			
Called up share capital	17	257,235	228,115
Share premium account	18	36,777,767	31,781,174
Capital redemption reserve	18	12,758	–
Share based payment reserve	18	196,967	74,371
Profit and loss account	18	<u>(27,779,858)</u>	<u>(74,371)</u>
		<u><b>9,464,869</b></u>	<u><b>32,009,289</b></u>

Approved by the Board on 3 January 2008

**Simon Rees**  
Chief Executive

**Gary Truman**  
Group Finance Director



# Group Cash Flow Statement

## for the year to 30 June 2007

	Notes	Year ended 30 June 2007 £	Year ended 30 June 2006 (As restated) £
<b>Net cash outflow from operating activities</b>	20	(16,270,417)	(6,042,873)
<b>Returns on investments and servicing of finance</b>			
Interest received		482,193	594,531
Interest paid		(134,620)	(189,398)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(15,922,844)</b>	<b>(5,637,740)</b>
<b>Capital expenditure and investment</b>			
Payments to acquire tangible fixed assets		(585,994)	(11,023,270)
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(585,994)</b>	<b>(11,023,270)</b>
<b>Net cash outflow before financing</b>		<b>(16,508,838)</b>	<b>(16,661,010)</b>
<b>Financing</b>			
Issue of ordinary share capital		4,971,000	24,500,000
Share based payments		122,596	74,371
New loans		–	71,522
New finance leases and hire purchase obligations		309,955	1,082,675
Capital element of finance lease and hire purchase payments		(156,632)	(384,092)
Capital element of loan repayments		–	(111,916)
<b>Net cash inflow from financing</b>		<b>5,246,919</b>	<b>25,232,560</b>
<b>(Decrease)/Increase in cash</b>	21	<b>(11,261,919)</b>	<b>8,571,550</b>

## Reconciliation of Net Cash Flow to movements in Net Cash year ended 30 June 2007

	Note	30 June 2007 £	30 June 2006 £
(Decrease)/Increase in cash		(11,261,919)	8,571,550
Cash outflow from changes in lease and lease financing		156,632	384,092
Cash outflow from loan repayments		-	111,916
Other movements in other loans/finance leases		1,588,328	-
New loans		-	(71,522)
		(9,516,959)	8,996,036
New finance leases and hire purchase obligations		(309,955)	(1,082,675)
Movement in net cash		(9,826,914)	7,913,361
Opening net cash		9,965,340	2,051,979
Closing net cash	21	<u>138,426</u>	<u>9,965,340</u>

# Notes to the Accounts

## Year ended 30 June 2007

### 1 Accounting Policies

#### Accounting Policies and Standards

The financial statements of the company have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

#### Basis of Consolidation

The Group financial statements consolidate the financial statements of the company and of its subsidiary undertakings. Upon the acquisition of a business, fair values are attributed to the Group's share of the net tangible assets and where the cost of acquisition (being the fair value of the purchase consideration and the expenses of the acquisition) exceeds the fair values attributable to such net assets, the difference is treated as purchased goodwill.

#### Intangible Assets

Acquired brands and other intangible assets which are controlled through custody or legal rights and could be sold separately from the rest of the business are capitalised, where fair value can be reliably measured. Where intangible assets are regarded as having limited useful economic lives they are amortised on a straight line basis over those lives. Where they are regarded as having indefinite useful lives they are not amortised. Impairment reviews are carried out to ensure that intangible assets are not carried at above their recoverable amounts. Any amortisation or impairment write downs are charged to the profit and loss account. Amortisation is over a maximum of 20 years.

#### Tangible Fixed Assets

Tangible fixed assets are depreciated on a straight line basis to estimated residual values over their expected useful lives as follows:

Computer software	25% per annum
Network assets	25% per annum
Fixtures and fittings	25% per annum
Plant and machinery	25% per annum
Motor vehicles	25% per annum

Reviews are carried out if there is any indication that impairment may have occurred, to ensure that fixed assets are not carried at above their recoverable amounts. Profit or loss on the sale or disposal of assets is charged to the profit and loss account and is calculated as the difference between the disposal proceeds and the net book value. Research and development undertaken on computer software is capitalised within tangible fixed assets and amortised over 4 years, as with other computer software.

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### Leased Assets

Assets acquired under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals under operating leases are charged to income on a straight line basis over the lease term.

## 1 Accounting Policies (Continued)

### Foreign Currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. All exchange gains and losses are taken to the profit and loss account. Assets and liabilities in foreign currencies are translated into sterling at the prevailing exchange rate ruling at the end of the financial year.

### Share based payments

Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. In the case of payments made for operating purposes, such as employee share options, the fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the directors' estimate, at the balance sheet date, of the shares that will eventually vest and adjusted for the effect of non-market based vesting conditions. In the case of payments made in respect of capital expenditure, the fair value is charged to the appropriate balance sheet heading.

### Pension and other post employment Benefits

The employees of the company have the option to establish their own pension scheme to which the company will match employee contributions up to a maximum amount. There is no liability to the group scheme, and there is no on-going liability to the company beyond the period that the contributions are made. The costs of such contributions are charged to the profit and loss account when incurred.

### Stocks

Stocks are stated at the lower of cost and net realisable value.

### Intercompany loan written off on Demerger

As part of the demerger Avanti Screenmedia Group plc waived the repayment of intercompany loans from companies within Avanti Communications Group plc.

## 2 Turnover

Turnover represents net invoiced sales of services provided and goods sold, net of value added tax. Turnover for the year ended 30 June 2007 was split between the two divisions as follows:

	2007 £m	2006 £m
Turnover from continuing Media operations	4.543	3.132
Turnover from discontinued Network operations	2.107*	9.720

Of the total turnover for the Networks business, the group derived £2.107 million (2006 – £4.320 million) from European markets outside the United Kingdom. In view of the nature of the business, the Directors do not consider a geographical analysis of results to be relevant.

\* Note the figure relates to the period to the 31 March 2007 as a result of the demerger.

**3 Operating (loss)/profit**

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Operating (loss)/profit is arrived at after charging/(crediting):		
Depreciation on tangible assets		
Owned	1,082,737	1,189,175
Leased	202,722	219,344
Amortisation of intangible assets	–	(397,047)
Auditors' remuneration – audit	28,500	28,350
– non audit services	121,738	32,307
Rentals under operating leases	112,639	114,637
Foreign exchange losses/(gains)	–	(19,300)
	<u>                    </u>	<u>                    </u>

**4 Employees**

The average number of employees, including directors, during the year ended June 2007 was 101 (30 June 2006 – 103).

The aggregate remuneration of all employees comprised:

	Year ended 30 June 2007 £	Year ended 30 June 2006 (As restated) £
Wages and salaries	1,670,415	3,341,814
Share based payments	122,596	74,371
Employer's social security costs	253,277	520,172
Employer's pension costs	28,971	50,148
	<u>                    </u>	<u>                    </u>
	2,075,259	3,986,505

**5 Directors**

Directors' emoluments were as follows:

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Remuneration	321,400	522,322
Pension contributions	10,868	10,080
	<u>                    </u>	<u>                    </u>
	332,268	532,402

The emoluments of the highest paid director were £152,366 (2006 – £221,352).

Pension contributions amounting to £10,868 (2006 – £10,080) were made into personal pension schemes in respect of two (2006 – three) Directors.

**6 Interest Receivable and Similar Income**

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Other Income	–	19,300
Bank deposit interest	482,193	575,231
	<u>482,193</u>	<u>594,531</u>

**7 Interest Payable and Similar Charges**

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
Interest on bank overdraft and loans	61,689	55,003
Hire purchase and finance leases	72,931	134,395
	<u>134,620</u>	<u>189,398</u>

**8 Tax on Result on Ordinary Activities**

	Year ended 30 June 2007 £	Year ended 30 June 2006 £
<i>Corporation Tax charge</i>		
Tax credit for the year at 30% (2006: 30%)	–	–
<i>(a) Analysis of charge in year</i>		
Current tax		
UK corporation tax at 30%	–	–
<i>(b) Factors affecting tax charge for the year</i>		
Tax effect on ordinary activities at 30% (2006: 30%)	(8,601,634)	899,159
Disallowed expenditure	7,092,645	14,201
Capital allowances in excess of Depreciation	368,869	(718,199)
Other tax adjustments	–	(154,555)
Tax losses carried forward	1,140,120	(40,606)
Current tax charge for the year	<u>–</u>	<u>–</u>

## 9 (Loss)/Earnings per share

The calculation of the basic and diluted (loss)/earnings per share is based on the earnings attributable to ordinary shareholders, divided by the weighted average number of shares in issue during the year.

	Year ended 30 June 2007		Year ended 30 June 2006	
	<i>Continuing</i>	<i>Disposals</i>	<i>Continuing</i>	<i>Disposals</i>
Computation of basic (loss)/earnings per share				
Net (loss)/profit	(£5,705,448)	(£24,925,256)	(£3,441,061)	£6,438,254
Weighted average number of shares outstanding	23,891,900	23,891,900	18,855,333	18,855,333
Basic (loss)/earnings per share	<b>(23.88)p</b>	<b>(104.33)p</b>	<b>(18.25)p</b>	<b>34.14p</b>
Computation of diluted (loss)/earnings per share				
Net (loss)/profit	(£5,705,448)	(£24,925,256)	(£3,441,061)	£6,438,254
Weighted average number of shares outstanding	23,891,900	23,891,900	18,855,333	12,138,947
Diluted (loss)/earnings per share	<b>(23.88)p</b>	<b>(104.33)p</b>	<b>(18.25)p</b>	<b>53.04p</b>

There is no dilution to the basic loss per share in the current year arising from the share options in issue.

## 10 Fixed Assets – Intangible Assets

Group	Goodwill £	Total £
<b>Cost</b>		
At 30 June 2006	7,844,277	7,844,277
Disposals	(6,925)	(6,925)
At 30 June 2007	<u>7,837,352</u>	<u>7,837,352</u>
<b>Amortisation</b>		
At 30 June 2006	5,875,230	5,875,230
Disposals	(2,997)	(2,997)
At 30 June 2007	<u>5,872,233</u>	<u>5,872,233</u>
<b>Net Book Value</b>		
At 30 June 2007	<u>1,965,119</u>	<u>1,965,119</u>
At 30 June 2006	<u>1,969,047</u>	<u>1,969,047</u>

## 10 Fixed Assets – Tangible Assets

Group	Satellite in Construction £	Computer Software £	Network Assets £	Fixtures and Fittings £	Total £
<b>Cost</b>					
At 30 June 2006	7,778,978	2,373,975	13,358,036	1,220,380	24,731,369
Additions	–	1,570,972	789,091	24,516	2,384,579
Disposals	(7,778,978)	(304,774)	(2,339,059)	(463,569)	(10,886,380)
At 30 June 2007	–	3,640,173	11,808,068	781,327	16,229,568
<b>Depreciation</b>					
At 30 June 2006	–	1,203,381	9,505,430	720,194	11,429,005
Charge for the year	–	658,781	545,199	81,479	1,285,459
Disposals	–	(126,836)	(247,152)	(215,955)	(589,943)
At 30 June 2007	–	1,735,326	9,803,477	585,718	12,124,521
<b>Net Book Value</b>					
At 30 June 2007	–	1,904,847	2,004,591	195,608	4,105,047
At 30 June 2006	7,778,978	1,170,594	3,852,606	500,186	13,302,364

At 30 June 2007 the Group held assets under finance lease agreements with a net book value of £597,817 (2006 – £1,372,560).

The Company has no tangible or intangible fixed assets.

## 11 Profit of the parent company

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's loss after tax for the year ending 30 June 2007 amounted to £27,692,729 (2006 – £Nil).

## 12 Investments

### Company

	Shares in subsidiary undertakings £
<b>Cost and net book value</b>	
At 30 June 2006	2,500,223
Disposals	(662,858)
Additions	12,758
At 30 June 2007	1,850,123

On the 27 February 2007 the Company purchased the entire issued share capital of Active Media Capital Limited in exchange for the issue of 1,275,774 ordinary shares in Avanti, to the shareholders of AMC, issued credited as fully paid.

The 1,275,774 ordinary shares held by AMC in Avanti were converted into deferred shares and the 1,275,774 deferred shares were purchased and cancelled, resulting in a nil net increase in issued share capital of the Company. As a result £12,758 has been transferred to a capital redemption reserve fund.

As a result of the demerger of its networks business on 16 April 2007, the Company disposed of its investments in Avanti Communications Limited, Avanti Communications Infrastructure Limited, Avanti Space Limited and Avanti Broadband Limited by way of a dividend in specie.

# Directors

## 12 Investments (continued)

At the year end the Company held the following investments in subsidiary companies:

	Country of incorporation	Nature of Trade	Ordinary shares %
Avanti Screenmedia Limited	England	Advertising	100
Sensav Limited (formerly Fat Cat Kit Limited)	England	AV sales	100
Connect Television Limited	England	Dormant	100
Freelance Media Limited	England	Advertising	100
Screen Network Limited	England	Dormant	100
Profound Recruitment Limited	England	Dormant	100
Active Media Capital Limited	England	Dormant	100

No Goodwill arose as a result of the acquisition of Active Media Capital Limited.

## 13 Debtors

	30 June		30 June	
	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Trade debtors	1,097,798	17,825	11,766,400	-
Amounts owed by group undertakings	-	8,046,670	-	28,803,326
Other debtors	222,888	98,912	50,559	99,762
Prepayments and accrued income	268,839	253	4,209,945	115,778
	<u>1,589,525</u>	<u>8,163,660</u>	<u>16,026,904</u>	<u>29,018,866</u>

## 14 Bank Overdraft, Bank Loan and Finance Leases

The bank overdraft and loan is secured by a debenture over all assets, both present and future of the Group. In addition an unlimited cross guarantee has been given by the Company and its subsidiaries. Finance lease obligations are secured by retention of title to the related assets.

## 15 Creditors: amounts falling due within one year

	30 June		30 June	
	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Bank loan and overdraft	64,934	28,104	232,113	-
Other loans	-	-	29,738	-
Trade Creditors	1,848,418	497,241	1,858,118	63,636
Social security and other taxes	5,132	23,569	131,897	23,352
Other creditors	-	-	21,166	-
Obligations under finance leases and hire purchase contracts	517,209	-	891,102	-
Accruals and deferred income	462,997	-	2,000,000	-
	<u>2,978,690</u>	<u>548,914</u>	<u>5,164,134</u>	<u>86,988</u>

16 Creditors: amounts falling due after one year

	30 June		30 June	
	2007 Group £	2007 Company £	2006 Group £	2006 Company £
Bank loans and overdraft	-	-	364,579	-
Other loans	-	-	36,845	-
Obligations under finance leases and hire purchase contracts	100,974	-	639,147	-
	<u>100,974</u>	<u>-</u>	<u>1,040,571</u>	<u>-</u>

17 Share Capital

	30 June 2007 £	30 June 2006 £
Authorised:		
40,000,000 Ordinary shares of £0.01 each	<u>400,000</u>	<u>400,000</u>
Allotted, called up and unpaid:		
25,723,503 Ordinary shares of £0.01 each		
(2006 – 22,811,479 Ordinary shares of £0.01 each)	<u>257,235</u>	<u>228,115</u>

At 1 July 2006 the Company had an issued share capital of 22,811,479 ordinary shares of £0.01 each. On the 23rd December 2006 the employees of the Company exercised options over 79,006 ordinary shares. On the 9 January 2007 the Company placed 1,587,601 ordinary shares of £0.01 each with institutions at an issue price of 250 pence per share. On the 19 March 2007 Gary Truman, David Williams and David Bestwick, exercised options over 16,740, 164,074 and 342,738 ordinary shares of £0.01 each respectively and employees exercised options over 80,538 ordinary shares of £0.01 each. On the 11 April 2007 Gary Truman, David Williams and David Bestwick exercised further options over 121,790, 163,644 and 151,984 ordinary shares of £0.01 each respectively. On the same date Alan Foster exercised options over 8,370 ordinary shares of £0.01 each, John Brackenbury, CBE exercised options over 62,863 ordinary shares of £0.01 each and employees exercised options over 65,000 ordinary shares of £0.01 each. On the 10 May 2007 employees exercised options over 15,000 ordinary shares of £0.01 each.

In addition the Company has set aside a pool of 3,215,438 Ordinary Shares representing 12.50 per cent of the issued share capital of the Company to incentivise staff through the grant of options under the EMI Option Scheme and Unapproved Scheme. At the year end, options have been granted over an aggregate of 2,083,774 Ordinary Shares to certain Directors and employees; options granted to Directors are as follows:

	Date Granted	Number of Shares of 1p each	Option Price
Under the EMI Scheme:			
S Chambers	30 April 2007	56,191	1p
Under the Unapproved Scheme:			
M Desmond	6 December 2005	15,000	1p
S Chambers	6 December 2005	92,000	1p
	30 April 2007	469,387	1p
G K D Truman	15 August 2005	73,602	1p
	30 April 2007	375,520	1p

**17 Share Capital (continued)**

The following share options existed at 30 June 2007 in respect of approved and unapproved schemes for staff.

Date Granted	Number of Shares of 1p each	Option Price
15 August 2005	73,602	1p
6 December 2005	167,000	1p
7 August 2006	29,600	1p
30 April 2007	1,813,572	1p

During the year 169,306 options were cancelled due to employees leaving the Company under the rules of the scheme. In addition 1,335,235 options under the unapproved scheme were exercised during the year.

No approved share options or warrants can be exercised within three years or after ten years from the date granted.

**18 Shareholders' Funds****Group**

2007	Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Share Based Payment Reserve £	Profit and Loss Account £	Total £
At 30 June 2006	228,115	31,781,174	-	-	5,748,541	37,757,830
Prior year adjustment	-	-	-	74,371	(74,371)	-
At 30 June 2006 as restated	228,115	31,781,174	-	74,371	5,674,170	37,757,830
Premium on shares issued during year	-	4,996,593	-	-	-	4,996,593
Increase in share capital	29,120	-	-	-	-	29,120
Disposal for de-merger (see note 12)	-	-	-	-	(6,629,011)	(6,629,011)
Transfer to capital redemption fund (see note 12)	-	-	12,758	-	(12,758)	-
Share based payments	-	-	-	122,596	-	122,596
Loss for year	-	-	-	-	(30,630,704)	(30,630,704)
At 30 June 2007	<u>257,235</u>	<u>36,777,767</u>	<u>12,758</u>	<u>196,967</u>	<u>(31,598,303)</u>	<u>5,646,424</u>
<b>2006</b>						
	Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Share Based Payment Reserve £	Profit and Loss Account £	Total £
At 30 June 2005	123,187	7,491,408	-	-	2,676,976	10,291,571
Premium on shares issued during period	-	24,289,766	-	-	-	24,289,766
Increase in share capital	104,928	-	-	-	-	104,928
Profit for year	-	-	-	-	3,071,565	3,071,565
At 30 June 2006	<u>228,115</u>	<u>31,781,174</u>	<u>-</u>	<u>-</u>	<u>5,748,541</u>	<u>37,757,830</u>

## 18 Shareholders' Funds (continued)

### Company

2007	Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Share Based Payment Reserve £	Profit and Loss Account £	Total £
At 30 June 2006	228,115	31,781,174	-	-	-	32,009,289
Prior year adjustment	-	-	-	74,371	(74,371)	-
At 30 June 2006 as restated	228,115	31,781,174	-	74,371	(74,371)	32,009,289
Premium on shares issued during year	-	4,996,593	-	-	-	4,996,593
Increase in share capital	29,120	-	-	-	-	29,120
Transfer to capital redemption fund (see note 12)	-	-	12,758	-	(12,758)	-
Share based payments	-	-	-	122,596	-	122,596
Loss for year	-	-	-	-	(27,692,729)	(27,692,729)
At 30 June 2007	<u>257,235</u>	<u>36,777,767</u>	<u>12,758</u>	<u>196,967</u>	<u>(27,779,858)</u>	<u>9,464,869</u>
2006	Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Share Based Payment Reserve £	Profit and Loss Account £	Total £
At 30 June 2005	123,187	6,904,613	-	-	-	7,027,800
Premium on shares issued during year	-	24,876,561	-	-	-	24,876,561
Increase in share capital	104,928	-	-	-	-	104,928
At 30 June 2006	<u>228,115</u>	<u>31,781,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,009,289</u>

Following the implementation of FRS 20, a prior year adjustment has been made in respect of share options issued.

## 19 Operating lease commitments

At 30 June 2007 the Group was committed to making the following payments during the next year in respect of operating leases:

	30 June 2007		30 June 2006	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	-	87,294	11,985	5,185
Within 2 to 5 years	-	25,345	-	141,156
After five years	244,880	-	241,170	21,048
	<u>244,880</u>	<u>112,639</u>	<u>253,155</u>	<u>167,389</u>

## 20 Reconciliation of operating (loss)/profit to net cash flows from operating activities

	30 June 2007 £	30 June 2006 £
Operating (loss)/profit	(30,978,277)	2,592,061
Depreciation	1,285,459	1,408,519
Amortisation of intangible fixed assets	-	(397,047)
(Decrease) in stock	(260,503)	(396,600)
Decrease/(Increase) in debtors	15,406,503	(10,659,976)
(Decrease)/Increase in creditors	(1,723,599)	1,410,170
Net cash (outflow) from operating activities	<u>(16,270,417)</u>	<u>(6,042,873)</u>

**21 Analysis of net funds/(debt)**

	30 June 2006 £	Cash flow £	Other movements £	30 June 2007 £
Cash at bank and in hand	12,158,864	(11,261,919)	(75,401)	821,544
Bank overdraft	(140,335)	–	75,401	(64,934)
Loans due within one year	(121,516)	–	121,516	–
Loans due after one year	(401,423)	–	401,423	–
Finance leases and hire purchase agreements	(1,530,250)	309,955	602,111	(618,184)
	<u>9,965,340</u>	<u>(10,951,964)</u>	<u>1,125,050</u>	<u>138,426</u>

**22 Post Balance Sheet Events**

The Company announced on 21 September 2007 that it had raised a minimum of £680,000 by way of convertible loans and a conditional placing of new Ordinary Shares. This total was subsequently increased to £785,485. Charles Stanley Securities and Seymour Pierce have, on behalf of the Company, completed a conditional placing (the "Placing") of 6,578,366 new Ordinary Shares of 1p each (the "Placing Shares") at a price of 7 pence per Placing Share with institutional and other investors to raise approximately £460,485. The Board was pleased to announce that it has secured a further £325,000 through Convertible unsecured loan agreements in addition to the £100,000 announced on 4 September 2007. The Company obtained shareholder approval of certain resolutions at an extraordinary general meeting held on 18 October 2007 (the "EGM"). Admission of the Placing Shares to trading on AIM occurred on 19 October 2007.

The convertible loans carry an interest rate of 10 per cent and are converted/repaid at a conversion price of 8.375 pence per share on or before 21 March 2008.

# Other information

## Analysis of Shareholders

Range of holdings	Number of shareholders	Number of shares
0-10,000	542	1,156,890
10,001-20,000	50	716,847
20,001-50,000	43	1,368,099
50,001-100,000	15	1,089,211
100,001-150,000	11	1,397,029
150,001-300,000	11	2,433,944
300,001-500,000	4	1,542,706
500,001-1,000,000	6	3,767,521
1,000,001 +	5	12,251,256

## Financial Calendar

December 2007	<b>Annual General Meeting</b>
March 2008	Interim results for the six months ended 31 December 2007
September 2008	Preliminary results for the year ended 30 June 2008

## Shareholder information

### Dividend

The Directors have not recommended the payment of a dividend for the year ended 30 June 2007.

### Listing

Ordinary shares of Avanti Screenmedia Group plc are traded on AIM.

The share price is available either from the Avanti website at [www.avanti-screenmedia.com](http://www.avanti-screenmedia.com) and in The Financial Times and The Times.

### Registrars

All administrative enquiries relating to shareholdings should be directed to The Registrar, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA.

### Avanti's Services

Information about Avanti's services can be found on the Avanti website at [www.avanti-screenmedia.com](http://www.avanti-screenmedia.com)

