



ANT plc
Annual Report & Accounts 2005
For the year ended 31 December 2005

ANT plc is a leading global developer of embedded application software and support services for the Internet Protocol TV (“IPTV”), hybrid TV and consumer electronics markets. Built into TV-related consumer electronics devices, ANT’s ground-breaking client software solutions enable the consistent and reliable delivery of today’s complex TV and interactive media services into the homes and hands of the consumer worldwide.

ANT supplies its software solutions to most of the world’s set-top box manufacturers and its technology is included in many of the high profile commercial IPTV deployments around the world.

Consistency and reliability are critical factors in determining the success of a commercial rollout of interactive TV services in which the network operators will have made significant capital investments. ANT’s software, already well proven in the majority of established commercial IPTV deployments, is fundamental to the successful delivery of interactive TV media by operators to their target customers.

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Highlights 2005

- > Turnover for the year £2.51m (2004: £2.22m)
- > Loss before tax for the year £1.81m (2004: £0.95m)
- > Placing of shares and admission to AIM
- > Year end balance of cash and short term deposits £9.2m (2004: £0.7m)
- > 29 new licences signed in 2005 (2004: 18)
- > Major new customers signed during the year include Siemens, Philips Semiconductors, Pirelli, LG Electronics, Hwacom and Telsey
- > ANT software selected for the Telecom Italia Alice deployment
- > Deliveries of ANT Galio to 23 customers

Chief Executive's Review

“ANT will continue to build its dominant market share and is confident of the continued strengthening of the business in 2006 and beyond.”

ANT continues to develop software solutions for interactive digital TV and consumer electronics entertainment devices, licensing its intellectual property to a wide range of consumer electronics manufacturers, silicon vendors and network owners. Its technology has been integrated in set-top boxes from almost all major providers, as well as in a wide range of other types of consumer devices such as TVs, DVD players, personal media players and digital media adapters. ANT's software, services and expertise have already helped more than 50 industry partners to achieve success.

Overview

During 2005, our first year as a public company, the market for Internet Protocol TV (“IPTV”) paused while network operators took stock of the logistical issues associated with a deployment of services and silicon vendors worked to develop H.264 (MPEG 4) capabilities. Nevertheless, ANT's market-leading technology, ANT Fresco, continued to be deployed by a number of ANT's customers in IPTV networks around the world. At the same time, ANT has maintained its investment in the development and licensing of ANT Galio, the next generation TV application platform, and ANT PurePlay, the digital media management software.

ANT Galio was licensed to a number of early adopters at the end of 2004 and the early part of 2005. ANT began shipping Galio in the middle of 2005. The software has been enthusiastically received by the interactive TV community and, at the end of 2005, there were 23 licensees of ANT Galio. ANT Galio-enabled set-top boxes are due to be deployed during the second half of 2006.

ANT PurePlay, the Group's innovative media management software, was successfully licensed to Philips Semiconductors during the year and the Group expects to see the first consumer electronics high volume products incorporating PurePlay available during the second quarter of 2006.

The Group's principal market focus continues to be the enabling of TV operators' delivery of high value TV services through the licensing of complete software solutions for installation on set-top boxes and other consumer products. Although the Group continues to be very strong in IPTV, the opportunity for the Group has broadened considerably as a result of the progressive convergence of IPTV, cable, satellite and terrestrial TV delivery creating demand for hybrid consumer products which are agnostic as to TV delivery mechanism. The Group's products are highly applicable to this wider market opportunity.

During the fourth quarter of 2005, the Group was able to announce a significant contract with Siemens Home & Office Communications under which Siemens will incorporate ANT Galio in a range of products targeting the worldwide hybrid and IPTV markets. Other major transactions during the year were licences of ANT Fresco to LG Electronics and ANT Galio to Samsung Electronics.

Financial

Turnover grew by 13.1% to £2.51m in the year to 31 December 2005 (2004: £2.22m). ANT's customers shipped 790,000 units of product containing ANT software (2004: 710,000).

The Group made a gross margin of 77%, reduced from 82% in 2004 as a result of the greater proportion of turnover derived from the Group's services activity which is more labour-intensive than the Group's other sources of income.

Commensurate with the increased investment in research and development needed to extend the Group's technological advantage, the number of employees grew during the year from

36 at 31 December 2004 to 49 at 31 December 2005. Administrative expenses as a whole rose 53% to £4.1m (2004: £2.68m).

Over the year, the proportion of revenue earned in Europe and the Asia Pacific region increased (to 51% and 36% from 47% and 20% respectively) while the proportion of revenue earned in the United States was reduced from 33% to 13% as ANT's European and Asian customers increased their penetration into the US operator market at the expense of the US incumbents.

The importance of the Group's service function continued with services (including porting and integration services, support and maintenance and engineering projects) amounting to 30% of overall revenue (2004: 19%). Licence fees accounted for 25% of overall revenue (2004: 31%) and royalties, including advance royalties, 45% (2004: 50%).

The Group signed 29 (2004: 18) new licences for its software products of which 17 (2004: 6) related to Galio, the market-leading TV application manager first licensed in 2004, 11 (2004: 18) related to Fresco, the most widely-deployed IPTV browser and 1 (2004: nil) related to PurePlay, the Group's media management software package.

The Group held cash and short term deposits at 31 December of £9.2m (2004: £0.7m). Cash was generated through a placing of shares in March 2005 raising £10.3m net of expenses. Net cash outflows before financing were £1.9m (2004: £0.6m). Bank interest earned during the year was £354k (2004: £20k).

There is a tax credit for the year of £41k (2004: £106k) representing the receipt of research and development tax credits against which overseas withholding taxes on licensing income have been netted. The Group has approximately £9.3m (2004: £7.8m) of tax losses, subject to the agreement of HM Revenue & Customs, to carry forward and set against future taxable profits.

Chief Executive's Review continued

The Group makes the majority of its sales in foreign currencies, principally US dollars, and therefore has transactional currency exposures. The Group has a number of foreign currency expenses which provide a natural hedge against these exposures and will consider the use of financial instruments as appropriate.

The directors do not recommend the payment of a dividend.

Directors

During the year, the Group appointed two new non-executive directors. David Kynaston was appointed in January, having held senior positions in Philips Electronics and Solectron. David is also a non-executive director of TTPCom plc and has already played a major role in the transition of ANT from venture capital-backed private company to an organisation in the public arena. Tudor Brown was appointed as a non-executive director in May. Tudor is Chief Operating Officer at ARM Holdings plc and has brought enormous experience to bear in his role at ANT.

Current trading and outlook

ANT's short to medium term strategy is to become the IPTV application provider of choice for the world's major TV operators through which it aims to become a complete solution provider

for all embedded STB application software. It is clear that TV operators are investing heavily in the delivery of high value TV service and will continue to do so in the future. This investment will be made across a number of TV network types, IPTV included, reinforcing the market's need for hybrid solutions. Nevertheless, the pace of deployment of product into TV networks remains hard to predict. In the first two months of 2006, ANT has continued to receive significant enquiries for its software products and current trading is in line with expectations for the coming year. We expect that ANT will enjoy material benefit from the deployment of TV services across mixed TV networks throughout 2006 and 2007, reinforcing the significance of the hybrid solution to the TV operator and the consumer alike. ANT will continue to build its dominant market share and, although the market remains in an early stage of development and therefore subject to unpredictable fluctuations, nevertheless your Board is confident of the continued strengthening of the business in 2006 and beyond.

S A Woodward

Chief Executive Officer
6 April 2006

Board of Directors

Tony Caplin

Chairman

Tony Caplin joined ANT as Chairman in October 2002 and has played a major role in the development of the Company since then. In addition to his role at ANT, he is chairman of Biscuit Internet Ltd, Ealing Hospital NHS Trust and Electronic Technique Plc. He is a non-executive director of Panmure Gordon Plc, Northamber Plc and Alternative Networks Plc and a commissioner on the Public Works Loan Board.

Simon Woodward

President and Chief Executive Officer

Simon Woodward joined ANT in 1997 as President and Chief Executive Officer and took responsibility for developing and executing its commercial strategy.

Simon has over 25 years' experience in the IT industry covering a range of disciplines, including accounting, engineering and marketing. Simon trained as an accountant and in 1983 joined Acorn Computer Group in the UK, where he held various senior managerial positions in R&D, marketing and business development, including taking responsibility for negotiating strategic relationships with a variety of industry partners. Prior to joining ANT, Simon ran an IT management consulting company.

Paul Dodd

Group Finance Director

Paul Dodd joined ANT as Group Finance Director in March 2003 having spent over 20 years in a variety of roles in finance and business strategy. Prior to joining ANT, he spent nine years as a partner with the Cambridge office of Ernst & Young LLP, the international accounting and advisory firm.

Stephen Reeder

Executive Director, Sales & Marketing

Stephen joined ANT in February 2003 and has played a key role in the development of ANT's commercial strategy since then. He has a wide range of technical and commercial experience in the telecommunications and IT marketplace. Previously, Stephen headed up new product development for Concert's ASP hosting business, after joining from BT where he had held various commercial and technical roles in the Cable TV Services and Consumer Products Divisions. Prior to joining ANT, Stephen was an account director at Lucent Technologies in the areas of optical transport and voice over IP products.

David Kynaston

Non-executive Director

David joined ANT as a Non-executive Director in January 2005, bringing to bear extensive experience in the electronics industry including positions in scientific research through to operational and strategic management. He was executive senior vice president at Solectron Corporation, a provider of electronics manufacturing and supply chain services, a position from which he retired in January 2002. Prior to joining Solectron, David was business unit director (Business Communications Systems) at Philips Electronics. David is also a non-executive director of TTP Communications Plc and Hansatech Limited.

Tudor Brown

Non-executive Director

Tudor joined ANT as a Non-executive Director in May 2005. One of the founders of ARM, Tudor has been chief operating officer of ARM Holdings plc since 2001. He was principal engineer at Acorn Computers where he worked on the ARM R&D programme, before becoming ARM's engineering director and chief technical officer in 1993. In 2000, he was appointed executive vice president, Global Development, and was responsible for ARM's successful strategic development in the Far East. Tudor holds an MA in Electrical Sciences from Cambridge University.

Directors and Advisors

Directors

A L Caplin
S A Woodward
P M R Dodd
S M Reeder
D Kynaston (appointed 4 January 2005)
T Brown (appointed 1 May 2005)
J Hartz (resigned 13 January 2005)
M P Taylor (resigned 8 March 2005)

Secretary

P M R Dodd

Auditors

Ernst & Young LLP
Compass House
80 Newmarket Road
Cambridge
CB5 8DZ

Bankers

Barclays Bank
58 High Street
Newmarket
Suffolk
CB8 8NH

Legal Advisors

Clyde & Co
51 Eastcheap
London
EC3M 1JP

Registered Office

Cambridge Business Park
Cowley Road
Cambridge
CB4 0WZ

Corporate Governance Report

Compliance with the Combined Code

ANT plc recognises the importance of, and is committed to, high standards of corporate governance, as far as is practical for a company of its size and status. During the year under review, the Company has taken steps to comply with the provisions set out in Section 1 of the Combined Code in so far as is practical given the size of the Company and the nature of its operations. The directors consider the Group is insufficiently large to warrant the need for an internal audit function.

Board of directors

The Board consists of the non-executive Chairman, two non-executive directors and three executive directors. With the exception of the Chairman, the non-executive directors are considered to be independent according to the requirements of the Combined Code.

The Board meets each month to consider those matters which are required to be brought to it for decision, which ensures that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. Directors receive an information pack in the week before each Board meeting which contains background information on such matters.

Board committees

There are three Board committees to deal with remuneration, audit and nominations to the Board. They are composed solely of the three non-executive directors with certain executive directors attending by invitation when required. The Audit Committee meets at least once a year and the Company's external auditors are invited to attend the meetings. Consideration is given to the auditors' pre- and post-audit reports and these provide opportunities to review the accounting policies, internal control assessment and the financial information contained in the Annual and Interim Reports.

Relations with shareholders

The Company's executive directors meet regularly with institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long-term issues and obtain feedback. Private investors are encouraged to participate in the Annual General Meeting.

Internal control

The Board is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness.

A comprehensive budgetary process is completed once a year and is reviewed and approved by the Board. The Group's results are compared to the budget and prior year and are reported to the Board on a monthly basis. Revenue is re-forecast on a quarterly basis.

Going concern

After making enquiries and taking into account the Group's cash resources, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, for this reason, they continue to adopt the going concern basis in preparing the financial statements.

D A Kynaston

Chairman, Audit Committee
6 April 2006

Directors' Report

The directors present their report and the Group financial statements for the year ended 31 December 2005.

Results and dividends

The loss for the year, before taxation, amounted to £1,810,314 (2004: £951,016).

The directors do not recommend the payment of a dividend (2004: £nil).

Principal activity and review of the business

The Group's principal activity during the year continued to be computer software licensing and consultancy. The Company was incorporated on 22 February 2005 and, on 7 March, 2005, acquired the whole of the issued share capital of ANT Software Limited (formerly ANT Limited) in a share for share exchange.

On 16 March, 2005, the Company raised £10.3m net of expenses in a Placing and its shares were admitted to trading on the Alternative Investment Market.

As referred to in the Chief Executive's Review on pages 2–4, the Group has continued to focus on developing a market-leading position in the provision of software for the TV-related consumer electronics market.

Research and development

The Group undertakes continuous research and development activities in order to bring new innovations and to enhance the effectiveness of its software solutions in the consumer electronics market. Expenditure on research and development in 2005 amounted to £1,956,293 (2004: £1,398,871).

Creditor payment policy

The Company does not have a written code or standard on payment practice. It negotiates settlement terms with each of its suppliers and payments are then made to suppliers in accordance with those terms provided the supplier has carried out the agreed obligations in a satisfactory manner.

At the year end, the Group had 36 days' purchases outstanding in trade creditors (2004: 38 days).

Financial instruments

Details of the Group's policies in respect of treasury management and financial instruments are given in Note 20.

Employee involvement

The Group operates a policy of providing employees with information concerning the performance of the business. All Group employees are kept informed of developments within the business and are encouraged to present their suggestions and views on the Group's performance. Employees are encouraged to invest in the Group through participation in the Group's share option scheme.

Charitable and political donations

The Group made no charitable or political donations during the year (2004: £nil).

Directors indemnity insurance

The Company has indemnified one or more directors of ANT plc against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year.

Directors and their interests

The current directors and those who served during the year are shown on page 6. The directors at 31 December 2005 with interests, including beneficial family interests, in the share capital of the Company were as follows:

	31 December 2005 Ordinary shares No.	31 December 2004 Ordinary shares Restated ⁽¹⁾ No.	31 December 2004 Ordinary shares No.
S A Woodward – ANT PLC	60,000	60,000	300,000

(1) The shares shown in 2004 are prior to the share rearrangements described in note 17 and relate to shareholdings in ANT Software Limited. The 2004 shareholdings in ANT Software Limited have been restated for the conversion to show on an equivalent basis to 2005.

In addition to the above interests, directors had options to purchase a number of shares as set out in Note 5 to the financial statements.

Substantial shareholdings

As at 13 March, 2006, the following shareholders had notified the Company that they held an investment of 3% or more in the Company's ordinary share capital:

	Number of ordinary shares	% of Ordinary share capital
HSBC Global Custody Nominee (UK) Limited	4,439,638	18.28%
PH Nominees Limited	3,245,322	13.36%
Mr Richard Farleigh	2,352,942	9.69%
BBHISL Nominees Limited	2,152,249	8.86%
Chase Nominees Limited	1,636,354	6.74%
Foresight Technology VCT plc	1,556,596	6.41%
Vidacos Nominees Limited	879,037	3.62%
Inflexion Partners Limited	732,472	3.02%

Auditors

Ernst & Young LLP were appointed as auditors to the Company on its incorporation. A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board

S A Woodward

Director

6 April 2005

Statement of Directors' Responsibilities in Respect of the Financial Statements

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 Group and of the Company and of the profit or loss of the Group for that period. In preparing those 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; and
- > state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Independent Auditors' Report to the Members of ANT plc

We have audited the Group and parent company financial statements (the "financial statements") of ANT plc for the year ended 31 December 2005 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Statement of Cash Flows and the related notes 1 to 23. These financial statements have been prepared under 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 so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

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 directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chief Executive's Review, the Corporate Governance Report and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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 Group's and the parent company's affairs as at 31 December 2005 and of the Group's loss for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Registered Auditor

Cambridge

6 April 2006

Consolidated Profit and Loss Account

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	3	2,506,331	2,216,729
Cost of sales		(569,216)	(404,279)
Gross profit		1,937,115	1,812,450
Administrative expenses		(4,097,757)	(2,679,821)
Operating loss	4	(2,160,642)	(867,371)
Interest receivable	7	354,185	20,001
Interest payable and similar charges	7	(3,857)	(103,646)
Loss on ordinary activities before taxation		(1,810,314)	(951,016)
Tax on loss on ordinary activities	8	41,198	106,040
Retained loss on ordinary activities	18	(1,769,116)	(844,976)
Loss per ordinary share – basic and diluted	10	(0.09)	(0.10)

Consolidated Statement of Total Recognised Gains and Losses

There are no recognised gains or losses other than the loss attributable to the shareholders of the Group of £1,769,116 (2004: loss of £844,976).

Consolidated Balance Sheet

at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	11	181,812	91,851
Current assets			
Debtors	13	935,126	888,653
Cash and short term deposits		9,191,083	722,553
		10,126,209	1,611,206
Creditors: amounts falling due within one year	14	(1,038,946)	(1,034,867)
Net current assets		9,087,263	576,339
Net assets		9,269,075	668,190
Capital and reserves			
Called up share capital	17	1,214,318	631,454
Share premium account	18	12,066,990	–
Merger reserve	18	9,787,208	9,787,208
Profit and loss account	18	(13,799,441)	(9,750,472)
Equity shareholders' funds		9,269,075	668,190

S A Woodward

Director

P M R Dodd

Director

6 April 2006

Company Balance Sheet

at 31 December 2005

	Notes	31 December 2005 £
Fixed assets		
Investments	12	631,455
		631,455
Current assets		
Debtors	13	1,644,207
Cash at bank and in hand		8,434,271
		10,078,478
Creditors: amounts falling due within one year	14	(58,718)
Net current assets		10,019,760
Net assets		10,651,215
Capital and reserves		
Called up share capital	17	1,214,318
Share premium account	18	12,066,990
Profit and loss account	18	(2,630,093)
Equity shareholders' funds		10,651,215

S A Woodward

Director

P M R Dodd

Director

6 April 2006

Consolidated Statement of Cash Flows

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Net cash outflow from operating activities	19(a)	(2,118,866)	(591,048)
Returns on investments and servicing of finance			
Interest received		326,499	20,001
Interest paid		(3,857)	(103,646)
		322,642	(83,645)
Taxation			
Research and development tax credit		68,816	133,771
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(174,673)	(59,153)
Receipts from sales of tangible fixed assets		600	–
		(174,073)	(59,153)
Net cash outflow before financing		(1,901,481)	(600,075)
Financing			
Share issue proceeds, net of expenses		10,370,011	3,417,738
Transfer to short term deposits	19(b)	(7,155,222)	–
Repayment of convertible loan stock	19(b)	–	(2,258,980)
		3,214,789	1,158,758
Increase in cash	19(b)	1,313,308	558,683

Reconciliation of net cash flow to movement in net funds

	Notes	2005 £	2004 £
Increase in cash		1,313,308	558,683
Transfer to short term deposits		7,155,222	–
Repayment of convertible loan stock		–	2,258,980
Change in net funds resulting from cash flows	19(b)	8,468,530	2,817,663
Other		–	4,345,830
Movement in net funds		8,468,530	7,163,493
Net funds/(debt) at 1 January	19(b)	722,553	(6,440,940)
Net funds at 31 December	19(b)	9,191,083	722,553

Notes to the Financial Statements

at 31 December 2005

1. Basis of preparation

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

ANT plc was incorporated on 22 February 2005 for the purpose of achieving admission to trading on AIM of the existing business of ANT Software Limited. This was effected by the acquisition of the entire issued share capital of ANT Software Limited by way of a share for share exchange. On 16 March 2005 the Company raised approximately £10.3m via the issue of shares, net of expenses, and was admitted to trading on AIM.

The transaction qualifies as a group reconstruction within the meaning of Financial Reporting Standard 6 "Acquisitions and Mergers", and has been accounted for using the merger accounting method. Accordingly, the financial statements for the current and prior year have been presented as if ANT Software Limited had been owned by ANT plc throughout the current and prior year. The Company balance sheet as at 31 December 2005 shows reserves movements for the period since incorporation and consequently there is no comparative information for the Company.

2. Accounting policies

Consolidation

The consolidated accounts incorporate the accounts of the Company and all its subsidiary undertakings drawn up to 31 December 2005.

The Company has taken advantage of the exemption in s230 of the Companies Act 1985 from presenting its own profit and loss account.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Amounts receivable consist of advance royalties, licence fees and support and maintenance payments.

Turnover is recognised for any element of a sale when all of the basic criteria are met for that element. The four basic criteria for recognising software licence revenue are: that persuasive evidence for the arrangement exists, delivery has occurred, fees are fixed or determinable and the collection of the revenue is probable. Maintenance revenue is recognised rateably over the period of the contract. Consulting revenue is recognised on the basis of work performed and contract milestones.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	over 3 years
Office equipment	over 2–5 years
Computer equipment	over 3 years
Plant and machinery	over 2–5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments are stated at cost, less any provision for impairment in value.

Research and development costs

Research and development expenditure is charged to the profit and loss account as incurred.

2. Accounting policies continued

Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- > Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The Group accounts for Research and Development tax credits when receipt is probable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

The Group provides pension arrangements through a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Own shares held by the Employee Benefit Trust

Own shares held by the Employee Benefit Trust ("EBT") are carried at cost and accounted for within shareholders' funds. The EBT is managed by an independent trust company.

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefit and if not included in shareholders' funds.

The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Notes to the Financial Statements continued

at 31 December 2005

3. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities stated net of value added tax.

Turnover is attributable to one continuing activity, the provision of software licensing to the interactive TV industry and related support and consultancy services.

The Group operates within three geographical markets, the United States, Europe and Asia Pacific.

The whole of the Group's turnover originates in the UK. An analysis of turnover by geographical market destination is given below:

	2005 £	2004 £
United States	315,845	731,696
Europe	1,295,719	1,047,120
Asia Pacific	894,767	437,913
	2,506,331	2,216,729

4. Operating loss

This is stated after charging:

	2005 £	2004 £
Auditors' remuneration		
> audit services – UK	29,000	24,080
> audit services – Overseas	5,500	–
> non-audit services – UK	6,528	46,350
	41,028	70,430
Research and development costs	1,956,293	1,398,871
Depreciation of owned tangible fixed assets	84,712	58,451
Operating lease rentals – land and buildings	89,538	80,000
– other	1,590	962
Profit on disposal of fixed assets	(600)	–

Auditors' remuneration in respect of non-audit services relate to taxation (2004: taxation and share options advice). Additionally, the auditors received fees of £173,499 in connection to the Admission of the Company's shares to AIM. These costs have been charged to the Share Premium Account.

5. Directors' emoluments

Directors' remuneration and pension entitlements:

2005	Basic salary and fees £	Benefits £	Performance-related bonuses £	Total £	Pension contributions £
Executive directors:					
S A Woodward	160,000	2,529	50,000	212,529	13,466
P M R Dodd	100,000	–	31,250	131,250	10,000
S M Reeder	80,000	4,174	51,227	135,401	3,785
Non-executive directors:					
A L Caplin	50,000	–	–	50,000	–
D Kynaston ⁽¹⁾	30,000	–	–	30,000	–
T Brown ⁽²⁾	20,000	–	–	20,000	–
	440,000	6,703	132,477	579,180	27,251

(1) Appointed 4 January 2005

(2) Appointed 1 May 2005

Directors' remuneration and pension entitlements:

2004	Basic salary and fees £	Benefits £	Performance-related bonuses £	Total £	Pension contributions £
Executive directors:					
S A Woodward	130,000	3,732	36,684	170,416	8,337
P M R Dodd	80,000	–	1,684	81,684	7,992
S M Reeder	76,583	696	61,288	138,567	6,804
Non-executive directors:					
A L Caplin	43,750	–	–	43,750	–
	330,333	4,428	99,656	434,417	23,133

Notes to the Financial Statements continued

at 31 December 2005

5. Directors' emoluments continued

The interest of the directors in share options is detailed below:

		31 December 2005 £	31 December 2004 restated (3) £	Exercise price restated	31 December 2004 £	Exercise price
T L Caplin	(2)	442,336	442,336	0.85	2,211,679	0.17
S A Woodward	(1)	117,647	117,647	0.85	588,235	0.17
	(2)	1,304,145	1,304,145	0.85	6,520,732	0.17
	(2)	60,000	60,000	0.00005	300,000	0.00001
	(2)	25,600	–	0.85	–	–
	(2)	213,303	–	1.26	–	–
P M R Dodd	(1)	117,647	117,647	0.85	588,235	0.17
	(2)	103,521	103,521	0.85	517,604	0.17
	(2)	222,010	–	1.26	–	–
S M Reeder	(1)	117,647	117,647	0.85	588,235	0.17
	(2)	324,689	324,689	0.85	1,623,444	0.17
		3,048,545	2,587,632		12,938,164	

(1) Approved options under EMI.

(2) All options have vested.

(3) The options shown in 2004 are prior to the share rearrangements described in Note 17 and relate to options over shares in ANT Software Limited. The 2004 options over shares in ANT Software Limited have been restated for the conversion to show on an equivalent basis to 2005.

6. Staff costs

	2005 £	2004 £
Wages and salaries	2,210,426	1,451,640
Social security costs	253,839	165,182
Other pension costs	198,634	129,360
	2,662,899	1,746,182

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

	2005 No.	2004 No.
Engineering	24	17
Sales	12	8
Administration	6	5
	42	30

7. Interest

	2005 £	2004 £
Bank interest receivable	354,185	20,001
Interest payable on convertible redeemable loan stock	–	(100,663)
Other interest payable	(3,857)	(2,983)
	(3,857)	(103,646)

8. Tax on loss on ordinary activities

The tax credit represents:

	2005 £	2004 £
Research and development tax credit	68,816	133,771
Foreign tax		
Current tax on income for the period	(27,618)	(14,962)
Adjustments in respect of prior periods	–	(12,769)
	(27,618)	(27,731)
Current tax credit for the year	41,198	106,040

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the United Kingdom (“UK”). The differences are explained below:

	2005 £	2004 £
Loss on ordinary activities before tax	(1,810,314)	(951,016)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	(543,094)	(285,305)
Effect of:		
Disallowed expenses and non-taxable income	19,249	15,000
Decelerated/(accelerated) capital allowances	2,327	(1,313)
Tax losses carried forward	516,378	273,868
Research and development tax credit	(68,816)	(133,771)
Other timing differences	5,140	(2,250)
Foreign tax	27,618	27,731
Current tax credit for the year	(41,198)	(106,040)

9. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company is £316,294.

10. Loss per ordinary share

The calculations of loss per ordinary share are based on losses of £1,769,116 (2004: £844,976), being the loss for the year and on 19,600,019 (2004: 8,872,918) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

The options have no dilutive effect in loss making years, and hence the dilutive loss per share is the same as the basic loss per share in these years.

The loss per ordinary share is based upon the weighted average number of shares adjusted to reflect the share for share issue that took place on the restructure of the Group. All calculations exclude the shares held by the EBT, who have waived their right to receive dividends.

Notes to the Financial Statements continued

at 31 December 2005

11. Tangible fixed assets

Group	Leasehold improvements £	Office equipment £	Computer equipment £	Plant and machinery £	Total £
Cost:					
At 1 January 2005	–	206,562	180,656	50,579	437,797
Additions	78,309	9,054	87,310	–	174,673
Disposals	–	44,969	48,207	50,579	143,755
At 31 December 2005	78,309	170,647	219,759	–	468,715
Depreciation:					
At 1 January 2005	–	160,120	135,247	50,579	345,946
Charge for the year	16,662	32,585	35,465	–	84,712
Disposals	–	44,969	48,207	50,579	143,755
At 31 December 2005	16,662	147,736	122,505	–	286,903
Net book value:					
At 31 December 2005	61,647	22,911	97,254	–	181,812
At 1 January 2005	–	46,442	45,409	–	91,851

At the balance sheet date the Company had no tangible fixed assets.

12. Investments

Company	2005 £
On incorporation	–
Additions – ANT Software Limited	631,455
At 31 December 2005	631,455

On 7 March 2005, the Company acquired the entire issued capital of ANT Software Limited, satisfied by the issue of 12,629,097 ordinary shares of 5p each, credited as fully paid (see Note 17).

Name of company	Holding	Country of registration	Proportion held	Nature of business
ANT Software Limited	Ordinary shares	UK	100%	Trading
ANT Communications Inc	Ordinary shares	USA	100%	Dormant
ANT Employee Benefits Limited	Ordinary shares	UK	100%	Dormant

ANT Communications Inc and ANT Employee Benefits Limited are held by ANT Software Limited. ANT Software Limited is a wholly owned subsidiary of ANT plc.

13. Debtors

	Group 2005 £	Group 2004 £	Company 2005 £
Trade debtors	648,376	365,551	–
Intercompany balance	–	–	1,614,941
Prepayments and accrued income	286,750	523,102	29,266
	935,126	888,653	1,644,207

Included in prepayments and accrued income is an amount of £41,125 which is due after more than one year (2004: £41,125).

14. Creditors: amounts falling due within one year

	Group 2005 £	Group 2004 £	Company 2005 £
Trade creditors	189,551	134,133	17,006
Taxation and social security	91,633	123,473	–
Accruals	497,018	529,328	41,712
Deferred income	260,744	247,933	–
	1,038,946	1,034,867	58,718

15. Deferred tax**Group**

Deferred taxation assets provided in the financial statements and the amounts not provided are as follows:

	Provided		Not provided	
	2005 £	2004 £	2005 £	2004 £
Capital allowances in arrears of depreciation	–	–	18,030	18,343
Losses	–	–	2,791,130	2,349,545
Other short term timing differences	–	–	5,139	–
	–	–	2,814,299	2,367,888

There are approximately £9.3m (2004: £7.8m) of tax losses available to be carried forward subject to the agreement of HMRC. These losses may be further adjusted to reflect the surrender of the losses relating to qualifying research and development expenditure in accordance with the research and development tax credit scheme.

No deferred tax asset has been recognised in relation to losses carried forward as the Group is currently loss-making. The Group will not recognise the deferred tax asset until recoverability out of future taxable profits is likely.

Notes to the Financial Statements continued

at 31 December 2005

16. Other financial commitments

Operating leases

At 31 December 2005 the Group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Expiring within two to five years	99,307	99,307	1,565	962

17. Share capital

Group	2005 No.	2005 £	2004 No.	2004 £
Authorised				
Ordinary shares of 5p (2004: 1p) each	40,000,000	2,000,000	140,000,000	1,400,000
Allotted, called up and fully paid				
Ordinary shares of 5p (2004: 1p) each	24,286,367	1,214,318	63,145,433	631,454
Company			2005 No.	2005 £
Authorised				
Ordinary shares of 5p each			40,000,000	2,000,000
Allotted, called-up and fully paid				
Ordinary shares of 5p each			24,286,367	1,214,318

On incorporation on 22 February 2005, 40,000,000 ordinary shares of 5p each were authorised and 2 ordinary shares were issued at 5p each.

On 7 March 2005, 12,629,097 ordinary shares were issued to the former shareholders of ANT Software Limited to acquire the entire issued share capital of ANT Software Limited.

On 16 March 2005, 8,880,158 ordinary shares of 5p each were issued for £10,370,011, net of share issue costs in relation to the successful application for admission to AIM.

On 7 March 2005, the ANT Employee Share Trust (EBT) was created. The sponsoring company was ANT plc. The EBT was set up to assist ANT plc to satisfy its obligations in respect of share options issued to employees.

The obligations of ANT Software Limited in respect of the previously issued options have been transferred to ANT plc as part of its acquisition of ANT Software Limited on 7 March 2005. The EBT acquired 2,777,110 shares in ANT plc at an average price of £0.85 per share. At the end of the year, the EBT held 2,777,110 ordinary shares in ANT plc following the exercise of 50,133 options by employees during the year. The EBT will continue to be used to hold the purchased shares to satisfy the obligations of ANT plc as employees exercise options over the vesting period.

Employee Share Options

During the year, the Group granted options to its employees over the Company's shares under the ANT 2005 Share Option Scheme.

17. Share capital continued

An analysis of movements in share options is as follows:

	Number
Options granted before 1 January 2005	3,159,540
Granted during the year	1,060,235
Exercised	(50,123)
Lapsed	(57,775)
At 31 December 2005	4,111,877

The number of options relating to current employees and non-executive directors over ordinary shares granted, exercised or lapsed during the year is as follows:

Date granted	Exercise price	As at 1 January 2005	Granted	Exercised	Lapsed	As at 31 December 2005	Period of exercise
July 2004	85p	3,159,540	–	–	–	3,159,540	July 2014
Feb 2005	95p	–	453,722	(50,123)	(57,775)	345,824	Feb 2015
Mar 2005	126p	–	435,313	–	–	435,313	Mar 2015
Mar 2005	0.005p	–	120,000	–	–	120,000	Mar 2015
Mar 2005	85p	–	51,200	–	–	51,200	Mar 2015
		3,159,540	1,060,235	(50,123)	(57,775)	4,111,877	

Note: All the above options have vested in full and are exercisable within the ten year period from the date of grant.

18. Reconciliation of shareholders' funds and movement on reserves

Group	Share capital £	Share premium £	Merger reserve £	Profit and loss account £	Total shareholders' funds £
At 1 January 2004	68,727	2,586,367	–	(8,905,496)	(6,250,402)
Proceeds from issue of shares	236,463	3,212,174	–	–	3,448,637
Share issue costs	–	(30,899)	–	–	(30,899)
Conversion of loan stock	326,264	4,019,566	–	–	4,345,830
Retained loss for the year	–	–	–	(844,976)	(844,976)
Conversion restatement	–	(9,787,208)	9,787,208	–	–
At 1 January 2005	631,454	–	9,787,208	(9,750,472)	668,190
Proceeds from issue of shares/exercise of options	444,008	10,744,992	–	81,561	11,270,561
Issue of shares to EBT	138,856	2,222,558	–	(2,361,414)	–
Share issue costs	–	(900,560)	–	–	(900,560)
Retained loss for the year	–	–	–	(1,769,116)	(1,769,116)
At 31 December 2005	1,214,318	12,066,990	9,787,208	(13,799,441)	9,269,075

Company	Share capital £	Share premium £	Profit and loss account £	Total shareholders' funds £
At 1 January 2005	–	–	–	–
Issue of ordinary shares	1,214,318	12,967,550	47,615	14,229,483
Share issue costs	–	(900,560)	–	(900,560)
Issue of shares to EBT	–	–	(2,361,414)	(2,361,414)
Retained loss for the year	–	–	(316,294)	(316,294)
At 31 December 2005	1,214,318	12,066,990	(2,630,093)	10,651,215

Notes to the Financial Statements continued

at 31 December 2005

19. Notes to the statement of cash flows

(a) Reconciliation of operating loss to net cash outflow from operating activities

	2005 £	2004 £
Operating loss	(2,160,642)	(867,371)
Depreciation of tangible fixed assets	84,712	58,451
Profit on sale of tangible fixed assets	(600)	–
Increase in debtors	(46,415)	(334,460)
Increase in creditors	4,079	552,332
Net cash outflow from operating activities	(2,118,866)	(591,048)

(b) Analysis of net debt

	At 1 January 2004 £	Cash flow £	Other non-cash movements £	At 31 December 2004 £
Cash at bank and in hand	163,870	558,683	–	722,553
Convertible redeemable loan stock	(6,604,810)	2,258,980	4,345,830 ⁽¹⁾	–
	(6,440,940)	2,817,663	4,345,830	722,553

	At 31 December 2004 £	Cash flow £	At 31 December 2005 £
Cash at bank and in hand	722,553	1,313,308	2,035,861
Short term deposit	–	7,155,222	7,155,222
	722,553	8,468,530	9,191,083

(1) On 28 April, 2004, £3,845,556 6% convertible redeemable loan stock 2006 and £500,274 5% convertible redeemable loan stock 2008 was converted into ordinary shares in ANT Software Limited (formerly ANT Limited).

20. Derivatives and other financial instruments

The Group's principal financial instruments are restricted to cash and short term deposits. The main purpose of these financial instruments is to fund the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations. The Group has previously entered into derivative transactions in respect of the redeemable convertible loan stock used for funding. The Group does not enter into derivative transactions in its trading arrangements.

It is, and has been throughout the year, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are liquidity and foreign currency risks. The Board reviews and agrees policies for managing each of these risks.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash at bank and overdrafts.

The Group's objective is to maintain a positive cash balance at a level adequate for daily operations while retaining the option to use overdraft facilities for short term flexibility as necessary.

Foreign currency risk

The Group makes sales in a number of overseas territories and therefore has transactional currency exposures. Such exposures arise from sales made in currencies other than the Group's functional currency. The Group makes approximately 83% of its sales outside the UK, most of which is denominated in US dollars and therefore subject to foreign exchange movements. The Group has a number of foreign currency expenses which provide a natural hedge against these exposures and will consider the use of financial instruments as appropriate.

Short term debtors and creditors have been excluded from the following disclosures, other than currency risk disclosures, as permitted by FRS 13 "Derivatives and other financial instruments".

Interest rate risk and liquidity risk of the Group's financial assets

The Group invests its funds in short and medium term bank deposits and has access to these deposits at a maximum of six months notice. The Group's policy throughout the period has been to minimise the risk by placing funds in low risk cash deposits but also to maximise the return on funds placed on deposit.

Interest rates on deposits are either fixed on the commencement of the term or are at a variable rate connected to LIBOR.

The weighted average interest rate on financial assets for the year was 4.56% (2004: nil) and the weighted average period for which the rate was fixed was 143 days (2004: nil).

Notes to the Financial Statements continued

at 31 December 2005

20. Derivatives and other financial instruments continued

Currency exposures

The table below shows the Group's currency exposures; in other words, those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in sterling, being the operating (or "functional") currency of the Group.

At 31 December, these currency exposures are as follows:

Functional currency of Group operations	Net foreign currency monetary assets		
	US dollar £	Other £	Total £
2005			
Sterling	391,018	2,374	393,392
2004			
Sterling	449,194	57,004	506,198

Borrowing facilities

The Group has an overdraft facility available which has not been used to date.

The directors consider there to be no material difference between the fair value and carrying values of the financial instruments at the balance sheet dates.

21. Capital commitments

Amounts contracted for but not provided in the accounts amounted to £nil (2004: £nil).

22. Pension commitments

The Group operates a defined contribution pension scheme for its directors and employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. At 31 December 2005, there were outstanding pension contributions of £17,131 (2004: £nil).

23. Related party transactions

The Group has taken advantage of the exemption in Financial Reporting Standard 8 (Related Party Transactions) from disclosing transactions with other members of the Group headed by ANT plc due to the inclusion of all subsidiaries within these consolidated financial statements.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held at Autonomy House, Cambridge Business Park, Cowley Road, Cambridge CB4 0WZ on 23 May, 2006 at 11.00 am for the following purposes:

Ordinary business

To consider and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and consider the annual accounts of the Company for the financial year ended 31 December 2005 together with the directors' report and auditors' report on those accounts.
2. To reappoint Ernst & Young LLP as auditors of the Company to hold office from the conclusion of the meeting to the conclusion of the next meeting at which accounts are laid before the Company and to authorise the directors to determine their remuneration.
3. To reappoint A L Caplin who retires by rotation at the Annual General Meeting in accordance with the Articles of Association of the Company.
4. To reappoint P M R Dodd who retires by rotation at the Annual General Meeting in accordance with the Articles of Association of the Company.
5. To reappoint Tudor Brown who has been appointed by the directors since the last Annual General Meeting of the Company pursuant to the Articles of Association of the Company.

Special business

To consider and, if thought fit, to pass the following resolutions, of which resolution 6 will be proposed as an ordinary resolution and resolution 7 will be proposed as a special resolution:

6. That the directors of the Company be and they are generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80 of the Act) up to an aggregate nominal amount of £404,773 provided that this authority shall expire on whichever is the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date on which this resolution is passed save that the Company may pursuant to this authority make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired. All authorities previously conferred upon the directors pursuant to section 80 of the Act shall be revoked but without prejudice to any exercise of such other authorities prior to the date on which this resolution is passed.
7. That, subject to the passing of resolution 6 above, the directors of the Company be and they are empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to section 94(3a) of the Act) wholly for cash pursuant to the authority conferred by resolution 6 above as if section 89(1) of the Act did not apply to such allotment provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
 - (b) pursuant to the terms of any share scheme for directors and employees of the Company and/or its subsidiaries approved by the shareholders of the Company in general meeting; and
 - (c) having (in the case of relevant shares (as defined in section 94 of the Act)) a nominal amount or (in the case of any other equity securities) giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £121,431 (representing 10% of the Company's share capital on 31 December 2005);

Notice of Annual General Meeting continued

and shall expire on whichever is the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date on which this resolution is passed save that the Company may, before the expiry of such power, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the power conferred hereby had not expired. All powers previously conferred upon the directors pursuant to section 95 of the Act shall be revoked, but without prejudice to any exercise of such other powers prior to the date on which this resolution is passed. This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3a) of the Act as if in the first paragraph of this resolution the words "pursuant to the authority conferred by resolution 6 above" were omitted.

By order of the Board
P M R Dodd
Secretary
6 April 2006

REGISTERED OFFICE
Cambridge Business Park
Cowley Road
Cambridge CB4 0WZ

Notes

1. A member entitled to attend and vote at the meeting convened by the notice set out above is entitled to appoint one or more proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy is enclosed. To be valid, it must be deposited at the office of the Company's registrars, Computershare Investor Services PLC at PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH, so as to be received not later than 48 hours before the time appointed for holding the Annual General Meeting. Completion of the proxy does not preclude a member from attending and voting at the meeting in person if he so wishes.
3. Copies of directors' service contracts (or a memorandum of the terms thereof) with the Company or any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays, Sundays and bank or public holidays in England excepted).
4. The register of interests of the directors and their families in the securities of the Company or any of its subsidiary undertakings will be available for inspection on the day of the meeting at the place of the meeting from the start of the meeting until its conclusion.
5. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered on the Register of Members of the Company not later than 11.00 am on 21 May 2006 (or, if the meeting is adjourned, members entered on the Register of Members of the Company not later than 48 hours before the time fixed for the adjourned meeting) shall be entitled to attend and vote at the meeting. Changes to the entries on the Register of Members of the Company after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Notes

Notes

www.antplc.com

ANT plc
Cambridge Business Park
Cowley Road
Cambridge CB4 0WZ
United Kingdom

Tel +44 (0)1223 716400
Fax +44 (0)1223 716401
Email info@antplc.com