ANT plc
INTERIM REPORT

for the six months ending 30 June 2008

Do more. Now

EVOLUTION: ANT

INTERIM RESULTS

ANT plc is pleased to announce its interim results for the six months ended 30 June 2008. The positive financial trends experienced in the second half of 2007 have continued into 2008, producing record first half revenues, a 50% reduction in operating losses and a significant increase in unit shipment numbers.

FINANCIAL HIGHLIGHTS

- **Revenue £1.60m - increased by 61%**
- **Loss from operations £1.01m - reduced by 50%**
- **Gross margin up to 82% (H1 2007: 77%)**
- **Cash and other financial assets £5.91m (FY 2007: £6.21m)**

	H1 2008	H1 2007
Revenue	**£1.60m**	£0.99m
Gross Margin	**82%**	77%
Operating Costs	**£2.33m**	£2.81m
Loss from operations	**£1.01m**	£2.05m
Total R&D Spend	**£1.15m**	£1.36m
Total R&D Spend as a % of total spend	**44%**	45%
Cash and other financial assets	**£5.91m**	£6.48m
Cash outflow	**£0.30m**	£1.06m
Loss per share	**(£0.04)**	(£0.09)

Simon Woodward, CEO of ANT, commented,

"The combination of faster technology, digital media and innovative new applications continues to revolutionise the way content is consumed by the viewing public. We are seeing a major increase in demand for digital products based on our technologies driven by a growing demand within the IPTV and broader digital media markets. We have maintained our sharp operational focus which has led to a significant reduction in operating losses and cash burn in the first half. With our market leading position and extensive customer base of leading set top box manufacturers, we are increasingly well positioned for the future in a market place that is projected to demonstrate significant growth in the years ahead."

OPERATIONAL HIGHLIGHTS

- **H1 2008 unit shipments increased by 90% to 1.51 million (H1 2007: 0.79 million)**
- **New licences won in first half increased to 7 (H1 2007: 3)**
- **ANT enabled Orange set-top-box subscriber base is up 76% to 1.54m users**
- **Relationship with Cisco continues to develop positively**
- **Richard Baker appointed as Sales and Marketing Director**

ABOUT ANT PLC

ANT plc is a leading provider of client software solutions and services to the digital media industry. It develops open-standards-based client software and applications enabling operators to exploit digital media across a broad range of consumer devices from TV set-top boxes (STB) and Personal Video Recorder/DVD players, to portable media devices such as personal computers and personal media players, regardless of content delivery platform.

ANT enables media driven organisations to quickly create and roll-out innovative, successful applications and TV services on any consumer device, enabling operators to attract new subscribers, reduce churn and increase average revenue per user.

INTRODUCTION

Following a particularly strong conclusion to 2007, 2008 has started well. We expect these trends to continue into the second half as we witness a transformation within the IPTV and broader digital television markets and see demands on device manufacturers to meet TV operators' aggressive subscriber rollout plans increasing. The removal of many of the subscriber rollout hurdles, that often caused serious barriers to entry for operators and media owners alike, is resulting in strong growth in the number of ANT customers who are now shipping in substantial volumes.

FINANCIALS

Turnover rose by 61% to £1.60m in the six months to 30 June 2008 (H1 2007: £0.99m), reflecting the increasing interest we are witnessing within the industry. The number of new licence deals signed in the period increased to 7 (H1 2007: 3), and we saw a significant increase in the number of units shipped — up by 90% to 1.51 million units (H1 2007: 0.79 million units). The period has seen the total number of shipping customers increase to 26 (H1 2007: 20) and the number of customers shipping over 10,000 units in the period rise to 9 (H1 2007: 7).

The Group has improved its gross margin in the period, due to a 77% growth in licence and royalty revenue, and a 27% increase in revenue within our Professional Services division.

During the period we continued to maintain firm operational control of our cost base following our cost cutting exercise in the second half of 2007 and have reduced our operating loss by 50% to £1.01m (H1 2007: £2.05m). Net cash outflow during the period was £0.30m (H1 2007: £1.06m). The Group continues to manage its cash resources prudently and ended the period with cash balances of £5.91m compared with £6.21m at the year end. We will continue with this approach to cost and cash management in the future.

The Directors are not recommending the payment of a dividend.

MARKET OVERVIEW

The combination of digital media and new products continues to revolutionise the way we consume content. From digital satellite to cable and Internet radio, there is now a wide range of sources from which audiences can actively pull programming. Audiences are not only choosing what to watch, but increasingly, when to watch it and through which medium. Broadcasters and operators are adjusting their businesses accordingly.

ANT's technology is primarily used in the television market which today is divided into a number of key sectors, Digital Video Broadcasting ("DVB"), Internet Protocol ("IP"), Hybrid and over-the-top ("OTT"). ANT's software platform is built on the open standards HTML, CSS and JavaScript, which are considerably more flexible than the alternative proprietary solutions. Across each of these sectors, the familiarity of these standards provides immediate advantages for both operators and content developers, delivering significant cost and time reductions to allow the quick launch of new services by exploiting the flexibility of the platform and its applications.

Open standards are at the heart of the development of ANT technology which is well recognised by the market and forms an integral part of driving towards an industry standard which the Open IPTV Forum (OIF) is working towards.

MARKET DRIVERS

This growth in demand for digital media is driven by a number of factors. Governments and regulators continue to drive the migration to digital spectrums. Other key drivers include the increase in broadband coverage, the adoption of new technologies in the home such as High Definition televisions ("HDTV"), and the rapidly accelerating demand for rich digital interactive content both online and via broadcast.

Whilst technology has enabled much more varied distribution of content, it has also fundamentally changed the way society communicates. A broad range of applications, such as the BBC's iPlayer, the Sky+ Personal Video Recorder ("PVR") service and YouTube are all powerful examples of the changing way we consume media.

The consumer appetite for new high value TV services is driving demand for the creation of new product propositions, enabling operators to attract new subscribers, reduce churn and increase average revenue per user.

EVOLUTION OF SET TOP BOXES ("STBs")

We see a media delivery market evolving in which broadcast and on-demand services will co-exist. Providers will blend their own and third party offerings to create differentiation and enriched service offerings. Analysts predict that these services will often be delivered through multi-service STBs, often referred to as "Hybrid" STBs, which are expected to account for over 30 per cent of the world wide STB shipments in 2012[1]. Televisions themselves are becoming more sophisticated media platforms, with the inclusion of Freeview, Freesat decoders and online service capabilities built into many models.

Within the markets described above, ANT enables operators to provide the consumer with a compelling and intuitive user experience supporting the delivery of these new services.

MARKET GROWTH

Overall, worldwide annual shipment of STBs is expected to grow to 225 million units by 2014[2] (2008: 100 million), while over 140 million HDTV's are forecast for shipment by the end of 2013[3]. As previously highlighted, the broadening spectrum of media sources will drive the need for ease of use combined with advanced technology, providing the consumer with access to a vast range of media that these devices will make available. ANT is ideally

1. IMS Research Survey (September 2007).
2. Strategy Analytics - CHD Service 2008.
3. IMS Research - The Worldwide Market for High Definition Equipment and Services 2008 Edition.

placed to capitalise on this opportunity by providing device manufacturers with middleware and applications designed to meet this challenge.

Following strong growth in unit shipments in the second half of 2007, we have seen the trend continuing into the first half of 2008, with an increase of 90% over the same period last year. The number of ANT customers shipping in significant volume, 50,000 units or more, in the period increased to 7 (H1 2007: 2). ANT is also experiencing strong growth in royalty bearing shipments from operators in mainland Europe. At 1.54 million units on the 30th June 2008, Orange's, ANT enabled, subscriber base was 76% up on the previous year, exemplifying this growth.

ANT's software is being extensively deployed by customers throughout the world, including: Orange, Telecom Italia, Telekom Austria and Chunghwa Telecom. These deployments have been achieved through STB manufacturers licensing directly from us. Licencees include Amino, ADB, Samsung, Cisco, Pirelli, Sagem, Thomson and Hwacom.

ANT'S PRODUCT MARKETING STRATEGY

The Group's strategy for growing its revenue streams is to:

- maximise royalty revenues from the existing high volume Fresco deployments,
- migrate operators to the higher value and capability of the Galio Platform to underpin future long-term revenue growth, and
- further develop ANT's value and revenue per user through the commercial exploitation of ANT's new range of media applications.

ANT offers a flexible media centric application platform and a range of highly customisable media applications. This approach enables TV operators to significantly reduce cost and time to launch new services by exploiting this platform and application flexibility.

The Galio Platform is an easy to use, non-proprietary platform solution for digital media delivery. It is comprised of the Galio Browser, an advanced, standards-based web browser engine optimised for user interfaces and portal services, and the Galio Client Middleware, a set of highly focused extensions for manipulating digital media.

Galio is built on the richness and flexibility of open standards. The familiarity of these standards provides immediate advantages for both operators and content developers, including the ability to quickly change/personalise/adapt the User Interface. This in turn, enables more opportunities to build brand awareness and potential revenue opportunities via targeted sponsorship and advertising. Due to the flexibility and unique cross-platform capabilities of our software, Galio is rapidly being seen as a market leading delivery platform and the product of choice within a very competitive market.

To support the development of greater device value and revenues in the medium to long term ANT has now developed a complete range of core TV applications. These include programme guide, channel zapper, fully integrated PVR and video on demand applications. All applications support the full customisation of user interface design and provide operators and device manufacturers with a highly optimised route to market for their products.

ANT's established Fresco product line continues to support current customer deployments providing ANT with good margins. However, migration to the Group's current software platform, Galio, in our key customers and operator rollouts, is now taking place at a satisfactory pace, providing ANT with increased revenue per unit.

The Group's focus during the period has been to sign-up further licensees for Galio, thus speeding up the process for the rollout of new ANT-enabled STBs. In the period under report 7 new licensees were signed (H1 2007: 3) and ANT signed further agreements with Cisco, thereby re-enforcing our position as their service platform and applications supplier of choice. The Group expects to see the first Cisco units shipped in Q4 this year.

ANT won its second major Galio Client Middleware deal in the period signing a licence with Amino to support its next generation PVR capable STB range. This exciting development in the longstanding partnership with Amino has already enabled us to focus our attention on a number of specific operator opportunities.

ADDITIONAL MARKETS

ANT's products continue to be particularly relevant to other sectors in which a highly interactive and flexible user interface is required. Royalty bearing shipments through ANT's partnership with Xerox have continued to strengthen in the period and a broad range of services are now being delivered through Xerox's multifunction document management product.

MANAGEMENT CHANGES

ANT has continued to strengthen its sales and marketing team, signalling our clear intention to increase the pace of commercialisation of our products into these rapidly growing markets. As part of this initiative during the period, we welcomed Richard Baker to the team as Sales and Marketing Director. Richard joined ANT in January 2008.

OUTLOOK

In the light of the progress made in the first half, and the strong pipeline of licensing and royalty opportunities that the Company will be pursuing in the second half, the Board is confident that it will meet market expectations for the year.

Looking to the future it is clear that the combination of digital media and new products will revolutionise the way in which we consume content. As a result, the market that the Group serves is at the start of a prolonged period of rapid growth. Given our market leading position this can only bode well for both employees and shareholders alike in the years ahead.

CONSOLIDATED INCOME STATEMENT
for the six months ending 30 June 2008

	Notes	6 Months to 30 June 2008 (unaudited) £	6 Months to 30 June 2007 (unaudited) (restated) £	Year ended 31 December 2007 (audited) £
Revenue	3	1,604,777	994,641	2,906,192
Cost of sales		(281,508)	(230,254)	(435,482)
Gross profit		1,323,269	764,387	2,470,710
Administrative expenses excluding share options		(1,247,512)	(1,532,506)	(2,670,510)
Share option credit/(expenses)		(11,668)	(25,330)	51,287
Administrative expenses		(1,259,180)	(1,557,836)	(2,619,223)
Research and Development expenses		(1,070,850)	(1,256,098)	(2,224,955)
Loss from operations	4	(1,006,761)	(2,049,547)	(2,373,468)
Finance revenue		170,684	172,665	353,680
Loss before tax		(836,077)	(1,876,882)	(2,019,788)
Tax on loss on ordinary activities		(52,309)	(6,176)	117,544
Loss for the year		(888,386)	(1,883,058)	(1,902,244)
Loss per ordinary share	5	(0.04)	(0.09)	(0.09)

All activities relate to continuing activities

Consolidated Statement of Recognised Income and Expense
There are no recognised gains or losses other than the loss attributable to the shareholders of the Group of £888,386 (2007: loss of £1,883,058).

CONSOLIDATED BALANCE SHEET
as at 30 June 2008

	Notes	As at 30 June 2008 (unaudited) £	As at 30 June 2007 (unaudited) £	As at 31 December 2007 (audited) £
Non-current assets				
Intangible assets		31,074	27,214	26,996
Property, plant and equipment		105,200	113,465	104,908
		136,274	140,679	131,904
Current assets				
Trade and other receivables		1,207,404	1,177,094	1,411,357
Other financial assets	6	4,000,000	3,000,000	4,000,000
Cash and short term deposits	6	1,913,118	3,481,457	2,211,027
		7,120,522	7,658,551	7,622,384
Total assets		7,256,796	7,799,230	7,754,288
Current liabilities				
Trade and other payables		(1,555,273)	(1,125,186)	(1,176,047)
Net assets		5,701,523	6,674,044	6,578,241
Capital and reserves				
Called up share capital	7	1,214,318	1,214,318	1,214,318
Share premium account	7	12,066,990	12,066,990	12,066,990
Merger reserve	7	9,787,208	9,787,208	9,787,208
Retained losses	7	(17,366,993)	(16,394,472)	(16,490,275)
Total equity		5,701,523	6,674,044	6,578,241

CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ending 30 June 2008

	Notes	As at 30 June 2008 (unaudited) £	As at 30 June 2007 (unaudited) £	As at 31 December 2007 (audited) £
Cash flows from operating activities				
Loss before tax		(836,077)	(1,876,882)	(2,019,788)
Finance revenue		(170,684)	(172,665)	(353,680)
Loss on disposal of property, plant & equipment		1,110	1,400	4,466
Depreciation of property, plant & equipment		42,015	44,909	89,712
Amortisation of intangible assets		10,227	7,778	16,392
Share-based (credit)/payments		11,668	25,330	(51,287)
Decrease/(increase) in debtors		50,961	783,527	700,500
(Decrease)/increase in creditors		379,226	(173,801)	(122,934)
Cash used in operating activities		(511,554)	(1,360,404)	(1,736,619)
Foreign withholding tax paid		(52,309)	(6,174)	(35,447)
Research and development tax credit		152,992	189,479	189,479
Net cash used in operating activities		(410,871)	(1,177,099)	(1,582,587)
Cash flows from investing activities				
Interest received		170,684	154,506	337,271
Purchase of property, plant and equipment		(43,339)	(31,763)	(71,069)
Purchase of intangible assets		(14,383)	(7,887)	(16,283)
Proceeds from the sale of property, plant & equipment		-	710	705
(Disposal of)/investment in other financial assets		-	-	(1,000,000)
Net cash (used in)/generated from investing activities		112,962	115,566	(749,376)
Net (decrease)/increase in cash and cash equivalents	6	(297,909)	(1,061,533)	(2,331,963)
Opening cash and cash equivalents		2,211,027	4,542,990	4,542,990
Closing cash and short term deposits	6	**1,913,118**	**3,481,457**	**2,211,027**

In addition to the cash balance of £1,913,118 (2007; £3,481,457), detailed above, the Group also holds Other Financial Assets of £4,000,000 (2007: £3,000,000)

NOTES TO THE FINANCIAL STATEMENTS
for the six months ending 30 June 2008

1. Corporate information

ANT plc is a public limited company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Cambridge Business Park, Cowley Road, Cambridge, Cambridgeshire CB4 0WZ. ANT plc's shares are publicly traded on AIM (The Alternative Investment Market of the London Stock Exchange).

2. Basis of preparation and statement of compliance

The Group's interim financial statements have been prepared in accordance with the accounting policies set out in the financial statements for the year ended 31 December 2007.

The figures for the six month period to 30 June 2008 and 2007 have not been audited. Those for the year ended 31 December 2007 are the consolidated audited results from ANT plc. These accounts do not however represent statutory accounts for the purpose of s240 Companies Act 1985.

3. Segmental information

Revenue represents the amounts derived from the provision of goods and services which fall within the companies ordinary activities stated net of value added tax.

Revenue is attributable to one primary segment, the provision of computer software licensing and consultancy, originating from the head office situated in the UK.

The Group operates within three geographical markets (secondary segments), the United States, Europe and the Rest of the World. The majority of the Group's assets and all assets acquired during the year are held in the UK.

An analysis of turnover by geographical market:

	6 Months to 30 June 2008 (unaudited) £	6 Months to 30 June 2007 (unaudited) £	Year ended 31 December 2007 (audited) £
United States	243,704	344,925	1,304,240
Europe	788,176	325,642	933,191
Rest of the World	572,897	324,074	668,761
	1,604,777	994,641	2,906,192

An analysis of turnover by type:

	6 Months to 30 June 2008 (unaudited) £	6 Months to 30 June 2007 (unaudited) £	Year ended 31 December 2007 (audited) £
Licence and Royalty Revenue	1,200,922	676,576	2,110,630
Professional Services	403,855	318,065	795,562
	1,604,777	994,641	2,906,192

4. Loss from operations

This is stated after charging:

	6 Months to 30 June 2008 (unaudited) £	6 Months to 30 June 2007 (restated) (unaudited) £	Year ended 31 December 2007 (audited) £
Research and Development Cost			
- Customer Specific	80,209	102,392	182,269
- Generic	1,070,850	1,256,098	2,224,955
Amortisation of intangible assets	10,227	7,778	16,392
Depreciation of property, plant and equipment	42,015	44,909	89,712
Net foreign currency differences	16,563	31,917	23,248
Operating Lease Rentals			
- land and buildings	61,512	55,716	111,433
- other	732	732	1,464
Loss on disposal of tangible fixed assets	1,110	1,400	4,466

The Group amended costs included in cost of sales in second half of 2007, therefore the 6 months to 30 June 2007 have been restated from those previously issued to reflect this change.

5. Loss per ordinary share

The calculations of earnings per share from continuing operations are based on the loss after tax for the year of £888,386 (2007: £1,883,058) and the following weighted average number of shares:

	6 Months to 30 June 2008 (unaudited) £	6 Months to 30 June 2007 (restated) (unaudited) £	Year ended 31 December 2007 (audited) £
Loss for the period	(888,386)	(1,883,058)	(1,902,244)
Weighted average number of shares in issue	21,437,870	21,437,870	21,437,870
Basic and Diluted loss per share	(0.04)	(0.09)	(0.09)

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

6. Additional cash flow information

Analysis of group net Cash

	At 1 January 2008 £	Cashflow £	At 30 June 2008 £
Cash and Short Term Deposits	2,211,027	(297,909)	1,913,118
Other Financial Assets	4,000,000	—	4,000,000
	6,211,027	(297,909)	5,913,118

	At 1 January 2007 £	Cashflow £	At 30 June 2007 £
Cash and Short Term Deposits	4,542,990	(1,061,533)	3,481,457
Other Financial Assets	3,000,000	—	3,000,000
	7,542,990	(1,061,533)	6,481,457

	At 1 January 2007 £	Cashflow £	At 31 December 2007 £
Cash and Short Term Deposits	4,542,990	(2,331,963)	2,211,027
Other Financial Assets	3,000,000	1,000,000	4,000,000
	7,542,990	(1,331,963)	6,211,027

Short term deposits are made for varying periods of between one day and three months.

Other Financial Assets comprise of term deposits with maturity of more than three months from commencement that relate to a known amount of cash and are subject to an insignificant risk in change in value.

7. Reconciliation of movements in equity

	Called up share capital	Share Premium	Merger Account	Retained Losses	Total Equity
	£	£	£	£	£
At 1 January 2007	1,214,318	12,066,990	9,787,208	(14,536,744)	8,531,772
Share Based payment				25,330	25,330
Total Recognised expense				(1,883,058)	(1,883,058)
At 30 June 2007	1,214,318	12,066,990	9,787,208	(16,394,472)	6,674,044
Share Based payment				(76,617)	(76,617)
Total Recognised expense				(19,186)	(19,186)
At 31 December 2007	1,214,318	12,066,990	9,787,208	(16,490,275)	6,578,241
Share Based payment				11,668	11,668
Total Recognised expense				(888,386)	(888,386)
At 30 June 2008	1,214,318	12,066,990	9,787,208	(17,366,993)	5,701,523

Merger reserve

This represents the difference between the fair value and the nominal value of shares issued in connection with the acquisition of ANT Software Limited in March 2005.

ANT plc

Cambridge Business Park, Cowley Road, Cambridge, CB4 0WZ, United Kingdom

T +44 (0)1223 716400 F +44 (0)1223 716401 info@antplc.com www.antplc.com

Do more. Now