# ANT plc
# INTERIM REPORT

for the six months ending 30 June 2009

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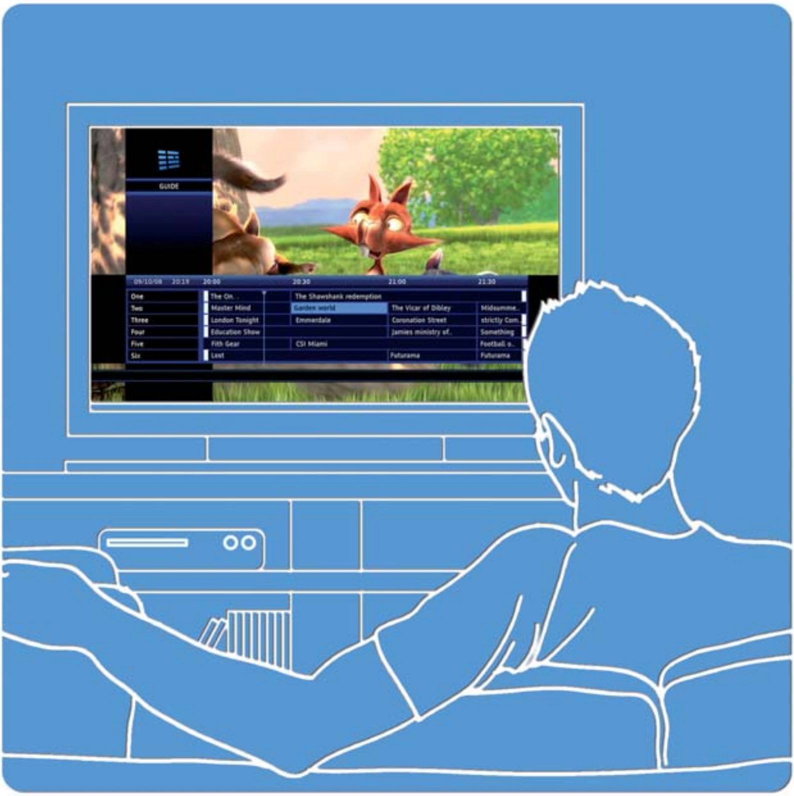

## FINANCIAL HIGHLIGHTS

- Revenue increased by 26% to £2.0m (H1 2008: £1.6m)
- Licence and royalty revenue increased by 36% to £1.6m (H1 2008: £1.2m)
- Gross margin maintained at 83% (H1 2008: 82%)
- Loss from operations reduced by 11% to £0.9m (H1 2008: £1.0m)
- Cash and cash equivalents £5.1m (30 June 2008: £5.9m)
- Cash outflow £0.6m (H1 2008: £0.3m)
- EPS (0.04)p (H1 2008: (0.04)p)

ANT plc, a leading provider of software and services for the delivery of digital TV, is pleased to announce its unaudited interim results for the six months ended 30 June 2009.

Simon Woodward, CEO of ANT, commented:

"We are pleased to report steady progress in the traditionally weaker first half of the year, achieving revenue and unit shipment growth against a backdrop of challenging economic conditions. The highlight of the period was the signing of the landmark licence deal with Arab Media Corporation, ANT's first tier one satellite TV operator. Such evidence of the growing interest in our Galio products from mainstream TV operators, combined with the support of our extensive customer base, gives us confidence in the continued positive development of the Group."

## OPERATIONAL HIGHLIGHTS

- Unit shipments increased by 8% to 1.6 million (H1 2008: 1.5 million)
- 7 new licences won (H1 2008: 7)
- Continued contribution to industry standard bodies and forums
- Expansion into the Satellite TV sector through landmark licence deal with Arab Media Corporation

## ABOUT ANT PLC

ANT plc is a leading provider of software and services for the delivery of digital TV. ANT's standards-based software enables TV operators to quickly create and roll-out innovative TV services and applications on any consumer device. This successfully provides the TV operators with the ability to attract new subscribers, reduce churn and increase average revenue per user.

ANT's software has been extensively deployed by customers throughout the world including Cisco, Chunghwa Telecom, France Telecom, Hwacom, Philips, Pirelli, Sagem, Samsung, SaskTel, Telecom Italia and Thomson.

## INTRODUCTION

We have been pleased with the Group's performance in the first half of the year, building on the excellent progress made during 2008. Key metrics are moving in the right direction, with increased revenues, maintained operating margins and decreased losses. There are encouraging signs of development within our market, which we believe we are well positioned to exploit with our ANT Galio products. While general economic conditions have naturally tempered the speed with which new TV services are being rolled out globally, there are clear indications that operators and device manufacturers are committed to adding value to their services and ANT's software is central to many of their ambitions.

## FINANCIALS

Turnover rose by 26% to £2.0m in the six months to 30 June 2009 (H1 2008: £1.6m). The Group's licence and royalty revenue increased by 36% to £1.6m (H1 2008: £1.2m) and professional services revenue remained steady at £0.4m (H1 2008: £0.4m).

Shipments increased 8% to 1.6 million units (H1 2008: 1.5 million units) during the period and the total number of shipping customers increased marginally to 27 (H1 2008: 26). The number of customers shipping over 50,000 units in the period remained the same as the previous period (H1 2008: 7).

Operating costs increased by 11% to £2.6m (H1 2008: £2.3m) due to the impact of foreign exchange and additional headcount, whilst the loss from operations was reduced to £0.9m (H1 2008: £1.0m).

Finance revenue in the period fell to £0.06m (H1 2008: £0.17m) reflecting the general decrease in interest rates. The interest rate available to the Group in the period for treasury investments was half that of the previous year.

The Sterling/US dollar rate is an influential factor due to its effect on both the Group's revenues and its costs. The average exchange rate for H1 2009 was US$1.59:£1 (H1 2008: $1.97:£1), with the fluctuations in rates during the period leading to a £0.09m charge to the income statement (H1 2008: £0.02m).

Net cash outflow during the period was £0.6m (H1 2008: £0.3m). The Group continues to manage its cost base and cash resources prudently and ended the period with cash balances of £5.1m compared with £5.7m at the year end and £5.9m at 30 June 2008.

The Directors are not declaring the payment of a dividend.

## OPERATIONAL OVERVIEW

During the period, ANT signed 7 new licence deals for elements of the ANT Galio platform with some of the world's leading players in the digital TV market. These device manufacturers and TV operators will utilise Galio to enable the delivery of advanced digital TV services to their subscriber bases. These include Coship, China's largest set-top box manufacturer, Humax Co. Ltd., one of the world's largest manufacturers of digital set-top boxes, and Kaonmedia, the Korea-based digital multimedia device manufacturer.

The period also saw the signing of a landmark deal with the Group's first satellite TV operator. Arab Media Corporation has licensed ANT's products for the development of hybrid (broadband and satellite) TV services. The services are expected to launch in 2010 with an extensive roll out to 26 countries in the Middle East and North Africa. This is the first such deal for ANT within the large satellite sector of the digital TV market, complementing the Group's activity in IPTV.

The Group continues to be actively involved in the evolution of the standards underpinning its industry. During the period these standards have increased their influence over the development of products in the market. ANT's adherence to these standards maximises its commercial opportunity.

## GROWTH IN THE RETAIL AND HYBRID MARKETS

ANT's market continues to show strong signs of growth in both the operator and retail areas of TV consumer electronics. Growth in both these areas is being driven by the continued development of hybrid TV platforms.

IMS Research estimates that Hybrid set-top boxes are expected to account for over 30% of the industry's worldwide shipments in 2012. These devices combine traditional TV delivery mechanisms, such as cable, satellite or terrestrial, with a broadband connection. The broadband, or IP connection, can be used to deliver a variety of additional services to the consumer such as Video on Demand, games and information services.

The growing consumer appetite for such new high-value TV services, combined with declining advertising revenues, is driving the creation of new product propositions by the TV operators and broadcasters. These organisations are developing these new services to attract additional subscribers, reduce churn and increase average revenue per user.

Traditionally, ANT has licensed its software to many of the world's leading device manufacturers, whose devices in turn have been distributed by operators, such as France Telecom, Telecom Italia and Chunghwa Telecom. Now, Set-Top Box vendors are licensing ANT's software for use in products being sold directly to consumers via retail outlets. For example, both Humax and Kaonmedia have licensed Galio as part of their retail strategies. We believe that the potential for this additional, direct-to-consumer, delivery channel is significant.

## OUTLOOK

The steady progress achieved in the traditionally weaker first half of the year, demonstrates the growing traction of our ANT Galio products. This gives the Board confidence in the Group's ability to grow its market share and to continue to deliver in the year ahead. Whilst the economic conditions continue to impact upon the short-term considerations of some of our customers, we have seen increasing evidence in the first half that our long-held view regarding the potential growth of the TV market is now becoming a reality. This, combined with our strong market position, means that we believe the potential for the Group continues to be significant.

# CONSOLIDATED INCOME STATEMENT
## for the six months ended 30 June 2009

| | Notes | 6 Months to 30 June 2009 (unaudited) £ | 6 Months to 30 June 2008 (unaudited) £ | Year ended 31 December 2008 (audited) £ |
|---|---|---|---|---|
| **Revenue** | 3 | 2,014,181 | 1,604,777 | 3,741,002 |
| Cost of sales | | (333,025) | (281,508) | (632,528) |
| **Gross profit** | | 1,681,156 | 1,323,269 | 3,108,474 |
| Administrative expenses excluding share options | | (1,394,258) | (1,247,512) | (1,996,022) |
| Share option expenses | | (27,474) | (11,668) | (14,668) |
| Administrative expenses | | (1,421,732) | (1,259,180) | (2,010,690) |
| Research and Development expenses | | (1,155,142) | (1,070,850) | (2,428,015) |
| **Loss from operations** | 4 | (895,718) | (1,006,761) | (1,330,231) |
| Finance revenue | | 57,209 | 170,684 | 317,276 |
| **Loss before tax** | | (838,509) | (836,077) | (1,012,955) |
| Tax on loss on ordinary activities | | (76,676) | (52,309) | 98,477 |
| **Loss after tax** | | (915,185) | (888,386) | (914,478) |
| Basic and Diluted Loss per ordinary share | 5 | (0.04) | (0.04) | (0.04) |

All activities relate to continuing activities

**Consolidated Statement of Recognised Income and Expense**
**for the six months ended 30 June 2009**

| | 6 Months to 30 June 2009 (unaudited) £ | 6 Months to 30 June 2008 (unaudited) £ | Year ended 31 December 2008 (audited) £ |
|---|---|---|---|
| Net Income recognised directly in equity | | | |
| Loss for the six months ended 30 June 2009 | (915,185) | (888,386) | (914,478) |
| Total Recognised income and expense for the six months ended 30 June 2009 | (915,185) | (888,386) | (914,478) |

# CONSOLIDATED BALANCE SHEET
## as at 30 June 2009

| | Notes | As at 30 June 2009 (unaudited) £ | As at 30 June 2008 (unaudited) £ | As at 31 December 2008 (audited) £ |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Intangible assets | | 41,514 | 31,074 | 48,468 |
| Property, plant and equipment | | 126,622 | 105,200 | 100,687 |
| | | 168,136 | 136,274 | 149,155 |
| **Current assets** | | | | |
| Trade and other receivables | | 1,069,231 | 1,207,404 | 1,489,567 |
| Income Tax recoverable | | - | - | 214,404 |
| Other financial assets | 6 | 3,000,000 | 4,000,000 | 3,500,000 |
| Cash and cash equivalents | 6 | 2,097,791 | 1,913,118 | 2,148,752 |
| | | 6,167,022 | 7,120,522 | 7,352,723 |
| **Total assets** | | 6,335,158 | 7,256,796 | 7,501,878 |
| **Current liabilities** | | | | |
| Trade and other payables | | (1,544,438) | (1,555,273) | (1,823,447) |
| **Net assets** | | 4,790,720 | 5,701,523 | 5,678,431 |
| **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 | (18,277,796) | (17,366,993) | (17,390,085) |
| **Total equity** | | 4,790,720 | 5,701,523 | 5,678,431 |

# CONSOLIDATED STATEMENT OF CASH FLOWS
## for the six months ended 30 June 2009

| | Notes | 6 Months to 30 June 2009 (unaudited) £ | 6 Months to 30 June 2008 (unaudited) £ | Year ended 31 December 2008 (audited) £ |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Loss before tax | | (838,509) | (836,077) | (1,012,955) |
| Finance revenue | | (57,209) | (170,684) | (317,276) |
| Loss on disposal of property, plant & equipment | | - | 1,031 | 1,689 |
| Loss on disposal of intangible assets | | - | 79 | 181 |
| Depreciation of property, plant & equipment | | 35,249 | 42,015 | 74,822 |
| Amortisation of intangible assets | | 12,604 | 10,227 | 22,905 |
| Share-based charge | | 27,474 | 11,668 | 14,668 |
| Decrease/(increase) in debtors | | 420,446 | 50,961 | (227,081) |
| (Decrease)/increase in creditors | | (279,010) | 379,226 | 609,643 |
| **Cash used in operating activities** | | (678,955) | (511,554) | (833,404) |
| Foreign withholding tax paid | | (76,676) | (52,309) | (115,927) |
| Research and development tax credit | | 214,404 | 152,992 | 152,991 |
| **Net cash used in operating activities** | | (541,227) | (410,871) | (796,340) |
| **Cash flows from investing activities** | | | | |
| Interest received | | 57,100 | 170,684 | 313,156 |
| Purchase of property, plant & equipment | | (61,184) | (43,339) | (57,179) |
| Purchase of intangible assets | | (5,650) | (14,383) | (21,912) |
| Proceeds from the sale of property, plant & equipment | | - | - | - |
| (Disposal of)/investment in other financial assets | | 500,000 | - | 500,000 |
| **Net cash (used in)/generated from investing activities** | | 490,266 | 112,962 | 734,065 |
| Net (decrease)/increase in cash and cash equivalents | 6 | (50,961) | (297,909) | (62,275) |
| Opening cash and cash equivalents | | 2,148,752 | 2,211,027 | 2,211,027 |
| **Closing cash and cash equivalents** | 6 | **2,097,791** | **1,913,118** | **2,148,752** |

In addition to the cash balance of £2,097,791 (H1 2008: £1,913,118), detailed above, the Group also holds Other Financial Assets of £3,000,000 (H1 2008: £4,000,000).

# NOTES TO THE FINANCIAL STATEMENTS
## at 30 June 2009

### 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 2008.

The figures for the six month periods to 30 June 2009 and 2008 have not been audited. Those for the year ended 31 December 2008 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 Group's 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 unallocated costs account for £360,870 (H1 2008: £335,650) of the administrative expenses with the primary segment producing a loss before tax of £534,847 (H1 2008: £671,111) and the unallocated segment £303,662 (H1 2008: £164,966).

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 is given below:

| | 6 Months to 30 June 2009 (unaudited) £ | 6 Months to 30 June 2008 (unaudited) £ | Year ended 31 December 2008 (audited) £ |
|---|---|---|---|
| United States | 639,790 | 243,704 | 911,818 |
| Europe | 567,732 | 788,176 | 1,663,184 |
| Rest of the World | 806,659 | 572,897 | 1,166,000 |
| | 2,014,181 | 1,604,777 | 3,741,002 |

An analysis of turnover by type is given below:

| | 6 Months to 30 June 2009 (unaudited) £ | 6 Months to 30 June 2008 (unaudited) £ | Year ended 31 December 2008 (audited) £ |
|---|---|---|---|
| Licence and Royalty Revenue | 1,627,853 | 1,200,922 | 2,880,154 |
| Professional Services | 386,328 | 403,855 | 860,848 |
| | 2,014,181 | 1,604,777 | 3,741,002 |

Finance revenue generated during the six months ended 30 June 2009 was £57,209 (H1 2008: £170,684).

## 4. Loss from operations

This is stated after charging:

| | 6 Months to 30 June 2009 (unaudited) £ | 6 Months to 30 June 2008 (unaudited) £ | Year ended 31 December 2008 (audited) £ |
|---|---|---|---|
| Research and Development Cost | | | |
| - Customer Specific | 125,001 | 80,209 | 186,680 |
| - Generic | 1,155,142 | 1,070,850 | 2,428,015 |
| Amortisation of intangible assets | 12,604 | 10,227 | 22,905 |
| Depreciation of property, plant & equipment | 35,249 | 42,015 | 74,822 |
| Net foreign currency differences | 116,083 | 16,563 | (261,299) |
| Loss on forward contract | (23,247) | - | 24,947 |
| Operating Lease Rentals | | | |
| - land and buildings | 73,103 | 61,512 | 136,503 |
| - other | 122 | 732 | 1,464 |
| Loss on disposal of tangible fixed assets | - | 1,031 | 1,689 |
| Loss on disposal of intangible assets | - | 79 | 181 |

Research and Development costs that are customer funded and included in cost of sales relate to customer specific modifications to which ANT retains the intellectual property.

## 5. Loss per ordinary share

The calculations of earnings per share from continuing operations are based on the loss after tax for the six months ended 30 June 2009 of £915,185 (H1 2008: £888,386) and the following weighted average number of shares:

| | 6 Months to 30 June 2009 (unaudited) £ | 6 Months to 30 June 2008 (unaudited) £ | Year ended 31 December 2008 (audited) £ |
|---|---|---|---|
| Loss for the period | (915,185) | (888,386) | (914,478) |
| Weighted average number of shares | 21,557,870 | 21,437,870 | 21,437,870 |
| Basic and Diluted loss per share | (0.04) | (0.04) | (0.04) |

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 each of these periods.

## 6. Additional cash flow information

Analysis of Group net Cash

| | At 1 January 2009 £ | Cash flow £ | At 30 June 2009 £ |
|---|---|---|---|
| Cash and Short Term Deposits | 2,148,752 | (50,961 ) | 2,097,791 |
| Other Financial Assets | 3,500,000 | (500,000 ) | 3,000,000 |
| | 5,648,752 | (550,961 ) | 5,097,791 |

| | At 1 January 2008 £ | Cash flow £ | 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 2008 £ | Cash flow £ | At 31 December 2008 £ |
|---|---|---|---|
| Cash and Short Term Deposits | 2,211,027 | (62,275 ) | 2,148,752 |
| Other Financial Assets | 4,000,000 | (500,000 ) | 3,500,000 |
| | 6,211,027 | (562,275 ) | 5,648,752 |

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 2008 | 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 |
| Share Based payment | | | | 3,000 | 3,000 |
| Total Recognised expense | | | | (26,092) | (26,092) |
| At 31 December 2008 | 1,214,318 | 12,066,990 | 9,787,208 | (17,390,085) | 5,678,431 |
| Share Based payment | | | | 27,474 | 27,474 |
| Total Recognised expense | | | | (915,185) | (915,185) |
| At 30 June 2009 | 1,214,318 | 12,066,990 | 9,787,208 | (18,277,796) | 4,790,720 |

### 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.

### Retained Losses

During the period 120,000 options were exercised. No charge for these options has previously been reflected in the accounts as, in line with IFRS 2, they had vested before 1 January 2006.

The shares satisfying these options were released to the employees from the pool already held by the Employee Benefit Trust (EBT) and were reflected in the accounts by a cross charge from the EBT to retained losses amounting to £97,761.

**ANT plc**

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