

ANT PLC

STATUTORY ACCOUNTS

2011

WEDNESDAY



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09/05/2012

#167

COMPANIES HOUSE

Directors and Advisors

DIRECTORS

T Brown
R Hoggarth
P Ingram
D Kynaston
S A Woodward

SECRETARY

M Lobo

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Chairman and Chief Executive Report

2011 continued to be challenging against a tough economic back drop and, consequently, product cycles have inevitably lengthened. Revenue in H2 was stronger than earlier indications had suggested due to higher than anticipated royalty revenue. This resulted in a marginal increase in total revenues for the year of 2% to £4.45m (2010: £4.35m) and a significantly reduced loss before tax of £0.34m (2010: £0.58m). Overall operating margins have also improved in the year, with continued focus on both R&D investment and cost containment maintaining the drive toward breakeven.

As a result of the economic climate there were delays in both the delivery of new products to market for our customers and the signing of new licences. However, despite this challenge, ANT signed 14 new licences in the year reflecting the growing interest in ANT's technology (2010: 10).

The financial results do not reflect the level of activity and progress which have taken place in the year. 2011 was a year of investment in R&D to build on the current product portfolio and expand into adjacent markets. The launch of ANT Galio Move in August 2011 has put ANT at the forefront of companion device development and strengthened its value to set-top box ("STB") manufacturers, enabling more end-user product differentiation and opening up a significant additional route to market for ANT. ANT believes the potential for ANT Galio Move to be significant, the interest in applications for the companion device market has grown dramatically over the last 12 months with the success of the tablet and smartphone market.

Change to business model

Investment in core Intellectual Property is key to the future of ANT and 2011 saw ANT react to changes in the wider market and evolve to meet customer requirements, both in terms of financial arrangements and delivering product requirements. ANT's business model has been reinforced through the addition of significant amounts of customer-funded product integration and strategic incorporation of third party IP. While initially reducing overall gross margins, this has allowed significant investment in future IP and had the effect of broadening the ANT product portfolio while being able to minimise the direct overhead cost to ANT. This increased customer proximity has also had the benefit of providing ANT with a greater level of visibility regarding the likely timings of its customers' deployments.

Expansion of the product portfolio

ANT Galio Move

Consumers are increasingly using connected devices while watching TV. Research from the Neilson Company in 2011 suggests that as many as 70% of tablet owners use them while watching TV. In response to this shift in consumer viewing behaviour, ANT developed ANT Galio Move, a tablet and smartphone application that embraces the second screen in the home while enhancing the TV experience. The development of ANT Galio Move significantly enhances ANT's product portfolio and has enabled the Company to adopt a leading position in this new market sector.

ANT Galio Move increases the capabilities of the STB by enabling consumers to stream live and recorded TV from the STB to tablet devices and smartphones such as the Apple iPad and iPhone anywhere in the home using a Wi-Fi connection, these will be followed by Android devices. Consumers can access the Electronic Programme Guide (EPG), schedule and view recordings and additional programme information using the application all without disturbing the main TV experience. When using an STB with more than one tuner, the consumer is able to watch one programme on the main TV while streaming another to the tablet or smartphone device. While competitive products offer elements of these capabilities, none is able to deliver ANT Galio Move's full range of functionality, due to the unique level of control of ANT's software within the STB.

Since its launch, ANT Galio Move has been well received and is gaining a strong response from the market. The first ANT Galio Move licence was signed in December 2011 and is expected to launch in H1 2012. For TV device manufacturers and service providers in the Free-to-Air market, ANT Galio Move is a key differentiator, while for TV Operators and broadcasters it enables the delivery of additional content direct to the tablet and smartphone devices.

The launch of ANT Galio Move creates new, additional revenue opportunities for ANT. The business models surrounding ANT Galio Move is an extension to the current STB core revenue streams.

Customer deployments

Alongside its broad customer base of over 60 licensees, ANT currently has three significant customer projects with Tier 1 companies scheduled for deployment in 2012 as well as a growing market for its HbbTV solution.

Strategic project with Freesat

ANT is working with Freesat on a new project of significant strategic importance for both organisations. Since its launch in 2008, Freesat has deployed over 2 million units of its first generation products in the UK. In June 2011, Freesat licensed ANT Galio for its second generation of satellite receivers. By working closely with ANT, Freesat is able to enhance its services and applications and ensure that they are delivered in a consistent manner across all Freesat branded devices. This project has already delivered new device manufacturer licences which were signed in 2011.

Harvard International partnership

Harvard has contracted to ANT the responsibility of providing a complete STB software solution. This project has involved ANT developing Harvard's UK free-to-air software solution and working with partners to offer this reusable pre-integrated solution. By teaming up with Harvard, ANT is excited to be able to offer a system delivering a compelling and market leading connected TV user experience.

Cisco cable launch

Cisco first licensed ANT Galio in 2006 to target the IPTV market. Since then, ANT has maintained a strong working relationship with Cisco, closely supporting it in a number of IPTV deployments. More recently, Cisco has extended its use of the ANT Galio Suite to its cable STBs. ANT has been heavily involved in the development of this product range which is anticipated to launch in 2012.

Increased market opportunity for HbbTV

The HbbTV (Hybrid Broadcast Broadband TV) market continued to grow during 2011. HbbTV services are widely deployed by the leading broadcasters in both France and Germany. New services are being trialled in both Austria and the Netherlands. In Spain, HbbTV has been selected as the system of choice for connected TV with national and regional terrestrial broadcasters rolling out services over DVB-T.

As a result of the expansion of the HbbTV market, ANT licensed its HbbTV solution to 6 new customers during 2011. ANT is a founder and steering group member of the HbbTV consortium. This experience has proved invaluable in the development of the ANT Galio HbbTV Platform which provides a single pre-integrated solution to enable device manufacturers and system-on-a-chip vendors (SoC) to reduce costs and time to market. During 2011, two new licensees began shipping into HbbTV markets using the ANT Galio HbbTV Platform.

Market developments

Connected TV continues to feature prominently in new product launches from both TV and STB manufacturers. This is evident both at a consumer level and at the industry trade shows, such as the Consumer Electronics Show (CES) in January 2012 where all of the major TV manufacturers were showcasing new Connected TV solutions. This was similarly in evidence at the International Broadcasting Convention (IBC) show in September 2011.

While there remains a challenge to educate consumers to the benefits of Connected TV services and to drive consumers to connect their TV devices to the internet to enable access to these new Connected TV services, statistics suggest that the number of Connected TV devices being sold continues to grow steadily. This represents a growing market opportunity for ANT.

Increasing customer visibility

ANT's commercial and technical teams work closely with existing licensees to help support the deployment of new products based on its software. These strong strategic relationships help to increase ANT's visibility of new customer deployments and emerging market opportunities. By working with customers on specific products with clearly defined target markets and launch dates, ANT supports the development and delivery of the best possible products and end user experiences. This high level of customer support has facilitated ANT's progress in the Connected TV market by building on licences that were signed during 2010.

Financial Review

Revenue for the year increased by 2% to approximately £4.45m (2010: £4.35m). Within this, Professional Services revenue, which includes both R&D and customer support elements, has remained broadly flat while Licence and Royalty revenue has increased by 5% in the year.

In response to demand for HbbTV and Freesat opportunities, there were 14 licences signed in the year which is a significant increase on the prior year (2010: 10).

The revenue mix remained broadly stable, Professional Services contributed 27% to the overall total (2010: 28%) and the remainder came from licence and royalty revenue. The overall gross margin reduced to 82% (2010: 87%), mainly as a function of the costs to deliver customer-funded R&D and third party software costs.

The total number of units shipped during the year was down by 3% to 3.46m units (2010: 3.57m). Shipments of the higher value ANT Galio products increased by 12% in the year. This was offset by a 12% decrease in shipments of the legacy product Fresco. ANT Galio shipments accounted for 42% of all 2011 deployments (2010: 36%) and of these 10% were for multiple elements of ANT's platform solution.

The number of customers shipping over 100,000 units in the year remained static at 5, one customer shipped over 1.5m units (2010: 1).

Operating costs decreased by 9% to approximately £4.04m (2010: £4.43m). The majority of this reduction was a result of ANT's ability to adapt to the changing market and re-assign resource to revenue generating customer-funded projects, moving costs from overheads to cost of sale. Spending on R&D, excluding customer funded elements, decreased by 7% to £2.06m (2010: £2.21m), with customer funded R&D being up 250%. Share option charges in the year resulted in a charge of £0.01m (2010: credit of £0.04m). The average headcount for the year decreased slightly to 49 (2010: 50).

Cash and cash equivalents and other financial assets closed the year at £4.24m (2010: £4.97m), resulting in cash burn of £0.73m (2010: £0.08m).

The average Sterling/US Dollar rate for the year was \$1.62 (2010: \$1.55). Approximately 82% of the Group's revenue in the year was conducted outside the UK (2010: 95%), the majority of which was denominated in US dollars. The stability of the US dollar against sterling led to a charge of £0.02m to the income statement (2010: nil charge).

Loss before tax was below that of the prior year at £0.34m (2010: £0.58m) driven by stringent control of overhead costs and an increase in revenue.

The Group received cash relating to the 2010 R&D tax credit of £0.13m during the year (2010: cash was received for 2009 R&D tax credit totalling £0.21m). Income from interest deposits remained broadly stable at £0.06m (2010: £0.05m).

The Group has unrecognised tax losses available to be offset against future profits of £11.7m (2010: £10.9m).

No payment of final dividend will be made due to negative distributable reserves.

The Board considers Group revenue, gross margin, Group loss before tax, cash and cash equivalents, the number of licences signed and unit shipments to be the Key Performance Indicators which are the most effective measures of the progress towards achieving the Group's objectives


Outlook

While it is likely that the economic climate will continue to impact on the speed with which new licences are signed and deployed, ANT has moved considerably closer to its customers over the past year. To that end, we are confident that a number of our customers are progressing towards significant deployments during 2012 which we would expect to have a positive impact on our figures. In addition, 2012 will also see the first deployment of ANT Galio Move that opens up broader revenue sources for ANT. While it is extremely difficult to judge what the uptake will be of this new product, we believe that ANT Galio Move is unique and its launch is well timed to meeting rapidly growing consumer demand.

We continue on the path towards profitability and will remain focused on the management of costs, while continuing to invest in our growing and valuable Intellectual Property

With a growing level of interest in the Connected TV market and an anticipated push in the sales of these devices in the Olympic year we have entered 2012 with a growing level of confidence.

2011 and 2012 to date have been a period of intense activity at ANT and the Board of Directors would like to express its strong appreciation to the ANT team for its immense effort and contribution to ANT's future success.



Royston Hoggarth
Chairman
29 February 2012



Simon Woodward
Chief Executive

Corporate Governance Report

Compliance with the Combined Code

Under the rules of AIM (The Alternative Investment Market of the London Stock Exchange) the Group is not required to comply with the Combined Code as annexed to the Listing Rules of the Financial Services Authority. Nevertheless, the Group has taken steps to comply with the provisions set out in Section A to E of the Code in so far as is practical given the size of the Group and the nature of its operations.

Board of Directors

As at the year end the Board consisted of the non-executive chairman, two non-executive directors and two executive directors, who demonstrate a range of experience covering strategy, performance and resources which are vital to the success of the business. Mr Tudor Brown is the Senior Independent Director (details of the directors' are shown on page 2).

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 advance of each Board meeting which contains background information on such matters.

Board Committees

There are three Board committees which deal with remuneration, audit and nominations to the Board. They are comprised solely of the non-executive directors, with certain executive directors attending by invitation when required. David Kynaston is the Chairman of the remuneration and nominations committees and Royston Hoggarth is the Chairman of the audit committee.

The audit committee meets at least once a year and the Company's external auditors are invited to attend the meeting. Consideration is given to the auditor's 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 Report.

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 directors acknowledge that they are responsible for the Group's systems of internal control and for reviewing its effectiveness. The system is designed to manage rather than eliminate the risk of failure to achieve the Group's strategic objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Combined Code requires directors to review the effectiveness of the Group's system of internal control in the wider sense, encompassing operational and compliance matters in addition to the traditional financial issues.

The Group's key risk management processes and system of internal control procedures include the following,

- **Management Structure** – The Group has an organisational structure with clearly established responsibilities and lines of accountability. Authority to operate the subsidiary company is delegated to executive Board members within limits set by the Board as a whole. The Group promotes the values of integrity and professionalism.
- **Identification and evaluation of business risk** – An ongoing risk management process has been implemented which identifies the key business risks facing the Group, including both financial and operational risks. The Board monitors the activities of the Group through the management accounts, monthly forecasts and other reports which are presented at the monthly Board meeting.

Group through the management accounts, monthly forecasts and other reports which are presented at the monthly Board meeting

- Investment Appraisal – The Board has a schedule of matters expressly reserved for its consideration

The Board reviews and continues to review the effectiveness of the Group's procedure in managing risk and, therefore, believes it meets the requirements of the guidance


The audit committee has considered the need for internal audit. It is of the opinion that given the size and nature of the Group's operations and the other controls in place it is not necessary at this time. This matter will be reviewed formally on an annual basis.

Going Concern

The Company's business activities and the factors likely to affect its future development and performance are set out in the Chief Executive's Review on pages 4 to 6. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the directors' report on pages 9 to 11. In addition, notes 1 to 29 in the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with existing contracts with a number of customers across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.



Royston Hoggarth
29 February 2012

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2011

RESULTS AND DIVIDENDS

The consolidated loss for the year, before taxation, amounted to £340,184 (2010 £583,242) The directors do not recommend the payment of a dividend (2010 £nil)

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The Group's principal activity during the year continued to be the development and licensing of software solutions for use in the digital TV-related consumer electronics market. The Group's key financial and other performance indicators during the year were as follows

	2011 £'000	2010 £'000	% Change
Group revenue	4,449	4,348	2%
Group loss before tax	(340)	(583)	42%
Cash & cash equivalents and other financial assets	4,245	4,972	(15%)
No. of ANT-enabled product units shipped ('000)	3,456	3,572	(3%)

Further details of the business review are contained in the Chief Executive's Review on pages 4 to 6

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure an appropriate level of liquid resources is available to fund the daily operations of the business. Management consider cash and working capital to be what they monitor as capital. At the time of the Company's IPO, March 2005, £10.3m was raised, net of expenses, via the issue of new equity to fund foreseen development. At this time the directors do not foresee any requirement to raise additional capital, on the basis that they consider that the Group has sufficient cash resources until the Group reaches profitability. Unutilised funds at the year end totalled £4.25m of which £2.75m are invested in termed deposits, with a minimum credit rating from Fitch of "A" to ensure maximum return for minimal risk (2010 £1.5m of £5.0m invested in fixed term deposits). Further discussion relating to financial risk management objectives and exposures is covered in note 19 to the accounts.

PRINCIPAL RISKS AND UNCERTAINTIES

- **Foreign Currency Risk**

The majority of the Group's revenues are denominated in US dollars, while its costs are principally denominated in sterling. As a result, the Group is subject to the risks of foreign currency movements. This risk will increasingly be managed through the judicious use of foreign currency forward contracts.

- **Market and Technological Risk**

The TV-related consumer electronics market is a young and rapidly developing market in which the Group holds a strong position, with a reputation in the market for its innovative and robust technological solutions. Maintenance of that position is dependent on the Group's ability to continue to develop its solutions. While the directors regard the market as providing significant opportunities for long term growth, the exact rate and extent of the growth of that market is very difficult to predict. The Group will continue to utilise its strong asset position to invest in carefully targeted technological development to address the market's needs and opportunities.

RESEARCH AND DEVELOPMENT

The Group undertakes continuous research and development activities in order to bring new innovations to market and to enhance the effectiveness of its software solutions in the consumer electronics market. Expenditure on research and development in 2011 amounted to £2,610,623 (2010 £2,366,666). Of this £550,102 (2010 £157,243) is customer funded and included within cost of sales.

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 61 days' purchases outstanding in trade creditors (2010 36 days).

OVERSEAS BRANCHES

ANT Software Limited is a subsidiary company of ANT plc and has a branch in Korea. The Korean branch has been set up on a cost plus basis to enable the Group to have a sales function in the region.

CHARITABLE DONATIONS

During the year, the Group made charitable donations of £nil (2010 £nil).

DISABLED EMPLOYEES

The Group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job.

DIRECTORS' INDEMNITY INSURANCE

The Group has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

DIRECTORS

The current directors and those who served during the year are shown on page 2. The directors who held office at 31 December 2011 had the following interests, including beneficial family interests, in the share capital of the Company.

	31 December 2011	31 December 2010
	Ordinary Shares	Ordinary Shares
R Hoggarth	-	-
T Brown	28,800	28,800
D Kynaston	28,800	28,800
S A Woodward	157,835	157,835
P Ingram	22,000	22,000

In addition to the above interests, directors had options to purchase a number of shares as set out in the Directors remuneration report.

SUBSTANTIAL SHAREHOLDINGS

As at 16 January 2012 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	Percentage of ordinary share capital
Richard Farleigh	3,039,767	12.52%
ANT plc Employee Share Trust	2,728,497	11.23%
Fidelity Investments	2,228,636	9.18%
Foresight Group	1,986,596	8.18%
Blackrock Investment Management	1,543,619	6.36%
AXA Framlington Investment Management	1,374,669	5.66%
Inflexion Partners Limited	732,472	3.02%

DISCLOSURE OF INFORMATION TO THE AUDITORS

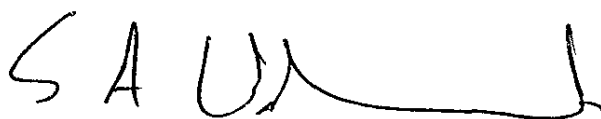
The directors who were members of the Board at the time of approving the Directors' Report are listed on page 2. Having made enquiries of fellow directors and the Group's auditors, each of these directors confirms that

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Group's auditors are unaware, and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant information and to establish that the Group's auditors are aware of that information

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting

On behalf of the Board



SA Woodward

Director

29 February 2012

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' remuneration report

The remuneration committee comprises of David Kynaston, Tudor Brown and Royston Hoggarth, all of whom are non-executive directors of the Company

The Board has accepted the remuneration committee's recommendations in full

Remuneration policy

The remuneration policy is based on the need to offer competitive packages to attract, motivate and retain senior executives of appropriate calibre. Regular reviews of the policy are carried out, supported by independent advice, to ensure that the range and level of emoluments and incentive schemes continue to match current market practices

Salary

Salaries are measured against performance and market medians

Annual Performance bonus

The service agreements provide that each executive director shall be entitled to receive an annual bonus to be determined by the remuneration committee based on the Group's financial and operational performance

Service Agreements

The service agreements for Simon Woodward and Pauline Ingram are terminable by both parties by giving 12 months and 6 month's notice respectively

Benefits

Executive directors, along with other permanent employees of the Company, are entitled to life assurance and permanent health insurance. In addition to this they are able to select additional benefits covering a pension, private medical cover and critical illness or disability insurance up to a value of 10% of basic salary

The pension scheme is a defined contribution scheme and requires a minimum contribution of 5% of salary from the employee before any contributions will be made by the Company

Non-executive Directors

The fees of the non-executive directors are determined by the executive directors. Non-executive directors receive travel expenses but do not participate in any incentive arrangements. The non-executive directors have entered into terms of appointment, with initial 3 year terms, terminable by either party upon 1 month's notice in writing

Directors Remuneration

	Basic Salary	Benefits	Bonus	Pension contributions	Total 2011	Total 2010
	£	£	£	£	£	£
Executive Directors						
S A Woodward	149,040	3,237	-	13,323	165,600	182,160
P Ingram	87,750	-	-	9,000	96,750	99,000
Non-Executive Directors						
R Hoggarth	15,000	-	-	-	15,000	45,000
D Kynaston	12,000	-	-	-	12,000	22,500
T Brown	12,000	-	-	-	12,000	22,500
	275,790	3,237	-	22,323	301,350	371,160

The interest of the directors in share options is detailed below

	As at 1 Jan 2011	Granted	Exercised	Lapsed	As at 31 Dec 2011
S A Woodward	1,635,095	100,000	-	-	1,735,095
P Ingram	100,000	250,000	-	(58,000)	292,000
	1,735,095	350,000	-	(58,000)	2,027,095

Director	Revenue Status	Date Granted	Number Granted	Exercise Price (p)	Vesting Date	Expiry Date
S A Woodward	Approved	07/03/2005	117,647	85 00	07/03/2005	07/03/2015
S A Woodward	Unapproved	07/03/2005	1,304,145	85 00	02/07/2004	07/03/2015
S A Woodward	Unapproved	16/03/2005	213,303	126 00	16/03/2005	07/03/2015
S A Woodward	Approved	11/10/2011	74,074	27 00	11/10/2014	11/10/2021
S A Woodward	Unapproved	11/10/2011	25,926	27 00	11/10/2014	11/10/2021
P Ingram	Approved	07/03/2005	7,217	95 00	07/03/2005	07/03/2015
P Ingram	Approved	01/04/2010	34,783	29 50	31/03/2013	31/03/2020
P Ingram	Approved	10/03/2011	200,000	26 50	10/03/2014	10/03/2020
P Ingram	Approved	11/10/2011	50,000	27 00	11/10/2014	11/10/2021

Options granted after March 2005 vest over a three year period, are subject to continued employment with the Company for the duration of this period, and corporate performance criteria based on an increase in Group revenues over that period. The options expire after 10 years and there are no cash settlement alternatives. The share price at the year end was 16 75p. The highest and lowest market price during the year for the ordinary shares was 32p and 15p respectively.

During the year the number of options exercised by the directors was nil (2010: nil), which had a total exercise value of £nil (2010: £nil). This gave an aggregate gain of £nil (2010: £nil).



D Kynaston
29 February 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANT PLC

We have audited the group financial statements of ANT plc for the year ended 31 December 2011 which comprise Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Group financial statements

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Other matters

We have reported separately on the parent company financial statements of ANT plc for the year ended 31 December 2011

Ernst & Young LLP

Tony McCartney (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
29 February 2012

Note

The maintenance and integrity of the ANT plc web site is the responsibility of the directors, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income Statement
for the year ended 31 December

	Notes	2011 £	2010 £
Revenue	5	4,448,612	4,347,577
Cost of sales		(808,253)	(554,315)
Gross profit		3,640,359	3,793,262
Administrative expenses		(1,976,977)	(2,219,434)
Research and Development expenses	6	(2,060,521)	(2,209,423)
Loss from operations	6	(397,139)	(635,595)
Finance revenue	10	56,955	52,353
Loss before tax		(340,184)	(583,242)
Tax on loss on ordinary activities	11	6,733	57,386
Loss for the year		(333,451)	(525,856)
Basic and Diluted Loss per ordinary share	12	(0 02)	(0 02)

All activities relate to continuing activities

Consolidated Statement of Comprehensive Income
for the year ended 31 December

	Notes	2011 £	2010 £
Loss for the year		(333,451)	(525,856)
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		(333,451)	(525,856)

Consolidated Statement of Financial Position
as at 31 December

	Notes	2011 £	2010 £
Non-current assets			
Intangible assets	13	12,649	20,543
Property, plant and equipment	14	279,996	126,212
Trade and other receivables – more than one year		64,282	-
		<u>356,927</u>	<u>146,755</u>
Current assets			
Trade and other receivables – less than one year	15	1,358,618	1,007,195
Other financial assets	16	2,750,000	1,500,000
Cash and cash equivalents	16	1,494,502	3,472,206
		<u>5,603,120</u>	<u>5,979,401</u>
Total assets		<u>5,960,047</u>	<u>6,126,156</u>
Current liabilities			
Trade and other payables	17	(1,633,172)	(1,474,159)
		<u>(1,633,172)</u>	<u>(1,474,159)</u>
Net Current Assets		<u>4,326,875</u>	<u>4,651,997</u>
Non-Current liabilities			
Provisions	18	(90,000)	(90,000)
		<u>(90,000)</u>	<u>(90,000)</u>
Net assets		<u>4,236,875</u>	<u>4,561,997</u>
Capital and reserves			
Called up share capital	21	1,214,318	1,214,318
Share premium account		12,066,990	12,066,990
Merger reserve		9,787,208	9,787,208
Retained losses		(18,831,641)	(18,506,519)
Total equity		<u>4,236,875</u>	<u>4,561,997</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 February 2012. They were signed on its behalf by



Simon Woodward
Director

Consolidated Statement of Changes in Equity**for the year ended 31 December**

	Called up share capital £	Share premium £	Merger account £	Retained losses £	Total Equity £
At 1 January 2010	1,214,318	12,066,990	9,787,208	(17,938,520)	5,129,996
Total Comprehensive income	-	-	-	(525,856)	(525,856)
Share-based payments	-	-	-	(42,143)	(42,143)
At 1 January 2011	1,214,318	12,066,990	9,787,208	(18,506,519)	4,561,997
Total Comprehensive income	-	-	-	(333,451)	(333,451)
Share-based payments	-	-	-	8,329	8,329
At 31 December 2011	1,214,318	12,066,990	9,787,208	(18,831,641)	4,236,875

Consolidated Statement of Cash Flows
for the year ended 31 December

	Notes	2011 £	2010 £
Cash flows from operating activities			
Loss before tax		(340,184)	(583,242)
Finance revenue	10	(56,955)	(52,353)
(Gain) / Loss on disposal of property, plant and equipment		-	(241)
Depreciation of property, plant and equipment	14	132,158	111,463
Amortisation of intangible assets	13	16,956	20,704
Foreign exchange differences		1,917	(15,231)
Share-based payments (credit) / charge	22	8,329	(42,143)
(Increase) / Decrease in trade and other receivables		(413,885)	544,825
Increase / (Decrease) in trade and other payables		159,013	(148,124)
Cash used in operating activities		(492,651)	(164,342)
Tax paid	11	(124,871)	(148,103)
Research and development tax credit		131,604	205,489
Net cash used in operating activities		(485,918)	(106,956)
Cash flows from investing activities			
Interest received		55,135	51,761
Purchase of property, plant and equipment	14	(285,942)	(32,419)
Purchase of intangible assets	13	(9,062)	(6,752)
Sale of property, plant and equipment		-	1,124
(Investment) / disposal of other financial assets		(1,250,000)	1,500,000
Net cash generated from investing activities		(1,489,869)	1,513,714
Net decrease in cash and cash equivalents		(1,975,787)	1,406,758
Foreign exchange differences		(1,917)	15,231
Opening cash and cash equivalents		3,472,206	2,050,217
Closing cash and cash equivalents	16, 25	1,494,502	3,472,206

Notes to the Financial Statements

as at 31 December 2011

1. Corporate information

ANT plc is a public limited company incorporated in the United Kingdom. The address of the registered office is 1st Floor, 335 Cambridge Science Park, Milton Road, Cambridge, CB4 0WN. 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 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union as they apply to the financial statements of the Group for the year ended 31 December 2011.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2011.

The consolidated financial statements have been prepared under the historical cost convention and are presented in Sterling.

Basis of consolidation

The consolidated financial statements comprise the financial statement of ANT plc and its subsidiaries as at 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company and are based on consistent accounting policies.

Going Concern

The Company's business activities and the factors likely to affect its future development and performance are set out in the Chief Executive's Review on pages 4 to 6. The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Directors' Report on pages 9 to 11. In addition, notes 1 to 29 in the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources together with existing contracts with a number of customers across different geographic areas. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Notes to the Financial Statements

as at 31 December 2011

3. Significant judgements and major sources of estimation uncertainty.

Judgements are made in relation to share-based payment costs requiring the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs for which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees (see note 22)

Research costs are not capitalised. Development costs however will be capitalised from the point that all the criteria from IAS 38 have been fulfilled. However the Group has not currently achieved this position. The Board will continue to review the nature of the Group's development activities on an ongoing basis and consider whether the conditions are being satisfied. Research and Development costs include work completed on generic ANT products and customer specific modifications.

4. Accounting policies

a) Revenue

Revenue 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 royalties, licence fees and professional services, which includes support and maintenance payments.

Revenue is recognised for any element of a sale when all of the basic criteria are met for that element, these are given below:

Licence and Royalties fees – revenue is recognised when persuasive evidence for the arrangement exists, delivery has occurred, fees are fixed or determinable, non refundable and require no further commitments with fee collection being probable. Royalties are recognised on receipt of appropriate third party evidence.

Professional Services – invoiced in line with customer contracts and recognised on the basis of work performed. Where contracts indicate time and materials, as the basis for charges, revenue is recognised directly in line with work completed. Where this is not the case project plans detailing resource requirement during a project are used to establish percentage completion at any point in time. In relation to Support and Maintenance contracts these are recognised on a pro-rata basis throughout the year.

Revenue is accrued on the above elements when revenue can be recognised but has not been invoiced.

Revenue is deferred on the above elements when it has not been recognised but the invoice has been raised.

Revenue relating to contracts with multiple elements is allocated based on the fair value of each element and is recognised in accordance with the accounting principles for each element described above.

b) Cost of Sales

Cost of sales represents the cost to the business to deliver its revenue. It comprises commission, internal costs relating to customer specific projects and external third party software and contractor costs.

Notes to the Financial Statements

as at 31 December 2011

4. Accounting policies (continued)

c) Foreign currencies

The Group's presentational currency is Sterling (GBP). Sterling is also the functional currency of all companies within the group. Transactions in foreign currencies are recorded in the functional currency at the rate ruling at the date of the 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 consolidated income statement.

d) Research and Development expenditure

Development is the application of research findings or other existing knowledge to the design of new or improved processes, systems or technologies. Development includes those activities taking place over the period from design, through implementation testing, systems integration, productisation, engineering release, and final product qualification, but ceases at the stage of formal product release.

Research costs are expensed as incurred. Development expenditure on an individual project is recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. However the Group has not currently achieved this position. The Board will continue to review the nature of the Group's development activities on an ongoing basis and consider whether the conditions have been satisfied.

Research and development costs include work completed on generic ANT products and customer specific modifications. Revenue relating to customer specific modifications is recognised in line with the criteria set out in note 4a. Any research and development costs relating to the delivery of this revenue are recognised in line with services delivered and expensed to cost of sales.

e) Intangible assets

Intangible assets acquired are stated at cost less amortisation and any accumulated impairment losses.

Amortisation is provided on all intangible assets at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life, as follows:

Software	-	over 3 years
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The carrying values of intangible assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Residual values are reviewed on an annual basis.

f) Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation and any accumulated impairment losses.

Depreciation is provided on property, plant and equipment at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life, as follows:

Leasehold improvements	-	over 5 years
Office equipment	-	over 2 - 5 years
Computer equipment	-	over 3 years

Notes to the Financial Statements

as at 31 December 2011

4. Accounting policies (continued)

f) Property, plant and equipment (continued)

The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. Residual values are reviewed on an annual basis.

g) Taxation

Current Tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantively enacted at the balance sheet date.

Withholding tax is recognised, as it arises, through the income statement. It arises from customers withholding a percentage of amount owed to ANT and remitting this to the local tax authorities on our behalf.

Deferred income tax assets are recognised for all temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which the temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss, and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which temporary differences can be utilised.

Deferred income tax is measured at the tax rates that are expected to apply in the year when the asset is realised, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that there is sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. As currently this has not been satisfied there is no deferred tax asset recognised on the balance sheet.

The Group has taken advantage of the HMRC Research and Development (R&D) tax credit scheme that encourages small and medium sized companies to increase their R&D spending. A proportion of qualifying expenditure on R&D activities can be deducted when calculating the profit for tax purposes. Tax credits are accounted for when cash received in return for surrendering tax losses. The majority of the qualifying expenditure for the Group is made up by staff costs.

h) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by the use of an appropriate option pricing model. In valuing equity settled transactions no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Notes to the Financial Statements

as at 31 December 2011

4. Accounting policies (continued)

h) Share-based payments (continued)

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions in relation to the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity. For any instrument that has vested no reversal of charges previously recognised as an expense will occur.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

i) Retirement benefit costs

The Group provides arrangements through a defined contribution scheme. The amount charged to the consolidated income statement 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 accruals in the balance sheet.

j) Own shares held by Employee Benefit Trust

Own shares held by the Employee Benefit Trust (EBT) are carried at cost and as a deduction from total equity.

k) Operating lease agreements

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

l) Trade and other receivables

Trade receivables, which generally have thirty to sixty day terms, are recognised and carried at original invoice amount. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote and when legal notification has been provided and a further month has elapsed.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and with an original maturity of three months or less.

n) Other financial assets

Other Financial assets comprise 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.

4. Accounting policies (continued)

Notes to the Financial Statements

as at 31 December 2011

o) Finance revenue

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

p) Derivative financial instruments

The Group uses derivative financial instruments, such as foreign currency contracts, to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured for fair value. Changes in fair value are recognised in the income statement within administration expenses. No derivative financial instruments were in place at the year end (2010: Nil).

q) Provisions

Provisions are recognised when the Group has an obligation as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of that obligation.

r) Dilapidation

A dilapidation provision is reflected in the Group accounts to take into account the costs that are likely to be incurred on the cessation of the current building lease. These costs are based on externally provided estimates and take into account the costs likely to be incurred in reinstating the building back to its original condition.

s) New standards and interpretations not applied

The IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRSs)		Effective Date for periods commencing after
IFRS 7	Financial Instruments Disclosures (Amendment)	1 July 2011
IAS 12	Income Taxes (Amendment) – Deferred Taxes Recovery of Underlying Assets	1 January 2012
IAS 1	Presentation of items of other comprehensive income – Amendments to IAS 1	1 July 2012
IFRS 9	Financial Instruments Classification and Measurement	1 January 2013
IFRS 10 IAS 27	Consolidated Financial Statements Separate Financial Statements	1 January 2013
IFRS 11 IAS 28	Joint arrangements Investments in associates and joint ventures	1 January 2013
IFRS 12	Disclosure of interests in other entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 19	Employee benefits (Revised)	1 January 2013

Notes to the Financial Statements

as at 31 December 2011

4. Accounting policies (continued)

s) New standards and interpretations not applied (continued)

The Group intends to adopt these standards in the first accounting period after the effective date. The Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

t) Treasury Shares

ANT plc shares held by the Group are deducted from equity as "treasury shares" and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

5. Segmental information

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

The Group has one segment, the provision of computer software licensing and consultancy, originating from the head office situated in the UK. The chief operating decision makers view all current activity as being related to the provision and enablement of licensed IP. The Revenue, Result, Total Assets and Liabilities of the Group all relate to this segment and are those reported in the Financial Statements. As such no reconciliation of segmental information to the Group's Financial Statements is presented.

The Group operates within three geographical markets: the United States, Europe and the Rest of the World. All of the Group's non-current assets are held in the UK.

An analysis of revenue by geographical market is given below:

	2011 £	2010 £
United States	630,801	1,053,294
Europe	1,680,222	1,380,578
Rest of the World	2,137,589	1,913,705
	<u>4,448,612</u>	<u>4,347,577</u>

The European segment identified above includes £813,864 relating to revenue generated in the UK (2010: £194,271).

The geographical segmental analysis shown above relates to our customers' geographical location, not the location of the end users of the units or services provided.

An analysis of revenue by type is given below:

	2011 £	2010 £
Licence and royalty revenue	3,265,558	3,118,344
Professional Services	1,183,054	1,229,233
	<u>4,448,612</u>	<u>4,347,577</u>

Notes to the Financial Statements

as at 31 December 2011

5. Segmental information (continued)

	2011	2010
No. of customers contributing more than 10% of revenue	3	1

The percentage contribution to revenue of customers contributing more than 10% in the year was 11%, 12% and 13% (2010 17%)

Finance revenue generated during the year was £56,955 (2010 £52,353)

6. Loss from operations

This is stated after (crediting) / charging

	2011 £	2010 £
Research and development cost – Customer funded	550,102	157,243
– Generic	2,060,521	2,209,423
Amortisation of intangible assets	16,956	20,704
Depreciation of property, plant and equipment	132,158	111,463
(Release) of unutilised provision for dilapidation	(90,000)	-
Foreign currency Loss / (Gain)	10,878	(13,267)
Loss on forward contracts	4,756	12,718
Operating lease rentals – Land and buildings	165,902	146,205
(Gain) on disposal of property, plant and equipment	-	(241)

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

The amortisation of intangible assets charge is charged to the income statement in administration expenses

7. Auditor's remuneration

The Group had the following amounts charged by its auditors in respect of the audit of the financial statements and for other services

	2011 £	2010 £
Audit of the financial statements		
ANT pic	25,000	25,000
ANT Software Limited	9,000	9,000
	<u>34,000</u>	<u>34,000</u>
Other fees to auditors		
Taxation	7,300	13,250
Total	<u>41,300</u>	<u>47,250</u>

Notes to the Financial Statements

as at 31 December 2011

8. Compensation of Key Management

Compensation of key management personnel (including executive and non-executive directors)	2011	2010
	£	£
Short Term employee benefits	696,481	651,602
Post employee benefits	42,568	45,745
Share-based payments	9,931	(19,536)
	<u>748,980</u>	<u>677,811</u>

Short term employee benefits include wages, payroll taxes, healthcare and performance related pay. Post employee benefits relate specifically to contributions to defined contribution pension schemes and share based payments show IFRS 2 charges relating to the issue of share options.

The interests of the directors in the shares of the Company are detailed within the Directors' Report.

9. Staff costs and directors' emoluments

(a) Staff costs

	2011	2010
	£	£
Wages and salaries	2,565,660	2,727,619
Social security costs ⁽¹⁾	277,009	309,557
Other pension costs	<u>145,477</u>	<u>182,711</u>
	<u>2,988,146</u>	<u>3,219,887</u>

⁽¹⁾ Social security costs include overseas offices.

Included in wages and salaries is a total charge relating to share-based payment of £8,329 (2010 credit of £42,143) arising from transactions accounted for as equity-settled share-based payment transactions.

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

	2011	2010
Engineering	32	34
Sales	6	8
Administration	<u>8</u>	<u>8</u>
	<u>46</u>	<u>50</u>

Notes to the Financial Statements
as at 31 December 2011

9. Staff costs and directors' emoluments (continued)

(b) Directors' emoluments

	2011	2010
	£	£
Directors' emoluments	279,027	348,831
Contributions to defined contribution pension schemes	22,323	22,329
Number of directors accruing benefits under		
Defined contribution schemes	2	2
The highest paid director received		
Emoluments	152,277	168,831
Pension contributions	13,323	13,329

Full details on the directors' remuneration is given in the remuneration report

10. Finance revenue

	2011	2010
	£	£
Bank interest receivable	56,955	52,353

11. Tax on loss on ordinary activities

a) Tax on loss

The tax credit represents

	2011	2010
	£	£
Research and development tax credit	(131,604)	(205,489)
Foreign tax		
Current tax on income for the period	124,871	148,103
Current tax credit for the year	(6,733)	(57,386)

Notes to the Financial Statements

as at 31 December 2011

11. Tax on loss on ordinary activities (continued)

b) Reconciliation of the tax credit

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. The differences are explained below

	2011 £	2010 £
Loss on ordinary activities before tax	(340,184)	(583,242)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.5% (2010: 28%)	(90,149)	(163,308)
Effect of		
Disallowed expenses	(15,697)	14,000
Decelerated capital allowances	(7,384)	20,313
Tax losses carried forward	113,230	128,995
Research and development tax credit	(131,604)	(205,489)
Withholding tax	124,095	142,180
Foreign tax	776	5,923
Income tax credit reported in the consolidated income statement	(6,733)	(57,386)

Historically, research and development tax claims have resulted in losses being surrendered in return for cash and are accounted for when receipt of cash is probable. During the year the Group surrendered £940,026 of tax losses in return for £131,604 of cash which related to the R&D tax credit for 2010 (2010: £1,443,971 losses surrendered for £205,489 relating to 2009 tax credit of £166,379 and additional claims for 2008 of £9,569 and 2007 of £29,541).

c) Deferred tax

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

	2011 £	Provided 2010 £	2011 £	Not provided 2010 £
Capital allowances in arrears of depreciation	-	-	18,380	55,275
Losses	-	-	2,913,468	2,950,397
	-	-	2,931,848	3,005,672

There are approximately £11.7m (2010: £10.9m) 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 sufficient taxable profits are available to allow all or part of the deferred tax asset to be utilised.

Notes to the Financial Statements

as at 31 December 2011

11. Tax on loss on ordinary activities (continued)

d) Factors affecting future tax charge

The Finance Act 2011 reduced the main rate of UK corporation tax to 25% from 1 April 2012. The UK deferred tax balances have been restated accordingly.

Further reductions in the main rate of UK corporation tax have been announced which will be enacted annually in the following two years to bring the rate down to 23% from 1 April 2014. These changes had not been substantively enacted at the balance sheet date and consequently are not included in these financial statements.

Further enacted UK tax changes are a reduction from 1 April 2012 in the rate of capital allowances applicable to plant and machinery and to integral features from 20% to 18% and from 10% to 8% respectively.

The above changes can impact the amount of future tax payments.

12. Loss per ordinary share

The calculations of loss per share from continuing operations are based on the loss after tax for the year of £333,451 (2010: £525,856) and the following weighted average number of shares:

	2011 £	2010 £
Loss for the period	(333,451)	(525,856)
Weighted average number of ordinary shares	21,557,870	21,557,870
Basic and diluted loss per ordinary share	<u>(0.02)</u>	<u>(0.02)</u>

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. The weighted average number of ordinary shares excludes treasury shares held in an Employee Benefit Trust of 2,728,497 (2010: 2,728,497).

Notes to the Financial Statements

as at 31 December 2011

13. Intangible assets

	Software
Cost	£
At 1 January 2010	109,951
Additions	6,752
Disposals	(364)
At 31 December 2010	<u>116,339</u>
Additions	9,062
Disposals	(2,505)
At 31 December 2011	<u>122,896</u>
Amortisation	
At 1 January 2010	75,456
Charge for the year	20,704
Disposals	(364)
At 31 December 2010	<u>95,796</u>
Charge for the year	16,956
Disposals	(2,505)
At 31 December 2011	<u>110,247</u>
Net book value	
At 1 January 2010	<u>34,495</u>
At 31 December 2010	<u>20,543</u>
At 31 December 2011	<u>12,649</u>

At the end of the year the Group had amounts contracted for but not provided for of £nil (2010 £nil)

Notes to the Financial Statements
as at 31 December 2011

14. Property, plant and equipment

	Leasehold improvements	Office equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2010	103,030	182,704	317,084	602,818
Additions	106,038	524	15,857	122,419
Disposals	-	(5,168)	(14,292)	(19,460)
At 31 December 2010	209,068	178,060	318,649	705,777
Additions	229,094	13,550	43,298	285,942
Disposals	(209,068)	(24,708)	(55,283)	(289,059)
At 31 December 2011	229,094	166,902	306,664	702,660
Depreciation				
At 1 January 2010	91,725	175,742	219,212	486,679
Charge for the year	49,504	3,589	58,370	111,463
Disposals	-	(5,168)	(13,409)	(18,577)
At 31 December 2010	141,229	174,163	264,173	579,565
Charge for the year	82,790	3,946	45,422	132,158
Disposals	(209,068)	(24,708)	(55,283)	(289,059)
At 31 December 2011	14,951	153,401	254,312	422,664
Net book value				
At 1 January 2010	11,305	6,962	97,872	116,139
At 31 December 2010	67,838	3,897	54,476	126,212
At 31 December 2011	214,143	13,501	52,352	279,996

Leasehold improvements include a provision of £90,000 that relates to a dilapidation provision

At the end of the year the Group had amounts contracted for but not provided for of £nil (2010 £nil)

Notes to the Financial Statements

as at 31 December 2011

15. Trade and other receivables

	2011	2010
	£	£
Trade receivables	598,645	572,505
Prepayments	143,014	129,283
Accrued income	535,382	247,575
Other debtors	81,577	57,832
	<u>1,358,618</u>	<u>1,007,195</u>

All of the trade receivables at year end are denominated in either Sterling (£199,708) or US dollars (£398,937) (2010 Sterling £72,032, US Dollars £500,473)

	Carrying amount	Of which either impaired nor past due on the reporting date	Of which not impaired on the reporting date and past due in the following periods			
			less than 30 days	between 30 and 60 days	between 61 and 90 days	More than 90 days
		£	£	£	£	£
Trade receivables As at 31 Dec 2011		376,243	169,235	26,034	12,013	15,120
Trade receivables As at 31 Dec 2010		448,493	74,595	6,462	16,096	26,859

Of the receivables neither past due nor impaired none of the counterparties have a history of defaulting

The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. The total allowance for bad debts that was charged to the Income Statement in the year was £64,937 (2010 £78,895). The bad debt provision included in the Balance Sheet at the year end is £183,355 (2010 £108,995). Exposure to credit risk is mitigated, where necessary, by payments in advance.

	2011	2010
	£	£
Opening	108,995	192,272
Arising during the year	194,084	118,084
Utilised	(12,464)	(162,172)
Released	(107,260)	(39,189)
Closing	<u>183,355</u>	<u>108,995</u>

Notes to the Financial Statements

as at 31 December 2011

16. Cash & Cash equivalents and other financial assets

	2011	2010
	£	£
Net cash and cash equivalents per cash flow	<u>1,494,502</u>	<u>3,472,206</u>
Other financial assets	<u>2,750,000</u>	<u>1,500,000</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Cash equivalents (short term deposits) are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at pre-arranged rates.

Other financial assets are made up of cash deposits made for more than 3 months, typically less than 6 months, and earn interest on the same basis as short term deposits.

Net cash and cash equivalents currently held as follows,

	2011	2010
	£	£
Barclays Bank plc	382,581	604,564
National Westminster Bank plc	1,106,533	2,860,352
Other	5,388	7,290
	<u>1,494,502</u>	<u>3,472,206</u>

Other financial assets currently held as follows,

2011	£	Interest Rate	Maturity Date
Bank of Scotland	1,000,000	1.95%	27 June 2012
Bank of Scotland	750,000	1.75%	23 April 2012
Santander	1,000,000	2.00%	20 December 2012
Total	<u>2,750,000</u>		
2010	£	Interest Rate	Maturity Date
Bank of Scotland	1,500,000	1.60%	27 June 2011
Total	<u>1,500,000</u>		

Notes to the Financial Statements

as at 31 December 2011

17. Trade and other payables

	2011	2010
	£	£
Trade payables	286,316	154,378
Tax and social security	89,224	99,114
Accruals	831,814	761,625
Deferred income	425,818	459,042
	<u>1,633,172</u>	<u>1,474,159</u>

18. Provisions

	2011	2010
	£	£
Non-Current Provision		
Opening	90,000	-
Arising during the year	90,000	90,000
Utilised	-	-
Released	(90,000)	-
Closing	<u>90,000</u>	<u>90,000</u>

The opening provision was released on completion of prior lease on which no dilapidation costs were incurred. The current dilapidation provision will be utilised on the expiry of the current lease, which has a current maturity date of 22 March 2022 with an optional break clause on the 30 August 2016.

19. Financial instruments

The Group's principal financial instruments are restricted to cash & cash equivalents and other financial assets. The main purpose of these financial instruments is to fund the Group's operations. The Group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. The management does not consider there to be any significant concentration of credit risk.

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.

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 underlying entity's functional currency. The Group makes approximately 82% (2010: 96%) of its sales outside the UK, most of which, in common with the industry, is denominated in US dollars and therefore subject to foreign exchange movements. The Group has a small number of foreign currency expenses which provide a natural hedge against these exposures and on occasion it has used forward contracts. No such instruments were outstanding at the end of the current or prior year.

The table on page 37 shows the Group's currency 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.

Notes to the Financial Statements

as at 31 December 2011

19. Financial instruments (continued)

At 31 December, these currency exposures are as follows

	US dollar	Other	Total
	£	£	£
2011 Monetary Asset	193,371	5,362	198,733
2010 Monetary Asset	260,217	86,628	346,845
2011 Debtors	398,937	-	398,937
2010 Debtors	500,473	-	500,473
2011 Accrued Income	369,862	-	369,862
2010 Accrued Income	183,077	63,379	246,456

The following table demonstrates the sensitivity to a reasonably possible weakening / strengthening in the US dollar, Euro and Korean Won exchange rates, whilst all other variables were held constant

	Change in US\$ / Euro Rate	Impact on loss before tax (positive exchange movement)	Impact on loss before tax (negative exchange movement)
2011 – US dollar	10%/-10%	(99,864)	99,864
2011 – Euro	10%/-10%	(674)	674
2011 – KRW	10%/-10%	(866)	866
2010 – US dollar	10%/-10%	(88,509)	108,178
2010 – Euro	10%/-10%	(13,564)	16,578

There is no impact on equity of changes in foreign exchange rates other than the impact on retained losses resulting from the change in loss before tax as detailed above

Liquidity risk

The Group's objective is to maintain a positive cash balance at a level adequate for daily operations. This is achieved through a detailed multicurrency forecast which assesses the Group's requirements, taking into account all known and forecast factors.

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

The Group's policy is to minimise interest rate risk by placing funds in low risk cash deposits but also to maximise the return on funds placed on deposit. The Group invests its funds in short and medium term bank deposits and has access to these deposits at a maximum of 12 months' notice.

Interest rates on deposits are either fixed on the commencement of the term or are at a variable rate connected to LIBOR. Of these interest rates on deposit, £2,750,000 were at fixed rates (breakdown shown in note 16), £1,494,502 were at variable rate (2010 £1,500,000 fixed, £3,472,206 variable).

Notes to the Financial Statements

as at 31 December 2011

19. Financial instruments (continued)

Based on the Group's cash reserves at the year end, it is estimated that a reduction of 1% in interest rates would lead to a reduction in finance revenue of £40,362 (2010 £46,249), and vice versa for an increase

Credit risk

The Group's only material credit risk is attributable to trade receivables. Cash, cash equivalents and other financial assets are held across a number of banks with our cash equivalents and other financial assets being held by "A" rated institutions to minimise risk

Our customers are made up of organisations that we have long standing relationships with. It is the Group's policy that all customers who wish to trade on credit terms require the specific approval of senior management. Receivable balances are monitored on an on going basis with the result that the Group's exposure to bad debts is not significant. Analysis of the bad debt provision included in the Balance Sheet is detailed in note 15

The maximum exposure to credit risk is the carrying value of financial assets

Capital management

Details of the Group's objectives, policies and processes for managing capital are given in the "Capital management" section of the Directors' Report

Borrowing facilities

The Group has no overdraft facility

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

20. Obligations under operating leases

At 31 December 2011 the Group had the following future minimum rental payable under non-cancellable operating leases

	2011	2010
	£	£
Not later than one year	168,743	146,205
After one year but not more than five years	618,724	48,735
After five years	-	-
	<u>787,467</u>	<u>194,940</u>

During 2011 the Group relocated its offices to the registered office address. The new commercial lease has an expiry of March 2022 and an optional 5 year break clause

21. Share capital

	2011	2011	2010	2010
	No	£	No	£
Authorised				
Ordinary shares of 5p each	40,000,000	2,000,000	40,000,000	2,000,000
Allotted, called-up and fully paid				
Ordinary shares of 5p each	24,286,367	1,214,318	24,286,367	1,214,318

Notes to the Financial Statements

as at 31 December 2011

22. Share-based payments

The Group operates an Enterprise Management Incentive (EMI) share option scheme relating to shares in the parent company for the benefit of all its employees and employees are entitled to participate once they have completed three months' service. Options granted to non-UK based employees or in excess of the qualifying limits for EMI are unapproved options for UK tax purposes or are outside the scope of UK taxation.

Options granted before 31 March 2005 have all vested and are held by employees who were employed by the Group as at the year end. These 2,362,266 options (2010: 2,369,483) are not accounted for under IFRS 2 as they predate the introduction of the standard. Options granted after this date are accounted for in accordance with provisions of IFRS 2.

Options granted after March 2005 vest over a three year period and are subject to the individual remaining an employee of the company and corporate performance criteria based on Group revenues. The options are all equity settled, expire after 10 years and there are no cash settlement alternatives. There are no options issued after March 2005 which have not been accounted for under IFRS 2.

The Employee Benefit Trust, managed by an independent trust Company, holds 2,728,497 (2010: 2,728,497) ordinary shares in the parent company of 5p each, which were acquired at an average purchase price of 85p, all of which are the subject of options which have been granted with a range of share values from £0.225 to £1.26.

The Group recognised a total charge of £8,329 (2010: credit of £42,143) in the income statement in respect of options granted to staff.

The number of options relating to current employees over 5p ordinary shares in the parent Company granted, exercised or lapsed during the year is as follows:

Date granted	Exercise price	As at 1 January 2011	Granted	Exercised	Lapsed	As at 31 December 2011	End Date
Feb 2005	95p	102,480	-	-	(7,217)	95,263	Feb 2015
Mar 2005	85p	2,053,700	-	-	-	2,053,700	Mar 2015
Mar 2005	126p	213,303	-	-	-	213,303	Mar 2015
April 2009	24.5p	372,000	-	-	(372,000)	-	April 2019
Oct 2009	38.5p	272,500	-	-	(272,500)	-	Oct 2019
April 2010	29.5p	544,783	-	-	(42,500)	502,283	Mar 2020
Mar 2011	26.5p	-	1,106,500	-	(110,000)	996,500	Mar 2021
Oct 2011	27p	-	435,000	-	-	435,000	Oct 2021
		3,558,766	1,541,500	-	(804,217)	4,296,049	

Notes to the Financial Statements

as at 31 December 2011

22. Share-based payments (continued)

The following table shows the number and weighted average exercise prices (WAEP) of movements in share options during the year

	2011	2011	2010	2010
	No	WAEP	No	WAEP
Outstanding as at 1 January	3,558,766	£0.694	4,255,700	£0.614
Granted during year	1,541,500	£0.266	614,783	£0.295
Exercised during year	-	-	-	-
Forfeited during year	(804,217)	£0.304	(1,311,717)	£0.25
Outstanding as at 31 December ⁽¹⁾	4,296,049	£0.613	3,558,766	£0.69
Exercisable as at 31 December	2,362,266	£0.89	2,369,483	£0.89

⁽¹⁾Included in this balance are options over 2,362,266 shares (2010 2,369,483) for which no charge has been recognised in accordance with IFRS 2 as the options vested before 1 January 2006

For the share options outstanding as at 31 December 2011, the weighted average remaining contractual life is 5.9 years (2010 5.8 years). The weighted average share price of options exercised during the year was £nil (2010 £nil).

The weighted average fair value of options granted during the year was £0.11 (2010 £0.13).

The fair value of equity-settled options is estimated at the date of grant using a Black-Scholes model, taking into account the terms and conditions on which the options were granted. The following table lists the inputs to the model used for the year ended 31 December 2011 and 31 December 2010.

	Mar	Oct	
	2011	2011	2010
Dividend yield (%)	0%	0%	0%
Expected share price volatility (%)	52%	49%	54%
Risk-free interest rate (%)	4%	4%	4%
Expected life of option (years)	6	6	6
Weighted average share price (pence)	26.5p	27p	29.5p

The expected life of the options is an estimate and is not necessarily indicative of exercise patterns which may occur. The expected volatility reflects the assumption that historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

Notes to the Financial Statements

as at 31 December 2011

23 Statement of Changes in Equity

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

Retained losses include an amount of £2,224,255 (2010 £2,224,255) in relation to treasury shares that are held in the Employee Benefit Trust, covering 2,728,497 5p shares (2010 2,728,497)

24. Principle Group Undertakings

Name of Company	Holding	County 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 Software Inc	Ordinary shares	USA	100%	Trading

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

25. Additional cash flow information

Analysis of Group net debt

	At 1 January 2011 £	Cash Flow £	At 31 December 2011 £
Cash and Cash equivalents	3,472,206	(1,977,704)	1,494,502
Other financial assets	1,500,000	1,250,000	2,750,000
	<u>4,972,206</u>	<u>(727,704)</u>	<u>4,244,502</u>

	At 1 January 2010 £	Cash Flow £	At 31 December 2010 £
Cash and Cash equivalents	2,050,217	1,421,989	3,472,206
Other financial assets	3,000,000	(1,500,000)	1,500,000
	<u>5,050,217</u>	<u>(78,011)</u>	<u>4,972,206</u>

Notes to the Financial Statements

as at 31 December 2011

26. 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 2011 there were no outstanding pension contributions (2010: £nil).

27. Other commitments

The Group's total other commitments as at 31 December 2011 is £nil (2010: £nil).

28. Related party transactions

Transactions between the Company and its subsidiaries which are related parties, have been eliminated on consolidation and are not disclosed in this note.

29. Post balance sheet events

There have been no material post balance sheet events that require disclosure in these financial statements.

Directors' statement of responsibilities in relation to the parent company financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANT PLC

We have audited the parent company financial statements of ANT plc for the year ended 31 December 2011 which comprise the Balance Sheet and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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

As explained more fully in the Directors' Responsibilities Statement set out on page 44, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Other matters

We have reported separately on the group financial statements of ANT plc for the year ended 31 December 2011.

Tony McCartney (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
29 February 2012

Note

The maintenance and integrity of the ANT plc web site is the responsibility of the directors, the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Company Balance Sheet – ANT PLC (prepared in accordance with UK GAAP)

As at 31 December

	Notes	2011 £	2010 £
Fixed Assets			
Investments	5	672,380	664,051
		<u>672,380</u>	<u>664,051</u>
Current assets			
Debtors	6	15,382	17,383
Other financial assets		2,750,000	1,500,000
Cash and short term deposits		238,795	1,041,648
		<u>3,004,177</u>	<u>2,559,031</u>
Creditors: Amounts falling due within one year	7	(89,966)	(74,620)
		<u>2,914,211</u>	<u>2,484,411</u>
Net current assets			
		<u>3,586,591</u>	<u>3,148,462</u>
Net assets			
Capital and reserves			
Called up share capital	8	1,214,318	1,214,318
Share premium account	9	12,066,990	12,066,990
Profit and loss account	9	(9,694,717)	(10,132,846)
		<u>3,586,591</u>	<u>3,148,462</u>

The financial statements were approved by the Board of Directors and authorised for issue on 29 February 2012. They were signed on its behalf by



Simon Woodward
Director

Notes to the Financial Statements – ANT PLC (prepared in accordance with UK GAAP)
at 31 December 2011

1. Corporate Information

ANT plc (the Company) is a limited company incorporated in England and Wales whose shares are publicly traded. The principal activity of the Company is that of a holding company.

2. Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with the applicable United Kingdom accounting standards and law.

As permitted by Financial Reporting Standard No 1 (Revised), "Cash flow statements", the Company has not included a Cash flow statement as part of its financial statements because the consolidated financial statements of the Group (of which the Company is a member) include a cash flow statement and are publicly available.

The Company has taken advantage of the exemption in Paragraph 2D of FRS 29 Financial Instruments: Disclosure and Presentation and has not disclosed information required by paragraphs 51 to 95 of that standard, as the Group's consolidated financial statements, in which the Company is included, provide equivalent disclosures for the Group under IFRS 7 Financial Instruments: Disclosures.

3. Accounting policies

a) 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, except that 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.

b) Investments

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

c) Trade and other receivables

Trade receivables, which generally have thirty to sixty day terms, are recognised and carried at original invoice amount. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote and when legal notification has been provided and a further month has elapsed.

d) Other financial assets

Other Financial assets comprise 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.

3. Accounting policies (continued)

e) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by the use of an appropriate option pricing model. In valuing equity settled transactions no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions in relation to the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement with a corresponding entry in equity. For any instrument that has vested no reversal of charges previously recognised as an expense will occur.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The financial effect of awards by the Company in respect of options over its equity shares to employees of the subsidiary undertaking are recognised by the Company in its individual financial statements. In particular, the Company records an increase in its investment in subsidiaries with a credit to equity equivalent to the FRS20 cost in subsidiary undertakings.

f) Treasury Shares

ANT plc shares held by the Group are deducted from equity as "treasury shares" and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to revenue reserves. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of equity shares.

4. Loss for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. ANT plc reported a profit for the financial year ended 31 December 2011 of £429,800, which includes a positive contribution of £994,872 relating to the removal of inter-company balances previously provided against in the Company Balance Sheet (2010: £1,924,384, which includes a provision of £1,164,494 relating to the removal of inter-company balances in the Company Balance Sheet).

Notes to the Financial Statements – ANT PLC (prepared in accordance with UK GAAP)
at 31 December 2011

5. Investments

	2011	2010
	£	£
As at 1 st January	664,051	706,194
Movement relating to group share based payment arrangements	8,329	(42,143)
As at 31 st December	<u>672,380</u>	<u>664,051</u>

Name of Company	Holding	Country of Registration	Proportion held	Nature of business
ANT Software Limited	Ordinary shares	UK	100%	Trading

For details of subsidiaries held by ANT Software Limited see note 24 of the Group Financial Statements

6. Debtors

	2011	2010
	£	£
Trade receivables	4,323	6,920
Prepayments	9,239	9,871
Accrued income	1,820	592
	<u>15,382</u>	<u>17,383</u>

7. Creditors: Amounts falling due within one year

	2011	2010
	£	£
Trade payables	12,616	14,210
Accruals	77,350	60,410
	<u>89,966</u>	<u>74,620</u>

Notes to the Financial Statements – ANT PLC (prepared in accordance with UK GAAP)
at 31 December 2011

8. Called-up Share Capital

	2011 No	2011 £	2010 No	2010 £
Authorised				
Ordinary shares of 5p each	40,000,000	2,000,000	40,000,000	2,000,000
Allotted, called-up and fully paid				
Ordinary shares of 5p each	24,286,367	1,214,318	24,286,367	1,214,318

9. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Share premium £	Profit and Loss £	Total Equity £
At 1 January 2010	1,214,318	12,066,990	(8,166,319)	5,114,989
Share based payment	-	-	(42,143)	(42,143)
Retained loss for the year	-	-	(1,924,384)	(1,924,384)
At 1 January 2011	1,214,318	12,066,990	(10,132,846)	3,148,462
Share based payment	-	-	8,329	8,329
Retained Profit for the year	-	-	429,800	429,800
At 31 December 2011	1,214,318	12,066,990	(9,694,717)	3,586,591

The information disclosed in the Group's consolidated financial statements under IFRS 2 'Share based payments' is comparable with the UK GAAP disclosure requirements as required by FRS 20 'Share based payments'. Therefore further information regarding the Company's equity settled share based payment arrangement can be found in note 22 of the consolidated financial statements.