Amino Technologies plc
annual report and accounts 2006

award
winning
products

proven
solutions

strong
partnerships

leading through experience

Corporate statement

Amino Technologies plc (www.aminocom.com) designs and supplies electronic systems, software and consultancy for IPTV (telco triple-play applications: TV, data and voice communications over broadband Internet), on-demand video and in-home multimedia distribution. Its award-winning set-top boxes are marketed under the AmiNET™ branding.

Amino is partnered with world-leading companies in systems integration, middleware, conditional access, silicon, head-end systems and browser technologies.

Highlights

- Amino's leading position in the IPTV market was sustained during the year with global distribution channels and low cost manufacturing sources in place, coupled with a strong brand.
- The financial results for the period were:
  - Revenues: £25.4m (2005: £23.5m).
  - Gross margins: 36.3% (2005: 34.8%).
  - Gross profit: £9.2m (2005: £8.2m).
  - Loss before tax: £1.5m (2005: profit of £64,000) reflecting increased operating costs and industry-wide issues which delayed shipments of new MPEG-4 HD set-top boxes.
- Balance sheet remains strong with net cash of £14.0m (2005: £14.5m).
- Shipments of AmiNET products for the period increased 32% to 413,000 (2005: 314,000).

Chairman's report

"Amino is well placed to exploit the very strong position in the IPTV market it has developed, leveraging its global distribution channels, low cost manufacturing source, broad product offering and strong brand"

Introduction

I am pleased to announce my first set of Amino Technologies plc results for the year ended 30 November 2006, following my appointment on 1 January 2007. Whilst all involved, with hindsight, would have done some things differently over the past years, the Board and executives have done a remarkable job in getting the Company to this point of its development; it has established a very strong position in the Internet Protocol Television (IPTV) market, global distribution channels, a low cost manufacturing source coupled with a very strong brand, in an industry which has continued to be dynamic and challenging. The task for the Board and executives is to exploit this strong position in the next phase of the IPTV market development.

Financial

By way of background to the results for FY 2006, it will be recalled from past statements that the introduction of MPEG-4 products was delayed by industry-wide issues which meant that volume deliveries of Amino's AmiNET130 set-top box were pushed back from the closing months of last year and should now start from the second half of 2007. This had an impact last year on the product revenue mix and average gross profit per unit.

Revenue for the year increased 8% to £25.4m (2005: £23.5m) and the revenue from the top 20 accounts which account for over 80% of the revenues was up 27% to £22.4m (2005: £17.6m). The Company increased its operating cost base during the year to £11.3m (2005: £8.5m) in order to expand its distribution capability and in support of the emerging MPEG-4 market. The Company recorded a loss before tax of £1.5m (2005: profit of £0.06m). Net cash was £14.0m (2005: £14.5m).

Strategy and competitive market position

The core strategy remains unchanged; Amino will continue to exploit the emerging IPTV market, initially focusing on the tier 2 and 3 telcos which are deploying IPTV first and to progressively address the total market including tier 1 participants through direct selling and partnerships.

Today the Company has established a market leading position in terms of worldwide set-top box shipments according to market analysts, ABI Research (further details are provided in the Chief Executive's Statement). A recent brand survey conducted on behalf of the Company has confirmed the strength of Amino's brand recognition as evidenced by an extensive global distribution network and middleware partnerships that have supported its growth.

AWARD WINNING PRODUCTS

The market today is at the start of the transition from MPEG-2 to MPEG-4 technologies which offer greater data compression and require reduced internet bandwidth. The core of the 2007 market will be underpinned by the continued supply of MPEG-2 products supplemented by the emerging MPEG-4 market opportunity for both standard definition (SD) and HD products.

At the same time, Amino's business model is developing. For the more established tier 2 and tier 3 telco markets, a conventional supplier-customer relationship is appropriate. For large, populous, developing markets such as China and India, significant partnership agreements signed by Amino within the last three months demonstrate the strength of the Company's combined offering comprising hardware, software and 'know-how' to meet the requirements of set-top box supply, licensing and local manufacture.

The Company has an established, effective, low cost manufacturing partnership within China and continues to work with its suppliers and partners to ensure that the product costs remain competitive.

Operational delivery

The Company operates in a highly dynamic market place that is still evolving. The regions of the world are adopting different combinations of suppliers to fulfil the whole service requirements and are adopting MPEG-4 and HD roll-out at different paces and with different priorities. This leads to significant complexity and 'supply side' cost in assessing the real market opportunity to be addressed. Amino has an extensive customer base of over 1,400 customers, including pilot projects, giving it a unique insight to the real market dynamics.

All companies face specific execution risks in such rapidly developing markets. These risks fall into three areas: sales, technology and supply. The Board and executives are continuing to undertake reviews of aspects of these to reduce or mitigate the risks. The Amino Board and executives are well placed to benefit from its 2006 experience and to improve the Company's execution capability.

Board

The non-executive representation on Amino's Board has been re-constituted over the past month with a view to providing a structure and the skills to take Amino through its next phase of growth.

In that context, I was pleased to announce recently the appointment of Andrew Burke as a non-executive director. His extensive knowledge of the IPTV world and of tier 1 telco participants will be a great asset to the Board. We have a strong Board with an excellent breadth of experience to lead Amino forward.

Staff

The progress that the Company has made could not have been achieved without the knowledge, skill and energy of the executive team and staff. The Board and I would like to thank them for their continued commitment to the development of Amino.

Outlook

The Board believes that Amino is well placed to continue to grow and to maintain a leadership position in IPTV. The Board and executives are working to improve the financial performance of the business, balancing investment with profitable growth as we strive to establish sustained profitability.

Keith Todd
Non-executive Chairman

Our multi award winning set-top boxes, combined with Amino's IntAct IPTV software stack, set the standard by bringing advanced codecs, HDTV, Personal Video Recording (PVR) and home networking solutions, in small and elegant packages.

MPEG-2 and MPEG-4 standard and high definition

Personal video recorder

Home networking

IM NAB 2006
AWARD FOR INNOVATION IN MEDIA
WINNING PRODUCT

PICK HIT BroadcastEngineering IBC 2005

reddot design award winner 2003

Chief Executive's report

"We are well positioned to focus upon the creation of a sustainable and profitable business"

Overview

The IPTV market environment

A review of the many IPTV market surveys now available confirms our understanding that, whilst there are differences in view on the absolute size of the IPTV market, all analysts agree that there is a sustained, upward trend that continues to strengthen and develop.

In 2006, the driving force continued to be from the smaller, more dynamic tier 3 telcos which had already adopted the proven and robust MPEG-2 technologies or from emerging territories that were not constrained by network legacy issues and were willing to become MPEG-4 'early adopters'. As the new MPEG-4 technologies become available and are proven to be robust, this will herald the entry of the larger tier 2 and ultimately the tier 1 telcos.

The transition to MPEG-4 creates a great deal of churn; it provides the window of opportunity for a second wave of technology providers. Some of these new entrants provide Amino with an opportunity to develop new customers or strengthen our already strong 'Partner Profiles'; others present new and competitive challenges. Either way, this new activity serves to underscore our long held view that IPTV remains an emerging but valuable market. The transition to MPEG-4 has been a challenge for the entire industry, top to bottom, from the semiconductors to encoders. As a provider of a key element within the 'IPTV ecosystem', we recognise the benefits offered by MPEG-4 but will remain cautious until the end-to-end solutions are thoroughly tested.

2006 also witnessed the entrance of Microsoft TV (MSTV). Much has been written about MSTV, but it is significant that even Microsoft has acknowledged that it is the television and not the PC that will be at the centre of the consumers' home network – a view that has been championed constantly by Amino.

PROVEN SOLUTIONS

Residential Pay-TV

IPTV enables telecoms, cable and satellite operators to generate additional revenues by providing new services over their existing networks. The 'triple-play' of voice, data and video is key to this strategy.

Geographically, the market has been established by the emerging economies in the Pacific Rim, Russia and Eastern Europe. It is important to note that some of the key elements (middleware, browsers, etc.) that are needed to form a complete IPTV solution have emerged from these regions. Together with the smaller independent telcos in North America, the customers in these regions have pioneered IPTV and Amino is well positioned with them as both supplier and/or technology-partner. Joining the established businesses, powerful organisations in both China and India have announced detailed plans to offer IPTV services in conjunction with Amino.

Amino's market position

Amino is widely considered as a market leader and innovator in the IPTV industry. It is worth noting that by the end of FY2006, just three years after our first volume shipment, Amino has shipped more than 900,000 IPTV set-top boxes throughout the world.

Amino achievements

Amino has always emphasised that in a typical IPTV deployment, it is our suite of set-top box technologies (hardware, IntAct operating system and, where appropriate, our soft-codec technologies) that provide the point of convergence for many third-party software solutions needed to form a typical 'IPTV ecosystem'.

Our integrated business model (hardware, software and services) also recorded some notable successes, most recently Time Broadband in India, during the year under review:

➜ **November 2006 – Amino licenses IPTV solution to Acer's subsidiary WNC in Taiwan**
WNC to bundle IntAct software stack soft-codec technology with a range of IPTV set-top boxes as part of an offering to IPTV operators across the Asia-Pacific region and to particular tier 1 telcos in the European Union and North America.

➜ **November 2006 – Partnership to Build IP set-top boxes with Chengdu USEE**
Entered into a Memorandum of Understanding with Chengdu USEE, a broadband multimedia company based in the People's Republic of China.

➜ **November 2006 – Amino announces multi-year set-top box agreement with SES AMERICOM**
Largest satellite service provider in the US.

➜ **September 2006 – Amino launches AmiNET125**
New multi-codec IPTV – Internet TV platform with a Microsoft Windows Media-9 (WM9) software configuration.

➜ **August 2006 – Amino selected for first ever Croatian IPTV deployment by Vodatel**

➜ **July 2006 – Amino selected for Northern Europe's first HD IPTV service**
Selected by Lijbrandt Telecom BV to supply its set-top boxes for the first ever HD IPTV service in Northern Europe. The service was rolled out in time for World Cup football matches offering viewers greater clarity and detail.

The AmiNET series of IPTV set-top boxes has been used by more than 600 customers in commercial deployments and trials in over 50 countries worldwide. The set-top boxes have been sampled by an additional 900 customers.

Hospitality, healthcare, education and enterprise
IPTV allows hotels and hospitals to generate additional revenues by providing their residents with pay-to-view movies and programmes as well as free-to-air TV. Amino's solutions also enable delivery of seminars, information and promotional material, exactly where and when it is needed for education and enterprise.

Internet television
An evolving web based framework that can provide video content to the consumer directly via a standard broadband connection.

"Amino is widely considered as a market leader and innovator in the IPTV industry"

➜ **May 2006 – Amino wins North American Broadcasters (NAB) Award for Innovation in Media.**
Amino was the only set-top box vendor selected for this award in the Content Delivery category.

➜ **December 2005 – Amino enables Portugal's first ever IPTV service**
Selected by Novis, a major Portuguese telco, for a residential service to be branded as 'Clix Smartv'.

Business development, strategy and direction

During the year, Amino continued to grow its overall (direct and indirect) customer base to over 1,400 as at 30 November 2006. However, the most important metric is the number of customers in large volume roll-out (more than 10,000 units); at 19, this represents a 27% increase over the year In FY 2006, the Amino's top 20 customers contributed over 80% of total revenues. On a wider measure, we have successfully sold Amino technologies preconfigured within the box to more than 800 customers during 2006, with more than 300 being repeat business. The ability to service this number of customers is a testament to the efficiency of our fulfilment and distribution channels.

The Board has recently reviewed the progress of Modelo and IntAct as separate business units and has concluded that Amino's core value for, in particular, its tier 2 and tier 3 customers is the combination of its hardware design, software and codec capabilities. This has been reinforced by the recent licence deal wins which have been for the combination of these capabilities. We will therefore, present Amino as a unified business, although the individual brands will be retained for those instances where they add extra value. Going forward, we will focus on the financial contribution from our customer base rather than units shipped; the sources of contribution will include units supplied by Amino, licences and royalties on units manufactured and shipped by our partners.

The Company is continuing to look at how best to address emerging adjacent markets, for example 'Internet TV', for which it has the technology know-how. It will, however, continue only to invest when it believes the market opportunity is real

STRONG PARTNERSHIPS

The Amino suite of set-top box technologies, (hardware, IntAct operating system and soft-codec technologies) provide the point of convergence for many third-party software solutions needed to form a typical 'IPTV ecosystem'.

in terms of potential financial returns and that it has a credible approach to exportation of such opportunities.

As the market matures and becomes more predictable, Amino is able to leverage its core strengths of dealing with fast moving innovative tier 2 and tier 3 customers, strong market presence, powerful brand name, and low cost manufacturing base coupled with efficient distribution channels. In addition, the benefits of the significant investment made during 2006 to create our new range of higher value MPEG-4 products are beginning to be seen. We are well positioned to focus upon the creation of a sustainable and profitable business.

Productivity improvement and risk reduction

Amino has developed a huge customer base by leveraging the benefits that we bring to our partners within the 'IPTV ecosystem'. However, our top 20 customers are supported within a limited number of proven ecosystems. These ecosystems have been prioritised and a new sales strategy implemented so that customers are encouraged to select an option and procure from our preferred environment. A new charging model is being introduced for bespoke software integrations and associated maintenance. Amino's experience and influence is widely recognised and we believe that our new policy will be welcomed by customers and key partners alike.

We continue to review our supply base and we have a common software footprint over four semiconductor platforms, creating a competitive bidding environment. We also plan to take advantage of the additional discounts that are available as a result of the 'volume purchasing agreements' afforded by the deals with WNC, Chengdu USEE and most recently with Time BB in India.

Bob Giddy
Chief Executive

System integrators

Alcatel-Lucent · NORTEL · IP PRIME · SIEMENS · UNISYS Imagine it. Done.

Video servers

anevia · bitband · C-COR · infovalue · kasenna · SeaChange

Encoders

envivio · haivision · Harmonic · Minerva Networks · optibase · TANDBERG television

Conditional access

irdeto · Latens · NDS · SecureMedia · verimatrix · WIDEVINE

Middleware

Alcatel-Lucent · kasenna · Minerva Networks · Netris · ORCA · SIEMENS

Browsers

ant · espial · OPERA software

Finance Director's report

"The Group has a strong balance sheet with assets primarily made up of cash, short-term investments and trade debtors"

Results for the year
Revenue increased by 8.5% to £25.45m (2005: £23.46m) from the sale of 413,000 (2005: 314,000) set-top boxes and associated engineering consultancy, support services revenue and licence income. Gross margins increased by 1.5% to 36.3% (2005: 34.8%) contributing to an increase in gross profit of 13.2% to £9.25m (2005: £8.17m).

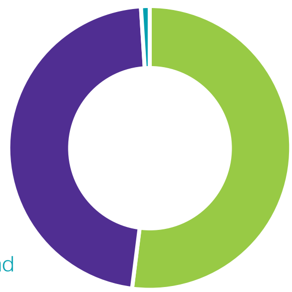
In the interim results announced in late July 2006, Amino noted that, after the planned investment in the market transition from MPEG-2 to MPEG-4 technologies and the corresponding increase in operating expenses, future increases in operating costs (largely fixed) would reflect the growth of the business. Excluding the effects of a foreign exchange loss of £0.23m (2005: gain of £0.43m) and a provision for bad and doubtful debts of £0.39m (2005: £nil), operating expenses increased by 19.4% as compared to an adjusted increase of 62.1% in FY 2005. Sales, general and administrative expenses increased by 39.1% to £7.93m (2005: £5.70m) including the foreign exchange loss and provision for bad and doubtful debts or 19.4% excluding these. Research and development expenses, which are written off as incurred, increased by 19.5% to £3.36m (2005: £2.81m). At the year end, headcount was 103 (2005: 93). The average number of employees during the year was 113 (2005: 83).

Whilst Amino has continued to maintain credit insurance, a significant proportion of its sales are in emerging economies where credit insurance is not readily available.

The Group has been affected by the 13.0% reduction in the value of the US Dollar against Sterling during the year because it has significant assets denominated in US Dollars, primarily trade debtors and stock. To hedge this exposure, the Group took out an overdraft of $15.00m during the year at an exchange rate of $1.86.

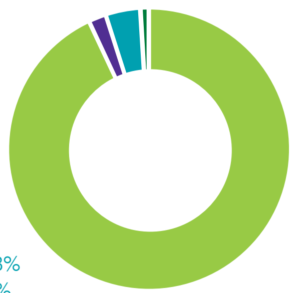
The Group recorded an operating loss of £2.04m (2005: loss of £0.34m). In order to improve profitability, the Group is focusing on increasing gross profit generated whilst reducing fixed

Turnover by destination



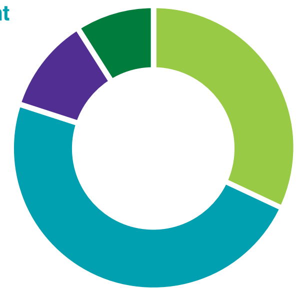
- UK, Europe and Africa 52%
- America 47%
- Asia Pacific 1%

Turnover by specification



- MPEG-2 SD 93%
- MPEG-2 HD 2%
- MPEG-4 SD 4%
- MPEG-4 HD 1%

Average headcount



- Sales and marketing 32%
- General and administration 11%
- Research and development 48%
- Operations 9%

operating costs. Investment in direct sales and marketing in the Asia-Pacific region and hospitality market in Europe, which did not generate the expected financial return in FY 2006, has been substantially reduced. Direct sales and marketing activities are now focused on the Group's core markets in Europe and North America. Recently announced partnership agreements demonstrate that Amino is successfully addressing key emerging markets such as China, Asia-Pacific and India in a cost effective manner. The Board does not expect headcount to increase significantly during 2007 and expects improvements in productivity as the number of customers deploying in volume increases.

Net interest received during the year was £0.54m (2005: £0.40m).

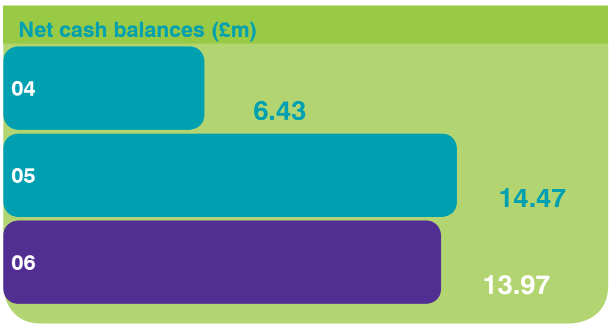
A tax credit of £0.05m was received during the year. As at 30 November 2006, the Group had approximately £13.5m of tax losses available to carry forward to set against future taxable profits, of which losses of £5.73m are recognised by the deferred tax asset of £1.72m at 30 November 2006.

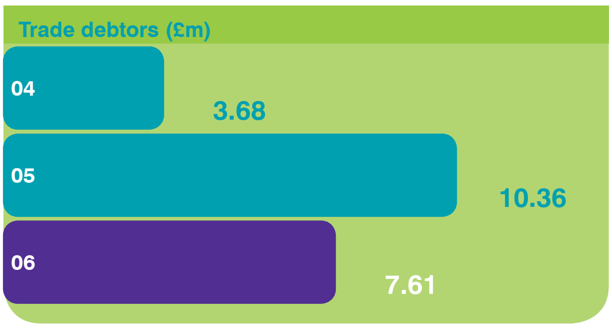
On 20 January 2006, SJ Consulting Ltd. was acquired for a total consideration of £1.01m, represented by net assets of £0.44m and goodwill of £0.57m. Of the consideration, £0.84m was paid in cash and £0.17m in shares, deferred over the period to 2009.

Net assets of £26.84m (2005: £28.25m) provide the Group with a strong working capital base. The primary components of net assets are net cash balances of £13.97m (2005: £14.47m), trade debtors of £7.61m (2005: £10.36m) and stock of £3.81m (2005: £1.46m). The decrease in net assets of £1.41m largely reflects the loss incurred during the year. Net cash balances of £13.97m represent short-term investments of £9.00m, cash at bank and in hand of £12.66m less a bank overdraft of £7.69m (see above).

The Group has a strong balance sheet with assets primarily made up of cash, short-term investments and trade debtors. The investments made in FY 2006 (fully written off) in developing MPEG-4 set-top box technologies should generate revenues in the second half of FY 2007 and beyond. Looking ahead, future profits will be sheltered by the considerable tax losses carried forward.

Stuart Darling
Finance Director





Directors and advisors

Keith Todd
Non-executive Chairman and director

Bob Giddy
Chief Executive Officer

Stuart Darling
Finance Director and Company Secretary

Paul Fellows
Chief Technology Officer

Andrew Burke
Non-executive director

Colin Smithers
Non-executive director

Olivier Hopkes
Non-executive director

Registered office
Prospect House
Buckingway Business Park
Anderson Road
Swavesey
Cambridgeshire CB24 4UQ

Registered Number
5083390

Nominated advisor and stockbroker
KBC Peel Hunt Ltd
111 Old Broad Street
London EC2N 1PH

Company Secretary
Stuart Darling

Auditors
PricewaterhouseCoopers LLP
Abacus House, Castle Park
Cambridge CB3 OAN

Solicitors
Hewitsons
Shakespeare House
42 Newmarket Road
Cambridge CB5 8EP

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Keith Todd, MA, CBE
Non-executive Chairman and director
Age 53, Keith joined Amino in January 2007. Keith served as non-executive Chairman of the UK Broadband Stakeholder Group for three years from February 2002. He was also non-executive Chairman of Easynet plc, a broadband services company, until January 2006 when it was sold to B-Sky-B. He was previously Chief Executive of ICL plc from 1996 to 2000 (now Fujitsu Services). He held a number of other senior executive positions in ICL and GEC Marconi defence businesses.

Bob Giddy, Hons
Chief Executive Officer
Age 59, Bob joined Amino as Managing Director in November 2001. Bob has 30 years' experience in the semi-conductor industry with senior management and board level positions held at NEC Electronics, in Silicon and National semi-conductor. Bob was director and general manager at NEC Electronics for 14 years during which he established ASIC, microprocessor and multimedia design centres.

Stuart Darling, ACA
Finance Director and Company Secretary
Age 43, Stuart joined Amino as Finance Director in June 2001. Stuart's track record is in strategic planning and financial management for fast-growth technology businesses. He previously worked for CyberLife Technology Limited, in the field of artificial life technology, a spin-out from Millennium Interactive Limited, a developer and publisher of entertainment software. After qualifying as a Chartered Accountant with Price Bailey, Stuart spent five years at Coopers & Lybrand, where he specialised in fast-growth companies and corporate recovery.

Paul Fellows, MA, MBCS, FIEE, FRAS
Chief Technology Officer
Age 46, Paul began his career with Acorn Computers, heading up the computer languages team developing compiler technologies for the BBC micro and subsequently headed up the development Operating System software for the early ARM machines. Leaving Acorn in 1988 he founded his own successful software business developing compilers, interpreters and the Genesis multi media hypertext systems for RiscOS, PC/Windows and Apple Macintosh systems. After selling the business he moved on and from 1995 to 1998 worked as chief engineer with Pi Research on telemetry and in-car electronics for Formula One and Indy Car race teams. Paul joined Amino in 1998 in its start-up phase and since then has overseen the development of its in-house technology and managed the growth of its technical team.

Andrew Burke
Non-executive director
Age 45, Andrew joined Amino in January 2007. Until recently Andrew was Chief Executive Officer of BT Entertainment where he devised and ran the company's TV-over-Broadband initiative (BT Vision), chaired their Premium Rate Services activity, pioneered their Digital Media Services and led their relationships with the media world. Prior to that Andrew was director of Online Services at BT Retail.

Colin Smithers, BSc, PHD, C Eng, FIEE, M InstD, LTCL
Non-executive director
Age 48, Colin joined Amino in March 2002 and since October 2005 chairs the Remuneration Committee. After working at PA Technology, Colin co-founded and is Managing Director of Plextek Limited, one of the largest independent electronics design consultancies in Europe. He has a background in communications technology products and systems and through Plextek has had experience of many new company situations.

Olivier Hopkes
Non-executive director
Age 34, Olivier joined Amino in October 2006. Olivier has broad experience as a corporate financier and as an investment professional. He is Head of Investments at CLS Holdings Plc (CLS) and is an executive director of CLS Capital Partners Limited. In addition, Olivier serves as a non-executive board member for a number of media and technology companies in which CLS has invested. Prior to joining CLS, Olivier was with JPMorgan Investment Banking in London and MeesPierson Corporate Finance & Capital Markets.

Corporate Governance report

Introduction

The Listing Rules require that listed companies (but not companies traded on the Alternative Investment Market (AIM)) incorporated in the UK should state in their report and accounts whether they comply with the Combined Code on Corporate Governance and identify and give reasons for any area of non-compliance. The Company is listed on AIM and therefore no disclosure is required. However, some voluntary disclosures have been given.

The Board supports the principles and aims of the Code and intends to ensure that the Group observes the provisions of the Code as it grows, as far as is practical. However, the Board considers that at this stage in the Group's development the expense of full compliance with the Combined Code (2003) is not appropriate. The Board will consider the updated Combined Code (2006) for the next year end.

Directors and Board

The Board comprises three executive and four non-executive directors. The roles of non-executive Chairman, non-executive directors and Chief Executive are separate appointments and it is Board policy that this will continue.

The non-executive directors bring their independent judgement to bear on issues of strategy, performance, appointments, resources and standards of conduct.

There is a formal schedule of matters specifically reserved for decision by the Board.

All directors have access to the advice and services of the Company Secretary and there is an agreed procedure for directors to take independent professional advice at the Group's expense if necessary.

Board committees

The Board has established two committees, the Audit and the Remuneration Committees. Both committees have written terms of reference agreed by the Board.

Following the recent Board changes and in light of the experience of the new Chairman, the Board has decided that for a temporary period, the Chairman should chair all Board sub-committees to ensure a smooth transition of the sub-committee activities to the new Board. It is understood that this is not in line with best practice but is believed to be in the best interests of the Company at this time. Colin Smithers and Olivier Hopkes are the other members of both the Remuneration and Audit Committees.

Audit

The Audit Committee has terms of reference that set out its remit, authority and duties and its intention to meet at least three times a year with the external auditors.

Internal financial control

The Group has established policies covering the key areas of internal financial control and the appropriate procedures, controls, authority levels and reporting requirements which must be applied throughout the Group.

The key procedures that have been established in respect of internal financial control are:

- internal control: the directors review the effectiveness of the Group's system of internal controls on an annual basis;
- financial reporting: there is in place a comprehensive system of financial reporting based on the annual budget approved by the Board. The results for the Group are reported monthly along with an analysis of key variances and year end forecasts are updated on a regular basis; and
- investment appraisal: applications for capital expenditure are made in a prescribed format which places emphasis on the commercial and strategic justification as well as the financial returns. All significant projects require specific Board approval.

No system can provide absolute assurance against material misstatement or loss but the Group's systems are designed to provide reasonable assurance as to the reliability of financial information, ensuring proper control over income and expenditure, assets and liabilities.

Directors' remuneration report

for the year ended 30 November 2006

Introduction

As a Company listed on AIM, Amino Technologies plc is not required to present a Directors' remuneration report, however, some voluntary disclosures have been made.

In framing its remuneration policy and the reporting of remuneration, the Committee has given consideration to the Combined Code (2003).

Remuneration Committee

The Remuneration Committee, chaired by Keith Todd and including Colin Smithers and Olivier Hopkes, determines the Group's policy for executive remuneration and the individual remuneration packages for executive directors. In setting the Group's remuneration policy, the Committee considers a number of factors including the following:

- salaries and benefits available to executive directors of comparable companies;
- the need to both attract and retain executives of appropriate calibre; and
- the continued commitment of executives to the Group's development through appropriate incentive schemes (including the award of shares and share options).

Remuneration of executive directors

Consistent with this policy, benefit packages awarded to executive directors comprise a mix of basic salary and performance related remuneration that is designed as an incentive.

The remuneration packages comprise the following elements:

- base salary: the Remuneration Committee sets base salaries to reflect responsibilities and the skills, knowledge and experience of the individual;
- bonus scheme: the executive directors are eligible to receive a bonus dependent on both individual and Group performance as determined by the Remuneration Committee;
- equity: shares and share options; and
- car allowance: Company contribution into a personal pension scheme, life assurance, private medical insurance and permanent health insurance.

The executive directors are engaged under separate contracts which require a notice period of six months given at any time by the Company or the individual.

Remuneration of non-executive directors

The fees paid to the non-executive directors are determined by the Board. The non-executive directors do not receive any other forms of benefits such as health cover or pension. The notice periods of the non-executive Chairman and non-executive directors are three months.

Directors' detailed emoluments and compensation

Year to 30 November 2006	Salary and fees	Benefits	Sub-total	Pension contributions	Total
Grant Masom	60,000	—	60,000	—	60,000
Bob Giddy	113,449	1,309	114,758	58,164	172,922
Stuart Darling	119,700	922	120,622	5,625	126,247
Paul Fellows	122,199	752	122,951	5,581	128,532
Colin Smithers	19,000	—	19,000	—	19,000
Nick Kuenssberg	19,000	—	19,000	—	19,000
David Gammon	9,375	—	9,375	—	9,375
Olivier Hopkes	—	—	—	—	—
	462,723	2,983	465,706	69,370	535,076

Year to 30 November 2005	Salary and fees	Benefits	Sub-total	Pension contributions	Total
Grant Masom	48,333	—	48,333	—	48,333
Bob Giddy	121,551	1,278	122,829	26,840	149,669
Stuart Darling	108,700	762	109,462	5,075	114,537
Paul Fellows (appointed 22 July 2005)	39,121	247	39,368	1,827	41,195
Colin Smithers	19,000	—	19,000	—	19,000
Nick Kuenssberg	19,000	—	19,000	—	19,000
	355,705	2,287	357,992	33,742	391,734

Contributions were made to the personal pension schemes of three of the directors (2005: three), in accordance with their employment contracts.

There were no bonuses paid or accrued to directors in the year to 30 November 2006 (2005: £nil).

Colin Smithers' fees were paid to Plextek Limited.

Nick Kuenssberg's fees were paid to his management Company, Horizon Co-Invest Limited.

David Gammon's fees were paid to Rockspring Limited.

Directors' remuneration report (continued)

for the year ended 30 November 2006

Directors and their interests in shares

The directors held the following interests in Amino Technologies plc:

	At 30 November 2006		At 30 November 2005	
	Ordinary shares of 1p each Number	Options over ordinary shares of 1p each Number	Ordinary shares of 1p each Number	Options over ordinary shares of 1p each Number
Grant Masom	304,779	631,602	304,779	631,602
Bob Giddy	—	1,029,116	—	1,029,116
Stuart Darling	—	350,000	—	350,000
Paul Fellows	—	190,931	—	70,931
The CIT Pension fund (for Colin Smithers)	40,000	79,959	40,000	79,959
Nick Kuenssberg	25,000	60,000	25,000	60,000
David Gammon	—	—	—	—
Olivier Hopkes	—	—	—	—

Full details of the options over ordinary shares of 1p each are detailed below:

Director	Date granted/ exercised	Exercise price £	Options over ordinary shares of 1p each 30 November 2006 Number	Options over ordinary shares of 1p each 30 November 2005 Number
Grant Masom	16 September 2003	£0.20	468,750	468,750
	1 February 2004	£0.32	162,852	162,852
			631,602	631,602
Bob Giddy	19 September 2003	£0.20	499,999	499,999
	30 September 2003	£0.20	138,001	138,001
	1 February 2004	£0.32	391,116	391,116
			1,029,116	1,029,116
Stuart Darling	19 September 2003	£0.20	290,000	375,000
	25 September 2003	£0.20	37,497	65,000
	1 February 2004	£0.32	22,503	60,000
	1 August 2005	£0.20	—	(150,000)
			350,000	350,000
Paul Fellows	22 January 2001	£0.05	33,333	33,333
	1 February 2004	£0.32	2,598	2,598
	9 June 2004	£1.20	35,000	35,000
	10 February 2006	£1.635	120,000	—
			190,931	70,931
The CIT Pension fund (for Colin Smithers)	30 September 2003	£0.20	55,000	55,000
	1 February 2004	£0.32	14,959	14,959
	17 May 2004	£0.70	10,000	10,000
			79,959	79,959
Nick Kuenssberg	1 February 2004	£0.32	50,000	50,000
	17 May 2004	£0.70	10,000	10,000
			60,000	60,000

Notes

The above options have vested in full and are exercisable until expiry, being ten years from date of grant. The only exceptions to this are the 120,000 options granted to Paul Fellows which vest in equal tranches on 10 February 2006, 22 July 2007 and 22 July 2008 subject to the vesting conditions set out in note 21(d). No share options relating to the directors lapsed in the year. The above options lapse six months after the date of resignation.

Gains made by directors on the exercise of share options are noted below:

	Year to 30 November 2006 £	Year to 30 November 2005 £
Stuart Darling	—	277,500

The market price of share options exercised by Stuart Darling in 2005 was £2.05 per share.

Keith Todd

Keith Todd
Chairman, Remuneration Committee

Directors' report

for the year ended 30 November 2006

The directors present their report and the audited financial statements for the year ended 30 November 2006.

Principal activities

Amino Technologies plc (www.aminocom.com) designs, supplies and licenses electronic systems, software and consultancy for IPTV (telco triple-play applications), on-demand video and in-home multimedia distribution.

The AmiNET series of set-top boxes offer the full range of specification required; MPEG-2 and MPEG-4 encoding standards, SD and HD TV, personal video recording and home networking. Their high performance coupled with the innovative design, has brought the series industry accolades and the Company a market leading position. Amino Communications' principal customers are telecommunications services operators.

Amino is partnered with world-leading companies in systems integration, middleware, conditional access, silicon, head-end systems and browser technologies.

Business review and future developments

A review of the Group's performance during the financial year, research and development activities and future prospects, are contained in the Chairman's report, Chief Executive's report and Finance Director's report.

Financial risk management

The Group is exposed to a number of risks; these include credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The Group has an ongoing risk management programme which aims to reduce adverse effects on the results and financial performance of the Group. It is the responsibility of the Board to ensure that these risks are reviewed and managed regularly:

- credit risk: it is Group policy to credit insure its debtors. Where this can not be achieved, the necessary terms are placed on the customer so that monies are prepaid in full or to an adequate level that the maximum exposure is equal to the margin on the sale;
- liquidity risk: following the fundraising in 2005, the Group maintains a strong cash balance to enable future operations and any changes to its existing activities;
- interest rate risk: the Group has minimal exposure to interest rate risk. Any rate changes are offset between interest charged on borrowings and interest received on the money held on deposit; and
- foreign exchange risk: a substantial proportion of goods purchased and sold are denominated in US Dollars. The risk of exposure on the margin is kept to an acceptable level by buying or selling US Dollars at prevailing rates where required, (not forward contracts) to minimise any effect. A Dollar loan was drawn down to minimise the risk and effect of any retranslation of assets and liabilities. The Group's foreign exchange exposure is continuously monitored.

Principal risks and uncertainties

The Board and management of the business and the execution of the Company's strategy are subject to a number of risks.

The key business risks affecting the Company are set out below:

- financial (see above);
- supply chain – the Group sources it products principally from the US and China. The products include various components which are only available on four month lead times. The Group mitigates this risk through effective supplier selection and procurement practices supplemented by appropriate insurance coverage;
- recruitment – the Group's performance depends largely on its ability to recruit and retain key individuals with the right experience and skills. To mitigate these issues the Group has implemented a number of schemes linked to the Group's results that are designed to retain key individuals; and
- sole manufacturer - the Group currently utilises a single manufacturing partner. To mitigate this risk, the Group closely maintains the relationship and continuously monitors other options.

Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them.

Key performance indicators (KPIs)

The Board monitors progress on the overall Group strategy and the individual strategic elements by reference to KPIs, specifically revenue growth, gross margin, working capital levels and market leadership position. These KPIs have been addressed in the Chairman's report, Chief Executive's report and the Finance Director's report.

Proposed dividend

The directors do not recommend the payment of a dividend (2005: £nil).

Research and development

The Group continues to develop its market leading range of MPEG-2 and MPEG-4 set-top boxes and associated software technologies. In the opinion of the directors, this investments will maintain and generate significant revenues in future years.

Directors' report (continued)

for the year ended 30 November 2006

Directors

The directors of Amino Technologies plc who served during the whole of the year unless otherwise stated were as follows:

Keith Todd (appointed 1 January 2007)	Non-executive Chairman
Grant Masom (resigned 2 January 2007)	Non-executive Chairman
Bob Giddy	Chief Executive
Stuart Darling	Finance Director and Company Secretary
Paul Fellows	Chief Technology Officer
Colin Smithers	Non-executive director
Olivier Hopkes (appointed 23 October 2006)	Non-executive director
Andrew Burke (appointed 22 January 2007)	Non-executive director
Nick Kuenssberg (resigned 2 January 2007)	Non-executive director
David Gammon (appointed 1 August 2006 and resigned 2 January 2007)	Non-executive director

Policy and practice on payment of creditors

The Group does not follow any specific code on payment of creditors; creditors are paid in accordance with the terms of the contract agreed between the two parties. Trade creditors of the Group at 30 November 2006 were equivalent to 34 days' purchases for the Group (2005: 25 days). The Company had no trade creditors (2005: £nil).

Substantial shareholdings

As at 15 February 2007 the following shareholders had each notified that they held an interest of 3% or more in the Company's ordinary share capital:

	Number of ordinary shares	Percentage of issued share capital
Chase Nominees Limited	16,335,397	28.0
HSBC Global Custody Nominee (UK)	3,938,277	6.8
Vidacos Nominees Limited	3,460,707	5.9
The Bank of New York (Nominees) Limited	3,055,553	5.2
Mineworkers Pension Scheme	2,947,309	5.0
British Coal Shaft Superannuation	2,906,667	4.9
Deutsche Bank Aktiengesellschaft	2,891,640	4.9
Walbrook Trustees (Guernsey) Limited	2,385,453	4.1
	37,921,003	64.8

Political and charitable donations

The Group did not make any charitable donations in the year (2005: donation to Sustrans of £355).

Audit information

As required under Companies Act 1985, section 234 ZA(2), the directors confirm that, to their knowledge, there is no relevant audit information of which the Company's auditors are unaware.

The directors each have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

International financial reporting standards (IFRS)

Amino Technologies plc will have the option but not the requirement to adopt IFRS in the financial statements for the year ending 30 November 2007. The Board commenced discussions with advisors last year considering the difference between UK accounting standards and IFRS. From this they have initially identified accounting for share options and research and development costs as two areas that could impact on the Group's financial statements.

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and Group and of the profit and loss of the Group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply then consistently;
- make judgements and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the Group and the Company is to be proposed at the forthcoming AGM.

By order of the Board

Stuart Darling
Company Secretary

Independent auditors' report

to the members of Amino Technologies plc

We have audited the Group and parent Company financial statements (the "financial statements") of Amino Technologies plc for the year ended 30 November 2006, which comprise the Group profit and loss account, the Group and Company balance sheets, the Group cash flow statement, the Group Statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' report is consistent with the financial statements. The information given in the Directors' report includes that specific information in the Chairman's report, Chief Executive's report and the Finance Director's report that is cross referenced from the Business review and future developments and Key performance indicators (KPIs) sections of the Director's report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Highlights, the Chairman's report, Chief Executive's report, Finance Director's report, Corporate Governance report and Directors' remuneration report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 30 November 2006 and of the Group's loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge
23 February 2007

Notes

(a) The maintenance and integrity of the Amino Technologies 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.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated profit and loss account

for the year ended 30 November 2006

	Notes	Year to 30 November 2006 £	Year to 30 November 2005 £
Turnover	2	25,447,255	23,460,756
Cost of sales		(16,197,987)	(15,292,251)
Gross profit		9,249,268	8,168,505
Selling, general and administrative expenses		(7,928,884)	(5,699,309)
Research and development expenses		(3,356,216)	(2,808,771)
Group operating loss		(2,035,832)	(339,575)
Interest receivable and similar income	3	623,525	418,782
Interest payable and similar charges	3	(83,506)	(15,293)
Group (loss)/profit on ordinary activities before taxation	4	(1,495,813)	63,914
Tax on (loss)/profit on ordinary activities	7	48,171	—
Group (loss)/profit on ordinary activities after taxation being (loss)/profit for the financial period	22, 23	(1,447,642)	63,914
Basic (loss)/earnings per 1p ordinary share	8	(2.6p)	0.1p
Diluted (loss)/earnings per 1p ordinary share	8	(2.6p)	0.1p

Statement of Group total recognised gains and losses

for the year ended 30 November 2006

	Notes	Year to 30 November 2006 £	Year to 30 November 2005 £
(Loss)/profit for the financial period		(1,447,642)	63,914
Exchange translation difference on consolidation	22, 23	(185,080)	(22,383)
Total recognised (losses)/gains for the period		(1,632,722)	41,531

All amounts above relate to continuing activities.

The accompanying notes are an integral part of these financial statements.

Balance sheets

as at 30 November 2006

	Notes	Group 30 November 2006 £	Group 30 November 2005 £	Company 30 November 2006 £	Company 30 November 2005 £
Fixed assets					
Intangible assets	11	818,408	295,297	—	—
Tangible assets	12	1,413,734	1,023,610	—	—
Investments	13	—	—	1,457,198	452,047
		2,232,142	1,318,907	1,457,198	452,047
Current assets					
Stocks	14	3,808,362	1,460,756	—	—
Debtors: amounts falling due after more than one year	15	1,914,406	190,898	21,934,975	21,934,975
Debtors: amounts falling due within one year	15	8,586,781	12,846,599	—	—
		10,501,187	13,037,497	21,934,975	21,934,975
Short-term investments	16	9,000,000	430,000	—	—
Cash at bank and in hand		12,658,769	14,038,271	—	—
		35,968,318	28,966,524	21,934,975	21,934,975
Creditors: amounts falling due within one year	17	(11,323,294)	(1,964,581)	—	—
Net current assets		24,645,024	27,001,943	21,934,975	21,934,975
Total assets less current liabilities		26,877,166	28,320,850	23,392,173	22,387,022
Creditors: amounts falling due after more than one year	18	(36,299)	(71,285)	(1,782,324)	(1,001,197)
Net assets		26,840,867	28,249,565	21,609,849	21,385,825
Capital and reserves					
Called-up share capital	21	582,630	582,630	582,630	582,630
Shares to be issued	11	171,000	—	171,000	—
Share premium account	22	21,807,240	21,807,240	21,807,240	21,807,240
Merger reserve	22	16,388,755	16,388,755	—	—
Profit and loss account	22	(12,108,758)	(10,529,060)	(951,021)	(1,004,045)
Equity shareholders' funds	23	26,840,867	28,249,565	21,609,849	21,385,825

The accompanying notes are an integral part of these financial statements.

The financial statements on pages 19 to 32 were approved by the Board of directors on 23 February 2007 and were signed on its behalf by:

Keith Todd

Keith Todd
Chairman

Stuart Darling
Director

Consolidated cash flow statement

for the year ended 30 November 2006

	Notes	Year to 30 November 2006 £	Year to 30 November 2005 £
Net cash inflow/(outflow) from operating activities	24	459,334	(7,154,539)
Returns on investments and servicing of finance			
Interest received		551,491	418,782
Interest paid		(9,506)	(15,293)
Net cash inflow from returns on investments and servicing of finance		541,985	403,489
Capital expenditure			
Purchase of tangible fixed assets		(723,894)	(479,085)
Purchase of intangible fixed assets		(173,652)	(216,689)
Net cash outflow for capital expenditure		(897,546)	(695,774)
Acquisitions			
Purchase of subsidiary undertaking		(834,151)	—
Cash acquired with subsidiary		216,449	—
Net cash outflow for acquisitions		(617,702)	—
Net cash outflow before use of liquid resources and financing		(513,929)	(7,446,824)
Management of liquid resources			
(Increase)/decrease in short-term deposits with banks	25	(8,570,000)	—
Financing			
Issue of ordinary share capital		—	15,840,250
Expenses of share issue deducted from share premium		—	(534,637)
Cash received from exercise of share options		53,024	224,329
(Decrease) in other borrowings		(30,124)	(38,455)
Increase/(decrease) in bank borrowings	25	8,064,516	(6,144)
Net cash inflow from financing		8,087,416	15,485,343
(Decrease)/increase in net cash	25	(996,513)	8,038,519
Reconciliation of net cash flow to movement in net funds			
Opening net funds		14,468,271	6,423,608
(Decrease)/increase in cash		(996,513)	8,038,519
Increase in deposits		8,570,000	—
(Increase)/decrease in borrowings		(8,064,516)	6,144
Exchange adjustment	25	(8,888)	—
Closing net funds	25	13,968,354	14,468,271

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the Board of directors in accordance with Financial Reporting Standard (FRS) 18, "Accounting policies", is set out below. The Company has adopted FRS 21 "Events after the balance sheet date", FRS 22 "Earnings per share", the presentational aspects of FRS 25 "Financial instruments: disclosure and presentation", and FRS 28 "Corresponding amounts" in these financial statements. The adoption of these standards represents a change of accounting policies but there was no effect on the current or comparative figures.

Basis of preparation

The consolidated financial statements of Amino Technologies plc have been presented under merger accounting rules. This means that the financial statements of Amino Technologies plc and those of its wholly owned subsidiary, Amino Holdings Limited have been aggregated and presented as if the two companies have always existed as a Group, although Amino Technologies plc acquired the entire share capital of Amino Holdings Limited on 28 May 2004 in exchange for new ordinary shares of 1p each in the share capital of Amino Technologies plc.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the invoice value of goods sold and services provided in the period, the value of sales of licences, royalties arising from the resulting sale of licensed products, and support and maintenance, stated exclusive of value added tax:

- income from the sale of products is recognised when goods are delivered in accordance with the terms and conditions of sale agreed with the customer. Income from development and integration work required in connection with product sales is recognised on completion of the relevant project;
- licence revenues under non-cancellable licence agreements are recognised once the economic benefit of the licensed hardware and/or software has been transferred to the customer and no material further obligations remain outstanding. Where the agreement provides for continuing material obligations to be fulfilled over a period of time, income is deferred until such time as the obligations have been fulfilled;
- royalties receivable are recognised on a unit basis in the period in which they are earned. Amounts received in advance or arrears are deferred or accrued accordingly; and
- income from support and maintenance is recognised over the period in which the service is provided.

Deferred taxation

Provision is made for deferred taxation, using full provision accounting when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future, in accordance with FRS 19 "Deferred taxation". Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

Foreign currencies

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

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

The assets and liabilities of subsidiaries denominated in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the financial year. Profit and loss accounts of overseas subsidiary undertakings are translated at the average exchange rate for the year. Differences on exchange arising from the retranslation of the opening net investment in subsidiary companies are taken to reserves and reported in the statement of Group total recognised gains and losses.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Pension scheme arrangements

The Group operates a stakeholder pension scheme and contributes to a number of personal pension schemes on behalf of its employees. The Group provides no other post retirement benefits to its employees. Pension costs are charged to the profit and loss account in the period to which they relate.

Research and development

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

Share options: UITF 38 (accounting for ESOP Trusts)

The Group's Employee Share Ownership Plan (ESOP) is a separately administered trust, which is funded by a loan from the Group, and the assets of which comprise shares in the Company. In accordance with Urgent Issues Task Force Abstract 38 (accounting for ESOP trusts), the Company recognises the assets and liabilities of the ESOP in its own accounts and shares held by the trust are recorded at cost as a deduction in arriving at shareholders' funds until such time as the shares vest unconditionally to employees.

Share options: UITF 17 (employee share schemes)

In accordance with the provisions of Urgent Issues Task Force Abstract 17 (employee share schemes), the Group makes charges to the profit and loss account when options are granted, unless vesting is determined by performance criteria where the charge is spread to match the vesting period. The charge is the fair value estimated to be market value of the shares at the date of grant less the exercise price of the options. The charge is then reversed through reserves.

Short-term investments

Deposits which are not repayable on-demand, are treated as short-term investments in accordance with FRS 1 (Revised 1996) "Cash flow statements".

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and sale. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Software licences

Software licences are capitalised at cost and amortised over their useful economic life on a straight-line basis. For the assets held at the balance sheet date this is three years.

Goodwill

Goodwill arising on acquisition represents the excess of the fair value of the consideration given over the fair value of the net assets acquired. Goodwill is being amortised on a straight-line basis over ten years which is deemed to be the useful economic life.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment in value.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected economic useful life. The principal annual rates used for this purpose are:

Computer equipment	33 1/3% per annum
Development software	33 1/3% per annum
Office equipment	25% per annum
Leasehold improvements	Period of lease

Taxation

UK Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

2 Segmental analysis

Turnover is wholly attributable to the Group's principal activity. In the opinion of the directors, the Group currently has only one class of business. The analysis of turnover, operating (loss)/profit and net operating assets, by destination are set out below:

	2006			2005		
	Turnover £	(Loss) before taxation £	Net assets £	Turnover £	Profit before taxation £	Net assets £
Geographical analysis						
United Kingdom, Europe and Africa*	13,244,131	(2,810,572)	20,594,030	9,903,108	(1,848,569)	21,290,922
Americas	11,892,181	1,505,814	6,253,200	10,988,350	1,704,374	6,060,119
Asia-Pacific	310,943	(191,055)	(6,363)	2,569,298	208,109	898,524
	25,447,255	(1,495,813)	26,840,867	23,460,756	63,914	28,249,565

* includes all central corporate assets and liabilities

3 Interest and similar items

Group	Year to 30 November 2006 £	Year to 30 November 2005 £
Interest payable on bank loans and overdrafts	(74,000)	(3,980)
Other interest payable	(9,506)	(11,313)
	(83,506)	(15,293)
Interest receivable and similar income	623,525	418,782
Net interest receivable and similar items	540,019	403,489

4 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated after charging:

Group	Year to 30 November 2006 £	Year to 30 November 2005 £
Depreciation of owned tangible fixed assets	345,981	289,359
Loss on disposal of tangible fixed assets	(760)	—
Amortisation of intangible fixed assets	219,854	108,151
Operating lease rentals		
– hire of plant and machinery	2,000	25,832
– other	389,437	272,179
Audit services		
– statutory audit services	38,813	29,000
– the auditing of accounts of association of the Company pursuant to legislation	23,700	17,000
– other services relating to taxation	8,270	24,290

Notes to the financial statements (continued)

5 Staff costs

The year end and average monthly number of employees (including executive directors) was:

Group	As at 30 November 2006 year end number	As at 30 November 2005 year end number	Year to 30 November 2006 average number	Year to 30 November 2005 average number
Selling, general and administration	54	57	62	50
Research and development	49	36	51	33
	103	93	113	83

Their aggregate remuneration comprised:

	Year to 30 November 2006 £	Year to 30 November 2005 £
Wages and salaries	5,468,895	4,149,267
Social security costs	523,293	458,226
Pension costs (see note 28)	229,375	126,234
	6,221,563	4,733,727

6 Directors' emoluments

Details of aggregate directors' emoluments for the year are as follows:

	Year to 30 November 2006 £	Year to 30 November 2005 £
Aggregate emoluments	418,331	319,992
Amounts paid to third parties for directors' services	47,375	38,000
Company contributions to personal pension schemes	69,370	33,742
	535,076	391,734
Gains made by directors on exercise of share options	—	277,500

Contributions were made to the personal pension schemes of three of the directors (2005: three), in accordance with their employment contracts.

The above amounts for remuneration include the following in respect of the highest-paid director:

Highest-paid director	Year to 30 November 2006 £	Year to 30 November 2005 £
Aggregate emoluments	114,758	122,829
Company contributions to personal pension schemes	58,164	26,840
	172,922	149,669

7 Tax on (loss)/profit on ordinary activities

Group	Year to 30 November 2006 £	Year to 30 November 2005 £
UK Corporation tax credit/(charge) at 30% (2005: 30%)	—	—
Adjustment in respect of prior years	48,171	—
Total current tax credit/(charge)	48,171	—

The Group initially paid Corporation tax of £48,171 in respect of the year ended 30 November 2004. Following resubmission of amended computations, the Group received a refund of this amount.

Current taxation	Year to 30 November 2006 £	Year to 30 November 2005 £
Factors affecting the tax (credit)/charge for the year:		
(Loss)/profit on ordinary activities before tax	(1,495,813)	63,914
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2005: 30%)	(448,744)	19,174
Effects of:		
Amounts not allowable for tax purposes	(8,312)	(583,941)
Tax losses arising in the period	350,140	550,132
Adjustment in respect of prior years	(48,171)	—
Difference between capital allowances and depreciation	103,794	(773)
Other short-term timing differences	3,122	15,408
Current tax/(credit) for financial period	(48,171)	—

8 Earnings per share

	Group	
	Year to 30 November 2006 £	Year to 30 November 2005 £
Earnings attributable to shareholders	(1,447,642)	63,914
Weighted average number of shares (basic)	55,832,244	52,126,170
Weighted average number of shares (diluted)	55,832,244	54,482,187
Earnings per share (basic and diluted)	(2.6p)	(0.1p)

The calculation of basic earnings per share is based on (loss)/profit after taxation and the weighted average of ordinary shares of 1p each in issue during the period.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Group has only one category of dilutive potential ordinary share options: those share options where the exercise price is less than the average market price of the Company's ordinary shares during the period. There is no dilutive effect in respect of the year ended 30 November 2006 as the Group was loss making.

9 Dividends

The directors have not declared a dividend for the current financial year.

10 Profit and loss account

The directors have taken advantage of the exemption available under section 230 of the Companies Act 1985 and have not presented a profit and loss account for the Company alone. The Company made a profit of £nil (2005: loss of £2,848).

11 Intangible fixed assets

Group	Goodwill £	Software licences £	Total £
Cost			
At 1 December 2005	—	482,443	482,443
Additions	569,313	176,652	742,965
At 30 November 2006	569,313	656,095	1,225,408
Amortisation			
At 1 December 2005	—	187,146	187,146
Charge for the year	51,000	168,854	219,854
At 30 November 2006	51,000	356,000	407,000
Net book amount			
At 30 November 2006	518,313	300,095	818,408
At 30 November 2005	—	295,297	295,297

On 20 January 2006 the Company purchased 100% of the issued share capital of SJ Consulting Limited for a total consideration of £1,005,151. The Company operated in the UK providing network software and systems solutions.

The goodwill arising on the acquisition of SJ Consulting Limited is being amortised on a straight-line basis over ten years. The directors estimate that the book values underlying the business acquired approximate to the fair value of the underlying assets.

	Book value and fair value £
SJ Consulting Limited acquisition	
Tangible fixed assets	11,051
Debtors	227,713
Cash	216,449
Creditors	(19,375)
Net assets acquired	435,838
Goodwill	569,313
Consideration	1,005,151
Consideration satisfied by:	
Shares to be issued (300,000 ordinary shares of 1p each)	171,000
Cash	834,151
	1,005,151

The shares to be issued are dependent upon continued service of the key employees and are valued at year end market price.

The Company had no intangible fixed assets.

12 Tangible fixed assets

Group	Computer equipment £	Development software £	Office equipment £	Leasehold improvements £	Total £
Cost					
At 1 December 2005	631,497	112,500	133,834	749,379	1,627,210
Foreign exchange adjustments	(4,079)	—	(3,427)	(2,494)	(10,000)
Additions	251,547	107,580	134,065	251,753	744,945
Disposals	(13,485)	—	—	—	(13,485)
At 30 November 2006	865,480	220,080	264,472	998,638	2,348,670
Depreciation					
At 1 December 2005	317,645	65,604	51,773	168,578	603,600
Foreign exchange adjustments	(997)	—	(683)	(240)	(1,920)
Charge for the year	211,239	54,528	46,834	33,380	345,981
Disposals	(12,725)	—	—	—	(12,725)
At 30 November 2006	515,162	120,132	97,924	201,718	934,936
Net book amount					
At 30 November 2006	350,318	99,948	166,548	796,920	1,413,734
At 30 November 2005	313,852	46,896	82,061	580,801	1,023,610

The Company had no tangible fixed assets.

13 Fixed asset investments

	Interests in Group undertakings Company £
Cost at 1 December 2005	452,047
Additions in year (see note 11)	1,005,151
Cost at 30 November 2006	1,457,198

Interests in Group undertakings

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of shares held by the Group
Amino Holdings Limited	England and Wales	Ordinary shares of 1p each	100%
Amino Communications Limited	England and Wales	Ordinary shares of £1 each	100%*
Amino Communications L.L.C.	Delaware, USA	Ordinary shares of $1 each	100%*
Amino Communications Employee Benefit Trust	England and Wales	Ordinary shares of £1 each	100%*
SJ Consulting Limited	England and Wales	Ordinary shares of £1 each	100%
Intact Software Limited	England and Wales	Ordinary shares of £1 each	100%*

*indirectly held

All of the above subsidiaries are included within the consolidated financial statements of Amino Technologies plc for the years ended 30 November 2006. The consolidated financial statements of Amino Technologies plc for the year ended 30 November 2005 includes all of the subsidiaries except SJ Consulting Ltd and IntAct Software Ltd which were acquired and incorporated in the year, respectively.

Amino Holdings Limited is a non-trading intermediate holding Company.

The principal activity of Amino Communications Limited is to develop core software technologies and customer-premises products for the IPTV market, and to partner with world-leading companies in content aggregation, middleware, conditional access, and head-end systems.

The principal activity of Amino Communications L.L.C. is the distribution of products of Amino Communications Limited in North and South America.

The principal activity of Amino Communications Employee Benefit Trust is to enable a number of shares in the Company to be held by the trustees of the scheme for the benefit of the employees and former employees of the Company and its subsidiaries and their relations and dependents, to provide employees with the opportunity of acquiring shares in the Company and such other benefits (whether of a similar nature or not) as the trustees of the scheme might, in their absolute discretion, decide.

The principal activity of S J Consulting Limited to 31 January 2006 was the provision of network software and systems solutions. From 1 February 2006 the Company was non-trading.

Intact Software Limited is non-trading.

14 Stocks

Group	As at 30 November 2006 £	As at 30 November 2005 £
Raw materials	1,836,290	413,974
Finished goods	1,972,072	1,046,782
	3,808,362	1,460,756

There is no material difference between the carrying value and the replacement cost of stock.
The Company has no stock.

15 Debtors

	Group		Company	
	As at 30 November 2006 £	As at 30 November 2005 £	As at 30 November 2006 £	As at 30 November 2005 £
Amounts falling due after more than one year:				
Other debtors	195,406	190,898	—	—
Amounts owed by group undertakings	—	—	21,934,975	21,934,975
Deferred tax (see note 20)	1,719,000	—	—	—
	1,914,406	190,898	21,934,975	21,934,975
Amounts falling due within one year:				
Trade debtors	7,610,249	10,356,334	—	—
VAT recoverable	103,044	36,871	—	—
Deferred tax (see note 20)	—	1,719,000	—	—
Other debtors	6,471	6,958	—	—
Prepayments and accrued income	867,017	727,436	—	—
	8,586,781	12,846,599	—	—

Other debtors comprise rent deposits.

Amounts owed to the parent Company are unsecured, interest free and repayable on-demand. However, the parent Company has formally confirmed that it will provide continuing financial support to its subsidiary undertaking, Amino Communications Limited, for a period of not less than two years from the date of approval of these financial statements.

16 Short-term investments

Group	As at 30 November 2006 £	As at 30 November 2005 £
Short-term investments	9,000,000	430,000

Short-term investments comprise bank and similar deposits that are not repayable on-demand.

The Company has no short-term investments.

17 Creditors: amounts falling due within one year

	As at 30 November 2006 £	As at 30 November 2005 £
Bank loans and overdrafts	7,690,415	—
Other loans	47,485	42,623
Trade creditors	2,558,223	1,100,453
Taxation and social security	202,740	166,029
Corporation tax	18,707	48,171
Accruals and deferred income	805,724	607,305
	11,323,294	1,964,581

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of Amino Communications Limited. The Company has no creditors falling due in less than one year.

18 Creditors: amounts falling due after more than one year

	Group		Company	
	As at 30 November 2006 £	As at 30 November 2005 £	As at 30 November 2006 £	As at 30 November 2005 £
Other loans	36,299	71,285	—	—
Amounts owed to Group undertakings	—	—	1,782,324	1,001,197

Other loans comprise unsecured borrowings from a third-party at a fixed interest rate of 4.56%.

Amounts owed to subsidiaries are unsecured, interest free and repayable on-demand. However, Amino Holdings Limited has formally confirmed that it will not require repayment of the loan for a period of not less than two years from the date of approval of these financial statements.

Borrowings are repayable as follows:

Group	As at 30 November 2006 £	As at 30 November 2005 £
Between one and two years	36,299	46,557
Between two and five years	—	24,728
	36,299	71,285
On-demand or within one year	7,737,900	42,623
	7,774,199	113,908

Notes to the financial statements (continued)

19 Financial instruments

The Group's financial instruments comprise cash and short-term bank deposits, a bank loan and other loans, as well as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's future operations.

The financial risks faced by the Group include interest rate risk, currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks.

The Group's main objectives in using financial instruments are the maximisation of returns from funds held on deposit and minimising the exposure against foreign exchange movement.

The Group's policy is to raise cash in advance of when it is required and when market conditions are appropriate, using whatever financial instruments can be negotiated with the providers of finance at that time. During the period covered by these financial statements these instruments have included both debt and equity shares.

Short-term debtors and creditors have been excluded from all of the following disclosures other than the currency risk disclosures as permitted by Financial Reporting Standard 13 "Derivatives and other financial instruments".

Interest rate risk profile of the Group's financial liabilities

The interest rate risk profile of the Group's financial liabilities for the period was:

Currency	Total £	Fixed rate financial liabilities £	Financial liabilities on which no interest is paid £
Sterling	113,908	113,908	—
At 30 November 2005	113,908	113,908	—
Weighted average interest rate (%)	—	4.56	—
Weighted average period for which rate is fixed (years)	—	3.25	—
Sterling	83,784	83,784	—
Dollars	7,690,415	7,690,415	
At 30 November 2006	7,774,199	7,774,199	—
Weighted average interest rate (%)	—	6.01	—
Weighted average period for which rate is fixed (years)	—	0.10	—

All of the Group's creditors falling due within one year (other than bank loans and overdrafts and other loans) are excluded from the above tables either due to the exclusion of short-term items or because they do not meet the definition of a financial liability.

Interest rate risk profile of the Group's financial assets

	As at 30 November 2006			As at 30 November 2005		
Currency	Cash at bank and in hand £	Short-term deposits £	Total £	Cash at bank and in hand £	Short-term deposits £	Total £
Sterling	10,272,966	9,000,000	19,272,966	10,332,743	430,000	10,762,743
US Dollars	2,328,934	—	2,328,934	3,204,009	—	3,204,009
Euro	56,869	—	56,869	501,519	—	501,519
	12,658,769	9,000,000	21,658,769	14,038,271	430,000	14,468,271

Short-term deposits in Sterling were placed with banks on a one-to-six month basis and earned interest at an average fixed rate of 4.94% (2005: 4.56%). Cash at bank earns interest based on relevant LIBOR equivalents.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short-term trade creditors and accruals, was as follows:

	As at 30 November 2006			As at 30 November 2005		
	Debt £	Other financial instruments £	Total £	Debt £	Other financial instruments £	Total £
Within one year or on-demand	7,690,415	47,485	7,737,900	—	42,623	42,623
Between one and two years	—	36,299	36,299	—	46,557	46,557
Between two and five years	—	—	—	—	24,728	24,728
	7,690,415	83,784	7,774,199	—	113,908	113,908

Fair value of financial assets and financial liabilities

The fair value of the financial assets and financial liabilities are not materially different from their carrying values. This is justified by the fact that all of the financial asset is cash at bank or short-term investments and the financial liabilities are an unsecured loan relating to the business property and debt bearing interest at market rates.

19 Financial instruments (continued)

Currency exposures

The table below shows the extent to which Group Companies have monetary assets and liabilities in currencies other than their local currency:

	Net foreign currency monetary assets/(liabilities)			
2006 Functional currency of Group operation	Sterling £	US Dollars £	Euro £	Total £
Sterling	19,048,808	(6,576,743)	1,264,730	13,736,795
US Dollars	—	5,485,462	—	5,485,462
	19,048,808	(1,091,281)	1,264,730	19,222,257
2005 Functional currency of Group operation	Sterling £	US Dollars £	Euro £	Total £
Sterling	10,526,328	6,521,512	772,872	17,820,712
US Dollars	—	6,101,296	—	6,101,296
	10,526,328	12,622,808	772,872	23,922,008

20 Deferred taxation

The Group had recognised deferred tax and had potential unrecognised deferred tax assets as follows:

Group	As at 30 November 2006 amount recognised £	As at 30 November 2006 amount unrecognised £	As at 30 November 2005 amount recognised £	As at 30 November 2005 amount unrecognised £
Tax effect of timing differences because of:				
Differences between capital allowances and depreciation	—	313,542	—	(6,247)
Tax losses carried forward	1,719,000	2,529,000	1,719,000	1,530,995
Adjustment to losses brought forward	—	—	—	647,865
Other short-term timing differences	—	3,122	—	29,210
Deferred tax asset (see note 16)	1,719,000	2,845,664	1,719,000	2,201,823

The Company had no recognised deferred tax or potential unrecognised deferred tax assets/liabilities.

Factors that may affect the future tax charge

The directors have recognised a deferred tax asset in respect of taxable losses based on their expectation of the Group generating taxable profits in the future though not within the next twelve months.

21 Called-up share capital

Company	As at 30 November 2006 £	As at 30 November 2005 £
Authorised		
100,000,000 (2005: 100,000,000) ordinary shares of 1p each	1,000,000	1,000,000
Allotted, called-up and fully-paid		
58,263,052 (2005: 58,263,052) ordinary shares of 1p each	582,630	582,630

In respect of the acquisition of SJ Consulting Limited, the Company has the obligation to issue 300,000 ordinary shares of 1p each in tranches of 99,999 ordinary shares on the first and second anniversaries of the acquisition date and 100,002 ordinary shares on the third anniversary, contingent upon the continued service of certain key employees.

On the 20 January 2007 99,999 ordinary shares of 1p each were issued in accordance with the SJ Consulting Limited sale and purchase agreement.

Employee share options

On 8 June 2004 the Company established an Unapproved Scheme and Enterprise Management Incentive Scheme for employees and certain former employees of Group companies, replacing those schemes operated by Amino Holdings Limited. The Company also operates individual share option schemes for certain non-executive directors.

Options granted under these schemes will mainly be satisfied out of ordinary shares of 1p each issued to an Employee Benefit Trust set up in February 2003. The Employee Benefit Trust was set up to encourage and facilitate the acquisition and holding of shares in the Company by and for the benefit of the employees and certain former employees of the Company and any other Company within the Group.

Notes to the financial statements (continued)

21 Called-up share capital (continued)

The number of shares held by the Employee Benefit Trust is as follows:

	Year to 30 November 2006 number	Year to 30 November 2005 number
Shares held by the Employee Benefit Trust:		
At start of financial period	2,502,265	3,455,961
Exercised	(107,062)	(953,696)
At end of financial period	2,395,203	2,502,265

The number of subsisting options are as follows:

	As at 30 November 2006 number	As at 30 November 2005 number
Current and former employees and non-executive directors	4,666,245	3,886,307
Other options granted	118,812	118,812
	4,785,057	4,005,119

Options granted to current and former employees and non-executives and others were under the following schemes:

	As at 30 November 2006 number	As at 30 November 2005 number
Granted:		
Unapproved Share Option Scheme	1,945,850	1,611,750
Enterprise Management Incentive Scheme	2,067,646	1,621,808
Individual share option schemes	771,561	771,561
	4,785,057	4,005,119

The number of options relating to current and former employees and non-executives over ordinary shares of 1p each, granted, lapsed or cancelled during the year was as follows.

Date granted	Exercise price	As at 1 December 2005 number	Granted number	Exercised number	Lapsed number	Cancelled number	As at 30 November 2006 number	Notes
January 2001	£0.05	43,333	—	—	—	—	43,333	(a)
January 2001	£0.60	—	—	—	—	—	—	(a)
May 2001	£0.05	—	—	—	—	—	—	(a)
March 2002	£0.77	30,000	—	—	—	—	30,000	(a)
September 2003	£0.20	1,611,800	—	(52,250)	—	—	1,559,550	(a)
September 2003	£0.20	—	—	—	—	—	—	(a)
February 2004	£0.32	916,602	—	(24,460)	—	—	892,142	(a)
May 2004	£0.70	23,352	—	(3,352)	—	—	20,000	(a)
June 2004	£1.20	290,000	—	(27,000)	(17,500)	—	245,500	(b)
September 2004	£1.71	62,500	—	—	—	—	62,500	(c)
November 2004	£2.45	549,720	—	—	(58,500)	(484,720)	6,500	(c)
December 2004	£2.45	96,500	—	—	—	(96,500)	—	(c)
April 2005	£2.20	262,500	—	—	(10,000)	(252,500)	—	(c)
February 2006	£1.64	—	1,458,902	—	—	—	1,458,902	(d)
February 2006	£2.20	—	73,506	—	—	—	73,506	(d)
February 2006	£2.45	—	124,312	—	—	—	124,312	(d)
September 2006	£0.72	—	150,000	—	—	—	150,000	(e)
		3,886,307	1,806,720	107,062	86,000	833,720	4,666,245	

Notes

(a) Following Amino Technologies plc's admission to AIM on 9 June 2004, these options have vested in full and are exercisable until expiry, being ten years from date of grant.

(b) Vest in equal tranches on first and second anniversaries from date of grant.

(c) Vest in equal tranches on first, second and third anniversaries from date of grant.

(d) On 10 February 2006 options with an exercise value greater than the market price were cancelled and replaced with options with an exercise value equal to market price on that date. The options vest in three equal tranches. The options will vest subject to the growth in Amino's share price being equal to or greater than the growth of the Techmark 100 index from the date of admission to AIM to the vesting date. If Amino's growth rate at the vesting date is below the tracked growth rate, 75% of the tranche vest if Amino's share price is within the range of 95%–<100% of the tracked growth, 50% if the share price is within the range 90%–<95%. Any options that do not vest will be carried forward to the next anniversary and tested against the tracked growth on that date. In the event that options have not vested on the third anniversary, they lapse.

(e) Vest in equal tranches on first, second and third anniversaries from date of grant subject to the market price being equal or greater than £1.20 on that day.

21 Called-up share capital (continued)

Other options in issue

In addition to those options granted to current and former employees and non-executive directors, the Company has granted options as follows:

118,812 options were granted to KBC Peel Hunt on 27 July 2000 in consideration for services to the Group in connection with a placing of ordinary shares. These options can be exercised at a price of £2.02 per share for a period of seven years commencing from 9 June 2004, the date of the Company's admission to AIM.

22 Reserves

Group	Share premium account £	Merger reserve £	Profit and loss account £	Total £
As at 1 December 2005	21,807,240	16,388,755	(10,529,060)	27,666,935
(Loss) for the financial year	—	—	(1,447,642)	(1,447,642)
Exchange differences on consolidation	—	—	(185,080)	(185,080)
Shares allocated from ESOP Trust to satisfy exercises of options	—	—	53,024	53,024
As at 30 November 2006	21,807,240	16,388,755	(12,108,758)	26,087,237

Company	Share premium account £	Profit and loss account £	Total £
As at 1 December 2005	21,807,240	(1,004,045)	20,803,195
Loss for the financial year	—	—	—
Exercise of employee share options	—	53,024	53,024
As at 30 November 2006	21,807,240	(951,021)	20,856,219

23 Reconciliation of movements in shareholders' funds

	Group		Company	
	As at 30 November 2006 £	As at 30 November 2005 £	As at 30 November 2006 £	As at 30 November 2005 £
Opening shareholders' funds	28,249,565	12,678,092	21,385,825	5,858,731
(Loss)/profit for the period	(1,447,642)	63,914	—	(2,848)
Exchange differences on consolidation	(185,080)	(22,383)	—	—
Issue of ordinary share capital – capital	—	72,250	—	72,250
Issue of ordinary share capital – share premium	—	15,768,000	—	15,768,000
Shares to be issued	171,000	—	171,000	—
Expenses of share issue	—	(534,637)	—	(534,637)
Exercise of employee share options	53,024	224,329	53,024	224,329
Closing shareholders' funds	26,840,867	28,249,565	21,609,849	21,385,825

Investment in own shares

Offset within the Group and Company profit and loss reserve at 30 November 2006 is an amount of £948,173 (2005: £1,001,197) representing the cost of own shares held.

24 Reconciliation of operating (loss) to net cash inflow/(outflow) from operating activities

Group	Year to 30 November 2006 £	Year to 30 November 2005 £
Operating (loss)	(2,035,832)	(339,575)
Depreciation and amortisation charge	563,915	397,510
Loss on disposal of tangible fixed assets	760	—
(Increase) in stocks	(2,347,606)	(99,417)
Decrease/(increase) in debtors	2,836,057	(6,748,373)
Increase/(decrease) in creditors	1,618,232	(342,301)
Exchange differences on consolidation	(176,192)	(22,383)
Net cash inflow/(outflow) from continuing operating activities	459,334	(7,154,539)

25 Analysis of net funds

Group	As at 1 December 2005 £	Cash flow £	Exchange differences £	As at 30 November 2006 £
Cash at bank and in hand	14,038,271	(996,513)	(382,989)	12,658,769
Short-term investments	430,000	8,570,000	—	9,000,000
Bank loans and overdrafts	—	(8,064,516)	374,101	(7,690,415)
Net funds	14,468,271	(491,029)	(8,888)	13,968,354

Notes to the financial statements (continued)

26 Operating lease commitments
At 30 November 2006 the Group was committed to make the following annual payments under non-cancellable operating leases:

	2006		2005	
Group	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire within one year	24,500	—	—	—
Leases which expire within two and five years	30,000	—	55,000	—
Leases which expire after five years	275,000	—	325,000	—
	329,500	—	380,000	—

The Company has no operating lease commitments.

27 Contingent liabilities
Amino's products incorporate third-party technology, usually under licence. Inadvertent actions may expose the Group to the risk of infringing third-party intellectual property rights. Potential claims can still be submitted many years after a product has been deployed. Any such claims are vigorously defended.

28 Pension commitments
The Group's pension charge for the year was £229,375 (2005: £126,234). A creditor of £10,406 (2005: £nil) is included within the taxation and social security creditor at 30 November 2006 (2005: £nil).

29 Financial commitments
At 30 November 2006 the Group, in accordance with the terms of a contractual agreement with a manufacturing partner, had a financial commitment totalling £4.1m (2005: £2.6m). The Group had also committed to £1.1m (2005: £0.3m) in respect of silicon chips under non-cancellable orders.

30 Capital commitments
No capital expenditure was committed to as at 30 November 2006 (2005: £nil).

31 Related party transactions
During the period 1 December 2005 to 19 January 2006 Amino Communications Limited was invoiced £81,785 (2005: £37,700) in respect of consultancy services and £35,149 (2005: £nil) in respect of royalties by S J Consulting Limited. All transactions were conducted on an arm's length basis.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Amino Technologies plc will be held at the offices of KBC Peel Hunt, 111 Old Broad Street, London EC2N 1PH on Wednesday 28 March 2007 at 10:00 a.m. to transact the following business.

Resolutions 1 to 8 inclusive will be proposed as ordinary resolutions. Resolutions 9 to 11 will be proposed as special resolutions.

1. To receive the audited financial statements of the Company for the year ended 30 November 2006, and the Directors' report and the Auditors' report on those financial statements.
2. To receive the Remuneration report of the Company for the year ended 30 November 2006.
3. To re-appoint Colin Smithers, who retires as a director by rotation and, being eligible, offers himself for re-appointment.
4. To re-appoint Keith Todd, who was appointed a director by the Board after the previous Annual General Meeting and so, pursuant to the Company's Articles of Association, is to stand for reappointment.
5. To re-appoint Olivier Hopkes, who was appointed a director by the Board after the previous Annual General Meeting and so, pursuant to the Company's Articles of Association, is to stand for reappointment.
6. To re-appoint Andrew Burke, who was appointed a director by the Board after the previous Annual General Meeting and so, pursuant to the Company's Articles of Association, is to stand for reappointment.
7. To re-appoint PricewaterhouseCoopers LLP as the auditors of the Company and to authorise the directors to fix their remuneration.
8. That the directors of the Company be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to allot any relevant securities (as defined in section 80(2) of the Act) of the Company up to an aggregate nominal amount of £200,000 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months from the date of this meeting, whichever is the earlier, save that the Company shall be entitled to make, prior to the expiry of such authority, any offer or agreement which would or might require relevant securities to be allotted after the expiry of such authority, and the directors may allot any such securities pursuant to such offer or agreement as if such authority had not expired; and all prior authorities to allot securities be revoked, but without prejudice to the allotment of any relevant securities already made or to be made pursuant to such authorities.

To propose the following as special resolutions:

9. That the directors of the Company be granted power pursuant to section 95 of the Act to allot securities (within the meaning of section 94 of the Act) wholly for cash pursuant to the authority conferred on them by resolution 8 or otherwise in the case of treasury shares (as defined in section 162(3) of the Act) in each case as if section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to:

   (i) the allotment of equity securities in connection with a rights issue, open offer or other offers of securities in favour of the holders of ordinary shares in the Company on the register of members at such record dates as the directors of the Company may determine and other persons entitled to participate therein where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares in the Company held or deemed to be held by them on any such record dates, subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient to deal with fractional entitlements, treasury shares or legal or practical problems arising under the laws of any overseas territory or the requirements of any other regulatory body or stock exchange or by virtue of shares being represented by depository receipts or any other matter whatever; and

   (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) to any person or persons of equity securities up to an aggregate nominal amount of £29,000.

   This power shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months from the date of this meeting, whichever is the earlier, unless previously varied, revoked or renewed by the Company in general meeting provided that the Company may, before such expiry, make any offer or agreement which would or might require securities to be allotted, or treasury shares sold, after such expiry and the Board may allot securities or sell treasury shares pursuant to any such offer or agreement as if the power conferred had not expired; and all prior powers granted under section 95 of the Act shall be revoked provided that such revocation shall not have retrospective effect.

Notice of Annual General Meeting (continued)

10. That subject to the confirmation of the Court, the share premium account of the Company be and is hereby cancelled.

11. That the directors shall be authorised to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of the Company on such terms and in such manner as the directors shall determine, provided that:

    (i) the maximum number of shares hereby authorised to be acquired shall be 3,000,000 ordinary shares;

    (ii) the minimum price which shall be paid for each share will be its nominal value and the maximum price shall be an amount equal to 105% of the average middle market quotations for the ordinary shares of the Company (derived from the London Stock Exchange Alternative Investment Market) for the five days prior to the date of purchase; and

    (iii) the authority hereby given shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may make a purchase of ordinary shares under such authority after such date if the contract of purchase for the same was entered into before such date.

2 March 2007

By order of the Board

Stuart Darling
Company Secretary
Registered Office:
Prospect House
Buckingway Business Park
Anderson Road
Swavesey Cambridge CB24 4UQ
Registered in England & Wales Number 5083390

Notes

1. A member entitled to attend and vote at the Meeting may appoint one or more proxies to attend and on a poll, vote on his/her behalf. A proxy need not be a member of the Company.
2. A form of proxy is enclosed with this Notice. The instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such a power) must be deposited with the Company's registrars, Proxy Processing Centre, Telford Road, Bicester OX26 4LD, not less than 48 hours before the time of the meeting or adjourned meeting as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.
3. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the register of members of the Company as at 6.00 p.m. on Monday 26 March 2007 shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00 p.m. on Monday 26 March 2007 shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. The register of directors' shareholdings and transactions will be available for reference at the commencement and remain open until the conclusion of the Annual General Meeting.
5. Copies of service contracts of the directors with the Company will be available for inspection at the registered office of the Company during normal business hours and will also be available at the venue of the meeting for at least 15 minutes prior to and until the conclusion of the meeting.

Form of Proxy

I/We (see note 1) ....

of ....

(Block capitals please)

being a member/members of Amino Technologies plc appoint the Chairman of the meeting, or (see note 2) ....

....

as my/our proxy, to attend and vote for me/us at the Annual General Meeting of Amino Technologies plc to be held on Wednesday 28 March 2007 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an X in the spaces provided how you wish your votes to be cast on the resolution specified.

Ordinary resolutions	For	Against
1. To receive and adopt the accounts and the reports of the directors for the year ended 30 November 2006		
2. To receive the Remuneration report of the Company for the year ended 30 November 2006		
3. To re-appoint Colin Smithers as a director		
4. To re-appoint Keith Todd as a director		
5. To re-appoint Olivier Hopkes as a director		
6. To re-appoint Andrew Burke as a director		
7. To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the directors to fix their remuneration		
8. Authority to allot shares generally		
Special resolution	**For**	**Against**
9. Limited disapplication of pre-emption rights		
10. To cancel the share premium account		
11. Limited authority to buy-back shares		

Subject to any voting instructions so given the proxy will vote, or may abstain from voting, on the resolution as he may think fit.

Signature(s) .... Dated this .... day of 2007

Notes

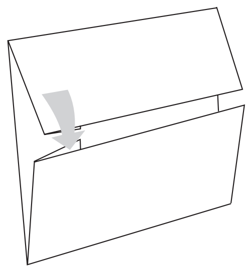
1. Please insert your name and address in capital letters. In the case of jointly held shares please also insert in capital letters the name(s) of the other joint holder(s).
2. If you so desire you may delete the words "Chairman of the Meeting" and insert the name and address of your own choice of proxy who need not be a member of the Company. Please initial such alterations.
3. To be valid this form of proxy must be deposited at Capita Registrars, 34 Beckenham Road, Kent BR3 4TU no later than 48 hours prior to the Meeting.
4. A corporation must execute this form of proxy under its common seal or under the hand of an officer or attorney duly authorised in writing.
5. If this form of proxy is executed under a power of attorney or other authority, such power of attorney or other authority or a certified copy thereof must be lodged with the Company along with the form of proxy.
6. In the case of joint holders the vote of the senior shall be accepted to the exclusion of the other joint holders, seniority being determined by the order in which the names stand in respect of the joint holding in the Register.
7. Completion and return of the form of proxy does not preclude a member from attending and voting in person at the Meeting.

third fold and tuck in

first fold

Business Reply
Licence Number
RRHB-RsXJ-GKCY

1



Proxy Processing Centre
Telford Road
Bicester OX26 4LD

second fold

Contact details

Head Office **Sales and Customer Support EMEA** **Research and Development Centre** **Operations**	Amino Technologies plc Prospect House Buckingway Business Park Anderson Road Swavesey Cambridgeshire CB24 4UQ Tel: +44 1954 234100 Fax: +44 1954 234101
Sales and Customer Support **North & South America**	Amino Communications L.L.C. 3625 Brookside Parkway Suite 150 Alpharetta GA 30022 Tel: +1 678 636 6000 Fax: +1 678 636 6001

designed and produced by
the design portfolio marketing services.
www.design-portfolio.co.uk

Amino Technologies plc
Prospect House
Buckingway Business Park
Anderson Road
Swavesey
Cambridgeshire CB24 4UQ
Tel: +44 1954 234100
Fax: +44 1954 234101
info@aminocom.com
www.aminocom.com