amino

Shaping IPTV

Amino Technologies plc

Interim report 2008

Corporate statement

Amino Technologies plc (www.aminocom.com) specialises in IPTV software technologies and hardware platforms that enable delivery of digital programming and interactivity over IP networks, including the Internet.

Our AmiNET™ series of small, low cost, high functionality Set-Top Boxes (STBs) offer the full range of specification required; MPEG-2 and MPEG-4 (Moving Picture Encryption Group) encoding standards, Standard Definition (SD) and High Definition (HD) TV, Personal Video Recording (PVR) and home networking. The high performance coupled with the innovative design of Amino's STBs has brought the series industry accolades and the Company a leading position within the Internet Protocol Television (IPTV) market.

Amino's technologies have been used in commercial deployments and trials in over 80 countries worldwide. Amino's principal customers are telecommunications, broadcast and hospitality service operators.

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

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Highlights

- Turnover up 7.1% to £14.53m (H1:2007: £13.56m).
- Gross profit increased by 32.6% to £6.42m (H1 2007: £4.84m).
- Gross margins improved by 8.5 percentage points to 44.2% (H1 2007: 35.7%).
- Operating profit increased by £1.25m to £0.61m (H1 2007: operating loss of £0.64m).
- Profit before tax increased by £1.49m to £1.09m (H1 2007: loss of £0.40m).
- Net cash balances increased to £19.00m (30 November 2007: £17.07m; 31 May 2007: £14.52m).
- Shipments of AmiNET products increased by 7.1% to 256,000 units (H1 2007: 239,000).
- Transformational acquisition of AssetHouse in June 2008 to broaden product range and address Tier 1 telcos.
- Executive team strengthened by appointment of Andrew Burke as CEO.

> "The Board believes that the Group is well placed to benefit from the growth in the IPTV market. In addition to its market leading set-top box business, Amino recently acquired AssetHouse, an IPTV software business, to broaden its product offering and help address the Tier 1 telco market. Also significant is the recent appointment of Andrew Burke as Chief Executive Officer. With his extensive knowledge of and credibility in the IPTV marketplace, Andrew is the ideal person to deliver the next phase of growth for Amino. The Board expects to build on the solid performance over the last 18 months, balancing investment with profitable growth as we strive to establish sustained profitability."

Chairman's report

"These results highlight the hard work that has been undertaken to effectively manage costs during the half year. The return to operating profit in the first six months of the year and our strong cash balances provide a solid platform from which to build on our successes to date."

Introduction

The six months to 31 May 2008 has been a period in which the Group has focused on operational delivery and developing key strategic opportunities. These results continue the progress made in the second half of last year and represent a strong turnaround on the corresponding period last year. Strategically, we have extended the Group's business through the acquisition of AssetHouse, which was completed shortly after the period end.

Financial performance

Turnover and unit shipments increased by 7.1% over H1 2008 to £14.53m and 256,000 respectively. MPEG-2 products continued to represent the core (85%) of shipments although early volume shipments were made of the new MPEG-4 HD (high definition) product range into the hospitality and EMEA telco markets. Whilst licensing revenue from the Group's Asian channel strategy was in line with our expectations at £0.65m, delays to the Indian market's roll out of IPTV services have required the Board to make a provision of £0.37m against licence and support fees due from its Indian channel partner.

Profits in the first half were significantly boosted by the 8.5 percentage points improvement in gross margin achieved on the established MPEG-2 SD product range, primarily achieved through the continued effective management of our component and manufacturing costs. Combined with higher revenues, the improvement in gross margins led to a 32.6% improvement in gross profit generated in H1 2008 as compared to H1 2007. Looking ahead, we expect that gross margins will revert to more typical levels, in the mid 30s, as the new MPEG-4 HD product range contributes a higher proportion of the Group's sales.

Operating costs increased by £0.33m to £5.81m over H1 2007. Within operating costs, investment in development increased by £0.14m to £1.79m, of which approximately 50% was incurred on Amino's next generation MPEG-4 HD product range.

The significant increase in gross profit combined with the limited increase in operating costs led to a £1.25m turn round in operating profit to £0.61m (H1 2007: loss of £0.64m).

The Group has a strong balance sheet with total assets less liabilities of £29.70m (H1 2007: £26.36m) representing 51.3 pence per share.

Working capital, including net cash of £19.00m (H1 2007: £14.52m), remains very healthy, especially as compared to that of many of Amino's competitors and partners.

Since the period end, Amino has invested £1.38m in the acquisition of AssetHouse and £1.14m in the purchase of its own shares by its Employee Benefits Trust.

Market position

Market research reports forecast that much of the growth in IPTV over the next three years will be in the emerging markets of Eastern Europe and APAC deploying open standard solutions and Western Europe and North America tier 1 telcos deploying Microsoft based solutions. To date, Amino has built its business worldwide on open standard solutions and has established channel partners and customers in Eastern Europe and APAC. Whilst in Western Europe and North America tier 3 telco and hospitality, education and enterprise markets customers will continue to be important to Amino's growth, the Board believes that the combination of AssetHouse and Amino's next generation set-top box products will also enable it to win its fair share of the tier 1 telco market.

Strategy

I believe that the arrival of Andrew Burke as our new CEO marks a significant event for the Group. He has outlined a three tiered strategy which will see Amino (1) driving scale in its key markets, (2) expanding its product line and (3) extending its offering across the value chain.

We intend to achieve the first ambition by focusing on profitable business in core Tier 3 and 2 telco markets in Europe and North America in the short term. Longer term, we aim to develop key accounts among the top tier telcos. We believe that our established channels to market in the high growth markets of China, APAC and India will stand us in particularly good stead as we work to achieve this ambition across the emerging markets.

Our second aim is to continue to expand our product line, further developing a full range of products which will include Standard Definition (SD), High Definition (HD), Personal Video Recorder (PVR), hybrids and home gateways. In doing so, our aim is to maintain our market position, brand values and key relationships during the transition from SD to HD (MPEG 2 to MPEG 4) take up.

Lastly, we plan to extend our offering across the IPTV value chain. The AssetHouse acquisition provides a good example of how we aim to do this, giving us, for the first time, greater ability to access the Tier 1 operator market and significantly broadening our product offering beyond the STB arena where we have made our name.

AssetHouse is an enterprise software solution that helps operators and media brands to develop a more profitable, scalable content business by enabling them to turn their content assets into profitable products quickly, easily and at lower cost. The business was founded in 2000 and counts BT Vision, the UK's highest profile IPTV service, among its customers.

The combination with AssetHouse enables us to offer our customers a more integrated merchandising solution. As the STB starts to deliver key consumption data back to the server, so we are able to offer significantly more value to our customers. Data such as navigation activity, content watched and quality of delivery will all be delivered back to the merchandising application to determine the effectiveness of the customer's packaging and promotion activity. Therefore, whilst Amino's STBs and AssetHouse merchandising systems are extremely valuable solo, their integration takes the IPTV solution to the next level.

Outlook

During the remainder of the financial year, the management and employees of Amino will be working to improve operational efficiency through closer focus on product development processes and the supply chain. The second half will also see us investing to build our market proposition by finalising the MPEG 4 HD and PVR products, strengthening our R&D capabilities, further integrating AssetHouse and working to revitalise our brand. Work will also be done to further develop channels and partnerships, particularly in the emerging markets.

The level of sales growth in the second half will be dependent on the delivery of our MPEG-4 HD core products and we anticipate that gross margins will revert to more typical levels in the mid 30s once these products are deployed.

We believe that these changes will further improve our positioning to benefit from the growth in the IPTV market. The Board expects to build on the solid performance over the last 18 months, balancing investment with profitable growth as we strive to establish sustained profitability.

Keith Todd CBE
Non-executive Chairman
8 August 2008

Consolidated income statement

for the six months ended 31 May 2008

	Notes	Six months ended 31 May 2008 Unaudited £	Six months ended 31 May 2007 Unaudited £	Year to 30 November 2007 Unaudited £
Revenue	2	14,526,776	13,564,520	32,253,156
Cost of sales		(8,107,345)	(8,724,712)	(20,945,251)
Gross profit		6,419,431	4,839,808	11,307,905
Selling, general and administrative expenses		(4,013,531)	(3,827,883)	(7,406,511)
Research and development expenses		(1,794,960)	(1,652,716)	(3,226,990)
Group operating profit/(loss)		610,940	(640,791)	674,404
Financial income		487,487	492,733	967,903
Financial expenses		(3,855)	(247,150)	(230,831)
Group profit/(loss) on ordinary activities before taxation		1,094,572	(395,208)	1,411,476
Tax on profit/(loss) on ordinary activities		(107,278)	—	932,573
Group profit/(loss) on ordinary activities after taxation being profit/(loss) for the financial period		987,294	(395,208)	2,344,049
Attributable to:				
Equity holders of the Company		987,294	(395,208)	2,344,049
Basic earnings/(loss) per 1p ordinary share	3	1.76p	(0.71p)	4.18p
Diluted earnings/(loss) per 1p ordinary shares	3	1.72p	(0.71p)	4.08p

Consolidated statement of recognised income and expense

for the six months ended 31 May 2008

	Notes	Six months ended 31 May 2008 Unaudited £	Six months ended 31 May 2007 Unaudited £	Year to 30 November 2007 Unaudited £
Currency translation differences	5	92,729	(67,961)	(149,218)
Net income recognised directly in equity		92,729	(67,961)	(149,218)
Profit/(loss) for the period		987,294	(395,208)	2,344,049
Total recognised income/(expense) for the period		1,080,023	(463,169)	2,194,831

All amounts relate to continuing activities.

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

Consolidated balance sheet

as at 31 May 2008

	Notes	As at 31 May 2008 Unaudited £	As at 31 May 2007 Unaudited £	30 November 2007 Unaudited £
Non-current assets				
Goodwill		348,738	462,092	434,654
Intangible assets		744,067	422,855	526,124
Property, plant and equipment		1,075,061	1,252,694	1,118,891
Trade and other receivables		163,450	191,482	163,450
Deferred tax assets		1,719,000	1,719,000	1,719,000
		4,050,316	4,048,123	3,962,119
Current assets				
Inventories		3,755,662	4,143,394	2,659,659
Trade and other receivables		8,186,434	6,594,600	10,720,082
Derivative financial instruments		92,000	—	—
Cash and cash equivalents		19,002,631	20,128,157	17,065,867
		31,036,727	30,866,151	30,445,608
Total assets		35,087,043	34,914,274	34,407,727
Equity				
Called-up share capital		578,430	584,130	584,130
Shares to be issued		27,751	71,334	68,667
Share premium		104,249	21,886,989	79,749
Capital redemption reserve		6,200	—	—
Other reserves		16,388,755	16,388,755	16,388,755
Retained earnings		12,596,847	(12,573,003)	11,862,663
Total equity attributable to equity holders of the parent	5	29,702,232	26,358,205	28,983,964
Current liabilities				
Trade and other payables		5,290,999	2,945,804	5,386,534
Current tax liabilities		81,310	707	—
Borrowings		12,502	5,609,558	37,229
Total liabilities		5,384,811	8,556,069	5,423,763
Total equity and liabilities		35,087,043	34,914,274	34,407,727

The interim financial statements on pages 4 to 19 were approved by the Board of Directors on 8 August 2008 and were signed on its behalf by

Andrew Burke
Director

Stuart Darling
Director

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

Consolidated cash flow statement
for the six months ended 31 May 2008

	Notes	Six months ended 31 May 2008 Unaudited £	Six months ended 31 May 2007 Unaudited £	Year to 30 November 2007 Unaudited £
Cash flows from operating activities				
Cash generated from operations	6	2,323,884	728,013	1,901,106
Interest paid		(3,855)	(130,752)	(230,831)
Taxation		(25,968)	(18,000)	914,186
Net cash generated from operating activities		2,294,061	579,261	2,584,461
Cash flows from investing activities				
Purchase of property, plant and equipment (PPE)		(142,149)	(120,430)	(183,423)
Purchase of intangible fixed assets		(383,464)	(160,255)	(408,677)
Interest received		477,133	237,936	913,552
Proceeds from exercise of employee share options		560	2,040	2,540
Net cash generated from/(used in) investing activities		(47,920)	(40,709)	323,992
Cash flows from financing activities				
Proceeds from issue of share capital		—	16,000	16,000
Repurchase of own shares		(322,400)	—	—
Repayments of bank loans		—	(2,016,983)	(7,351,014)
Repayments of other loans		(24,727)	(35,286)	(46,555)
Net cash (used in)/generated in financing activities		(347,127)	(2,036,269)	(7,381,569)
Net increase/(decrease) in cash and cash equivalents		1,899,014	(1,497,717)	(4,473,116)
Cash and cash equivalents at start of the period		17,065,867	21,658,769	21,658,769
Effects of exchange rate fluctuations on cash held		37,749	(32,895)	(119,786)
Cash and cash equivalents at end of period		19,002,630	20,128,157	17,065,867

Notes to the interim financial statements

for the six months ended 31 May 2008

1 Basis of preparation

These interim financial statements are the first interim financial statements following the adoption of International Financial Reporting Standards as adopted by the European Union (IFRS). As the Group has not previously published its financial statements under IFRS, this announcement contains reconciliations from previously reported amounts under UK Generally Accepted Accounting Principles (UK GAAP) together with explanations for the changes. The comparative figures in respect of prior periods have been restated to reflect the adoption of IFRS.

The financial information has been prepared in accordance with all IFRS as endorsed by the European Union (EU) and International Financial Reporting Interpretations Committee (IFRIC) interpretations that had been published by 31 May 2008. The standards that will be applicable for the year ending 30 November 2008 are not known with certainty at the time of preparing interim results. Accordingly, the accounting policies for that accounting period will be determined finally only when the annual financial statements for the year ending 30 November 2008 are prepared.

The interim financial statements for the period to 31 May 2008 have not been audited and do not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The Company's statutory accounts for the year ended 30 November 2007, prepared under UK GAAP, have been delivered to the Registrar of Companies. The report of the Auditors included in these statutory accounts was not qualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

The financial statements for the year to 30 November 2007 were audited. The restatement of these figures to reflect the introduction of IFRS has not yet been subject to audit and as such comparative figures for that period are disclosed as unaudited.

The interim financial statements for the six months to 31 May 2008 have been prepared in accordance with the accounting policies set out in the Transition to International Financial Reporting Standards information accompanying these interim financial statements, taking into account the requirements and options set out in IFRS 1 'First Time Adoption of International Financial Reporting Standards'. In preparing these interim financial statements the Board has not sought to implement the early adoption of IAS 34 'Interim financial reporting'.

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 been together.

The Group has taken the exemption available under IFRS 1, 'First Time Adoption of International Financial Reporting Standards' not to apply IFRS 3 'Business Combinations', retrospectively to business combinations that took place before 1 December 2006.

Notes to the interim financial statements (continued)
for the six months ended 31 May 2008

2 Revenue
Turnover is wholly attributable to the Group's principal activities of developing enabling technologies and providing price competitive, flexible and rapidly deployable designs to manufacturers and vendors of set top boxes, home gateways and other communications devices. The analysis of turnover by destination is set out below.

	Six months ended 31 May 2008 Unaudited £	Six months ended 31 May 2007 Unaudited £	Year to 30 November 2007 Unaudited £
United Kingdom, Europe and Africa	8,399,124	5,689,313	16,313,448
North America	6,056,414	6,687,288	14,858,934
Asia Pacific	71,238	1,187,919	1,080,774
	14,526,776	13,564,520	32,253,156

3 Earnings/(loss) per share

	Six months ended 31 May 2008 Unaudited	Six months ended 31 May 2007 Unaudited	Year to 30 November 2007 Unaudited
Earnings/(loss) attributable to the equity holders of the Company – £	987,294	(395,208)	2,344,049
Weighted average number of shares (Basic)	55,984,489	55,912,904	56,056,327
Weighted average number of shares (Diluted)	57,362,560	56,046,237	57,465,699
Basic earnings/(loss) per 1p ordinary share	1.76p	(0.71p)	4.18p
Diluted earnings/(loss) per 1p ordinary shares	1.72p	(0.71p)	4.08p

The calculation of basic earnings/(loss) per share is based on profit/(loss) after taxation and the weighted average number 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, which includes both share options and shares to be issued. 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 six months ended 31 May 2007 since the Group was loss making.

4 Called-up share capital
Ordinary shares of 1p each

	As at 31 May 2008 Unaudited	As at 31 May 2007 Unaudited	As at 30 November 2007 Unaudited
Authorised			
Nominal value/£	1,000,000	1,000,000	1,000,000
Number	100,000,000	100,000,000	100,000,000
Allotted, called-up and fully-paid			
Nominal value/£	578,430	584,130	584,130
Number	57,843,050	58,413,052	58,413,051

In respect of the acquisition of SJ Consulting Limited the Company issued 49,999 ordinary shares on 20 January 2008 (the second anniversary of the acquisition date) for no consideration at which time the share price was 50p. It has the contingent obligation to issue a further 50,002 ordinary shares of 1p each on the third anniversary of the acquisition date.

The Company acquired and cancelled 620,000 of its own shares through purchases on the London Stock Exchange on 15 April 2008. The total amount paid to acquire these shares was £322,400 and has been deducted from retained earnings within shareholders equity (see note 5).

5 Statement of changes in equity

	Six months ended 31 May 2008 Unaudited £	Six months ended 31 May 2007 Unaudited £	Year to 30 November 2007 Unaudited £
Opening shareholders' funds	28,983,964	26,747,944	26,747,944
Profit/(loss) for the period	987,295	(395,208)	2,344,049
Exchange differences on consolidation	92,729	(67,961)	(149,218)
Issue of ordinary share capital – capital	500	1,500	1,500
Issue of ordinary share capital – share premium	24,500	79,749	79,749
Repurchase and cancellation of own shares	(322,400)	—	—
Issue of ordinary share capital – shares to be issued	(26,000)	(57,000)	(57,000)
Forfeiture of shares to be issued	(17,334)	(37,833)	(37,833)
Impact of increase/(decrease) in share price on shares to be issued	2,418	(4,833)	(7,500)
Share option compensation charge	(24,000)	89,807	50,533
Exercise of employee share options	560	2,040	11,740
	29,702,232	26,358,205	28,983,964

The share premium account at 01 December 2006 was cancelled and the balance of £21,807,240 was transferred to the profit and loss account. This is in accordance with the undertaking given to the Court on 06 June 2007. £20.28m is regarded as distributable.

6 Cash generated from operations

	Six months ended 31 May 2008 Unaudited £	Six months ended 31 May 2007 Unaudited £	Year to 30 November 2007 Unaudited £
Group profit/(loss) on ordinary activities before taxation	1,094,572	(395,208)	1,411,476
Adjustments for:			
Financial expenses	3,855	247,150	230,831
Financial income	(487,487)	(492,733)	(967,903)
Depreciation and amortisation charge	352,233	341,921	704,255
Loss on disposal of property, plant and equipment	1,267	—	112
Goodwill impairment charge	70,000	—	—
Share-based payment charge	(24,000)	—	50,532
Fair value gain on derivative financial instruments	(92,000)	—	—
(Increase)/decrease in inventories	(1,096,003)	(335,032)	1,148,703
Decrease/(increase) in trade and other receivables	2,533,647	2,250,902	(2,457,085)
Increase/(decrease) in trade and other payables	(95,535)	(830,204)	1,813,984
Exchange differences on consolidation	63,335	(58,783)	(33,799)
Cash generated from operations	2,323,884	728,013	1,901,106

7 Events after the balance sheet date

On 9 June 2008 the Group acquired 100% of the share capital of AssetHouse Technology Limited, a company specialising in Digital Product Management software for a cash consideration of £13. In addition, the Group also took an assignment of secured loanstock for a consideration of £1.38m less the amount of certain other creditors of the Company.

The assets acquired have not yet been assessed fully for separable intangibles and all the assets and liabilities are provisionally stated.

On 10 June 2008 the Group's Employee Benefit Trust purchased 2,049,335 of Amino Technologies plc ordinary share capital for consideration of £1,137,302.

Independent review report
to Amino Technologies plc

Introduction
We have been engaged by the Company to review the financial information for the six months ended 31 May 2008 which comprises the Consolidated interim income statement, the Interim statement of Group total gains and losses, the Consolidated interim balance sheet as at 31 May 2008, the Consolidated interim cash flow statement, and associated notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities
The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the interim report in accordance with the AIM Rules of the London Stock Exchange which require that the financial information must be presented and prepared in a form consistent with that which will be adopted in the Company's annual financial statements.

As disclosed in note 1, the next annual financial statements of the Group will be prepared in accordance with IFRSs as adopted for use in the European Union.

The accounting policies that have been adopted in preparing the financial information are consistent with those that the Directors currently intend to use in the next annual financial statements. There is, however, a possibility that the Directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs as adopted for use in the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the AIM Rules for companies and for no other purpose. We do not, in producing this report, 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.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the disclosed accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and therefore does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion
Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements for the six months ended 31 May 2008 is not prepared, in all material respects, in accordance with the basis set out in note 1 and the AIM Rules for companies.

PricewaterhouseCoopers LLP
Chartered Accountants
Cambridge
8 August 2008

Notes:

(a) The maintenance and integrity of the Amino Technologies plc website 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 interim report since it was initially presented on the website.

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

Transition to International Financial Reporting Standards

Introduction

Amino Technologies plc has previously prepared its consolidated financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP). Following a European Union Regulation issued in 2002, the Group will now report its consolidated figures under International Accounting Standards and International Financial Reporting Standards (collectively IFRS) as adopted by the European Union.

The Group's first annual report under IFRS will be for the year ended 30 November 2008 and these financial statements will include restated figures under IFRS for the year ended 30 November 2007. The first IFRS results announced are for the six months ended 31 May 2008.

This document presents previously published UK GAAP information restated on an IFRS basis. It is important to recognise that the move from UK GAAP to IFRS does not change the cash flows of the Group nor does it impact Group strategy or commercial decisions.

Summary of changes

The following represents the differences relevant to the Group as a result of moving from UK GAAP to IFRS:

(a) IFRS 3 'Business Combinations'

Under IFRS 3, goodwill is not amortised but is instead is subject to an annual impairment review. In accordance with the exemption available under IFRS 1 'First Time Adoption of International Financial Reporting Standards' the Group has chosen not to restate the carrying amount of goodwill at the date of transition.

(b) IAS 19 'Employee benefits'

IAS 19 requires companies to make an accrual for holiday pay. At the date of transition an accrual of £64,843 was recognised with a corresponding adjustment being made to retained earnings.

(c) IAS 38 'Intangible assets'

Under IAS 38 companies are required to capitalise development costs that meet specified criteria. Certain of the Group's development activities are considered to have met these criteria and have been capitalised accordingly.

The restated accounting policies and reconciliations between financial statements previously presented under UK GAAP and the IFRS presentation are included in the following appendices:

Appendix 1: Restatement of Group accounting policies

Appendix 2: Restatement of the balance sheet at 1 December 2006

Appendix 3: Restatement of the income statement for the year ended 30 November 2007

Appendix 4: Restatement of the balance sheet as at 30 November 2007

Appendix 5: Restatement of the income statement and the balance sheet for the six months ended 31 May 2007

Appendix 1
Restatement of Group accounting policies

Introduction
The following are the restated Group accounting policies that the Directors have established in order to produce the interim financial statements in accordance with IFRS, as adopted by the EU, and which the Directors anticipate will be complied with in the annual financial statements for the year ending 30 November 2008, the Group's first IFRS financial statements. There is, however, a possibility that the Directors may determine that some changes are necessary when preparing the full annual financial statements for the first time in accordance with the accounting standards as adopted for use in the EU. The IFRS standards and IFRIC interpretations that will be applicable and adopted for use in the EU at 30 November 2008 are not known with certainty at the time of preparing this financial information.

The consolidated financial statements will be prepared on a historical cost basis except for certain items that will be measured at fair value, as discussed in the accounting policies below.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an acquired entity so as to obtain benefits from its activities.

Merger accounting has been used to account for the acquisition of certain subsidiaries in the Group. 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.

The Group has taken the exemption not to apply IFRS 3, 'Business Combinations', retrospectively to business combinations that took place before 1 December 2006.

Revenue recognition
Revenue 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 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.
- Income from support and maintenance is recognised over the period in which the service is provided.

Foreign currencies

(i) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operated ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentational currency.

(ii) Transactions and balances

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

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

The Group only uses derivative contracts (i.e. forward foreign exchange currency purchases or sales) to hedge known foreign currency exposures and does not use derivative contracts for speculative purposes. The Group's derivative contracts do not qualify for hedge accounting and are valued (i.e. marked to market) at the balance sheet date and any resulting profits or losses are taken to the income statement.

(iii) Group Companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into Sterling as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at the average exchange rate for the year; and

(c) all resulting exchange differences are recognised within retained earnings.

Financial instruments

(i) Treasury policies and management

The Group's treasury policies are designed to ensure that adequate financial resources are available for the development of the Group's businesses.

(ii) Trade receivables

Trade receivables are recognised initially at fair value and subsequently held at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are first assessed individually for impairment, or collectively where the receivables are not individually significant. Where there is no objective evidence of impairment for an individual receivable, it is included in a group of receivables with similar credit risk characteristics and these are collectively assessed for impairment. Movements in the provision for doubtful debts are recorded in the income statement.

(iii) Trade payables

Trade payables are recognised initially at fair value and subsequently held at amortised cost.

Trade payables are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Appendix 1 (continued)
Restatement of Group accounting policies

Property, plant and equipment
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

Intangible assets
(i) 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 recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

On disposal of a subsidiary the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before 1 December 2006 has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date and any amounts written off to reserves under UK GAAP has not been reinstated.

The carrying value of goodwill represents its value in use computed by estimating the discounted future cash flows that are expected to arise from the asset.

(ii) Software licenses

Software licences are capitalised at cost as an intangible asset 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.

Cash and cash equivalents
Cash and cash equivalents include cash in hand and deposits held at call with banks. Highly liquid investments with original maturity dates of three months or less are considered to be cash equivalents.

Current and deferred tax
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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is calculated at taxation rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Employee benefits

(i) Pension obligations

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 income statement in the period to which they relate.

(ii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes pricing model.

The Group has applied the exemption available under IFRS 2, to apply its provisions only to those options granted after 7 November 2002 and which were outstanding at 1 December 2006.

Research and development

All ongoing research expenditure is expensed in the period in which it is incurred.

When the Board is sufficiently confident that all of the criteria for capitalisation are met, development costs are capitalised and amortised over the useful life, usually 12 to 24 months, of the respective product, otherwise, development costs are expensed when incurred. The criteria for capitalisation of development costs are that a product is technically feasible, production and sale are intended, a market exists, expenditure can be measured reliably, and sufficient resources are available to complete the project. The extent of capitalisation is limited to that amount which, taken together with further related costs, will be recovered from the future economic benefits related to the asset.

Standards and interpretations that are not yet effective

Certain new standards and interpretations have been published which are mandatory for the Group's accounting periods beginning on or after 1 December 2008 or later periods but which the Group has not adopted early as follows:

(i) IFRS 8 'Operating Segments' (effective for accounting periods beginning on or after 1 January 2009)

(ii) Amendment to IAS 23 'Borrowing Costs' (effective for accounting periods beginning on or after 1 January 2009)

(iii) IFRIC 12 'Service Concession Arrangements' (effective for accounting periods beginning on or after 1 January 2008)

IFRS 8 may change the way in which the Group's segmental reporting is analysed as it adopts a management rather than a geographical/business segment approach to such reporting. However no detailed impact analysis has yet been performed pending EU ratification of the standard.

Management has assessed the relevance of the amendment to IAS 23 and IFRIC 12 with respect to the Group's operations and concluded that they are not currently relevant to the Group.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates and any subsequent changes are accounted for with an effect on income at the time such updated information is available. The most critical accounting policies in determining the financial condition and results of the Group are those requiring the greatest degree of subjective or complex judgements.

Material estimates and assumptions are made in particular with regard to the amount of the deferred tax asset that has been provided for, certain assumptions within the share-based payment option pricing model and the assessment of whether development costs meet the criteria for capitalisation.

Appendix 2
Explanation of transition to IFRS

An explanation of how the transition from previous GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables. The format of the UK GAAP column has been adopted to the IFRS format.

The following adjustments were made to the previously reported UK GAAP information:

(i) Holiday pay accrual

An accrual of £92,923 has been included within trade and other payables at 1 December 2006. The required accrual was assessed as being £64,843 at 30 November 2007 and the corresponding movement of £28,080 was credited to the income statement for the year ended 30 November 2007 (£2,954 within selling, general and administrative expenses and £25,125 within research and development expenses).

(ii) Goodwill

Amortisation previously charged under UK GAAP of £46,575 was reversed in the year ended 30 November 2007 and was replaced with an impairment charge of the same value.

(iii) Capitalised development costs

The Directors do not consider that any of the development costs incurred in the year ended 30 November 2007 meet the criteria for capitalisation. Additionally, the Directors consider that any development costs incurred in previous periods that would have been capitalised would have been fully amortised by the date of transition to IFRS.

Restatement of the balance sheet as at 1 December 2006 from UK GAAP to IFRS

	Reformatted UK GAAP as previously reported £	Effects of transition to IFRS £	As restated in accordance with IFRS £
Non-current assets			
Goodwill	518,313	—	518,313
Intangible assets	300,095	—	300,095
Property, plant and equipment	1,413,734	—	1,413,734
Trade and other receivables	195,406	—	195,406
Deferred tax assets	1,719,000	—	1,719,000
	4,146,548	—	4,146,548
Current assets			
Inventories	3,808,362	—	3,808,362
Trade and other receivables	8,586,781	—	8,586,781
Cash at bank and in hand	21,658,769	—	21,658,769
	34,053,912	—	34,053,912
Total assets	38,200,460	—	38,200,460
Equity			
Called-up share capital	582,630	—	582,630
Shares to be issued	171,000	—	171,000
Share premium	21,807,240	—	21,807,240
Other reserves	16,388,755	—	16,388,755
Retained earnings	(12,108,758)	(92,923)	(12,201,681)
Total equity attributable to equity holders of the parent	26,840,867	(92,923)	26,747,944
Current liabilities			
Trade and other payables	3,566,687	92,923	3,659,610
Current tax liabilities	18,707	—	18,707
Borrowings	7,774,199	—	7,774,199
Total liabilities	11,359,593	92,923	11,452,516
Total equity and liabilities	38,200,460	—	38,200,460

Appendix 3

Restatement of the income statement for the year ended 30 November 2007 from UK GAAP to IFRS

	Reformatted UK GAAP as previously reported £	Effects of transition to IFRS £	As restated in accordance with IFRS £
Revenue	32,253,156	—	32,253,156
Cost of sales	(20,945,251)	—	(20,945,251)
Gross profit	11,307,905	—	11,307,905
Selling, general and administrative expenses	(7,409,465)	2,954	(7,406,511)
Research and development expenses	(3,252,115)	25,125	(3,226,990)
Group operating profit	646,325	28,079	674,404
Financial income	967,903	—	967,903
Financial expenses	(230,831)	—	(230,831)
Group profit on ordinary activities before taxation	1,383,397	28,079	1,411,476
Tax on profit on ordinary activities	932,573	—	932,573
Group profit on ordinary activities after taxation being profit for the financial period	2,315,970	28,079	2,344,049
Attributable to:			
Equity holders of the Company	2,315,970	28,079	2,344,049
Basic earnings per 1p ordinary share	4.1p	0.1p	4.18p
Diluted earnings per 1p ordinary shares	3.9p	0.1p	4.08p

Appendix 4

Restatement of the balance sheet as at 30 November 2007 from UK GAAP to IFRS

	Reformatted UK GAAP as previously reported £	Effects of transition to IFRS £	As restated in accordance with IFRS £
Non-current assets			
Goodwill	434,654	—	434,654
Intangible assets	526,124	—	526,124
Property, plant and equipment	1,118,891	—	1,118,891
Trade and other receivables	163,450	—	163,450
Deferred tax assets	1,719,000	—	1,719,000
	3,962,119	—	3,962,119
Current assets			
Inventories	2,659,659	—	2,659,659
Trade and other receivables	10,720,082	—	10,720,082
Cash at bank and in hand	17,065,867	—	17,065,867
	30,445,608	—	30,445,608
Total assets	34,407,727	—	34,407,727
Equity			
Called-up share capital	584,130	—	584,130
Shares to be issued	68,667	—	68,667
Share premium	79,749	—	79,749
Other reserves	16,388,755	—	16,388,755
Retained earnings	11,927,506	(64,843)	11,862,663
Total equity attributable to equity holders of the parent	29,048,807	(64,843)	28,983,964
Current liabilities			
Trade and other payables	5,321,691	64,843	5,386,534
Current tax liabilities	—	—	—-
Borrowings	37,229	—	37,229
Total liabilities	5,358,920	64,843	5,423,763
Total equity and liabilities	34,407,727	—	34,407,727

Appendix 5

Restatement of the income statement for the six months ended 31 May 2007 from UK GAAP to IFRS

	Reformatted UK GAAP as previously reported £	Effects of transition to IFRS £	As restated in accordance with IFRS £
Revenue	13,564,520	—	13,564,520
Cost of sales	(8,724,712)	—	(8,724,712)
Gross profit	4,839,808	—	4,839,808
Selling, general and administrative expenses	(3,813,275)	(14,608)	(3,827,883)
Research and development expenses	(1,665,314)	12,598	(1,652,716)
Group operating loss	(638,781)	(2,010)	(640,791)
Financial income	492,733	—	492,733
Financial expenses	(247,150)	—	(247,150)
Group loss on ordinary activities before taxation	(393,198)	(2,010)	(395,208)
Tax on profit/(loss) on ordinary activities	—	—	—
Group loss on ordinary activities after taxation being loss for the financial period	(393,198)	(2,010)	(395,208)
Attributable to:			
Equity holders of the Company	(393,198)	(2,010)	(395,208)
Basic loss per 1p ordinary share	(0.70p)	—	(0.70p)
Diluted loss per 1p ordinary shares	(0.70p)	—	(0.70p)

Restatement of the balance sheet for the six months ended 31 May 2007 from UK GAAP to IFRS

	Reformatted UK GAAP as previously reported £	Effects of transition to IFRS £	As restated in accordance with IFRS £
Non-current assets			
Goodwill	462,092	—	462,092
Intangible assets	422,855	—	422,855
Property, plant and equipment	1,252,694	—	1,252,694
Trade and other receivables	191,482	—	191,482
Deferred tax assets	1,719,000	—	1,719,000
	4,048,123	—	4,048,123
Current assets			
Inventories	4,143,394	—	4,143,394
Trade and other receivables	6,594,600	—	6,594,600
Cash at bank and in hand	20,128,157	—	20,128,157
	30,866,151	—	30,866,151
Total assets	34,914,274	—	34,914,274
Equity			
Called-up share capital	584,130	—	584,130
Shares to be issued	71,334	—	71,334
Share premium	21,886,989	—	21,886,989
Other reserves	16,388,755	—	16,388,755
Retained earnings	(12,478,070)	(94,933)	(12,573,003)
Total equity attributable to equity holders of the parent	26,453,138	(94,933)	26,358,205
Current liabilities			
Trade and other payables	2,850,871	94,933	2,945,804
Current tax liabilities	707	—	707
Borrowings	5,609,558	—	5,609,558
Total liabilities	8,461,136	94,933	8,556,069
Total equity and liabilities	34,914,274	—	34,914,274

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