



Amino Technologies plc  
Interim report 2010



# ABOUT AMINO TECHNOLOGIES

Amino specialises in digital entertainment solutions for IPTV, Internet TV and in-home multimedia distribution.

Amino's range of software and set-top box systems can be tailored for telecom, broadcast and hospitality firms to offer highly scalable and targeted services.

The award-winning AmiNET™ and Mood range is used by leading service operators in over 80 countries.

Amino's 'AssetHouse' technology enables content producers, telecoms companies, broadcasters and web TV firms to maximise opportunities through better services, targeted content and greater choice.

Listed on the London Stock Exchange AIM, symbol AMO, Amino's HQ is based near Cambridge, UK, with offices in the US, China and Sweden.

For more information, please visit: [www.aminocom.com](http://www.aminocom.com)

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# HIGHLIGHTS

## Financial overview

- 41.7% increase in revenue to £18.14m (H1 2009: £12.80m)
- 18.5% increase in gross profit to £5.38m (H1 2009: £4.54m)
- Order book of 250k units (H1 2009: 8k units) representing revenue of c.£21m giving strong revenue visibility into H2 2010
- As previously announced, gross margin reduced by 5.78 percentage points to 29.69% (H1 2009: 35.47%) reflecting increased sales to higher volume, lower margin tier 2 customers and foreign exchange movements
- Operating costs reduced by £1.78m to £6.35m (H1 2009: £8.13m)
- Operating loss after exceptional costs reduced by £2.63m to £0.97m (H1 2009: loss of £3.60m)
- Excluding exceptional costs of £Nil (H1 2009: £0.49m) and provision for “mark-to-market” and other foreign exchange losses of £0.89m (H109: gain £0.46m) in relation to H2 2010 sales, operating loss reduced by £3.50m to £0.07m (H1 2009: loss of £3.57m)
- Net cash balances of £13.13m (30 Nov 2009: £9.05m)

## Operational overview

- First Western European tier one operator contract win for Amino Freedom hybrid/OTT set top box with initial units now shipped
- Tier two contract wins in Eastern Europe and South America
- New Amino Freedom media centre successfully launched
- New IPTV product portfolio launched
- Logistics and supply chain management improvements continuing to be made
- Total shipments up 47% to 243,000 with MPEG-4 shipments up 325% compared to H1 2009, representing 79% (H1 2009: 36%) of shipments in the period
- Milestone reached marking 3m set-top boxes sold and shipped

# CHAIRMAN'S REPORT



“ The launch of new products has helped the company gain increasing traction in both Amino's traditional IPTV and the emerging hybrid/OTT markets. ”

## Introduction

This has been an encouraging half year for Amino. The record booked unit sales and revenues in the period – together with a healthy order book – are a major step change in performance compared to the corresponding period last year. The changes in foreign exchange rates and our hedging policy, including the accounting for “mark-to-market” committed forward contracts, impacted profitability. At the period end, the company's cash position was strong with net cash balances of £13.13m (30 Nov 2009: £9.05m).

Revenues at £18.14m increased 42% year on year (H1 2009: £12.80m). However, gross margins were affected by a combination of reduced margins on higher volume sales to tier 2 operators, the impacts of foreign exchange rate movements and higher component prices that have been felt across the industry. These factors lead to an operating loss of £0.97m for the period, albeit this is a significant reduction year on year (H1 2009: loss before exceptional costs of £3.1m, loss after exceptional items of £3.6m).

The improved sales performance has been driven by the core IPTV business where the transition to MPEG-4 devices is almost complete. MPEG-4 shipments increased 325% compared to H1 2009 and represent 79% (H1 2009: 36%) of shipments in the period. The launch of new products has helped the company gain increasing

traction in both Amino's traditional IPTV and the emerging hybrid/OTT markets.

Important contract wins in the tier 2 IPTV market in Europe and South America are evidence of the company's ability to scale its operations to meet the demands of major operators. Early in the period, the company announced a significant contract win – to supply a major Western European tier 1 operator with its Intel-based hybrid/OTT technology to support a significant broadband TV rollout. Initial products have been designed, produced and shipped to support this important deployment within five months of order.

The company enters the second half of the year with a strong backlog of sales and a fresh confidence that its products are now closely aligned with current and future market demand. Market conditions have improved during the period and there are encouraging signs that emerging markets, such as South America, are beginning to develop more strongly.

Supply chain management remains a clear focus to improve gross margins with specialist logistics support engaged at the start of the year beginning to deliver cost savings. The appointment of Donald McGarva, Senior Vice President, Asia Pacific for DHL Supply Chain, as a Non-executive Director during the period has also enhanced the company's capabilities in this critical part of the business.

“ The company enters the second half of the year with a strong backlog of sales and a fresh confidence that its products are now closely aligned with current and future market demand. ”

The Board felt that it was necessary to increase investment in the development of its hybrid DVB-T/OTT offering to support the important tier 1 win and to fully exploit the market potential for the Amino Freedom product more broadly. As a result, the company's cost base – at £5.46m (H1 2009: £8.11m before exceptional items and foreign exchange) – while comparing favourably with the same period last year, is ahead of the company's expectations. The cost base for the full year is also likely to be proportionately higher than management originally planned.

Overall, Amino's financial position remains robust with the company's cash balance standing at £13.13m (30 Nov 2009: £9.05m).

#### **Profit and Loss**

Revenue increased by 41.70% from £12.80m to £18.14m, in line with the increase in unit shipments of 47.27% from 165k to 243k during the period. Customer support fees increased to £0.37m (H1 2009: £0.31m) whilst the combined fees from expert services and licensing reduced to £0.08m from £0.35m.

Gross margins at 29.69% (H1 2009: 35.47%) were affected by a combination of factors. Principally, this was due to expected lower margin sales as the company moves into higher volume tier 2 markets, maintenance of component prices as a result of industry-

wide shortages and foreign exchange losses on sales in the period. Gross profit in the period increased 18.5% to £5.38m compared with £4.54m in H1 2009.

As compared to H1 2009, operating costs decreased by £1.78m to £6.35m (H1 2009: £8.13m). After adjustment for “mark-to-market” and other foreign exchange losses and exceptional items, operating costs decreased by £2.65m to £5.46m (H1 2009: £8.11m). “Mark-to-market” and other foreign exchange losses in relation to H2 2010 sales were £0.89m (H1 2009: gain £0.46m) and exceptional costs were £Nil (H1 2009: £0.49m).

Operating loss after exceptional costs for the period reduced by £2.63m to £0.97m (H1 2009: loss of £3.60m). Excluding exceptional costs and provision for “mark-to-market” and other foreign exchange losses, operating loss reduced by £3.50m to £0.07m (H1 2009: loss of £3.57m)

Net finance income of £0.02m (H1 2009: £0.04m) reflected reduced net cash balances. Net loss after tax is £0.93m (H1 2009: loss £3.56m) with a loss per share of 1.70p (H1 2009: loss per share of 6.53p).

#### **Balance Sheet**

The balance sheet remains strong with net cash balances of £13.13m (30 Nov 2009: £9.05m) and this was delivered from improved debt collection and better inventory management.

# CHAIRMAN'S REPORT

(CONTINUED)

“ The encouraging sales performance and order book is testimony to this structural and cultural change within the company.”

## **Operational performance**

The internal re-structuring undertaken during the latter part of 2009 is now delivering results. The re-focused sales, marketing and customer support efforts – together with a clearer market proposition around our new product offering – has successfully re-positioned the company in its key markets.

The encouraging sales performance and order book is testimony to this structural and cultural change within the company. However, entering new tier 1 and tier 2 markets brings new challenges in terms of scaling the business to adapt to higher volume sales and demanding deployment schedules.

More focused technical and sales account management – together with the appointment of a senior level project manager - has been introduced to better align the company with these new demands. External expertise has also been introduced since the start of the year to drive out inefficiencies and cost in the supply chain and improve the speed with which products come to market.

## **Amino – our strategy, our markets and our positioning**

The company strategy remains unchanged; to enhance the product line, drive scale and extend across the value chain.

The specific focus for the first half of the year was to improve the product offering –

both for the traditional IPTV market and the growing demand for high performance hybrid media centres from the tier 1 network operator market. Underpinning this were clear objectives in terms of re-building the company brand, improving market perception and customer support.

The industry launch of the new Amino Freedom Intel-based media centre was successfully executed. Securing a contract with a major Western European tier 1 operator is a significant breakthrough for the company and products have already been shipped for this deployment. Winning a major industry award in March further underlined the growing profile of this product, which continues to attract considerable attention from operators and retailers. Investment in this key development was stepped up during the period to enable the company to exploit this market opportunity.

Our next generation IPTV STBs, based on STI7105 MPEG4-HD decoder, were also launched during the period and should, after the normal period of trial and certification, form the substantial majority of IPTV sales in FY 2011.

The markets for these products are steadily improving compared to this time last year. Eastern Europe is showing strengthening demand and North America is slowly improving with a number of contract wins announced including Mahaska

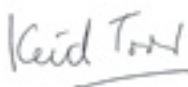
Communications Group and CDE Lightband. Encouragingly, South America is emerging as a potential new market for Amino's IPTV offering. Securing a major contract with Costa Rican tier 2 operator ICE is an important landmark contract in developing Amino's profile in the region.

At the end of the period, the company reached an important milestone as it announced that three million set top boxes had been sold and shipped.

#### **Outlook**

The company has emerged from a difficult trading year in 2009 and is progressing well in terms of its streamlined structure, strategy and market offering. Profitability would have returned but for the impact of foreign exchanges losses and the increased investment in new products to support the significant Western European tier 1 operator win during the period and the wider opportunity for hybrid/OTT devices.

The encouraging first half results, sales order book into the second half and improving market conditions give the Board confidence that the company's performance is in line with management forecasts for the full year.



**Keith Todd CBE**  
Non-executive  
Chairman

“ At the end of the period, the company reached an important milestone as it announced that three million set top boxes had been sold and shipped.”

# CONSOLIDATED INCOME STATEMENT

for the six months ended 31 May 2010

	Notes	Six months ended 31 May 2010 Unaudited £	Six months ended 31 May 2009 Unaudited £	Year to 30 November 2009 Audited £
<b>Revenue</b>	3	<b>18,141,321</b>	12,795,375	25,290,903
Cost of sales		<b>(12,755,973)</b>	(8,257,057)	(16,917,248)
<b>Gross profit</b>		<b>5,385,348</b>	4,538,318	8,373,655
Selling, general and administrative expenses		<b>(2,888,505)</b>	(5,791,125)	(11,302,196)
Research and development expenses		<b>(2,567,302)</b>	(2,807,298)	(5,917,883)
Foreign exchange (losses) / gains		<b>(894,792)</b>	463,538	59,017
<b>Operating loss</b>		<b>(965,251)</b>	(3,596,567)	(8,747,407)
<b>Analysed as:</b>				
Operating loss before restructuring, impairment and foreign exchange (losses) / gains		<b>(70,459)</b>	(3,569,303)	(5,991,343)
Restructuring costs		-	(490,802)	(1,160,573)
Impairment costs		-	-	(1,694,508)
Foreign exchange (losses) / gains		<b>(894,792)</b>	463,538	59,017
<b>Operating loss</b>		<b>(965,251)</b>	(3,596,567)	(8,747,407)
Finance income		<b>21,050</b>	35,302	56,849
Finance expenses		-	-	-
<b>Loss before taxation</b>		<b>(944,201)</b>	(3,561,265)	(8,730,558)
Corporation tax (charge) / credit		<b>15,881</b>	(1,341)	11,939
<b>Loss for the period attributable to equity holders</b>		<b>(928,320)</b>	(3,562,606)	(8,718,619)
<b>Basic and diluted loss per 1p ordinary share</b>	6	<b>(1.70p)</b>	(6.53p)	(15.97p)

All amounts relate to continuing activities.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 May 2010

	Notes	Six months ended 31 May 2010 Unaudited £	Six months ended 31 May 2009 Unaudited £	Year to 30 November 2009 Audited £
Foreign exchange difference arising on consolidation	12	<b>264,836</b>	(25,878)	(97,120)
<b>Net comprehensive income / (expense) recognised directly in equity</b>		<b>264,836</b>	(25,878)	(97,120)
Loss for the period		<b>(928,320)</b>	(3,562,606)	(8,718,619)
<b>Total comprehensive expense for the period</b>		<b>(663,484)</b>	(3,588,484)	(8,815,739)

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



# CONSOLIDATED BALANCE SHEET

as at 31 May 2010

	Notes	As at 31 May 2010 Unaudited £	As at 31 May 2009 Unaudited £	Year to 30 November 2009 Audited £
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	7	5,630,462	6,756,588	4,952,320
Property, plant and equipment	8	1,202,487	1,207,210	1,192,639
Deferred income tax assets		695,634	1,575,027	671,149
Trade and other receivables	9	173,345	204,927	172,696
		<b>7,701,928</b>	<b>9,743,752</b>	<b>6,988,804</b>
<b>Current assets</b>				
Inventories		5,475,194	6,068,064	3,691,257
Trade and other receivables	9	8,182,578	8,347,472	10,245,842
Derivative financial instruments		-	452,676	48,155
Cash at bank and in hand		13,132,850	8,935,255	9,047,378
		<b>26,790,622</b>	<b>23,803,467</b>	<b>23,032,632</b>
<b>Total assets</b>		<b>34,492,550</b>	<b>33,547,219</b>	<b>30,021,436</b>
<b>Capital and reserves attributable to equity holders of the business</b>				
Called-up share capital	11	578,930	578,930	578,930
Share premium		126,375	126,375	126,375
Capital redemption reserve		6,200	6,200	6,200
Other reserves		16,388,755	16,388,755	16,388,755
Retained earnings		4,223,513	10,021,902	4,842,104
<b>Total equity</b>	12	<b>21,323,773</b>	<b>27,122,162</b>	<b>21,942,364</b>
<b>Current liabilities</b>				
Borrowings		-	12,502	12,502
Trade and other payables	10	12,622,140	6,412,555	7,694,407
Provisions for other liabilities		-	-	372,163
Derivative financial instruments		546,637	-	-
<b>Total liabilities</b>		<b>13,168,777</b>	<b>6,425,057</b>	<b>8,079,072</b>
<b>Total equity and liabilities</b>		<b>34,492,550</b>	<b>33,547,219</b>	<b>30,021,436</b>

The interim financial statements on pages 5 to 16 were approved by the Board of directors on 23 July 2010 and were signed on its behalf by:



**Andrew Burke**  
Director



**Stuart Darling**  
Director

# CONSOLIDATED CASH FLOW STATEMENT

as at 31 May 2010

	Notes	Six months ended 31 May 2010 Unaudited £	Six months ended 31 May 2009 Unaudited £	Year to 30 November 2009 Audited £
<b>Cash flows from operating activities</b>				
Cash generated from / (used in) operations	13	4,530,868	(1,405,284)	(200,301)
Corporation tax received / (paid)		950,818	(1,341)	32,416
<b>Net cash generated from / (used in) operating activities</b>		<b>5,481,686</b>	<b>(1,406,625)</b>	<b>(167,885)</b>
<b>Cash flows from investing activities</b>				
Acquisition of subsidiary – net of cash acquired		-	(2,472,696)	(2,761,361)
Purchase of intangible fixed assets		(1,257,490)	(1,234,325)	(1,845,681)
Purchase of property, plant and equipment (PPE)		(232,026)	(368,550)	(595,625)
Interest received		18,550	36,337	56,139
<b>Net cash used in investing activities</b>		<b>(1,470,966)</b>	<b>(4,039,234)</b>	<b>(5,146,528)</b>
<b>Cash flows from financing activities</b>				
Proceeds from exercise of employee share options		-	-	1,920
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>	<b>1,920</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>4,010,720</b>	<b>(5,445,859)</b>	<b>(5,312,493)</b>
Cash and cash equivalents at start of the period		9,047,378	14,443,582	14,443,582
Effects of exchange rate fluctuations on cash held		74,752	(62,468)	(83,711)
<b>Cash and cash equivalents at end of period</b>		<b>13,132,850</b>	<b>8,935,255</b>	<b>9,047,378</b>

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 May 2010

## 1. General information

Amino Technologies plc ('the Company') and its subsidiaries (together 'the Group') specialises in IPTV software technologies and hardware platforms that enable delivery of digital programming and interactivity over IP networks, including the internet.

The Company is a public limited company which is listed on the Alternative Investment Market (AIM) of the London Stock Exchange and is incorporated and domiciled in the UK.

## 2. Basis of preparation

The financial information has been prepared in accordance with all International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations that had been published by 31 May 2010 as endorsed by the European Union (EU). The accounting policies adopted are consistent with those of the financial statements for the year ended 30 November 2009, as described in those financial statements, except for the adoption of the following new interpretations, revisions and amendments to IFRS which are relevant to and effective for the Group's financial statements for the annual period beginning 1 December 2009.

- IAS1 (Revised 2007) Presentation of financial statements (effective 1 January 2009)
- IFRS8 Operating segments (effective 1 January 2009)

The adoption of IAS1 (revised 2007) does not affect the financial policies of the Group or the Group's profits or losses but does impact presentation of the financial statements.

The adoption of IFRS8 is not expected to change the segments that are disclosed in the financial statements for the year ended 30 November 2010.

Exceptional items are disclosed and described separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

In preparing these interim financial statements the Board has not sought to adopt IAS 34 "Interim financial reporting".

The figures for the six-month periods ended 31 May 2010 and 31 May 2009 have not been audited. The figures for the year ended 30 November 2009 have been extracted from, but do not constitute, the consolidated financial statements of Amino Technologies plc for that year. Those financial statements have been delivered to the Registrar of Companies and included an auditors' report, which was unqualified and did not contain a statement under Section 498(2) or Section 498(3) Companies Act 2006.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 May 2010 (CONTINUED)

### 3. Revenue

The Group has only one operating segment, being the development and sale of broadband network software and systems (which has been analysed into four revenue streams as shown in the second table below). All revenues, costs, assets and liabilities relate to this segment.

The geographical analysis of revenue is as follows:

	Six months ended 31 May 2010 Unaudited £	Six months ended 31 May 2009 Unaudited £	Year to 30 November 2009 Audited £
United Kingdom, Europe and Africa	12,889,863	10,457,760	18,476,668
North America	3,158,557	1,809,340	5,617,734
South America	1,426,670	37,065	(56,770)
Asia Pacific	666,231	491,210	1,253,271
	<b>18,141,321</b>	12,795,375	25,290,903

Further analysis of revenue by stream is given below.

	Six months ended 31 May 2010 Unaudited £	Six months ended 31 May 2009 Unaudited £	Year to 30 November 2009 Audited £
Product	17,710,519	12,119,788	24,181,542
License	46,205	279,328	370,806
Support	348,248	305,961	548,176
Expert services	36,349	90,298	190,379
	<b>18,141,321</b>	12,795,375	25,290,903

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 May 2010 (CONTINUED)

## 4. Financial risk management

The Group had the following current assets and liabilities denominated in currencies other than sterling.

	Six months ended 31 May 2010 Unaudited \$	Six months ended 31 May 2009 Unaudited \$	Year to 30 November 2009 Audited \$
<b>Dollar</b>			
Trade & other receivables denominated in foreign currency	8,014,624	6,792,059	8,883,688
Cash balances denominated in foreign currency	1,067,793	1,157,304	977,456
Trade & other payables denominated in foreign currency	(12,483,266)	(2,133,800)	(6,605,052)
Net current (liabilities) / assets denominated in foreign currency	(3,400,849)	5,815,563	3,256,092
Outstanding forward contracts	7,000,000	4,940,193	17,000,000
Percentage of current assets not matched by forward contracts	0%	15%	0%

	Six months ended 31 May 2010 Unaudited €	Six months ended 31 May 2009 Unaudited €	Year to 30 November 2009 Audited €
<b>Euro</b>			
Trade & other receivables denominated in foreign currency	1,443,292	461,771	2,575,008
Cash balances denominated in foreign currency	1,277,038	536,002	168,864
Trade & other payables denominated in foreign currency	(462,953)	(109,692)	(57,444)
Net current (liabilities) / assets denominated in foreign currency	2,257,377	888,081	2,686,428
Outstanding forward contracts	-	-	-
Percentage of current assets not matched by forward contracts	100%	100%	100%

## 5. Exceptional items

	Six months ended 31 May 2010 Unaudited £	Six months ended 31 May 2009 Unaudited £	Year to 30 November 2009 Audited £
Restructuring costs	-	490,802	1,160,573
Impairment costs	-	-	1,694,508
	-	490,802	2,855,081

The exceptional costs in the prior periods are in relation to restructuring within the group and primarily comprise redundancy costs. In the year to 30 November 2009 the Company also recognised impairment costs of £1,694,508 in relation to the goodwill arising on the acquisitions of SJ Consulting Limited and AssetHouse Technology Limited.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 May 2010 (CONTINUED)

## 6. Loss per share

	Six months ended 31 May 2010 Unaudited £	Six months ended 31 May 2009 Unaudited £	Year to 30 November 2009 Audited £
(Loss) / earnings attributable to shareholders	(928,320)	(3,562,606)	(8,718,619)
Weighted average number of shares (Basic)	54,617,961	54,578,067	54,588,041

The calculation of basic earnings per share is based on (loss) / profit after taxation and the weighted average number of ordinary shares of 1p each in issue during the period, as adjusted for shares held by an Employee Benefit Trust.

For diluted loss per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary share options. 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 period ended 31 May 2010 as the Group was loss making.

## 7. Intangible assets

	As at 31 May 2010 Unaudited £	As at 31 May 2009 Unaudited £	As at 30 November 2009 Audited £
<b>Net book value</b>			
Goodwill:			
Goodwill relating to SJ Consulting Limited	-	273,612	-
Goodwill relating to AssetHouse Technology Limited	-	1,420,895	-
Goodwill relating to Tilgin IPTV AB	2,206,544	1,932,679	2,206,544
Total goodwill	2,206,544	3,627,186	2,206,544
Software licences	445,702	587,787	511,205
Development costs	2,796,448	2,091,700	2,016,448
Acquired intellectual property	181,768	449,915	218,123
	5,630,462	6,756,588	4,952,320

## 8. Property, plant and equipment

	As at 31 May 2010 Unaudited £	As at 31 May 2009 Unaudited £	As at 30 November 2009 Audited £
Computer software and equipment	568,494	461,439	519,091
Office and other equipment	54,126	125,281	70,439
Leasehold Improvement	579,867	620,490	603,109
<b>Net book amount</b>	1,202,487	1,207,210	1,192,639

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 May 2010 (CONTINUED)

## 9. Trade and other receivables

	As at 31 May 2010 Unaudited £	As at 31 May 2009 Unaudited £	As at 30 November 2009 Audited £
<b>Current assets:</b>			
Trade receivables	6,680,469	6,887,866	8,353,234
Less: provision for impairment of receivables	(3,215)	(43,215)	(73,215)
Trade receivables (net)	6,677,254	6,844,651	8,280,019
Other receivables	179,495	323,927	90,981
Corporation tax receivable	-	54,038	951,170
Prepayments	1,325,829	1,124,856	923,672
	<b>8,182,578</b>	<b>8,347,472</b>	<b>10,245,842</b>
<b>Non current assets:</b>			
Other receivables	173,345	204,927	172,696

Other receivables comprise rent deposits.

## 10. Trade and other payables

	As at 31 May 2010 Unaudited £	As at 31 May 2009 Unaudited £	As at 30 November 2009 Audited £
Trade payables	8,967,662	3,111,920	5,001,020
Social security and other taxes	161,902	267,499	225,129
Other payables	81,305	158,747	267,082
Accruals	2,733,631	2,659,421	2,094,829
Deferred income	677,640	214,968	106,347
	<b>12,622,140</b>	<b>6,412,555</b>	<b>7,694,407</b>

## 11. Called-up share capital

Ordinary shares of 1p each.

	As at 31 May 2010 Unaudited £	As at 31 May 2009 Unaudited £	As at 30 November 2009 Audited £
<b>Authorised</b>			
Nominal value	1,000,000	1,000,000	1,000,000
Number	100,000,000	100,000,000	100,000,000
<b>Allotted, called-up and fully-paid</b>			
Nominal value	578,930	578,930	578,930
Number	57,893,052	57,893,052	57,893,052

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 May 2010 (CONTINUED)

## 12. Statement of changes in equity

	Share Capital	Share premium	Shares to be issued	Other reserves	Capital redemption reserve	Profit and loss account	Total
	£	£	£	£	£	£	£
<b>At 1 December 2008 (audited)</b>	578,430	104,249	27,751	16,388,755	6,200	13,555,105	30,660,490
<b>Comprehensive income</b>							
Loss for the period	-	-	-	-	-	(3,562,606)	(3,562,606)
<b>Other comprehensive income</b>							
Foreign exchange on consolidation	-	-	-	-	-	(25,878)	(25,878)
<b>Total comprehensive income</b>	-	-	-	-	-	(3,588,484)	(3,588,484)
Issue of ordinary shares – shares to be issued	500	22,126	(27,751)	-	-	-	(5,125)
Exercise of employee share options	-	-	-	-	-	1,920	1,920
Share option compensation charge	-	-	-	-	-	53,361	53,361
<b>Transactions with owners</b>	500	22,126	(27,751)	-	-	55,281	50,156
<b>At 31 May 2009 (Unaudited)</b>	578,930	126,375	-	16,388,755	6,200	10,021,902	27,122,162
<b>Comprehensive income</b>							
Loss for the period	-	-	-	-	-	(5,156,013)	(5,156,013)
<b>Other comprehensive income</b>							
Foreign exchange on consolidation	-	-	-	-	-	(71,242)	(71,242)
<b>Total comprehensive income</b>	-	-	-	-	-	(5,227,255)	(5,227,255)
Share option compensation charge	-	-	-	-	-	47,457	47,457
<b>Transactions with owners</b>	-	-	-	-	-	47,457	47,457
<b>At 30 November 2009 (audited)</b>	578,930	126,375	-	16,388,755	6,200	4,842,104	21,942,364
<b>Comprehensive income</b>							
Loss for the period	-	-	-	-	-	(928,320)	(928,320)
<b>Other comprehensive income</b>							
Foreign exchange on consolidation	-	-	-	-	-	264,836	264,836
<b>Total comprehensive income</b>	-	-	-	-	-	(663,484)	(663,484)
Share option compensation charge	-	-	-	-	-	44,893	44,893
<b>Transactions with owners</b>	-	-	-	-	-	44,893	44,893
<b>At 31 May 2010 (Unaudited)</b>	578,930	126,375	-	16,388,755	6,200	4,223,513	21,323,773



# NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six months ended 31 May 2010 (CONTINUED)

## 13. Cash (used in) / generated from operations

	Six months ended 31 May 2010 Unaudited £	Six months ended 31 May 2009 Unaudited £	Year to 30 November 2009 Audited £
Loss before corporation tax	(944,201)	(3,561,265)	(8,730,558)
Adjustments for:			
Amortisation charge	579,281	349,301	939,846
Depreciation charge	222,205	233,500	485,344
Goodwill impairment charge	-	-	1,867,959
Loss on disposal of intangible fixed assets	-	-	9,052
Share-based payment charge	44,893	53,361	100,818
Fair value loss / (gain) on derivative financial instruments	594,792	(463,538)	(59,017)
Financial income – net	(18,550)	(36,337)	(56,849)
Exchange differences	169,373	106,519	(38,481)
(Increase) / decrease in inventories	(1,783,937)	(1,008,437)	2,172,923
Decrease in trade and other receivables	1,111,443	5,240,131	4,578,968
(Decrease) / increase in provisions	(372,163)	-	372,163
Increase / (decrease) in trade and other payables	4,927,732	(2,318,519)	(1,842,467)
Cash generated / (used in) from operations	4,530,868	(1,405,284)	(200,301)

# DIRECTORS AND ADVISORS

<b>Directors</b>	<b>Keith Todd CBE</b> , Non-executive Chairman and Director <b>Andrew Burke</b> , Chief Executive Officer <b>Stuart Darling</b> , Chief Financial Officer and Company Secretary <b>Peter Murphy</b> , Non-executive Director <b>Colin Smithers</b> , Non-executive Director <b>Michael Bennett</b> , Non-executive Director <b>Donald McGarva</b> , Non-executive Director
<b>Registered Office</b>	<b>Prospect House</b> Buckingway Business Park Anderson Road Swavesey Cambridge CB24 4UQ
<b>Company secretary</b>	Stuart Darling
<b>Nominated adviser and stockbroker</b>	<b>finnCap</b> 4 Coleman Street London EC2R 5TA
<b>Auditors</b>	<b>Grant Thornton UK LLP</b> Byron House Cambridge Business Park Cambridge CB4 0WZ
<b>Solicitors to the Company</b>	<b>Hewitsons</b> Shakespeare House 42 Newmarket Road Cambridge CB5 8EP
<b>Principal bankers</b>	<b>Barclays Bank plc</b> Vision Park Histon Cambridgeshire CB4 9DE
<b>Registrars and receiving agents</b>	<b>Capita Registrars</b> The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

# CONTACT DETAILS

## Global Headquarters

### Amino Technologies plc and Amino Communications Limited

Buckingway Business Park  
Anderson Road  
Swavesey  
Cambridge CB24 4UQ  
United Kingdom

Tel: +44 1954 234100  
Fax: +44 1954 234101  
Email: [info@aminocom.com](mailto:info@aminocom.com)

## Americas

### Amino Communications LLC

3625 Brookside Parkway  
Suite 150  
Alpharetta GA 30022  
USA

Tel: +1 678 636-6000  
Fax: +1 678 636 6001  
Email: [info@aminocom.com](mailto:info@aminocom.com)

## China

### Amino Communications Technology Service Shanghai Co Ltd

Suite 2702  
City Gateway  
398 Caoxi Lu  
Shanghai 200030  
China

Tel: +86 21 3368 8423  
Fax: +86 21 3368 8429  
Email: [cninfo@aminocom.com](mailto:cninfo@aminocom.com)

## London

### Amino Communications Limited

6th Floor  
32 Duke Street  
St James's  
London SW1Y 6DF

Tel: +44 20 7747 9300  
Fax: +44 20 7747 9301  
Email: [info@aminocom.com](mailto:info@aminocom.com)

## Sweden

### Amino Communications AB

Finlandsgatan 40  
SE-164 74 Kista  
Sweden

Tel: +46 8 5625 1600  
Email: [info@aminocom.com](mailto:info@aminocom.com)



**Amino Technologies plc**  
Buckingway Business Park  
Anderson Road  
Swavesey  
Cambridge CB24 4UQ  
United Kingdom

Tel: +44 1954 234100  
Fax: +44 1954 234101  
Email: [info@aminocom.com](mailto:info@aminocom.com)

[www.aminocom.com](http://www.aminocom.com)