Amstrad®
Always Innovating

Amstrad plc
Annual Report & Accounts
2006/2007

www.amstrad.com

Notes

1 Any member entitled to attend and vote at the Meeting convened by the above Notice may appoint one or more proxies to attend and vote instead of him/her The proxy need not be a member of the Company A form of proxy is enclosed and to be valid, it must be lodged at the offices of the Company's registrars, Capita IRG plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU together with the power of attorney or written authority, if any, under which it is signed (or a notarially certified or office copy of such power or written authority) not less than 48 hours before the time fixed for the Meeting The appointment of a proxy does not preclude a member from attending and voting at the Meeting

2 Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, the Company specifies that only those members registered in the register of members of the Company as at 11 00 a m on 4 December 2007 shall be entitled to attend or vote at the Meeting in respect of the number of shares registered in their name at the time Changes to entries on the relevant register of securities after 11 00 a m on 4 December 2007 will be disregarded in determining the rights of any person to attend or vote at the Meeting

3 A statement of the share transactions, if any, of each director up to and including 20 September 2007 and copies of their contract of services, where applicable, are available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday excepted) until the date of the Meeting and shall also be available at the place of the Meeting for at least 15 minutes prior to the Meeting and until the conclusion of that Meeting

Dated 20 September 2007

By order of the Board

Sir Alan Sugar
Chairman

Registered office
Brentwood House
169 Kings Road
Brentwood
Essex
CM14 4EF

Contents

Chairman's Statement

Financial Results

The Group reported a profit before tax of £16 9m (2006 £20 2m) on sales of £68 8m (2006 £91 7m) The earnings per share were 14 6p (2006 18 4p)

As the Group has been generating significant levels of cash over the last few years, £30m of cash was returned to shareholders on 8 December 2006 by way of a special dividend of 32p per ordinary share and a normal final dividend of 4 5p per ordinary share The company also paid an interim dividend of 2 5p (2006 2 5p) per ordinary share on 13 April 2007

Following payment of these dividends, the Group's net assets have reduced to £36 0m (2006 £56 3m) As at 30 June 2007 the Group had cash of £27 6m (2006 £56 4m)

Review of Activities

Overall, set top box volumes were lower than a year ago with the inevitable downward pressure on the selling price of more mature products being largely countered by cost reductions achieved through re-engineering and manufacturing and component cost reductions

The primary function of the Hong Kong business is to act as a local support for the manufacture and administration of the delivery of satellite products for the UK business It also designs, manufactures and sells audio products to the US and European markets The business managed to report a modest profit despite a significant reduction in sales reflecting the very competitive audio market

In the previous financial year all remaining stocks of the e-mailer were sold to retailers and in this financial year a further 18k units were bought and registered by consumers bringing the total registered since the initial launch of the product to 511k The installed base of e-mailers continues to generate significant usage revenue for the Group from e-mail, internet access, sms, downloading of ringtones and advertising Based on the figures for June 2007 usage, this equated to an annualised revenue figure of £5 3m

Outlook

The broadcasting industry is increasingly moving towards high definition television and we continue to work on developing HDTV set top boxes and HDTV PVR boxes We started delivery of HDTV boxes in June 2006 and deliveries of an HDTV PVR box are due to commence shortly We are also in the final stages of developing a new PVR box

On 31 July 2007, Sky Digital Supplies Limited, a wholly-owned subsidiary of British Sky Broadcasting Group plc, made a recommended cash offer (with a loan note alternative) for the entire issued and to be issued share capital of the Company

On 5 September 2007, the directors of Sky Digital Supplies Limited announced that all of the conditions of the offer had been satisfied or waived Accordingly, the offer was declared unconditional in all respects

On 7 September 2007 the directors of Sky Digital Supplies Limited announced that as valid acceptances had been received in respect of more than 90% in value and voting rights of the Company's share capital Sky Digital Supplies Limited would commence sending notices to non-assenting Amstrad shareholders implementing the procedures set out in the Companies Act 2006 to acquire compulsorily those Amstrad shares which have not assented to the offer On the same date it was announced that an application would be made to the UK Listing Authority for the de-listing of Amstrad from the London Stock Exchange with effect from 8 October 2007

Sir Alan Sugar
Chairman
20 September 2007

Corporate Governance

The Board is accountable to the Company's shareholders for good governance and this statement describes how the relevant principles of governance were applied to the Group in the year to 30 June 2007 Throughout the year ended 30 June 2007 the Company has been in compliance with the code provisions set out in Section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council in July 2003 except for the following matters -

- The roles of Chairman and CEO are combined and undertaken by Sir Alan Sugar which the Board considers is appropriate given the entrepreneurial nature and size of the Company,
- The Company does not have a separate Nominations Committee as the Board believes that given the size of both the Company and the Board, this role should be undertaken by the Board as a whole, and
- The Board has adopted an informal approach to evaluating the individual performance of directors, Board Committees and the Board as a whole and as such does not strictly comply with the Combined Code's requirement for a formal evaluation process

The Board

The Board is responsible to shareholders for the proper management of the Group The matters specifically reserved for decision by the Board include -

- Setting and monitoring Group strategy,
- Approving the annual budget and any major capital expenditure or divestment projects,
- Reviewing trading performance during the year,
- Reviewing the Group's systems of internal control and risk management,
- Approving the terms of reference of Board Committees,
- Approving appointments to the Board and the appointment of the Company Secretary, and
- Approving Directors' remuneration and the remuneration policy for the Company

As at 30 June 2007 the Board consisted of five executive directors and three non-executive directors On appointment to the Board each new appointee is required to stand for election at the next Annual General Meeting following their appointment In addition, one third of the Board retires by rotation at each Annual General Meeting with every director seeking re-election at least every three years The names of individual directors are set out on page 8 During the year to 30 June 2007 the non-executive directors were considered by the Board to be independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgement The Board had designated Mr J E Samson as the senior non-executive director The terms and conditions of employment of the non-executive directors are available for inspection at the Company's registered office and at the Company's Annual General Meeting

The roles of Chairman and CEO are combined and undertaken by Sir Alan Sugar which the Board considers appropriate given the entrepreneurial nature and size of the Company Sir Alan Sugar is also a director of various companies within the Amshold group which he controls

All directors are given full and free access to all relevant information and are able to take independent professional advice in the furtherance of their duties

The Company Secretary has the responsibility for ensuring Board procedures are followed and for advising on governance matters The Company Secretary is also secretary to the Audit and Remuneration Committees Formal minutes of Board and Committee meetings are prepared and distributed as appropriate to each director

Corporate Governance (continued)

The Board met nine times during the last year The Audit Committee met three times and the Remuneration Committee met twice during the last year The number of Board meetings, Audit and Remuneration Committee meetings attended by each director was as follows -

	Board	*Audit Committee*	*Remuneration Committee*
Sir Alan Sugar	9	n/a	2 (*)
M A G Bland	9	3 (†)	2 (†)
I P Saward	8	n/a	n/a
S Sugar	8	n/a	n/a
J S Beattie	8	n/a	n/a
J E Samson	6	3	2
M R Mountford	8	3	2
C M Littner (#)	1	-	-

* Although Sir Alan Sugar was not a member of the Remuneration Committee he was invited to attend
† M A G Bland attends the Audit and Remuneration Committees in his capacity as Company Secretary
# C M Littner was appointed on 12 June 2007

Board Committees

The Board has delegated authority to Board Committees to deal with certain matters in accordance with their terms of reference During the year, the Board had two sub-committees which operate within defined terms of reference, a Remuneration Committee and an Audit Committee, both of which consist of the non-executive directors

Remuneration Committee

In the year to 30 June 2007 the Remuneration Committee comprised of Ms M R Mountford (Chairman) and Mr J E Samson The Remuneration Committee, which met twice in the year to 30 June 2007, is responsible for -

- Ensuring the maintenance of a company wide remuneration system,
- Reviewing and recommending to the Board any changes in directors' remuneration and conditions of service,
- Authorising changes in remuneration or the terms and conditions of employment of senior staff and approving the recruitment of senior staff, and
- Recommending to the Board proposals for new bonus schemes

The Report of the Board on Directors' Remuneration, which sets out remuneration policy and includes details of directors' remuneration and interests in options and shares, together with information on service contracts is set out on pages 10 to 13 Copies of the Remuneration Committee's terms of reference are available on request from the Company's registered office

Audit Committee

In the year to 30 June 2007 the Audit Committee comprised of Mr J E Samson (Chairman) and Ms M R Mountford The meetings are attended by the external auditors The Committee, which met three times during the year to 30 June 2007, is responsible for the following -

- Reviewing the Annual Report and Accounts and Interim Statement before they are presented to the Board,
- Monitoring the Group's internal financial controls, accounting policies and financial reporting,
- Reviewing the appointment and remuneration of the external auditors, their cost effectiveness, independence and objectives, and
- Deciding the scope of the non-audit services provided by the external auditors which in the year under review, were taxation services

Corporate Governance (continued)

The Audit Committee reviews the appointment and scope of the work of the external auditors and assesses their independence and has recommended to the Board that Deloitte & Touche LLP be re-appointed as auditors at the next Annual General Meeting Copies of the Audit Committee's terms of reference are available on request from the Company's registered office

Appointment to the Board

Appointment of executive and non-executive directors is undertaken by the Board as a whole as the Board believes the company's size does not merit the creation of a separate Nominations Committee

Internal Control

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss

The Company has in place a formal ongoing process for identifying, evaluating and managing the significant business risks faced by the Group This process, which was in place throughout the year and up to the date of approval of these financial statements, is regularly reviewed by the Board and accords with the Turnbull Guidance on internal control for directors on the Combined Code

The key procedures that have been established and are designed to provide effective internal control include -

- Management and organisational structure - the Company has a clear organisational structure with well defined lines of responsibility and appropriate levels of authority,
- Risk management - the Board is responsible for identifying and managing the major business and financial risks faced by the Group,
- Financial control and reporting - a comprehensive system of budgeting, monthly reporting and forecasting with monthly monitoring and formal reporting to the Board,
- Internal control procedures - documentation of procedures and authority levels in the Company's procedures manual which is regularly updated,
- Audit committee - meetings are held at least three times a year with the external auditors to consider any reporting or control issues raised by the external auditors, and
- Internal audit – the Board considers annually whether there is the need for an internal audit function but has concluded, having regard for the monitoring systems referred to above and the size and complexity of the business, that there is no current business requirement for such a role

Going Concern

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future For this reason, the directors continue to adopt the going concern basis in preparing the financial statements

Relations with Shareholders

Communications with shareholders, both private and institutional, are given a high priority and the Company responds in a timely manner to all queries received An investor relations page is provided on the Company's website (www amstrad com) which includes copies of Company Announcements, Annual Reports and Interim Statements The Board uses the Annual General Meeting to communicate with all investors and shareholders are given the opportunity to question the Chairman In addition the Company meets twice a year with major shareholders after the release of the full year and half year results

Report of the Directors

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30 June 2007

Business review and principal activities

The Group's main activity is the design, development, marketing and distribution of satellite, telecommunication and other consumer electronic products

The Group sells satellite products to the UK and Italian markets In the UK the Group sells both standard and PVR set top boxes and in Italy the Group sells standard set top boxes with a high definition version launched in June 2006 and a high definition PVR version scheduled to be launched shortly

Between 2000 and 2006 the Group developed and sold a number of different versions of the e-m@iler phone, a fixed line telephone that provides customers with e-mail and internet access as well as a number of other features The business model for this product was to sell the phone below cost with the "subsidy" recouped by the Group receiving a share of usage revenue In the year to 30 June 2006 all of the Group's remaining e-mailer stocks were sold and this business therefore no longer needs to subsidise sales and simply receives ongoing usage revenue from the installed base The Group is not directly involved in the collection of this revenue from consumers as this is handled by the Company's business partner Thus plc The Group's e-mailer business is conducted by Amserve Limited which is 89 8% owned by Amstrad plc and 10 2% by DSG international plc

The Group also designs, manufactures and sells a range of audio products This business is conducted through the Group's Hong Kong office with product only manufactured to order and with sales principally to the US market The Hong Kong office also acts as a local support for the manufacture and administration of the deliveries of satellite products for the UK business

Product development is the key to the future success of the Group and during the financial year the Group has focused on developing new satellite products including those using high definition technology

There have not been any significant changes to the Group's principal activities in the year under review and the Directors are not aware, at the date of this report, of any likely major changes in the Group's activities in the new financial year

On 31 July 2007, Sky Digital Supplies Limited, a wholly-owned subsidiary of British Sky Broadcasting Group plc, made a recommended cash offer (with a loan note alternative) for the entire issued and to be issued share capital of the Company

On 5 September 2007, the directors of Sky Digital Supplies Limited announced that all of the conditions of the offer had been satisfied or waived Accordingly, the offer was declared unconditional in all respects

On 7 September 2007 the directors of Sky Digital Supplies Limited announced that as valid acceptances had been received in respect of more than 90% in value and voting rights of the Company's share capital Sky Digital Supplies Limited would commence sending notices to non-assenting Amstrad shareholders implementing the procedures set out in the Companies Act 2006 to acquire compulsorily those Amstrad shares which have not assented to the offer On the same date it was announced that an application would be made to the UK Listing Authority for the de-listing of Amstrad from the London Stock Exchange with effect from 8 October 2007

Report of the Directors (continued)

Principal risks and uncertainties

Risk is present in all businesses and the Board regularly reviews the risks faced by the Group The Directors consider that the major risks and uncertainties to the Group at this point in time are

- **Market uncertainties.** The broadcasting industry is going through significant change with the convergence of technology and the move from standard definition to high definition broadcasting This change presents both opportunities and uncertainties to the Group in terms of future products and potential volumes

- **Imposition of duty.** The EU is currently considering whether to impose duty on the import of interactive satellite set top boxes to the EU The Group currently manufactures outside the EU The imposition of duty is not expected to have an impact in the current financial year and the impact on future business is uncertain as non duty considerations such as labour rates and labour efficiency may still make it more attractive to manufacture outside the EU

- **Component lead times.** In the consumer electronics business there can be times where components are in short supply with long lead times The Group regularly monitors the situation and adjusts plans accordingly

- **Customer mix** Most of the Group's sales are to two major broadcasting customers where there is also an ongoing relationship in terms of product evolution and support

- **Exchange rate risk** The Group principally sells in sterling and euros and buys in dollars There therefore can be risk in terms of adverse exchange rate movements The Group mitigates this risk by entering forward foreign exchange contracts to buy and sell currency

- **Warranty** The Group offers a warranty of between one year and thirty months on its products A warranty provision is made on every unit sold to cover the forecast cost of repairing units that fail within their warranty period The amount that is provided per unit is an estimate and is normally based on past experience but by its nature does involve inherent risk and uncertainty

- **Royalties** As is normal in this industry the owners of patents covering technology used by the Group have indicated they may seek to claim royalties relating to the Group's current and past use of that technology The directors accordingly make a provision for potential royalties payable based on the latest information available

The Group has a strong balance sheet with significant cash balances and debtor balances with major customers with high credit ratings and as such the Board does not consider the Group is subject to undue financial risk The risks associated with the Group's financial instruments are set out in note 28

Performance monitoring

The Board monitors the Group's performance in a number of ways including key performance indicators The key financial performance indicators together with the information for 2007 and 2006 are as follows

	2007	*2006*
• **Revenue**	£68 8m	£91 7m
• **Gross Margin %**	31 4%	29 4%
• **Pre-tax Profit**	£16 9m	£20 2m
• **Cash**	£27 6m	£56 4m

The revenue indicator represents what has been invoiced to customers in the year and measures sales growth or decline in value terms

The gross margin is calculated by dividing gross profit by revenue and measures the total profitability of product sales

Report of the Directors (continued)

Performance monitoring (continued)
Pre-tax profit is the profit generated by the Group from operations including finance income and finance costs but before taxation This indicator measures the overall profitability of the business

Cash is the year end balance sheet position as reported in the Group balance sheet This indicator can be affected by the pattern of trading towards year end but does give a general indication of the ability of the Group to generate cash During the year a special dividend of 32p per share was paid resulting in a cash outflow of £26 7m

These performance indicators are measured against budget and prior year and are re-forecast monthly

The Board also considers the following key non-financial performance indicators

- Development projects measured against project milestones
- Manufacturing output measured against manufacturing plans and customer intake requirements

These non-financial indicators are reviewed monthly by the Board

Employees

Details of the number of employees and related costs can be found in note 10 to the Financial Statements

It is the Group's policy to promote equal opportunities in employment for both existing employees and applicants for employment Every effort is made to ensure that applications for employment from disabled persons are fully and fairly considered having regard to their particular aptitudes and abilities and that disabled employees have equal opportunities in career development In the event of an existing employee becoming disabled, every effort is made to ensure that their employment by the Group continues and that appropriate adjustments are made to their work environment

Environmental matters

The Company seeks to minimise the environmental impact of its business and to operate in accordance with the standards required by law and codes of best practice

The Company complies with the Waste Electrical and Electronic Equipment ("WEEE") Directive which sets goals for the recycling of electrical goods and which was fully effective from 1 July 2007 The Restriction of Hazardous Substances in Electrical and Electronic Equipment ("RoHS") Directive came into effect on 1 July 2006 and prohibits the use of lead solder and certain other restricted substances The Group's products imported after that date comply with the RoHS Directive

Results and dividends

The profit for the year on ordinary activities before tax was £16 9m (2006 £20 2m)

An interim dividend of 2 5p per share was paid to the shareholders on 13 April 2007 (2006 2 5p) The directors do not recommend the payment of a final dividend (2006 4 5p) During the financial year a special dividend of 32p per share was paid on 8 December 2006

Research and development

Development costs associated with the production of saleable goods are capitalised as an intangible asset and amortised over the expected sales period for the product Where no intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred The development cost charged to the profit and loss account in the year is set out in note 8

Report of the Directors (continued)

Share capital

Detaıls of ıssued share capıtal are gıven ın note 23 to the financıal statements

Directors and their interests

The current dırectors and the dırectors who have served durıng the year to 30 June 2007 are as follows -

Sır Alan Sugar	
J Murdoch	(Appoınted 5 September 2007)
J Darroch	(Appoınted 5 September 2007)
M A G Bland	(Resıgned 5 September 2007)
I P Saward	(Resıgned 4 September 2007)
S Sugar	(Resıgned 4 September 2007)
J S Beattıe	(Resıgned 4 September 2007)
J E Samson	(Resıgned 4 September 2007)
M R Mountford	(Resıgned 4 September 2007)
C M Lıttner	(Appoınted 12 June 2007 and resıgned 4 September 2007)

In accordance wıth the Artıcles of Assocıatıon of the Company, Sır Alan Sugar retıres by rotatıon and offers hımself for re-electıon at the Annual General Meetıng As Mr J Murdoch and Mr J Darroch were appoınted by the Board they offer themselves for electıon at the Annual General Meetıng

Detaıls of related party transactıons and dırectors' ınterests ın transactıons durıng the year are ıncluded ın note 30 to the financıal statements Dırectors' ınterests ın Amstrad plc shares and share optıons are dısclosed ın the Report of the Board on Dırectors' Remuneratıon on pages 10 to 13

Substantıal interests

The dırectors are not aware of any shareholders ınterested ın three per cent or more of the ıssued share capıtal of the Company at 30 June 2007 save as dısclosed below

	30 June 2007	
	Ordınary shares of 10p each	*Percentage of share capıtal*
Amshold Lımıted (*)	23,026,313	27 6%
Schroders plc (†)	7,953,903	9 5%
Herald Investment Trust	6,131,597	7 4%
Barclays PLC	7,559,056	9 1%

* Amshold Lımıted ıs owned by Sır Alan Sugar

† As dıscretıonary fund manager

Political and charitable donations

No charıtable donatıons were made durıng the year (2006 £nıl) No polıtıcal donatıons were made durıng the year (2006 £nıl)

Supplier payment policy

It ıs the Group's normal practıce to pay supplıers promptly accordıng to the agreed terms and condıtıons provıded that the supplıers meet theır oblıgatıons The number of days' purchases outstandıng at 30 June 2007 was 27 days (2006 27 days)

Report of the Directors (continued)

Auditors

To the best of the directors' knowledge and belief, and having made appropriate enquiries of other officers of the Company, all information relevant to enabling the auditors to provide their opinion on the financial statements has been provided The directors have taken all reasonable steps in order to ensure their awareness of any relevant audit information and to establish that the company's auditors are aware of such information

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them and to authorise the directors to agree their remuneration will be proposed at the forthcoming Annual General Meeting

By order of the Board

Sir Alan Sugar
Chairman
20 September 2007

Report of the Board on Directors' Remuneration

This report sets out the policy and disclosures in relation to Directors' Remuneration This report has been produced in accordance with the requirements of the Companies Act 1985 as amended by the Directors' Remuneration Report Regulations 2002

Composition and terms of reference of the Remuneration Committee
The Remuneration Committee is responsible for the Company's remuneration policy and for determining the terms and conditions of service of the executive directors The Committee was chaired by Ms M R Mountford and its other member was Mr J E Samson, who are independent non-executive directors The Chairman and Finance Director attended those meetings by invitation

Non-executive directors
The remuneration of the non-executive directors is reviewed annually and is set by the Board The responsibilities of the role and the level of fees paid by similar sized companies are considered in setting the remuneration policy for non-executive directors

Remuneration policy for executive directors
In framing its remuneration policy for executive directors, the Committee considered a number of factors including -

- the need to attract, retain and motivate directors of the quality required to ensure the Company is managed successfully for the benefit of shareholders,
- the linking of remuneration to individual and business performance, and
- ensuring that the interests of executive directors are in alignment with those of shareholders

Other than Sir Alan Sugar, the executive directors' remuneration packages consist of basic salary, benefits, performance related bonuses and share options Sir Alan Sugar's services are provided to Amstrad plc by Amshold Limited, a company owned by Sir Alan Sugar, and Amstrad plc is charged a fee for his services

The Board believes that a significant proportion of an executive director's remuneration package should be linked to performance and this is reflected in the operation of a performance related bonus scheme and a performance related share option scheme The Company does not currently expect its policy on directors' remuneration for subsequent years to change significantly

Basic salary and benefits
The executive directors' basic salaries are reviewed by the Committee annually In reviewing salaries, consideration is given to both individual performance and market conditions

The benefits provided to the executive directors, other than Sir Alan Sugar, are a car allowance, health and long-term disability insurance and life assurance

Pensions
The Company does not make any pension contributions to directors or on behalf of directors

Performance related bonuses
An executive directors' performance related bonus scheme is in place which is based on achievement of performance targets which are set by the Remuneration Committee at the start of every financial year Performance is judged against a range of corporate, financial, operational and business development targets

Share option scheme
The Company believes that the holding of options by executive directors strengthens the link between their personal interests and those of shareholders by giving them an interest in the Company's future

Report of the Board on Directors' Remuneration (continued)

Share option scheme (continued)
All employees of the Company, including executive directors other than Sir Alan Sugar, are potential beneficiaries of the 1997 Performance Related Share Option Scheme The granting of options is generally limited to a period of six weeks from the dealing day following the announcement by the Company of its annual or half-yearly results The options are not transferable and no price is paid for the grant of an option The price on exercise is the closing mid-market price on the day preceding the grant of the option The options are not normally exercisable until the third anniversary of grant and may normally only be exercised if the performance conditions set by the Remuneration Committee are met The performance conditions are that the Company's earnings per share have grown by an average of more than 2% per annum over the rate of inflation, as measured by the retail prices index, over a three year period Earnings per share is considered by the board to be an appropriate measure of the economic performance of the Company

Service agreements
The Company's policy is for executive directors, other than Sir Alan Sugar, to be employed on a rolling contract basis subject to one year's notice on either side On termination by the Company, for reasons other than a serious breach of their service agreement, the Company will make a payment to the executive director not exceeding the director's basic salary and benefits for the period of notice

Each of Messrs M A G Bland, I P Saward, S Sugar and J S Beattie have service agreements subject to the above terms Mr M A G Bland's service agreement commenced on 11 August 1997, Mr I P Saward's and Mr S Sugar's on 1 July 1998 and Mr J S Beattie's on 1 December 2003

Sir Alan Sugar's services are provided to Amstrad plc by Amshold Limited, a company owned by Sir Alan Sugar, under an agreement dated 3 November 1997 and amended on 1 July 1998 The agreement is terminable on 12 months' notice by either side On termination by the Company, by reasons other than a serious breach of the agreement, the Company will make a payment to Amshold Limited not exceeding the service fee for the period of notice

The non-executive directors are engaged under one year contracts Mr J E Samson's and Ms M R Mountford's contracts expire on 25 October 2007 and Mr C M Littner's on 11 June 2008

Directors' emoluments
The emoluments of the directors for the year ended 30 June 2007 were as follows

	Salary/ Fees £000	*Bonus Payments £000*	*Benefits in kind £000*	*Total for year ended 30 June 2007 £000*	*Total for year ended 30 June 2006 £000*
Sir Alan Sugar (Chairman)	404	-	-	404	386
M A G Bland	139	53	15	207	192
I P Saward	169	53	15	237	220
S Sugar	182	96	14	292	285
J S Beattie	126	40	15	181	176
J E Samson (*)	32	-	-	32	31
M R Mountford (*)	32	-	-	32	31
C M Littner (*)	2	-	-	2	-
	1,086	242	59	1,387	1 321

(*) Non-executive director

Report of the Board on Directors' Remuneration (continued)

Directors' interests in shares

The directors of the Company as at 30 June 2007 had the following interests in the shares of Amstrad plc

	Ordinary shares of 10p each	
	30 June 2007	*1 July 2006 (or date of appointment)*
Sir Alan Sugar *	23,026,313	23,026,313
M A G Bland	80,000	105 000
I P Saward	10,000	-
S Sugar	100,000	100,000
J S Beattie	9,150	67,973
J E Samson	3,074	3 074
M R Mountford	10,000	10,000
C M Littner	9,500	9,500

* Sir Alan Sugar's interest is held by Amshold Limited, a company owned by Sir Alan Sugar

Full details of the options held by executive directors who served during the year and any movements over the year are as follows

	1 July 2006	*Exercised in Year*	*30 June 2007*	*Exercise Price*	*Exercise Period From*	*To*
I P Saward	100,000	100,000	-	26 5p	23 10 05	23 10 09
J S Beattie	20,000	20,000	-	26 5p	23 10 05	23 10 09
	150,000	-	150,000	174 0p	24 03 07	24 03 11

The performance conditions relating to these share options are set out in the share option section of this Report of the Board on Directors' Remuneration

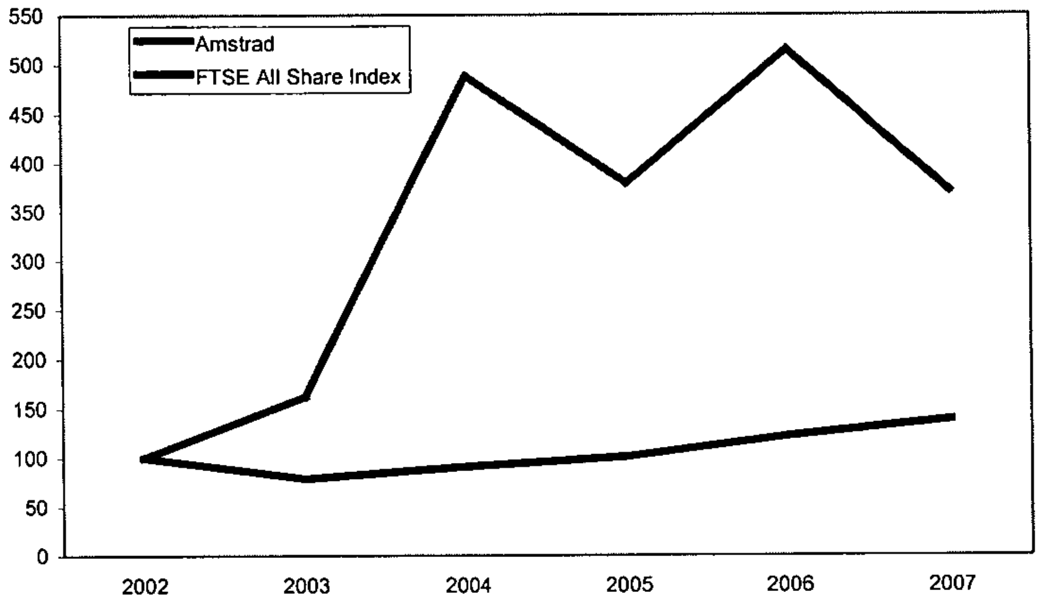
The mid-market price of the Company's shares as at 30 June 2007 was 124 5p (2006 186p) The highest mid-market price during the year was 196 5p and the lowest 117 8p Mr I P Saward exercised options over 100,000 shares and sold 90,000 at 161p Mr J S Beattie exercised options over 20,000 shares and sold them at 158p The aggregate pre-tax gain made by the directors on the exercise of options during the year ended 30 June 2007 was £147,000

The Company's Register of Directors' interests (which is open to inspection) contains full details of directors' shareholdings and share options

Report of the Board on Directors' Remuneration (continued)

Total shareholder return

The following graph shows Amstrad's total shareholder return compared to that of the FTSE all share index over the past five years As Amstrad is a constituent of this index it is deemed to be the most appropriate comparator



Source Reuters

The report of the auditors on the Financial Statements covers the disclosures contained in this report that are specified for audit by the Directors' Remuneration Report Regulations 2002 The sections of the report that are audited are "Directors' emoluments", "Pensions", "Share option scheme" and the directors' share options information contained in "Directors' interests in shares"

By order of the Board

Sir Alan Sugar
Chairman

20 September 2007

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements The directors have chosen to prepare accounts for the Group in accordance with International Financial Reporting Standards (IFRSs) and for the Company in accordance with United Kingdom Generally Accepted Accounting Practice

In the case of UK GAAP accounts, the directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the directors are required to

(a) select suitable accounting policies and then apply them consistently,

(b) make judgments and estimates that are reasonable and prudent, and

(c) state whether applicable accounting standards have been followed

In the case of IFRS accounts, International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and Presentation of Financial Statements' In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards Directors are also required to

(a) properly select and apply accounting policies,

(b) present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,

(c) provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and

(d) prepare the accounts on a going concern basis unless, having assessed the ability of the company to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative but to do so

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985

The directors are responsible for the maintenance and integrity of the Company website Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions

Independent Auditors' report to the members of Amstrad plc

We have audited the group financial statements of Amstrad plc for the year ended 30 June 2007 which comprise the consolidated income statement, the consolidated statement of recognised income and expense, the consolidated balance sheet, the consolidated cash flow statement and the related notes 1 to 31 These group financial statements have been prepared under the accounting policies set out therein We have also audited the information in the directors' remuneration report that is described as having been audited

We have reported separately on the individual company financial statements of Amstrad plc for the year ended 30 June 2007

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report, the directors' remuneration report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union are set out in the statement of directors' responsibilities

Our responsibility is to audit the group financial statements and the part of the directors' remuneration report described as having been audited in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the group financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the group financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985 We report to you whether in our opinion the information given in the directors' report is consistent with the group financial statements. We also report to you if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' transactions with the Company and other members of the Group is not disclosed

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section including the unaudited part of the directors' remuneration report and we consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements

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 group financial statements and the part of the directors' remuneration report described as having been audited It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed

Independent Auditors' report to the members of Amstrad plc (continued)

Basis of audit opinion (continued)
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 group financial statements and the part of the directors' remuneration report described as having been audited 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 group financial statements and the part of the directors' remuneration report described as having been audited

Opinion
In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 June 2007 and of its profit for the year then ended,

- the group financial statements and the part of the directors' remuneration report described as having been audited have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the directors' report is consistent with the group financial statements

Separate opinion in relation to IFRS
As explained in Note 1 of the group financial statements, the Group, in addition to complying with its legal obligation to comply with IFRSs as adopted for use in the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board Accordingly, in our opinion the financial statements give a true and fair view, in accordance with IFRSs, of the state of the Group's affairs as at 30 June 2007 and of its profit for the year then ended

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
20 September 2007

Consolidated Income Statement

	Notes	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Revenue	4	68,770	91 651
Cost of sales (ıncludıng exceptıonal costs of £nıl (2006 £3 9m))	5	(47,161)	(64,709)
Gross profit		21,609	26 942
Dıstrıbutıon costs		(665)	(1,438)
Admınıstratıve expenses		(5,802)	(6.567)
Net operatıng expenses		(6,467)	(8.005)
Operatıng profit		15,142	18,937
Fınance ıncome	6	2,005	2,067
Fınance costs	7	(247)	(793)
Profit before taxatıon	8	16,900	20.211
Tax	11	(4,719)	(5.122)
Profit for the perıod attrıbutable to equıty shareholders		12,181	15,089
Basıc earnıngs per share	13	14 6p	18 4p
Dıluted earnıngs per share	13	14 6p	18 2p

Consolidated Statement of Recognised Income and Expense

Profit for the financıal year	12,181	15.089
Exchange dıfferences on translatıon of foreıgn operatıons	(218)	(74)
Transıtıonal adjustment on adoptıon of IAS39	-	570
Total recognısed ıncome and expense for the year	11,963	15,585

The turnover and operatıng results all relate to contınuıng operatıons

Consolidated Balance Sheet

	Notes	*As at 30 June 2007 £000*	*As at 30 June 2006 £000*
Non-current assets			
Goodwill	14	685	685
Intangible assets	15	2,865	1,852
Property, plant and equipment	16	663	706
Deferred tax assets	17	417	377
		4,630	3 620
Current assets			
Inventories	18	7,724	6 129
Trade and other receivables	19	17,772	12,509
Corporation tax recoverable		33	433
Cash and cash equivalents	20	27,566	56,427
		53,095	75,498
Total assets		57,725	79 118
Current liabilities			
Trade and other payables	21	(14,164)	(11,959)
Corporation tax payable		(2,256)	(2,555)
Short-term provisions	22	(2,588)	(5,111)
		(19,008)	(19,625)
Non-current liabilities			
Deferred tax liabilities	17	(859)	(562)
Long-term provisions	22	(1,813)	(2,629)
		(2,672)	(3 191)
Total liabilities		(21,680)	(22,816)
Net assets		36,045	56,302
Equity attributable to equity holders of the parent			
Called up share capital	23,25	8,332	8 290
Share premium account	25	7,054	6,888
Share option reserve	24,25	186	153
Translation reserve	25	(249)	(31)
Capital reserve	25	3,618	3 618
Retained earnings	25	17,104	37,384
Total equity		36,045	56,302

The financial statements were approved by the Board of Directors on 20 September 2007

Sir Alan Sugar
Chairman

Consolidated Cash Flow Statement

	Notes	*Year ended 30 June 2007 £000*	*Year ended 30 June 2006 £000*
Cash flow from operating activities			
Cash generated from operations	26	7,971	29,019
Tax paid		(4,377)	(5,661)
Net cash flow from operating activities		3,594	23,358
Investing activities			
Interest received		2,015	2,054
Proceeds on disposal of property, plant and equipment		-	6
Purchases of property, plant and equipment		(299)	(794)
Expenditure on product development		(1,504)	(2,116)
Net cash used in investing activities		212	(850)
Financing activities			
Dividends paid		(32,490)	(5,760)
Decrease in bank overdrafts		-	(980)
Proceeds on issue of shares		208	419
Net cash used in financing activities		(32,282)	(6,321)
Net (decrease)/increase in cash and cash equivalents		(28,476)	16,187
Cash and cash equivalents at beginning of period		56,427	40 256
Effect of foreign exchange rate changes		(385)	(16)
Cash and cash equivalents at end of period		27,566	56,427

Notes to the Financial Statements

1. Basis of preparation of the financial statements

The Financial Statements have been prepared in accordance with the accounting policies of the Group, which are in accordance with International Financial Reporting Standards ("IFRS") and those parts of the Companies Act 1985 applicable to those companies reporting under IFRS

These Financial Statements have been prepared on a historical cost basis as modified by the revaluation of derivative instruments

These Financial Statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates Foreign operations are included in accordance with the policies as set out in note 2

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and IFRS issued by the International Accounting Standards Board (IASB) and those parts of the Companies Act 1985 applicable to those companies reporting under IFRS Since the Company is not affected by the provisions regarding portfolio hedging that are not required by the EU endorsed version of IAS 39 "Financial instruments Recognition and Measurement", the consolidated financial statements comply with both IFRS as adopted by the EU and IFRS as issued by the IASB During the financial year, the following new standards which are applicable to the Group were published, but do not become effective until future accounting periods

- IFRS 7, Financial Instruments Disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements Capital Disclosures IFRS 7 replaces IAS32 and introduces new disclosures to increase information provided about financial instruments including additional disclosures about exposures to risks including sensitivity analysis The Company will apply IFRS 7 and the amendment to IAS 1 from 1 July 2007

- IFRS 8, Operating segments IFRS 8 adopts a management approach to segmental reporting requiring the identification of operating segments based on internal reporting to the chief operating decision maker and extends the scope and disclosure requirements of IAS 14 Segmental Reporting It is effective for periods beginning on or after January 2009 The adoption of IFRS 8 will have no impact on the net results or net assets of the Group

Certain interpretations were issued during the period which either do not apply to the Group or are not expected to have any material effect

2. Summary of significant accounting policies

The significant accounting policies used in the preparation of these financial statements are as follows -

a) Basis of consolidation

The Group's financial statements consolidate the financial information of Amstrad plc and its subsidiary undertakings and joint ventures

Subsidiaries are entities over which the Group has control in terms of the power to govern the financial and operating policies of an acquired entity so as to obtain benefits from its activities

A joint venture business is an entity over which the Group exercises joint control with another party through a contractual arrangement The results, assets and liabilities of a joint venture entity are incorporated in the Group's financial statements on a proportional consolidation basis

b) Goodwill

Goodwill arising on the acquisition of businesses represents any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired The identifiable assets and liabilities of companies acquired are incorporated in the consolidated financial statements at their fair value to the Group

In accordance with IFRS 3 with effect from 1 July 2004 goodwill is not amortised but tested for impairment at least annually Any impairment is recognised immediately in the income statement and is not subsequently reversed

2. **Summary of significant accounting policies (continued)**

b) **Goodwill (continued)**

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

Goodwill arising on consolidation prior to the year ended 30 June 1999, which represents the excess of the fair value of the consideration paid over the fair value of the net assets acquired, was written off directly to reserves in accordance with the UK accounting standards then in force This goodwill has not been reinstated and is not included in determining any subsequent profit or loss on disposal

c) **Revenue recognition**

Revenue, which excludes VAT, comprises invoiced sales and services less product returns Revenue on the sale of goods is recognised when the risks and rewards in the product have passed to the customer, which is usually upon delivery to the customer Usage revenue earned from the e-mailer phone is accrued on a daily basis

d) **Interest income**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

e) **Dividends**

Dividends are only recognised in the financial statements when the shareholders' rights to receive payment have been established

f) **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and, where appropriate, provision for impairment in value or estimated loss on disposal Property, plant and equipment are depreciated over their estimated useful lives on a straight-line basis as follows

Tooling up to 2 years
Fixtures, fittings, office equipment and motor vehicles 4 years

g) **Inventories**

Inventories are stated at the lower of cost and net realisable value Cost represents all direct costs incurred in bringing inventories to their current condition and location Net realisable value is assessed after taking into account any provisions for slow moving or obsolete stocks

h) **Cash and cash equivalents**

Deposits are treated as cash and cash equivalents if they are repayable within three months and are subject to an insignificant risk of a change in value

i) **Taxation and deferred taxation**

The tax expense represents the sum of the corporation tax currently payable and deferred tax

The corporation tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by 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 liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

2. Summary of sıgnıficant accountıng policies (contınued)

ı) Taxatıon and deferred taxatıon (contınued)

The carryıng amount of deferred tax assets ıs revıewed at each balance sheet date and reduced to the extent that ıt ıs no longer probable that suffıcıent taxable profits wıll be avaılable to allow all or part of the asset to be recovered Deferred tax ıs calculated at the tax rates that are expected to apply ın the perıod when the lıabılıty ıs settled or the asset ıs realısed Deferred tax ıs charged or credıted ın the ıncome statement, except when ıt relates to ıtems charged or credıted dırectly to equıty, ın whıch case the deferred tax ıs also dealt wıth ın equıty Deferred tax assets and lıabılıtıes are not dıscounted

j) Foreıgn currencıes

ı) Transactıons

Transactıons ın foreıgn currencıes are recorded usıng the rate of exchange rulıng at the date of the transactıon except where a transactıon ıs covered by a related or matchıng forward contract ın whıch case the rate of exchange specıfied ın the contract ıs used Monetary assets and lıabılıtıes denomınated ın foreıgn currencıes are translated usıng the rate of exchange rulıng at the balance sheet date, or where approprıate the rate of exchange specıfied ın a related or forward contract, and the gaıns and losses on translatıon are ıncluded ın the ıncome statement

The Group only uses derıvatıve contracts (ı e forward foreıgn exchange currency purchases or sales) to hedge known foreıgn currency exposures and does not use derıvatıve contracts for speculatıve purposes The Group's derıvatıve contracts do not qualıfy for hedge accountıng and are valued (ı e marked to market) at the balance sheet date and any resultıng profits or losses are taken to the ıncome statement

ıı) Embedded derıvatıves

Derıvatıves are also embedded ın certaın contracts to purchase components or finıshed product stock where the contract ıs ın a foreıgn currency, normally US dollars, that ıs not the functıonal currency of eıther the Group or the counter-party In thıs ındustry the purchase of components and finıshed product stock ıs normally denomınated ın US dollars In these cırcumstances the foreıgn currency element of the contract ıs valued (ı e marked to market) at the balance sheet date and any gaıns or losses are ıncluded ın the ıncome statement

ııı) Overseas subsıdıary

The balance sheet of the Group's overseas subsıdıary ıs translated ınto Sterlıng at the rate of exchange rulıng at the balance sheet date The results of the overseas subsıdıary are translated ınto Sterlıng at average month end rates The dıfference between the ıncome statement of the foreıgn subsıdıary translated at the average exchange rate and the closıng exchange rate ıs recorded as part of the Group's translatıon reserve

Exchange dıfferences arısıng on the translatıon of the openıng net assets of the overseas subsıdıary are also recorded as part of the Group's translatıon reserve When a foreıgn subsıdıary ıs sold, such exchange dıfferences are recognısed ın the ıncome statement as part of the gaın or loss on sale

k) Research and development

Development costs, both ınternal and external, assocıated wıth the productıon of saleable products, are capıtalısed as an ıntangıble asset where an asset ıs created whıch can be ıdentıfied, ıt ıs probable that the asset wıll generate future economıc benefits and where the development cost can be measured relıably The asset ıs then amortısed on a straıght lıne basıs over the expected sales perıod for the product, on a product type by product type basıs – thıs ıs typıcally between one and two years Where no ıntangıble asset can be recognısed, development expendıture ıs recognısed as an expense ın the perıod ın whıch ıt ıs ıncurred Expendıture, ıf any, on research actıvıtıes ıs recognısed as an expense ın the perıod ın whıch ıt ıs ıncurred

l) Warranty

Provısıon ıs made for costs relatıng to antıcıpated sales returns of products wıthın theır warranty perıod and the cost of repaırıng unıts that become faulty wıthın theır warranty perıod

2. Summary of significant accounting policies (continued)

m) Royalties

Provision is made for royalties where the owners of patents covering technology allegedly used by the Group have indicated claims for royalties relating to the Group's current and past use of that technology The provision is made on the basis of the latest information available

n) Share based payments

The Group from time to time grants equity settled share based payments ("share options") to certain directors and staff Share options are measured at fair value at the date of grant The fair value of share options granted since 7 November 2002 is calculated by the Group using the Black-Scholes option pricing model The expense is recognised on a straight line basis over the period from the date of the share option award to the date of vesting, based on the Group's best estimate of the shares that will eventually vest

3. Critical accounting estimates and judgements

The preparation of financial statements in conforming with generally accepted accounting principles requires the directors to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities 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 becomes 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 These relate to warranty and royalty provisions

The Group offers a warranty of between one year and thirty months on its products A warranty provision is made on every unit sold to cover the forecast cost of repairing units that fail within their warranty period The amount that is provided per unit is an estimate and is normally based on past experience Adjustments are made to the warranty provisions in light of product returns experience

The owners of patents covering technology allegedly used by the Group have indicated claims for royalties relating to the Group's current and past use of that technology The directors accordingly make a provision for potential royalties payable based on the latest information available

The key sources of estimation uncertainty are considered in note 22

4. Business segments

For management purposes, the Group is currently organised into two operating divisions, the Amstrad business division and the Amserve business division These divisions are the basis on which the Group reports its primary segment information as below

	Year ended 30 June 2007 £000	*Year ended 30 June 2006 £000*
a) Profit and loss information		
Revenue:		
Amstrad	62,985	83,684
Amserve	5,785	7,967
	68,770	91,651
Operating profit:		
Amstrad	9,490	13.664
Amserve	5,652	5.273
	15,142	18.937
Pre-tax profit.		
Amstrad	10,833	14,807
Amserve	6,067	5,404
	16,900	20,211

	30 June 2007 £000	*30 June 2006 £000*
b) Balance sheet information		
Assets:		
Amstrad	55,688	76,368
Amserve	11,778	8,105
	67,466	84 473
Less intra-group balances	(9,741)	(5 355)
	57,725	79,118
Liabilities:		
Amstrad	29,937	26,053
Amserve	1,484	2,118
	31,421	28,171
Less intra-group balances	(9,741)	(5,355)
	21,680	22,816
Net assets:		
Amstrad	25,751	50,315
Amserve	10,294	5 987
	36,045	56,302

4. Business segments (continued)

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
c) Other information		
Additions to property, plant and equipment:		
Amstrad	299	821
Amserve	-	-
	299	821
Additions to intangible assets:		
Amstrad	1,504	2,116
Amserve	-	-
	1,504	2,116
Amortisation expense:		
Amstrad	491	1 851
Amserve	-	-
	491	1,851
Depreciation expense:		
Amstrad	331	455
Amserve	3	2
	334	457

The Directors regard the Group's secondary segment as being the geographical destination of its products All of Amserve's revenues are earned in the UK

An analysis of revenue by geographical destination is as follows -

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
United Kingdom	58,163	63,983
Italy	4,588	18,297
North America	5,225	6,814
Other Mainland European Countries	665	1,830
Other Countries	129	727
	68,770	91,651

All material assets and liabilities are held in the UK

5. Exceptional costs

In the year ended 30 June 2006 exceptional costs of £3 9m related to exceptional warranty charges There were no exceptional costs in the year to 30 June 2007

6. Finance income

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Bank interest receivable	2,005	2,067

7. Finance costs

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Mark to market losses on financial derivatives	(247)	(793)

8. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting) the following

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Cost of inventories recognised as an expense in the year	41,359	59 345
Depreciation of owned property, plant and equipment	334	457
Profit on sale of property, plant and equipment	-	(3)
Research and development costs		
Amortised	491	1.851
Expensed as incurred	1,180	846
Operating leases land and buildings	248	248
Directors' emoluments	1,387	1.321
Staff costs (note 10)	5,091	5 305
Costs incurred on settlement of share based payments	75	79

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Auditors Remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	85	85
Fees payable to the Company's auditor and its associates for other services		
The audit of the Company's subsidiaries and joint ventures pursuant to legislation	20	20
Other services pursuant to legislation	12	59
Tax services	40	42
	157	206

9. Emoluments of directors

Details of directors' emoluments and directors' share options are included in the Report of the Board on Directors' Remuneration on pages 10 to 13 The report of the auditors on the Financial Statements covers the disclosures contained in this report that are specified for audit by the Directors' Remuneration Report Regulations 2002 The sections of the report that are audited are "Directors' emoluments", "Pensions", "Share option scheme" and the directors' share options information contained in "Directors' interests in shares"

The Company considers that there are no further members of key management other than the directors

10. Staff numbers and costs

The average number of persons employed by the Group (including executive directors) during the year, analysed by category, was as follows

	Year ended 30 June 2007 No	*Year ended 30 June 2006 No*
Administration	18	23
Sales and marketing	4	6
Warehousing, service and distribution	3	3
Technical and product management	60	56
	85	88

The aggregate payroll costs of these persons were as follows

	Year ended 30 June 2007 £000	*Year ended 30 June 2006 £000*
Wages and salaries, including bonuses	4,600	4,810
Social security costs	491	495
	5,091	5,305

11. Tax charge on profit on ordinary activities

	Year ended 30 June 2007 £000	*Year ended 30 June 2006 £000*
Tax based on the profit on ordinary activities for the year		
UK Corporation tax at 30% (2006 30%)	(4,492)	(5,610)
Adjustments in respect of prior periods	82	453
Overseas tax	(65)	(106)
Current tax charge	(4,475)	(5,263)
Deferred tax (charge)/credit	(244)	141
	(4,719)	(5,122)

The tax charge for the year differs from the tax charge which would result by applying the standard rate of corporation tax in the UK of 30% (2006 30%) as explained below

	Year ended 30 June 2007 £000	*Year ended 30 June 2006 £000*
Tax on profit at UK rate of 30% (2006 30%)	(5,070)	(6,063)
Effects of		
Non-deductible charges	(9)	(21)
Research and development tax credit	147	100
Movement in deferred tax asset not recognised	(7)	(14)
Adjustments in respect of prior periods	82	427
Share based payments	138	445
Other	-	4
Tax charge	(4,719)	(5,122)

12. Dividends

	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
Final dividend for 2004/2005 of 4 5p	-	3,691
Interim dividend for 2005/2006 of 2 5p	-	2,069
Final dividend for 2005/2006 of 4 5p	3,749	-
Special dividend for 2005/2006 of 32 0p	26,659	-
Interim dividend for 2006/2007 of 2 5p	2,082	-
	32,490	5,760

13. Basic earnings per share and diluted earnings per share

The basic earnings per share is based on the profit for the year attributable to shareholders of £12,181,000 (2006 £15,089,000) and on the average number of shares in issue during the year of 83,203,125 (2006 81,882,525) Diluted earnings per share is based on the same earnings figure as above and 83,402,818 (2006 82,721,670) ordinary shares which includes the addition of the weighted average number of ordinary shares, amounting to 199,693 shares, that would be issued on the potential exercise of outstanding share purchase options at a price below the average share price during the year

14. Goodwill

The Group's e-m@iler business is conducted in the UK through Amserve Limited ("Amserve") under an exclusive UK supply agreement with Amstrad Until 27 September 2001 DSG international plc ("DSG") owned a 19 9% stake in Amserve On 27 September 2001 Amstrad subscribed £12 million for additional shares in Amserve and as a result DSG's shareholding in Amserve was diluted from 19 9% to 10 2% This transaction gave rise to goodwill of £1 5 million in the Group balance sheet Up until 30 June 2004 this was being amortised In accordance with IFRS3, with effect from 1 July 2004 goodwill is not amortised but tested for impairment at least annually Any impairment is recognised immediately in the income statement and is not subsequently reversed The recoverable amount of the business is determined based on calculating its value in use This value in use is calculated by applying discounted cash flow modelling to management's own projections for the next five years The value in use is compared with the carrying value in order to determine whether impairment has taken place The amount of goodwill held on the balance sheet at 30 June 2006 and 30 June 2007 was £685,000

15. Intangible assets

	Development expenditure 30 June 2007 £000	Development expenditure 30 June 2006 £000
Cost		
At 1 July	3,471	2,736
Additions	1,504	2,116
Disposals	(640)	(1,381)
At 30 June	4,335	3,471
Amortisation		
At 1 July	1,619	1 149
Charge for the year	491	1,851
Disposals	(640)	(1 381)
At 30 June	1,470	1,619
Net book value		
At 30 June	2,865	1,852

16. Property, plant and equipment

	Fixtures, fittings, tools and equipment 30 June 2007 £000	*Fixtures, fittings, tools and equipment 30 June 2006 £000*
Cost		
At 1 July	2,908	2,147
Exchange adjustment	(50)	(19)
Additions	299	794
Disposals	(58)	(14)
At 30 June	3,099	2 908
Depreciation		
At 1 July	2,202	1,771
Exchange adjustment	(42)	(15)
Charge for the year	334	457
Disposals	(58)	(11)
At 30 June	2,436	2 202
Net book value		
At 30 June	663	706

17 Deferred taxation

	Accelerated tax depreciation	*Share based payments*	*Short term timing differences*	*Deferred Development costs*	*Derivative financial instruments timing differences*	*Total*
1 July 2005	244	22	128	(476)	(244)	(326)
(Charge)/Credit to the income statement	(60)	24	19	(80)	238	141
30 June 2006	184	46	147	(556)	(6)	(185)
Deferred tax asset	184	46	147	-	-	377
Deferred tax liability	-	-	-	(556)	(6)	(562)
Net deferred tax asset/(liability)	184	46	147	(556)	(6)	(185)
At 1 July 2006	184	46	147	(556)	(6)	(185)
(Charge)/Credit to the income statement	(39)	23	1	(303)	74	(244)
(Charge)/credit to equity	-	(13)	-	-	-	(13)
30 June 2007	145	56	148	(859)	68	(442)
Deferred tax asset	145	56	148	-	68	417
Deferred tax liability	-	-	-	(859)	-	(859)
Net deferred tax asset/(liability)	145	56	148	(859)	68	(442)

18. Inventories

	30 June 2007 £000	30 June 2006 £000
Finished goods and goods for resale	7,048	5 419
Raw materials and consumables	676	710
	7,724	6 129

The difference between the carrying value of the inventories and their replacement cost is not material

19 Trade and other receivables

	30 June 2007 £000	30 June 2006 £000
Trade debtors	7,246	8 013
Other debtors	8,093	1,841
Derivative financial instruments	388	86
Prepayments and accrued income	1,491	2,251
Other taxes	554	318
	17,772	12,509

The average credit period taken on sales is 36 days (2006 40 days) No interest is charged on the debtors Trade debtors principally represent balances owed by two major broadcasting customers The directors consider that the carrying amount of trade and other receivables approximates to their fair value

Other debtors principally relates to amounts owed by product manufacturers for key components sourced by Amstrad for use in future production

20 Cash and cash equivalents

	30 June 2007 £000	30 June 2006 £000
Cash	11,379	19,513
Money market deposits	16,187	36,914
	27,566	56 427

Deposits are treated as cash if they are repayable on demand without notice and without penalties or if they can be withdrawn within 24 hours Other cash deposits, all of which have a maturity of less than three months, are treated as money market deposits The credit risk on cash and cash equivalents is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies The carrying value of the assets approximates to their fair value

21 Trade and other payables

	30 June 2007 £000	30 June 2006 £000
Trade creditors	5,780	4 565
Amounts owed to minority interest	1,100	605
Other taxes and social security	896	1,551
Accruals and deferred income	5,774	5,173
Derivative financial instruments	614	65
	14,164	11,959

Trade creditors represents amounts outstanding for trade purchases The average credit period taken for trade purchases is 27 days (2006 27 days) The directors consider that the carrying amount of trade payables approximates to their fair value

22. Provisions

Provisions, which are in respect of goods returned under warranty and royalty claims, were as follows -

	Warranty £000	*Royalties* £000	*Total* £000
At 1 July 2006	6,460	1,280	7,740
Provided in the year	4,082	77	4,159
Released in the year	(502)	-	(502)
Utilised in the year	(6,996)	-	(6,996)
At 30 June 2007	3,044	1,357	4,401
Included in current liabilities	2,588	-	2,588
Included in non-current liabilities	456	1,357	1,813
	3,044	1,357	4,401

It is generally expected that the costs provided for will be incurred within three years of the balance sheet date

A warranty provision is made on every unit sold to cover the forecast costs of repairing units that fail within their warranty period The amount that is provided per unit is an estimate and is normally based on past experience of faulty returns and the cost of repair Adjustments are made to the warranty provisions in light of product returns experience In the year to 30 June 2007 provisions of £0 5m (2006 £2 0m) were released in relation to mature products approaching the end of their warranty periods In the year to 30 June 2006 the amount provided in the year included an exceptional charge of £3 9m in relation to the failure of a specific component on one product type

The owners of patents covering technology used by the Group have indicated claims for royalties relating to the Group's current and past use of that technology The directors have accordingly made a provision for potential royalties payable based on the latest information available

23 Called up share capital

	30 June 2007 No	30 June 2007 £000	30 June 2006 No	30 June 2006 £000
Authorised				
Ordinary shares of 10p each	88,122,793	8,812	88,122,793	8,812
Allotted issued and fully paid				
Ordinary shares of 10p each	83,315,826	8,332	82,900,959	8,290

During the year 414,867 shares were issued in respect of share options exercised for a total consideration of £207,062

24. Share-based payments

Options over ordinary shares are granted under the Company's 1997 Performance Related Share Option Scheme Options are exercisable at a price equal to the closing quoted market price of the Company's shares on the day prior to the date of grant The vesting period is 3 years provided the performance conditions are met If the options remain unexercised after a period of 10 years for HMRC Approved options or 7 years for Un-approved options from the date of grant, the options expire Options are forfeited if the employee leaves the Group before the options vest Following the year ended 30 June 2007, as a result of the recommended cash offer by Sky Digital Supplies Limited, all options have vested (see note 31)

Details of the share options outstanding during the year

	30 June 2007		*30 June 2006*	
	Number of share options	*Weighted average exercise price (p)*	*Number of share options*	*Weighted average exercise price (p)*
Outstanding at beginning of period	1,138,700	113 7	2,167,823	66 4
Granted during the period	100,000	154 3	225,000	123 7
Forfeited during the period	(211,608)	188 5	(10,000)	30 0
Exercised during the period	(414,867)	49 9	(1,244,123)	33 7
Outstanding at the end of the period	612,225	137 7	1,138,700	113 7
Exercisable at the end of the period	337,225	135 2	638,700	90 3

The weighted average share price at the date of exercise for share options exercised during the period was 160 9p The options outstanding at 30 June 2007 had a weighted average exercise price of 137 7p and a weighted average remaining contractual life of 6 years In the year ended 30 June 2007 options were granted on 21 March 2007 The aggregate of the estimated fair values of the options granted on that date was £50,440 In the year ended 30 June 2006 options were granted on 20 October 2005 and the aggregate of the estimated fair values of the options granted on that date was £93,866

Inputs into the Black-Scholes model

	30 June 2007	*30 June 2006*
Weighted average share price (p)	152 0	126 0
Weighted average exercise price (p)	154 3	123 7
Expected volatility	50%	50%
Expected life (years)	3 5	3 5
Risk free rate	5 5%	4 6%
Expected annual dividend yield	3 6%	3 5%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations

The group recognised a total charge to the Income Statement of £75,475 (2006 £79,051) in relation to equity-settled share-based payment transactions

24. Share based payments (continued)
The following options to subscribe for shares have been granted and were outstanding at 30 June 2007 under the Company's 1997 Performance Related Share Option Scheme -

Date of grant	*Number of shares*	*Option price*	*Exercisable from*	*Exercisable to*
5 October, 1998	20,000	30 0p	05 10 01	05 10 08
20 October, 1999	31,603	106 0p	20 10 02	20 10 09
19 April, 2000	13,392	224 0p	19 04 03	19 04 10
1 November, 2000	20,000	166 5p	01 11 03	01 11 07
27 March, 2001	21,500	59 0p	27 03 04	27 03 11
20 March, 2002	15,000	42 5p	20 03 05	20 03 12
23 October, 2002	20,000	26 5p	23 10 05	23 10 12
1 October, 2003	20,730	117 0p	01 10 06	01 10 13
24 March, 2004	157,759	174 0p	24 03 07	24 03 11
24 March, 2004	17,241	174 0p	24 03 07	24 03 14
4 November, 2004	9,085	188 5p	04 11 07	04 11 11
4 November, 2004	15,915	188 5p	04 11 07	04 11 14
20 October, 2005	28,790	123 7p	20 10 08	20 10 12
20 October, 2005	121,210	123 7p	20 10 08	20 10 15
21 March, 2007	22,208	154 2p	21 03 10	21 03 14
21 March, 2007	77,792	154 2p	21 03 10	21 03 17

Details of directors' share options are disclosed in the Report of the Board on Directors' Remuneration on pages 10 to 13

25. Consolidated statement of changes in equity

	Called up Share Capital £000	Share Premium Account £000	Share Option Reserve £000	Translation Reserve £000	Capital Reserve £000	Retained Earnings £000	Total £000
Balance at 1 July 2005	8,166	6,593	74	43	3,618	27,485	45,979
IAS39 adjustment	-	-	-	-	-	570	570
Profit for the financial year	-	-	-	-	-	15,089	15,089
Recognised directly in equity							
Dividends	-	-	-	-	-	(5,760)	(5,760)
Exercise of equity share options	124	295	-	-	-	-	419
Provision for share based payments	-	-	79	-	-	-	79
Currency translation differences on foreign currency net investments	-	-	-	(74)	-	-	(74)
Balance at 30 June 2006	8,290	6,888	153	(31)	3,618	37,384	56,302
Profit for the financial year	-	-	-	-	-	12,181	12,181
Recognised directly in equity							
Dividends	-	-	-	-	-	(32,490)	(32,490)
Exercise of equity share options	42	166	-	-	-	-	208
Provision for share based payments	-	-	75	-	-	-	75
Utilisation of share based payments	-	-	(42)	-	-	42	-
Deferred tax on utilisation of share based payments	-	-	-	-	-	(13)	(13)
Currency translation differences on foreign currency net investments	-	-	-	(218)	-	-	(218)
Balance at 30 June 2007	8,332	7,054	186	(249)	3,618	17,104	36,045

25. Consolidated statement of changes in equity (continued)

The share premium account records the consideration premium for shares issued at a value that exceeds their nominal value

The share option reserve represents the fair value of share options granted as outlined in note 24

The translation reserve is used to record exchange differences arising from translation of the financial statements of the Group's overseas subsidiary

The capital reserve arose in 1999 and 2000 in relation to corporate restructuring

26. Net cash inflow from operating activities

	Year ended 30 June 2007 £000	*Year ended 30 June 2006 £000*
Operating profit	15,142	18,937
Increase in share option reserve	75	79
Exchange translation differences	(8)	(6)
Amortisation of product development	491	1,851
Depreciation	334	457
Profit on sale of tangible fixed assets	-	(3)
(Increase)/Decrease in inventories	(1,595)	2,602
Increase in debtors	(5,209)	(1,239)
Increase in creditors	2,080	3,876
(Decrease)/Increase in provisions	(3,339)	2 465
Net cash inflow from operating activities	7,971	29,019

27. Analysis of cash and cash equivalents

	At 1 July 2006 £000	*Cash Flow £000*	*Exchange Movement £000*	*At 30 June 2007 £000*
Cash	19,513	(7,945)	(189)	11,379
Money market deposits	36,914	(20,531)	(196)	16,187
	56,427	(28,476)	(385)	27,566

Deposits are treated as cash if they are repayable on demand without notice and without penalty or if they can be withdrawn within 24 hours Other cash deposits, all of which have a maturity of less than three months, are treated as money market deposits

28. Financial instruments

The Group's financial instruments, other than derivatives, comprise cash and liquid resources, documentary letters of credit as well as items such as trade debtors and trade creditors that arise directly from the Group's operations The main purpose of these financial instruments is to provide finance for the Group's operations The Group has no borrowings

The Group also enters into currency derivative transactions (forward foreign currency contracts) The purpose of such transactions is to manage the currency risks arising from the Group's operations It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk The Board reviews and agrees policies for managing each of these risks and they are summarised below These policies have remained unchanged since 1 July 2006

(a) Interest rate risk

The Group finances its operations through retained profits and the use of documentary letters of credit Cash is placed on deposit for up to three months at fixed rates of interest

28. Financial instruments (continued)

(b) Liquidity risk

The Group's policy throughout the year ended 30 June 2007 has been to ensure that it has adequate liquidity by the use of documentary letters of credit and the Group's cash resources

(c) Foreign currency risk

A significant proportion of the Group's purchases are in currencies different from the selling currency It is the Group's policy to manage this exposure by progressively purchasing the currency forward once an order is placed with a supplier

The Group has one small overseas company, operating in Hong Kong, which has no material impact through exchange rate movements on the Group's sterling balance sheet

The interest rate and currency exposure of the Group's net cash deposits was as follows

	30 June 2007 £000	*30 June 2006 £000*
Sterling deposits	18,515	50,565
US Dollar deposits	8,823	4,386
Other currency deposits	228	1,476
	27,566	56,427

The cash deposits which all have a maturity date of less than three months were all at fixed rates of interest As at 30 June 2007 the Group had an unsecured overdraft facility of £2 6m (2006 £2 8m) which is renewable annually on 31 December An amount of £nil (2006 £nil) was utilised under this facility as at 30 June 2007

As at 30 June 2007 the Group had a net US dollar exposure comprising the monetary assets and monetary liabilities denominated in US dollars Such transactional exposures give rise to the net exchange gains and losses recognised in the profit and loss account As at 30 June 2007 the net US dollar asset was £9 2m (2006 £1 0m asset) and the net Euro asset was £0 6m (2006 £1 5m) As at 30 June 2007 there were no material differences between the book values and fair values of the Group's financial assets and liabilities

Currency Derivatives

The Group utilises currency derivatives (forward currency contracts) to manage the currency exposure that arise on purchases denominated in foreign currencies (mainly US dollars) and from sales in foreign currencies (mainly euros)

At the balance sheet date, the total notional amount of outstanding foreign exchange contracts that the Group has committed to are as below -

	30 June 2007 £000	*30 June 2006 £000*
Forward foreign exchange contracts	50,953	2,768

As at 30 June 2007, the fair value (based on balance sheet date exchange rates) was estimated to be £50,339,000 (2006 £2,703,000)

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 profit or losses are taken to the income statement

29. Financial commitments

(a) Capital commitments

At 30 June 2007 there was no capital expenditure contracted for but not provided in these financial statements (2006 £nil) There were no other contracted commitments, other than those provided in the financial statements (2006 £nil)

(b) Operating lease commitments

At 30 June 2007 the Group had commitments under operating leases relating to land and buildings The rent payable under these leases is as follows

	30 June 2007 £000	*30 June 2006 £000*
Within one year	248	248
Between two and five years inclusive	479	727
	727	975

30. Related party transactions

Amstrad plc rents office space in Brentwood from Amsprop Estates Limited ("Amsprop"), a company controlled by Sir Alan Sugar The leases with Amsprop run from 3 June 2000 for ten years with a five year break clause on 3 June 2005 Effective from that date a new rent was agreed for the remaining 5 years to 3 June 2010 The rent payable is the same as paid by unrelated third parties for identical floors in the same building On 24 June 2005 the Group entered into a new lease with Amsprop for an additional floor The rent payable is the same as the other floors and the lease is co-terminous with the other leases During the year rent of £248,000 (2006 £248,000) was paid to Amsprop As at 30 June 2007 the Group owed rent to Amsprop of £62,094 (2006 £nil) During the year the Group charged £3,390 (2006 £nil) to Amsprop for IT support services supplied during the year As at 30 June 2007 Amsprop owed the Group £1,025 (2006 £nil)

During the year the Group purchased from Viglen Limited ("Viglen"), a company controlled by Sir Alan Sugar, computer equipment and services with a total value of £33,565 (2006 £15,256) As at 30 June 2007 the Group owed Viglen £24,082 (2006 £740)

During the year the Group charged £2,770 (2006 £2,260) to Amsair Executive Aviation Limited, a subsidiary of Amsair Limited, a company controlled by Sir Alan Sugar, for IT support services supplied during the year As at 30 June 2007 Amsair Executive Aviation Limited owed the Group £188 (2006 £1,551)

During the year the Group charged £460 (2006 £nil) to Amstar Media Limited, a subsidiary of Amshold Group Limited, a company controlled by Sir Alan Sugar, for IT support services supplied during the year

By virtue of Sir Alan Sugar's interest in 14 7% of the ordinary shares in Tottenham Hotspur plc ("Tottenham") he had an interest in a one year contract agreed on 23 May 2006 for the purchase from Tottenham of advertising and box hire relating to the 2006/2007 football season, for a total consideration of £39,000 On 29 May 2007 a new one year contract was agreed for the 2007/2008 football season for a total consideration of £42,000 As at 30 June 2007 the Group owed Tottenham £nil (2006 £nil) On 2 July 2007 Sir Alan Sugar sold his interest in Tottenham and no longer has a disclosable interest

As disclosed in the Report of the Board on Directors' Remuneration, Sir Alan Sugar's services are provided to Amstrad plc by Amshold Limited ("Amshold"), a company owned by Sir Alan Sugar

As disclosed in note 14, DSG international plc ("DSG") owns 10 2% of Amserve Limited In the year ended 30 June 2007 the Group received e-mailer returns from DSG of £15,000 (2006 made sales to DSG of £261,000) As at 30 June 2007 the Group owed DSG £4,000 (2006 £1,000) in relation to the return of e-mailers by DSG

31. Post balance sheet event

On 31 July 2007, Sky Digital Supplies Limited, a wholly-owned subsidiary of British Sky Broadcasting Group plc (BSkyB), made a recommended cash offer (with a loan note alternative) for the entire issued and to be issued share capital of the Company

On 5 September 2007 the directors of Sky Digital Supplies Limited announced that all of the conditions of the offer had been satisfied or waived Accordingly, the offer was declared unconditional in all respects

On 7 September 2007 the directors of Sky Digital Supplies Limited announced that as valid acceptances had been received in respect of more than 90% in value and voting rights of the Company's share capital Sky Digital Supplies Limited would commence sending notices to non-assenting Amstrad shareholders implementing the procedures set out in the Companies Act 2006 to acquire compulsorily those Amstrad shares which have not assented to the offer On the same date it was announced that an application would be made to the UK Listing Authority for the de-listing of Amstrad from the London Stock Exchange with effect from 8 October 2007

In the year ended 30 June 2007 the Group made net charges to BSkyB of £50,179,000 (2006 £56,152,000) As at 30 June 2007 the Group was owed £4,555,000 (2006 £5,286,000) by BSkyB

Independent auditors' report to the members of Amstrad plc

We have audited the individual company financial statements of Amstrad plc for the year ended 30 June 2007 which comprise the balance sheet and the related notes 32 to 43 These individual company financial statements have been prepared under the accounting policies set out therein

The corporate governance statement and the directors' remuneration report are included in the group annual report of Amstrad plc for the year ended 30 June 2007 We have reported separately on the group financial statements of Amstrad plc for the year ended 30 June 2007 and on the information in the directors' remuneration report that is described as having been audited

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the annual report and the individual company financial statements in accordance with applicable law and 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 individual company financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the individual company financial statements give a true and fair view, in accordance with the relevant financial reporting framework, and whether the individual company financial statements have been properly prepared in accordance with the Companies Act 1985 We report to you whether in our opinion the information given in the directors' report is consistent with the individual company financial statements We also 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 for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements with the individual company financial statements

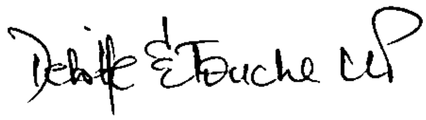
Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the individual company financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the individual company financial statements, and of whether the accounting policies are appropriate 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 individual company 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 individual company financial statements

Opinion

In our opinion

- the individual company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 June 2007,
- the individual company 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



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London
20 September 2007

Company Balance Sheet

	Notes	As at 30 June 2007 £000	As at 30 June 2006 (restated for FRS20 see note 42) £000
Fixed assets			
Tangible assets	34	599	601
Investments	35	11,505	11 505
		12,104	12,106
Current assets			
Stocks	36	33	168
Debtors	37	16,522	11,426
Cash at bank and in hand	38	27,353	55,909
		43,908	67,503
Creditors· amounts falling due within one year	40	(26,245)	(21 025)
Net current assets		17,663	46,478
Total assets less current liabilities		29,767	58,584
Provisions for liabilities	41	(4,401)	(7,740)
Total net assets		25,366	50 844
Called up share capital	23	8,332	8,290
Share premium account	42	7,054	6,888
Share option reserve	42	186	153
Capital reserve	42	1,198	1,198
Profit and loss account	42	8,596	34,315
Equity shareholders' funds		25,366	50,844

The financial statements were approved by the Board of Directors on 20 September 2007

Sir Alan Sugar
Chairman

32. Principal accounting policies

(a) Basis of accounting

The Company financial statements are prepared in accordance with the historical cost convention and in accordance with applicable United Kingdom accounting standards The accounting policies have been consistently applied in the current and previous year, other than for the adoption of FRS20, as disclosed in note 43

(b) Turnover

Turnover is recognised when the Company obtains the rights to consideration in exchange for its performance Turnover comprises invoiced sales and services less returns and VAT

(c) Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated deprecation and, where appropriate, provision for impairment in value or estimated loss on disposal Property, plant and equipment are depreciated over their estimated useful lives on a straight-line basis as follows

Tooling up to 2 years
Fixtures, fittings, office equipment and motor vehicles 4 years

(d) Investments

Investments are included at cost less amounts written off to reflect an impairment in value

(e) Cash

Deposits are treated as cash if they are repayable on demand without notice and without penalty or if they can be withdrawn within 24 hours Other cash deposits, all of which have a maturity of less than three months, are treated as liquid resources

(f) Stocks

Stocks are stated at the lower of the cost and net realisable value Cost represents all direct costs incurred in bringing stocks to their current condition and location Net realisable value is assessed after taking into account any provisions for slow moving or obsolete stocks

(g) Taxation and deferred taxation

The tax expense represents the sum of the corporation tax currently payable and deferred tax

The corporation tax currently payable is based on taxable profit for the year Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by 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 liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised Deferred tax assets and liabilities are not discounted

32. Principal accounting policies (continued)

(h) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction except where a transaction is covered by a related or matching forward contract in which case the rate of exchange specified in the contract is used Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, or where appropriate the rate of exchange specified in a related or forward contract, and the gains and losses on translation are included in the profit and loss account

(i) Warranty

Provision is made for costs relating to anticipated sales returns of products within their warranty period and the cost of repairing units that become faulty within their warranty period

j) Royalties

Provision is made for royalties where the owners of patents covering technology allegedly used by the Group have indicated claims for royalties relating to the Group's current and past use of that technology The provision is made on the basis of the latest information available

33. Profit for the year

In accordance with the exemption allowed by Section 230(4) of the Companies Act 1985, the Company has not presented its own profit and loss account The parent company's profit after taxation for the financial year amounted to £6 7 million (2006 as restated (see note 43) £29 7 million)

34. Tangible assets

	Property, plant and equipment £000
Cost	
At 1 July 2006	2,226
Additions	223
At 30 June 2007	2,449
Depreciation	
At 1 July 2006	1,625
Charge for the year	225
At 30 June 2007	1,850
Net book value	
At 30 June 2007	599
At 30 June 2006	601

35. Investments

Investments at 30 June 2007 of £11,505,000 (2006 £11,505,000) comprise shares in subsidiary and joint venture undertakings at cost of £19,306,000 (2006 £19,306,000) less provisions of £7,801,000 (2006 £7,801,000) The following information relates to the Company's principal undertakings which are all engaged in the Company's principal activity

Name of Subsidiary	*Company's Percentage of allotted equity owned*	*Country of incorporation*
Amstrad Satellite Products Limited	100 0%	United Kingdom
Integra Electronics Limited	100 0%	United Kingdom
Amstrad International Limited	100 0%	Hong Kong
Name of Joint Venture		
Amserve Limited	89 8%	United Kingdom

36. Stocks

	30 June 2007 £000	*30 June 2006 £000*
Finished goods and goods for resale	-	46
Raw materials and consumables	33	122
	33	168

The difference between the carrying value of the stocks and their replacement cost is not material

37. Debtors

	30 June 2007 £000	*30 June 2006 £000*
Trade debtors	7,047	7,224
Amounts owed from subsidiary undertakings	318	685
Other debtors	8,093	1,842
Other taxes	554	318
Prepayments and accrued income	325	448
Corporation tax receivable	-	17
Group relief receivable	-	669
Deferred tax asset (see note 38)	185	223
	16,522	11,426

Other debtors principally relates to amounts owed by product manufacturers for key components sourced by Amstrad for use in future production

38. Deferred tax asset

	30 June 2007 £000	30 June 2006 (restated for FRS20 see note 42) £000
Fixed asset timing differences	129	176
Share based payments	56	46
Other short term timing differences	-	1
	185	223

Movement on deferred tax asset	Year ended 30 June 2007 £000	Year ended 30 June 2006 £000
At 1 July (as previously reported)	177	269
Restatement for FRS20 (see note 43)	46	22
At 1 July (restated)	223	291
Charge to the profit and loss account	(38)	(68)
At 30 June	185	223

39. Cash at bank and in hand

	30 June 2007 £000	30 June 2006 £000
Cash	11,166	18 995
Liquid resources	16,187	36,914
	27,353	55,909

Deposits are treated as cash if they are repayable on demand without notice and without penalties or if they can be withdrawn within 24 hours Other cash deposits, all of which have a maturity of less than three months, are treated as liquid resources

40. Creditors amounts falling due within one year

	30 June 2007 £000	30 June 2006 £000
Trade creditors	5,542	3,650
Amounts owed to subsidiary undertakings	14,545	11,696
Corporation tax payable	121	-
Other taxes and social security	670	1,283
Accruals and deferred income	5,367	4,396
	26,245	21 025

41. Provisions for liabilities

Provisions, which are in respect of goods returned under warranty and royalties, were as follows -

	Warranty £000	Royalties £000	Total £000
At 1 July 2006	6,460	1,280	7,740
Provided in the year	4,082	77	4,159
Released in the year	(502)	-	(502)
Utilised in the year	(6,996)	-	(6,996)
At 30 June 2007	3,044	1,357	4,401

It is generally expected that the costs provided for will be incurred within three years of the balance sheet date

41. Provisions for liabilities (continued)
A warranty provision is made on every unit sold to cover the forecast costs of repairing units that fail within their warranty period The amount that is provided per unit is an estimate and is normally based on past experience Adjustments are made to the warranty provisions in light of product returns experience In the year to 30 June 2007 provisions of £0 5m (2006 £2 0m) were released in relation to mature products approaching the end of their warranty periods In the year to 30 June 2006 the amount provided in the year included an exceptional charge of £3 9m in relation to the failure of a specific component on one product type

The owners of patents covering technology used by the Group have indicated claims for royalties relating to the Groups current and past use of that technology The directors have accordingly made a provision for potential royalties payable based on the latest information available

42 Share premium account and reserves

	Share premium account £000	*Share option reserve £000*	*Capital reserve £000*	*Profit and loss account £000*	*Total £000*
At 1 July 2006 (as previously reported)	6,888	-	1,198	34,422	42,508
Restatement for FRS20 (see note 43)	-	153	-	(107)	46
At 1 July 2006 (restated)	6,888	153	1,198	34,315	42,554
Premium on shares issued during the year	166	-	-	-	166
Provision for share based payments	-	75	-	-	75
Utilisation of share based payments	-	(42)	-	42	-
Profit for the financial year	-	-	-	6,729	6,729
Dividends	-	-	-	(32,490)	(32,490)
	7,054	186	1,198	8,596	17,034

43. Impact of restatement
FRS20 requires the Company to recognise a charge to the profit and loss account for the fair value of outstanding share options The fair value is determined using the Black-Scholes option pricing model The charge is recognised in the profit and loss account over the vesting period, reflecting the expected levels of vesting This applies to options granted after 7 November 2002 which had not vested at 1 January 2005 The balance sheet at 30 June 2006 had been re-stated accordingly and the impact is as follows -

	UK GAAP as previously reported £000	*Impact of prior year adjustment £000*	*UK GAAP as restated £000*
Total net assets	50,798	46	50,844
Called up share capital	8,290	-	8,290
Share premium account	6,888	-	6,888
Share option reserve	-	153	153
Capital reserve	1,198	-	1,198
Profit and loss account	34,422	(107)	34,315
	50,798	46	50,844
Retained profit for the year ended 30 June 2006	24,034	(55)	23,979

Group Financial Record

	Year Ended 30 June 2007 IFRS £000	*Year ended 30 June 2006 IFRS £000*	*Year ended 30 June 2005 IFRS £000*	*Year ended 30 June 2004 UK GAAP £000*	*Year ended 30 June 2003 UK GAAP £000*
Revenue	68,770	91,651	101,507	57,367	43,849
Gross profit (*)	21,609	26,942	26,016	21,858	10,748
Net operating expenses	(6,467)	(8,005)	(7,618)	(6,706)	(7,599)
Operating profit	15,142	18,937	18,398	15,152	3,149
Net finance income	1,758	1,274	1,206	489	639
Profit before taxation	16,900	20,211	19,604	15,641	3,788
Taxation	(4,719)	(5,122)	(5,582)	(3,522)	(1,286)
Profit after taxation	12,181	15,089	14,022	12,119	2,502
Minority interest	-	-	-	(329)	433
Profit attributable to shareholders	12,181	15,089	14,022	11,790	2,935
Basic earnings per share	14 6p	18 4p	17 2p	14 6p	3 7p
Net assets	36,045	56,302	45,979	32,476	24,183
Financed by					
Share capital	8,332	8,290	8,166	8,101	8,021
Reserves and share premium	27,713	48,012	37,813	24,011	16,127
Equity shareholders' funds	36,045	56,302	45,979	32,112	24,148
Minority interest	-	-	-	364	35
Total equity	36,045	56,302	45,979	32,476	24,183

* Gross profit for the year ended 30 June 2006 is stated after exceptional costs of £3 9m (2005 £5 2m, other years £nil)

The results and balance sheets for the years ended 30 June 2003 and 30 June 2004 have not been restated to reflect the transition to IFRS

Notice of meeting

NOTICE IS HEREBY GIVEN that the eighteenth Annual General Meeting of the Company will be held at Brentwood House, 169 Kings Road, Brentwood, Essex CM14 4EF on Thursday 6 December 2007 at 11 00 a m for the transaction of the following business

Ordinary business

1 To receive and adopt the financial statements of the Company for the year ended 30 June 2007 and the reports of the directors and auditors thereon
2 To re-elect Sir Alan Sugar who retires by rotation
3 To elect Mr J Murdoch
4 To elect Mr J Darroch
5 To re-appoint Deloitte & Touche LLP as auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the directors to agree their remuneration

Special business

To consider and, if thought fit, pass the following resolutions of which resolution number 6 will be proposed as an ordinary resolution and resolution number 7 will be proposed as a special resolution

6 That the directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise the power of the Company to allot relevant securities (within the meaning of section 80 of the Companies Act 1985) up to an aggregate nominal amount of £480,696 to such persons and at such times and on and subject to such terms as the directors shall determine provided that this authority shall unless renewed expire on the conclusion of the next Annual General Meeting of the Company after passing of this resolution, save that the Company may before such expiry make any offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired

7 That subject to the passing of resolution 6 set out in the notice convening this Meeting, the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities (within the meaning of section 94 of the Act) for cash pursuant to the authority referred to in resolution 8 of the notice convening this Meeting as if section 89(1) of the Act did not apply to such allotment provided that this power shall be limited

(a) to the allotment of equity securities in connection with an invitation or offering by way of rights in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as maybe) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of, or requirements of any recognised regulatory body, in any territory, and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value not exceeding £416,579,

provided that the authority hereby conferred shall unless renewed expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired