

Company Registration No: 04905599 (England and Wales)

ATELIS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

ATELIS PLC

COMPANY INFORMATION

Directors	R. Cohen A. Burdon-Cooper
Secretary	Aston House Nominees
Company number	04905599
Registered Office	Acre House 11-15 William Road London NW1 3ER
Auditors	HW Fisher & Company Chartered Accountants Acre House 11 – 15 William Road London NW1 3ER
Nominated Adviser	Beaumont Cornish Limited 2nd Floor Bowman House 29 Wilson Street London EC2M 2SJ
Broker	Lewis Charles Securities LCS House Worship Street London EC2A 2EA
Bankers	Barclays Bank plc Abingdon Branch Abingdon Oxfordshire OX14 1GU
Registrar	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN

ATELIS PLC

CONTENTS

	Page
CHAIRMAN'S STATEMENT	3
DIRECTORS' REPORT	4 – 6
STATEMENT OF DIRECTORS' RESPONSIBILITIES	7
INDEPENDENT AUDITORS' REPORT	8 - 9
INCOME STATEMENT	10
STATEMENT OF CHANGES IN EQUITY	11
BALANCE SHEET	12
CASH FLOW STATEMENT	13
NOTES TO THE FINANCIAL STATEMENTS	14 - 23

ATELIS PLC

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

Since November 2008, efforts were made to find a suitable buyer for the company however to date no purchaser has materialised. As a result the company has closed its Israeli subsidiary and discontinued all R&D. On 5 December 2008, notification was given to the relevant Israeli government bodies of the closure of Atelis Israel Ltd which is now under the control of its accountants who will undertake the necessary administrative procedures to finalise the closure process.

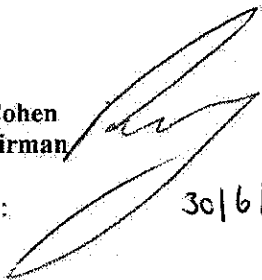
It is the intention of the Board to turn the company into a cash shell and seek a suitable reverse candidate. Further to the revised AIM Rules announced on 1 June 2009, the Company is currently considering its investing policy and expects to announce an AIM compliant policy in due course. The Company does not expect this to represent a material change of emphasis but rather envisages marginal changes bringing it into line with revised Rules.

To this end, the company has entered into an unapproved arrangement with its creditors, and with the support of Wills & Co, who have entered into an agreement with the company to provide limited financial support, the company is able to continue as a going concern whilst a suitable reverse candidate is found.

Andrew Mitchell and Gabi Kazabo resigned from the board of directors on the 9th of July 2008 and 15 December 2008 respectively. A Burden-Cooper was appointed to the Board on 15 December 2008.

R. Cohen
Chairman

Date:


30/6/09

ATELIS PLC

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present their report and financial statements for the year ended 31 December 2008.

Principal activity, trading review and future developments

During the year, the company ceased to trade. In addition the company's trading subsidiary and research facility, Atelis Israel Ltd has ceased trading. On 5 December 2008, notification was given to the relevant Israeli government bodies of the closure of Atelis Israel Ltd which is now under the control of its accountants who will undertake the necessary administrative procedures to finalise the closure process.

Further to the revised AIM Rules announced on 1 June 2009, the Company is currently considering its investing policy and expects to announce an AIM compliant policy in due course. The Company does not expect this to represent a material change of emphasis but rather envisages marginal changes bringing it into line with revised Rules.

Risks and Uncertainties

The principal risk facing the business is that it might not find a suitable reverse candidate and that funding currently arranged proves insufficient for the long term survival of the company.

Results and dividend

The trading loss for the year after taxation was £41,760 (2007: £411,069).

Directors and their interests

The directors who served during the year were:

- R. Cohen
- A. Mitchell (resigned 9 July 2008)
- G. Kabazo (resigned 15 December 2008)
- A. Burden-Cooper (appointed 15 December 2008)

CODE OF BEST PRACTICE ("The Combined Code")

a. Corporate governance

The directors have complied with The Combined Code on Corporate Governance, insofar as possible given the company's size and the constitution of the board.

b. Internal financial control

The directors are responsible for the systems of internal control which they deem appropriate for the company. The directors have implemented systems to ensure that there is reasonable assurance of effective and efficient operation, financial monitoring, the prevention of and detection of errors and irregularities and compliance with laws and regulations. A system of internal control cannot give absolute assurance against material misstatement or loss.

c. Going concern

The directors have entered into an overdraft facility expiring on 31 July 2010 which they believe is sufficient for the company to meet its liabilities for the next twelve months.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2008**

d. Directors' emoluments

The board is currently restricted to two directors. As such, their performance is directly linked to the performance of the company. Accordingly, the directors consider that the structure and scale of their remuneration can be set fairly on an annual basis with due regard to the interests of shareholders without the need for a Remuneration Committee.

e. Communicating with institutional and private shareholders.

The company values the views of its shareholders and recognises their interest in the company's strategy and performance. The Board is available to discuss current events with its institutional and private shareholders and positively encourages attendance at the annual general meeting.

f. Audit Committee

Given the size of the company, the directors do not think it appropriate to have an audit committee. However, as directors they do examine the process of financial reporting within the company, review the company's accounting policies and monitor the integrity of the financial statements. They also review the company's system of internal control and processes for monitoring and evaluating the risks facing the company. The directors monitor the auditors' independence and cost-effectiveness and review the scope and results of the audit with them.

The directors' policy is to undertake an assessment of the auditors' independence each year which includes:

- a review of non-audit services provided to the company and related fees;
- discussion with the auditors of all relationships with the company and any other parties that could affect independence or the perception of independence;
- a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

A summary of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 3 to the financial statements.

Creditor Payment Policy

The company has no formal code or standard which deals specifically with the payment of suppliers. However the company's policy on the payment of all creditors is, where possible to ensure that the terms of payment as specified and agreed with suppliers are not exceeded.

Post balance sheet events

On 12 December 2008, the company entered into an overdraft facility agreement with Wills & Co Financial Group Plc under which Wills & Co. agreed to provide the company with an unsecured overdraft facility not exceeding £250,000 at a rate of interest of 1 per cent per annum above the base rate of Barclays Bank Plc as varied from time to time, subject to a minimum of 10 per cent per annum. On 30 June 2009, Wills & Co. agreed to extend it to 31 July 2010 when it will be reviewed.

ATELIS PLC

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008**

Auditors

Statement of disclosure to auditors:

So far as each of the directors is aware:

- (a) there is no relevant audit information of which the company's auditors are unaware; and
- (b) they have each taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

A resolution to reappoint HW Fisher & Company as auditors shall be put to the members at the Annual General Meeting.

By order of the Board

R. Cohen

Director

Dated: 30/6/09

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2008**

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs and of profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS's as adopted by the EU.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

ATELIS PLC
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ATELIS PLC
FOR THE YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of Atelis plc for the year ended 31 December 2008 set out on pages 10 to 23. These financial statements have been prepared under the accounting policies set out on pages 14 to 17.

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 financial statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union are as described on page 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**ATELIS PLC
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ATELIS PLC
FOR THE YEAR ENDED 31 DECEMBER 2008**

Opinion

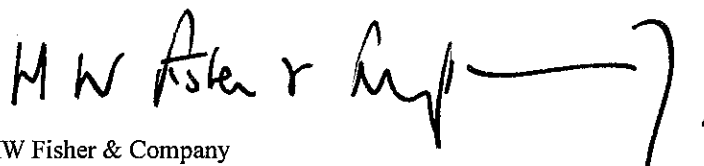
In our opinion

- * the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2008 and of the company's loss for the year then ended;
- * the financial statements have been properly prepared in accordance with the Companies Act 1985 and;
- * the information given in the Directors' Report is consistent with the financial statements.

Emphasis of matter

Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1.2 of the financial statements concerning the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and parent company were unable to continue as a going concern.



HW Fisher & Company
Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER

Date: 30 June 2009

ATELIS PLC

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008	2007
		£	£
Income		23,802	192,056
Cost of Sales		<u>(19,201)</u>	<u>(58,813)</u>
Gross Profit		4,601	133,243
Administrative expenses		(46,343)	(545,203)
Operating loss	3	<u>(41,742)</u>	<u>(411,960)</u>
Interest payable and similar charges	3	(18)	(13,433)
Loss on ordinary activities before taxation		<u>(41,760)</u>	<u>(425,393)</u>
Tax on loss on ordinary activities	4	-	18,324
Loss for the year		<u>(41,760)</u>	<u>(407,069)</u>
Loss per share (pence)			
- Basic & diluted	5	<u>(0.16)p</u>	<u>(1.62)p</u>

The Income Statement has been prepared on the basis that all operations are discontinued operations.

ATELIS PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Share Capital	Share Premium	Retained earnings	Total
	£	£	£	£
At 1 January 2007	62,562	712,968	(552,244)	223,286
Loss for the year	-	-	(407,069)	(407,069)
As at 31 December 2007	62,562	712,968	(959,313)	(183,783)
Loss for the year	-	-	(41,760)	(41,760)
As at 31 December 2008	62,562	712,968	(1,001,073)	(225,543)

ATELIS PLC

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

	Note	2008 £	2007 £
ASSETS			
Non-current assets			
Tangible assets	6	-	-
Investments	7	-	12
		<u>-</u>	<u>12</u>
Current assets			
Cash and cash equivalents	11	-	1,326
		<u>-</u>	<u>1,326</u>
LIABILITIES			
Current liabilities			
Trade and other payables	8	(225,543)	(185,121)
		<u>(225,543)</u>	<u>(183,795)</u>
Net Current Liabilities			
		<u>(225,543)</u>	<u>(183,783)</u>
NET LIABILITIES			
		<u>(225,543)</u>	<u>(183,783)</u>
EQUITY			
Called up share capital	9	62,562	62,562
Share premium account		712,968	712,968
Retained earnings		(1,001,073)	(959,313)
		<u>(225,543)</u>	<u>(183,783)</u>
TOTAL EQUITY			
		<u>(225,543)</u>	<u>(183,783)</u>

The financial statements were approved by the board of directors on 30 June 2009 and signed on its behalf by:


R. Cohen
Director

ATELIS PLC

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	2008 £	2007 £
Cash flows from operating activities			
Cash (used)/generated from operations	10	(1,861)	1,250
Net (deficit)/cash from operating activities		<u>(1,861)</u>	<u>1,250</u>
Cash flows from investing activities			
Purchase of fixed assets		-	(3,613)
Interest paid		(18)	(2)
Net cash from investing activities		<u>(18)</u>	<u>(2)</u>
Decrease in cash and cash equivalents		<u>(1,879)</u>	<u>(2,361)</u>
Reconciliation of net cash flow to movement in net funds			
Decrease in cash and cash equivalents		<u>(1,879)</u>	<u>(2,361)</u>
Change in net funds		(1,879)	(2,361)
Net funds at start of period		1,326	3,687
Net (deficit)/funds at end of period	11	<u>(553)</u>	<u>1,326</u>

1 ACCOUNTING POLICIES

1.1 Basis of preparation

Atelis Plc is a company incorporated in the United Kingdom under the Companies Act 1985 with a registered number of 04905599

The address of the registered office is Acre House, 11-15 William Road London NW1 3ER

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS'), and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS

The financial statements have been prepared under the historical cost convention or fair value where appropriate. The significant accounting policies adopted are described below.

1.2 Going concern

The financial statements have been prepared on a going concern basis on the basis that the directors have been able to secure sufficient funds to ensure that the company can continue to meet its liabilities as and when they fall due. On 12 December 2008, the company entered into an overdraft facility agreement with Wills & Co Financial Group Plc under which Wills & Co. agreed to provide the company with an unsecured overdraft facility not exceeding £250,000 at a rate of interest of 1 per cent per annum above the base rate of Barclays Bank Plc as varied from time to time, subject to a minimum of 10 per cent per annum. On 30 June 2009, Wills & Co. agreed to extend it to 31 July 2010 when it will be reviewed.

The Directors are actively reviewing future funding requirements. The financial statements do not contain any adjustments that would be necessary should this basis not be appropriate.

1.3 Sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1.4 New standards and interpretations

The financial statements comply with International Financial Reporting Standards. Relevant International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 31 December 2008 are:

IFRS /Amendment	Title
IFRS 2 amendment	Amendment to Share-based payments: vesting conditions and cancellations
IFRS 3 amendment	Business combinations (revised 2008)
IFRS 5 amendment	Non-current assets held-for-sale and discontinued operations (revised May 2008)
IFRS 8	Operating segments
IAS 1 amendment	Presentation of financial statements (revised 2007 and 2008)
IAS 16	Property, plant and equipment (revised 2008)
IAS 19 amendment	Employee benefits (revised 2008)
IAS 23 amendment	Borrowing costs (revised 2007 and 2008)
IAS 27 amendment	Consolidated and separate financial statements (revised 2008)
IAS 28 amendment	Investment in associates (revised 2008)
IAS 31 amendment	Investment in joint ventures (revised 2008)
IAS 36 amendment	Impairment of assets
IAS 38 amendment	Intangible assets
IAS 39 amendment	Financial instruments: recognition and measurement (revised 2008)
IFRIC 15	Agreements for the construction of Real Estate

The Directors anticipate that the adoption of these standards and Interpretations in future periods will have no material impact on the Company's financial statements.

1.5 Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on the balance sheet at fair value when the Company becomes a party to the contractual provisions of the instrument.

1.6 Revenue recognition

Revenue is stated exclusive of VAT and consists of goods sold and services provided.

Revenue is recognised when goods and/or services have been provided.

1.7 Foreign currency translation

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

1.8 Research & development

Research expenditure is written off to the profit and loss account in the year which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to make sales.

1.9 Impairment

The Company assesses at each reporting date whether there is an indication that an assets may be impaired. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

1.10 Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes a party to the contractual provisions of the instrument.

The financial instruments, excluding current receivables and payables, comprise cash or overdraft. The directors consider the fair value not to be materially different to the carrying value for the financial instruments. During the years under review, the Company did not enter into derivative transactions and did not undertaken trading in any financial instruments.

1.11 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivable is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of the receivables. When a trade receivable is uncollectible, it is written off.

1.12 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

1.13 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as interest bearing loans and borrowings in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the Income Statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

1.14 Income tax expense

The taxation charge represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the 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.

1.15 Deferred taxation

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Company's assets and liabilities and their tax base. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity

1.16 Share capital

The Company has one class of ordinary share, which carries no rights to fixed income. All ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Ordinary shares issued by the Company are classified as equity and recorded at fair value on initial recognition received, net of direct issue costs.

1.17 Trade and other payables

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method. The fair value of the Company's trade and other payables is equivalent to their book values as set out in the financial information.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

2 SEGMENTAL REPORTING

The Company's primary and only segment relates to the geographical market in which it sells its goods and services.

Geographical market

	Turnover	
	2008	2007
	£	£
Europe	<u>23,802</u>	<u>192,056</u>

3 OTHER INCOME AND EXPENSES

	2008	2007
	£	£
Net Finance costs		
Bank interest	18	2
Other loan interest	-	13,431
	<u>18</u>	<u>13,433</u>

Administrative expenses include:

	2008	2007
	£	£
Depreciation on tangible assets	-	-
Impairment of assets	12	115,656
Auditor's remuneration – audit services	10,875	15,000
Auditor's remuneration – non- audit services	<u>2,937</u>	<u>-</u>

Directors Emoluments

There were no directors' emoluments during the year (2007: nil)

Employees

There were no employees during the year (2007: nil)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

4 TAXATION

	2008 £	2007 £
Current tax charge	-	-
Prior year	-	18,324
	<u>-</u>	<u>18,324</u>
Factors affecting the tax charge for the period		
Loss on ordinary activities before taxation	<u>(41,760)</u>	<u>(425,393)</u>
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax of 28.0% (2007 – 30.0%)	(11,692)	(127,618)
Effects of:		
Non deductible expenses	-	136,310
Movement in losses	11,692	(8,692)
Current tax charge	<u>-</u>	<u>-</u>

As at 31 December 2008 a deferred tax asset of approximately £137,000 (2007: £125,000) existed at a rate of 28 per cent (2007: 28 per cent). No deferred tax asset has been recognised due to the uncertainty over the availability of future trading profits to offset against these losses

5 LOSS PER SHARE

Basic earnings per ordinary share have been calculated using the weighted average number of shares in issue during the financial year. The weighted average number of equity shares in issue is 25,025,000 (2007: 25,025,000) and the loss after tax is £ 41,760 (2007: £407,069).

Losses attributable to equity holders of the Company

	2008	2007
Basic and diluted	<u>(0.16)p</u>	<u>(1.62)p</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

6 TANGIBLE FIXED ASSETS

	Computer & office equipment £
At 1 January 2008 and at 31 December 2008	<u>142,985</u>
Depreciation & impairment At 1 January 2008 and at 31 December 2008	<u>142,985</u>
Net book value At 31 December 2008 and 2007	<u><u>-</u></u>

7 INVESTMENTS

	Shares in subsidiary undertakings £
At 1 January 2008	12
Impairment	<u>(12)</u>
As at 31 December 2008	<u><u>-</u></u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following company:

Company	Country of incorporation	Class	% ownership	Principal activity
Atelis Israel Ltd.	Israel	Ordinary	100	Dormant

On 5 December 2008, notification was given to the relevant Israeli government bodies of the closure of Atelis Israel Ltd which is now under the control of its accountants who will undertake the necessary administrative procedures to finalise the closure process.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

8 TRADE AND OTHER PAYABLES

	2008 £	2007 £
Trade payables	148,941	105,596
Taxation and social security	2,919	-
Accruals and deferred income	48,170	54,545
	<u>200,010</u>	<u>160,141</u>
Bank overdraft	553	-
Unsecured loan	24,980	24,980
	<u>225,543</u>	<u>185,121</u>

On 12 December 2008, the company entered into an overdraft facility agreement with Wills & Co Financial Group Plc under which Wills & Co. agreed to provide the company with an unsecured overdraft facility not exceeding £250,000 at a rate of interest of 1 per cent per annum above the base rate of Barclays Bank Plc as varied from time to time, subject to a minimum of 10 per cent per annum. On 30 June 2009, Wills & Co. agreed to extend it to 31 July 2010 when it will be reviewed.

9 SHARE CAPITAL

	2008 £	2007 £
Authorised		
1,000,000,000 ordinary shares of £0.0025 each	<u>2,500,000</u>	<u>2,500,000</u>
Allotted, called up and fully paid		
25,025,000 ordinary shares of £0.0025 each	<u>62,562</u>	<u>62,562</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

10 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2008 £	2007 £
Operating loss	(41,760)	(411,960)
Depreciation/Impairment	12	115,676
Decrease in debtors	-	269,447
Increase in creditors within one year	39,887	28,087
Net cash (outflow)/inflow from operating activities	<u>(1,861)</u>	<u>1,250</u>

11 CASH & CASH EQUIVALENTS

	2008 £	2007 £
	<u>(553)</u>	<u>1,326</u>

The fair value of cash and cash equivalents at 31 December 2008 was (£553) overdraft (2007: £1,326).

The Company currently has no agreed overdraft facility.

For the purposes of the cashflow statement, cash and cash equivalents comprise the following at 31 December 2008

	2008 £	2007 £
Cash at bank and in hand	-	1,326
Bank overdraft	(553)	-
	<u>(553)</u>	<u>1,326</u>

12 FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash at bank and various items such trade creditors that arose directly from its operations. The main purpose of these instruments is to provide finance for operations. The Company has not entered into derivatives transactions and does not trade in financial instruments as a matter of policy. The main future risks arising from the Company's financial instruments are interest rate risk and liquidity risk. There is no currency risk as the Company trades in Sterling.

Operations to date have been financed through a placing of shares.

12 FINANCIAL INSTRUMENTS CONTINUED

Interest rate risk

The company's exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or on short-term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. The company seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits

Borrowing facilities

The operations to date have been financed through the placing of shares and the company did not have or request bank-borrowing facilities during the period other than the facility offered by Wills & Co. Financial Group Plc. The directors consider that there is no significant difference between the book value and fair value of the company's financial assets and liabilities.

13 RELATED PARTY TRANSACTIONS

Included in Other loans is a loan of £24,980 (2007: £24,980) from S. Tucker who under IAS 24 is considered to be a related party by virtue of her relationship with I. Farrell, a shareholder of the Company. The loan subject to interest of £595 per month from 25 May 2006 to 31 December 2008 and a fee of £10,000. Accrued interest as at 31 December 2008 was £18,445 (2007: £18,445). Both amounts are included within accrued costs.

14 POST BALANCE SHEET EVENTS

On 12 December 2008, the company entered into an overdraft facility agreement with Wills & Co Financial Group Plc under which Wills & Co. agreed to provide the company with an unsecured overdraft facility not exceeding £250,000 at a rate of interest of 1 per cent per annum above the base rate of Barclays Bank Plc as varied from time to time, subject to a minimum of 10 per cent per annum. On 30 June 2009, Wills & Co. agreed to extend it to 31 July 2010 when it will be reviewed.