

Atelis PLC
18 December 2008

FOR IMMEDIATE RELEASE
7.30am 18 December 2008

ATELIS PLC
("Atelis" or the "Company")
(AIM: ATEL)

Unaudited Interim Results for period ended 30 June 2008

Chairman's Statement

As reported in the [financial statements](#) for the year ended 31 December 2007, the company tried moving towards a [distribution](#) phase to actively [market](#) the IP Switching products. Despite sales efforts in several countries as a result of poor cashflow the company did not succeed. In the 6 months ended 30 June 2008 the Company has gradually wound down its activities.

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.

Andrew Mitchell and Gabi Kazabo resigned from the board of directors on the 9th of July 2008 and 15 December 2008 respectively. The company thanks them for their efforts. A Burdon-Cooper was appointed to the Board on 15 December 2008.

It is the intention of the Board to turn the company into a cash shell and seek a suitable reverse candidate. 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.

R. Cohen
Chairman

Date: 16 December 2008

INCOME STATEMENT FOR PERIOD	Entity
Consolidated	
ENDED 30 JUNE 2008	Period ended
Period ended	
	30 June
30 June	
	Note
2007	2008

	£
£	
Income	23,802
248,196	
Cost of Sales	(19,201)
(130,647)	
	4,601
117,549	
Gross profit	
	(13,393)
(253,220)	
Administrative expenses	
Operating loss	(8,792)
(135,671)	
Interest payable and similar	(1)
(961)	
charges	
Loss on ordinary activities	(8,793)
(136,632)	
before taxation	
Tax on loss on ordinary	-
18,324	
activities	
Loss for the period	(8,791)
(118,308)	
Loss per share (pence)	
- Basic & diluted	(0.03)p
(0.005)p	

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

STATEMENT OF CHANGES IN EQUITY	Share Capital	Share Premium	Retained
earnings			
Total			
FOR THE PERIOD ENDED			
30 JUNE 2008			

£	£	£	£
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2008 June		30 June	30
2007		2008	
Cash flows from operating activities			
Cash expended from operations	4	(1,492)	
(119,112)			
<u>Net cash</u> from operating activities		(1,492)	
(119,112)			
Cash flows from investing activities		-	
(76,744)			
Purchase of fixed assets		(1)	
-			
Interest paid			
Net cash from investing activities		(1)	
(76,744)			
Cash flows from financing activities			
Proceeds from share issue		-	
188,339			
Costs paid re share issue		-	
-			
Net cash from financing activities		-	
188,339			
Decrease in cash and cash equivalents		(1,493)	
(7,517)			
Reconciliation of net cash flow to movement in net funds			
(Decrease)/Increase in cash and cash equivalents		(1,493)	
(7,517)			
Change in net funds		(1,493)	
(7,517)			
Net funds at start of period		1,326	
10,349			
Net funds at end of period		(167)	
2,832			

NOTES TO THE FINANCIAL STATEMENTS

1. Comparatives

The comparatives for the 6 month period to 30 June 2007 are consolidated results as reported in September 2007. The results for the period to 30 June 2008 relate to Atelis Plc only. As disclosed in the Financial Statements to 31 December 2007, the company has taken advantage of the exemption under the Companies Act 1985, s229 (b) from the requirement to produce consolidated accounts. Under s229(b) a company can be excluded from consolidation if the information necessary for the preparation of group accounts cannot be obtained without disproportionate delay. Additionally, the directors have considered FRS 2, s 24 which states that "neither disproportionate expenses nor undue delay in obtaining information necessary for the preparation of consolidated financial statements can justify excluding from consolidation subsidiary undertakings that are individually or collectively material in the context of the group" and are of the opinion that the results of its subsidiary, Atelis Israel Ltd are not material to the financial statements.

Atelis Israel Limited ceased trading in the year and on 5 December 2008, notification was given to the relevant Israeli government bodies of the closure of that company. Atelis Israel is now under the control of its accountants who will undertake the necessary administrative procedures to finalise the closure process. All intercompany balances with Atelis Israel Ltd. have been written off in the financial statements.

2. Loss per share

Basic loss per ordinary share has 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 £8,793 (2007: £118,308)

3. TRADE & OTHER PAYABLES

	2008
	£
Trade payables	113,063
Taxation and social security	-
Accruals and deferred income	54,545
Other creditors	24,980
	192,588

4. Reconciliation of operating loss to net cash outflow from operating activities

	2008
	£
Operating loss	(8,793)
Depreciation/Impairment	-
Decrease/(increase) in debtors	-

Increase in creditors within one year	7,300
Net cash outflow from operating activities	(1,493)

5. related party transactions

Included in Other creditors is a loan of £24,480 (2007: £24,480) 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 (2007: £nil). Accrued interest as at 30 June 2008 was £18,445 (2007: £5,014). Both amounts are included within accrued costs.

6. POST BALANCE SHEET EVENTS

On 12 December 2008, the company entered into an overdraft facility agreement with Wills & Co Financial Group Plc under which Will & Co. agreed to provide the company with 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 time to time, subject to a minimum of 10 per cent per annum. Will & Co. will review the facility on or after 31 December 2009.

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

Note:

The financial information for the six months ended 30 June 2008 set out in this interim report does not comprise the Group's statutory accounts as defined in section 240 of the Companies Act 1985.

The statutory accounts for the year ended 31 December 2007, which were prepared under International [Financial Reporting](#) Standards ("IFRS"), have not been delivered to the Registrar of Companies. The auditors reported on those accounts; their report did not contain a statement under either Section 237 (2) or Section 237 (3) of the Companies Act 1985. The auditors' report did include an emphasis of matter paragraph in relation to going concern but their opinion was not qualified in this respect.

The financial information for the six months ended 30 June 2008 and 30 June 2007 is unaudited.

A copy of this announcement along with the Interim Accounts for the six months ended 30 June 2008 are available from the Company's website, www.atelis.net.

ENDS

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