ParOS PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For The Year Ended 31 December 2008

COMPANY INFORMATION

DIRECTORS	P McHugh L J Avigdori (resigned 15 April 2008) E Pistikopoulos (resigned 15 April 2008) J King (appointed 15 April 2008)
SECRETARY	I Aspinall
COMPANY NUMBER	5069439
REGISTERED OFFICE	One Hammersmith Grove London W6 0NB
AUDITORS	Horwath Clark Whitehill LLP Chartered Accountants & Registered Auditors Arkwright House Parsonage Gardens Manchester M3 2HP
BANKERS	Barclays Bank plc 75 King Street London W6 9HY
NOMINATED ADVISER AND BROKER	John East & Partners Limited 10 Finsbury Square London EC2A 1AD
REGISTRARS	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA
SOLICITORS	Hammonds Trinity Court 16 John Dalton Street Manchester M60 8HS

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Introduction

I announce the results for ParOS plc ('the Company') for the year ended 31 December 2008.

At the General Meeting of the Company on 28 March 2008 the shareholders approved the disposal of the entire issued share capital of Parametric Optimization Solutions Limited ('POSL') which was the principal trading subsidiary. Under the AIM Rules the Company had to make an acquisition or acquisitions which constitute a reverse takeover to the satisfaction of the London Stock Exchange within twelve months of having received the consent of Shareholders for the disposal of POSL at the General Meeting, failing which trading in the Company's shares on AIM would be suspended for up to six months.

As set out in the Directors' Report, by 28 March 2009 the Company had been unable to complete an acquisition and in accordance with AIM Rule 15 trading in the Company's shares on AIM was suspended on 30 March 2009.

On 30 March 2009 and 24 April 2009 I was pleased to be able to announce that the Company had signed non-legally binding heads of terms to acquire the business of Worldlink Group plc ("Worldlink"). The consideration for the business of Worldlink is intended to be satisfied by the issue of new ordinary shares in ParOS plc. Under the heads of terms, specific provisions were agreed to be legally binding, including a legal obligation on Worldlink to pay the costs incurred by ParOS relating to the acquisition and in certain circumstances a 'Break Fee' capped at £150,000.

In the light of the acquisition of Worldlink, the directors announced on 24 April 2009 that they intended to publish the preliminary results for 2008 together with full terms of the acquisition and subsequently to post the report and accounts for 2008 together with the admission document containing details of the acquisition. Although the full terms of the acquisition were not available at the date of signature of this 2008 report and accounts, because of Worldlink's fund raising difficulties, the Directors believed that shareholders should receive the report and accounts for 2008 and consequently called an AGM for 2 December 2009 that approved the report and accounts for 2008.

On 16 July 2009 Isosceles Finance Limited, the management accountant appointed by the Company, presented a winding up petition to the High Court of Justice under the provisions of the Insolvency Act 1986, in respect of its fees of £10,481.44 which had not been paid by the Company as it disputes the fees.

On 1 October 2009 trading in the Company's shares was cancelled pursuant to AIM Rule 41 as a result of the Company's AIM securities having been suspended from trading for 6 months.

On 7 October 2009 the petition was heard in the High Court and the hearing adjourned until 16 December 2009 to allow time for the Company to put a creditors voluntary agreement into place. The objectives of the creditors' voluntary agreement are to restore the viability of the Company's business model and to assist in a return to profitability and an AIM listing.

As at the date of signature of this 2008 report and accounts Worldlink had not paid the invoices rendered by the Company for its costs and fees despite the contractual obligation set out in the heads of terms. Without payment of the Company's costs and fees by Worldlink, or the creditors voluntary agreement, the Company would be unable to continue to trade and to complete the acquisition of Worldlink.

A creditors' voluntary agreement was approved by the creditors and shareholders of the Company on 2 December 2009 enabling the directors and nominee to recover the Company's professional fees and costs from Worldlink. With the approved creditors' voluntary agreement the Company intends to apply for the dismissal of the winding up petition at the adjourned hearing in the High Court on 16 December 2009.

ParOS is not in and will not be in administration as a result of the creditors' voluntary agreement. The Company continues trading under the control of its directors, operating as a going concern, striving to complete the acquisition of Worldlink and pursuing its investing strategy.

Review of the year

Turnover in the year ended 31 December 2008 amounted to £nil (2007: nil). The loss for the year was £130,120 (2007: £5,240,332).

POSL was incorporated in 2002 by Professor Efstratios Pistikopoulos and based in Imperial College, London. The acquisition of POSL and the admission of the Company's shares to trading on AIM in March 2006, together with the appointment of a management team with knowledge of the industry, personal contacts and considerable experience provided POSL with a stable platform upon which it could build revenues through the commercialisation of its intellectual property ('IP').

By October 2007 it had become clear to the board that, despite the modest success of the commercialisation and the conservation of cash strategies, the Company would need substantial investment if it was to be able to complete its patenting activities and achieve a break even cash position. The board began a series of discussions with various potential investors and, at the end of the year, believed it had secured further investment.

In December 2007, the Company announced that it was to be granted a US patent for its technology. In January 2008, the Company announced that it had been formally granted patents in the UK, France, Germany, Switzerland, Greece and Italy.

However, in February 2008, discussions with the potential investors terminated. The board was therefore left with no alternative but to initiate an immediate strategic review of the Company's business to consider various options which would preserve the remaining cash resources.

On 11 March 2008, the Company announced that it had entered into a conditional sale and purchase agreement to sell the entire issued share capital of POSL to a company owned and controlled by Professor Efstratios Pistikopoulos for an initial consideration of £1.00 plus certain other deferred amounts.

At general meeting of the Company on 28 March 2008 the shareholders approved the disposal of the entire issued share capital of POSL.

Following the disposal of POSL, the Directors believed that the remaining resources of the Company could be attractive to a number of potential targets or investments. The Directors sought to acquire another company or business in exchange for the issue of Ordinary Shares in a single transaction (a 'reverse takeover'). The Directors' main investment criteria were: -

- the engineering sector in the UK, Europe and North America;
- businesses which require little or no funding in excess of the cash resources available to the Company following the Disposal; and
- businesses whose growth prospects, if achieved, will be earnings enhancing for Shareholders.

Any acquisition by the Company would be put to Shareholders for their approval at the appropriate time.

Under the AIM Rules, the Company had to make an acquisition or acquisitions which constitute a reverse takeover or otherwise implement the above investing strategy to the satisfaction of the London Stock Exchange within twelve months of having received the consent of Shareholders for the disposal of POSL at the General Meeting. As the Company failed to make such an acquisition, trading in the Company's shares on AIM was suspended for six months and as a reverse takeover has not been made by 28 September 2009 the Company's listing was cancelled on 1 October 2009.

At 31 December 2008 the Company had cash deposits of £2,681 and at the date of this report it has cash deposits of approximately £17,000. The board is confident that, the acquisition of the business of Worldlink, or failing an acquisition the recovery of agreed costs from Worldlink, or a creditors' voluntary agreement which took place on 2 December 2009, will provide the Company with sufficient cash resources to enable it to continue as a going concern for at least the next eighteen months.

P McHugh
Chairman
2 December 2009

The directors present their report and the audited financial statements for the year ended 31 December 2008. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors 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 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

So far as each of the directors is aware at the time the report is approved:

- there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have 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.

PRINCIPAL ACTIVITIES

The principal activity of the Company and its subsidiaries during the year until 28 March 2008 was as a provider of energy saving advanced optimization and control solutions to industry.

The principal activity of the Company during the year from 29 March 2008 was as an investing company under AIM Rule 15 seeking to acquire another company or business in exchange for the issue of Ordinary Shares in a single transaction

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £130,120 (2007: £5,240,332).

The directors do not recommend the payment of a dividend.

REVIEW OF BUSINESS

POSL (until March 2008 the principal trading subsidiary) was incorporated in 2002 by Professor Efstratios Pistikopoulos and based in Imperial College, London. In 2005 POSL lacked the funding, commercial expertise and management team necessary to grow and to commercialise its intellectual property and expertise in optimisation, modelling and control systems. The acquisition of POSL and the admission of the Company's shares to trading on AIM in March 2006, together with the appointment of a management team with knowledge of the industry, personal contacts and considerable experience provided POSL with a stable platform upon which it could build revenues through the commercialisation of its IP.

In November 2006, the board examined POSL's financial performance as part of a strategy review. The board recognised that the selling cycle was longer than expected. The board addressed this slower than expected selling cycle by identifying specific commercial target markets within the new energy sectors. The board aimed in, addition, to conserve cash by employing people only when revenue-generating projects were won.

From September 2007 the Company was involved in extensive discussions with potential investors with a view to them providing sufficient working capital to enable POSL to continue to trade.

By October 2007 it had become clear to the board that, despite the modest success of the commercialisation and the conservation of cash strategies, the Company would need substantial investment if it was to be able to complete its patenting activities and achieve a break even cash position. The board began a series of discussions with various potential investors and, at the end of the year, believed it had secured further investment.

On 31 October 2007 POSL was formally granted European Patent EP1399784 for the use of its parametric Model Predictive Control ('MPC') technology. By January 2008 POSL had completed the process which allows the grant of certain national patents. POSL now holds national patents with a life of 20 years in the UK, France, Germany, Italy, Greece and Switzerland.

On 9 January 2008 POSL received confirmation from the United States Patent and Trademark Office that was to be granted a US patent for its MPC technology and advanced control solutions and in March 2008 POSL received confirmation from the Japanese Patent and Trademark Office that was to be granted a Japanese patent for its MPC technology.

In February 2008, discussions with the potential investors terminated and the board was therefore left with no alternative but to initiate an immediate strategic review of the business to consider various options which would preserve the remaining cash resources. Despite it winning a limited number of small development contracts and some European research grants, POSL had been unable to secure a major contract and, as a result, had not been able to reach a monthly break even cash position. It still required significant working capital in order to continue to trade. In light of these difficulties, the board concluded that POSL could not continue to trade and that its disposal would be in the best interests of the Company and its Shareholders.

It further became clear that continued financial support of ParOS EPE by the Company was no longer in the best interests of the Company and the management of ParOS EPE appointed a liquidator in April 2008 to commence the liquidation of the company which was completed on 30 June 2008. The investment in ParOS EPE had been written off in the accounts of the Company as at 31 December 2007.

On 11 March 2008, the Company announced that it had entered into a conditional sale and purchase agreement to sell the entire issued share capital of POSL to Ariston Solutions Limited ("the Purchaser"), a company owned and controlled by Professor Efstratios Pistikopoulos, for an initial consideration of £1.00 plus certain other deferred amounts.

At general meeting of the Company on 28 March 2008 the shareholders approved the disposal of the entire issued share capital of POSL. Under the sale and purchase agreement the Purchaser will pay additional consideration to the Company calculated as 7 per cent of the gross revenue (including, without limitation, grants and royalties) generated or received by it or its subsidiaries in each of the financial years until the year ending 31 December 2022.

In addition, in the event of;

- a sale of a controlling interest in the voting share capital of the Purchaser or that of POSL or any subsidiary of POSL; or
- the Purchaser procures the sale of a material part of its business and assets or that of POSL's business and assets (which includes any patents held at that time); or
- the Purchaser or POSL's share capital is admitted to trading on a stock market,

at any time prior to 1 April 2018, the Purchaser will pay the Company additional consideration equal to 40 per cent. of the gross proceeds arising from any of these transactions.

Following the disposal of POSL, the Directors believed that the remaining cash resources of the Company could be attractive to a number of potential targets or investments. The Directors sought to acquire another company or business in exchange for the issue of Ordinary Shares in a single transaction (a 'reverse takeover'). The Directors' main investment criteria were: -

- the engineering sector in the UK, Europe and North America;
- businesses which require little or no funding in excess of the cash resources available to the Company following the Disposal; and
- businesses whose growth prospects, if achieved, will be earnings enhancing for Shareholders.

However, these criteria were not intended to be exhaustive and the Company could make an investment which did not fulfill all the investment criteria if it believed it was in the interests of Shareholders as a whole to proceed with such an investment. Any acquisition by the Company would be put to Shareholders for their approval at the appropriate time.

EVENTS AFTER THE BALANCE SHEET DATE

Under the AIM Rules, the Company had to make an acquisition or acquisitions which constitute a reverse takeover or otherwise implement the above investing strategy to the satisfaction of the London Stock Exchange within twelve months of having received the consent of Shareholders for the disposal of POSL at the General Meeting.

By 28 March 2009 the Company had not been able to complete an acquisition and in accordance with AIM Rule 15 trading in the Company's shares on AIM was suspended with effect from 7.00 a.m. on 30 March 2009.

On 30 March 2009 and 24 April 2009 the Company announced that it had signed non-legally binding heads of terms to acquire the business of Worldlink. Under the heads of terms Worldlink is contractually obliged to formally agree and to pay ParOS costs and advisors fees until completion of the acquisition.

On 16 July 2009 Isosceles Finance Limited, the management accountant appointed by the Company, presented a winding up petition to the High Court of Justice under the provisions of the Insolvency Act 1986, in respect of its fees of £10,481.44 which had not been paid by the Company as it disputed the fees.

On 1 October 2009 at 7.00 a.m. trading in the Company's shares was cancelled pursuant to AIM Rule 41 as a result of the Company's shares having been suspended from trading for 6 months.

On 7 October 2009 the petition was heard in the High Court and the hearing adjourned until 16 December 2009 to allow time for the Company to put a creditors voluntary agreement into place. The objectives of the creditors' voluntary agreement are to restore the viability of the Company's business model and to assist in a return to profitability and an AIM listing.

As at the date of signature of this 2008 report and accounts Worldlink had not paid the invoices rendered by the Company for its costs and fees despite the contractual obligation set out in the heads of terms. Without payment of the Company's costs and fees by Worldlink or the creditors' voluntary agreement the Company would be unable to continue to trade and to complete the acquisition of Worldlink.

A creditors' voluntary agreement was approved by the creditors and shareholders of the Company on 2 December 2009 enabling the directors and nominee to recover the Company's professional fees and costs from Worldlink.

FINANCIAL KPIs

Company liquidity - The net cash outflow for the year was £251,264 (2007: £526,775), as a result of operating activities, discontinued operations and the disposal of discontinued operations. Cash and cash deposits at 31 December 2008 amounted to £2,681 (2007: £253,945), representing 0.001 pence per share (2007: 0.054 pence). These were all set as Financial KPIs for ParOS plc.

STRATEGIC VISION AND PRIORITIES

Looking ahead the main activity of the Company will be to undertake the considerable amount of work necessary to conclude the transaction between ParOS plc and Worldlink. The board of ParOS intends to complete the Worldlink acquisition as soon as practically possible and the admission document is intended to be published in due course.

The Company will also continue its investment strategy with the main investment criteria for the Company in the short and medium term being:

- the engineering sector in the UK, Europe and North America;
- businesses which require little or no funding in excess of the cash resources available to the Company; and
- businesses with sustainable strategies whose growth prospects if achieved will be earnings enhancing for shareholders.

The directors continue to seek a suitable acquisition candidate and will update shareholders once further progress is made with this search.

GOVERNANCE AND THE BOARD

The board's governance system provides balanced support for the executive management team in the development of the Company's strategy and with the need to ensure effective monitoring of its implementation.

During 2008 Patrick McHugh continued as both Chairman and Chief Executive Officer ('CEO') as the Company had no operating subsidiaries after March 2008.

On 15 April 2008 a number of director changes took place with immediate effect to align the board with the new investment strategy of the Company.

Professor Efstratios Pistikopoulos resigned as Chief Technology Officer and as a Director of the Company.

Laura Avigdori stepped down as non-executive Director to pursue other business interests. The Company would like to thank Laura for all her contributions to the Company during her time on the board.

Joseph King replaced Mrs Avigdori as non-executive Director

The full board have considered the significant events of the year and their impact on the Company's business and reputation. Following the resignation of L Avigdori and E Pistikopoulos on 15 April 2008 the work was undertaken by the full board.

The audit and remuneration committees, chaired by Joseph King, have conducted important work. We remain confident in the work of the committees and of our overall system of governance.

BOARD, MANAGEMENT AND PEOPLE

2008 has been a difficult year for the Company but thanks to the hard work, professionalism and dedication of the board the Company is now likely to be re-emerging as the holding company of the business of Worldlink. The Directors would like to pay tribute to all our people for their contributions to the business. It has been a major task to respond to the pressing issues of 2008 while diligently managing and guiding the business forward.

RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company places great importance on internal control and risk management. A risk-aware and control-conscious environment is promoted and encouraged throughout the Company. The board, either directly or through its committees, sets objectives, performance targets and policies for management of key risks facing the Company. These include information systems, financial control and health and safety. Each year the audit committee receives a management letter from the Company's auditors.

The Company's principal financial instruments comprise cash and liquid resources; the main purpose of these instruments is to fund the Company's activities. The board is responsible for the risk management policies. The Company does not hold any financial instruments that would be classified as held for trading under IAS39.

DIRECTORS

The directors who served during the year and their beneficial interests in the Company's issued share capital were:

	Ordinary shares of 0.1p each	
	31 December 2008	31 December 2007
L J Avigdori * (resigned 15 April 2008)	**2,500,000**	2,500,000
P McHugh **	**39,786,923**	24,735,565
E Pistikopoulos *** (resigned 15 April 2008)	**44,365,336**	44,365,336
J B King **** (appointed 15 April 2008)	**15,051,358**	-

* includes 1,500,000 ordinary shares held by her husband, B Avigdori but does not include the 1,000,000 ordinary shares held by the trustees of The Morris Edelson Settlement, of which she is a beneficiary.

** includes 38,286,923 ordinary shares held by European Pensions Management Limited, which is the trustee of the Global Investment SIPP of which P McHugh is the sole beneficiary.

*** includes 2,613,569 ordinary shares held by Westcott International Holdings Limited, in which E Pistikopoulos is beneficially interested.

**** consists of 15,051,358 ordinary shares held by Hargreaves Lansdown Nominees Limited, which is the trustee of the Hargreaves Lansdown Asset Management SIPP of which J King is the sole beneficiary.

SHARE CAPITAL

There were no changes to the Company's issued share capital during the year. Details of the share capital in issue can be found in note 14 to the financial statements.

SHARE OPTIONS

The following directors held options to subscribe for the following number of ordinary shares:

	31 December 2008	31 December 2007
L J Avigdori	**625,000**	625,000
E Pistikopoulos	**-**	19,601,769
P McHugh	**-**	7,467,341

SUBSTANTIAL SHAREHOLDINGS

At the date of this report the Company had been notified that (other than directors), the following were interested in 3% or more of the issued share capital of the Company:

	Number of ordinary shares 2009	% of issued share capital 2009
Pacific Continental Securities	48,937,112	10.3
Efstratios Pistikopoulos	41,751,767	8.8
LR Nominees Limited	40,865,288	8.6
Westcott International Holdings	29,346,648	6.2
Imperial Innovations Limited	21,778,527	4.6
Hargreaves Landsdown Nominees Limited	16,707,964	3.5
Nikos Bozinis	14,729,329	3.1

Of the L R Nominees Limited shareholding, 38,286,923 are held by European Pensions Management Limited, which is the trustee of the Global Investment SIPP of which P McHugh is the sole beneficiary.

Of the Hargreaves Lansdown Nominees Limited shareholding, 15,051,358 are held by Hargreaves Lansdown Asset Management Limited, which is the trustee of the Hargreaves Lansdown Asset Management SIPP of which J King is the sole beneficiary.

Of the Westcott International Holdings shareholding, E Pistikopoulos has a beneficial interest in 2,613,569 shares.

GOING CONCERN

The financial statements are prepared on a going concern basis. In assessing the Company’s ability to continue as a going concern, the directors have taken into consideration all available information relating to the 12 month period from the date of approval of these accounts. In particular the directors have assessed expenditure, budgets and cash flow forecasts of the Company and an agreement has been reached with the directors and certain other service providers to defer payments until such time as the Company has sufficient resources.

The budgets and forecasts considered have been prepared to reflect the current position of the Company. The board is confident that either the acquisition of the business of Worldlink or the recovery of costs failing the acquisition or the creditors’ voluntary agreement agreed on 2 December 2009 prior to signing the accounts, will provide it with sufficient cash resources to enable it to continue as a going concern for at least the next eighteen months.

COMPANY'S POLICY FOR PAYMENT OF CREDITORS

It is the Company's policy to agree appropriate terms and conditions in advance with its suppliers and to make payment in accordance with those terms and conditions, provided that the supplier has complied with them.
On average the Company pays undisputed amounts to its trade creditors within 30 days, although in the year ended 31 December 2008 creditors’ days were 16 days (2007: 17 days).

AUDITORS

The Company's auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 2006.

This report was approved by the board on 2 December 2009 and signed on its behalf.

P McHugh
Chairman

We have audited the financial statements (the "financial statements") of ParOS PLC for the year ended 31 December 2008 which are set out pages 11 to 27. These financial statements have been prepared under the accounting policies set out therein.

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 auditor's 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 set out in the Statement of Directors' Responsibilities.

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, 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. 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 judgements 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Company's affairs as at 31 December 2008;

- 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.

As explained in Note 1.1 to the financial statements, the Company in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion, the financial statements give a true and fair view, in accordance with IFRSs, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended.

Emphasis of matter – Going concern

In forming our opinion which is not qualified, we have considered the adequacy of disclosure made in Note 1.1 to the financial statements concerning the company's ability to continue as a going concern. The disclosure makes reference to the creditors' voluntary agreement to the acquisition of the business of Worldlink arising and of the recovery of costs should the acquisition not complete, which will provide it with sufficient cash resources to enable it to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

In view of the significance of this uncertainty we consider it should be brought to your attention.

Horwath Clark Whitehill LLP
Chartered Accountants & Registered Auditors

Arkwright House
Parsonage Gardens
Manchester
M3 2HP
United Kingdom

2 December 2009

ParOS PLC
INCOME STATEMENT
For the year ended 31 December 2008

	Note	2008 £	2007 £
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		**(92,030)**	(122,601)
Other income	7	**51,893**	-
Operating loss	3	**(40,137)**	(122,601)
Finance charges	8	**(165)**	-
Finance income	8	-	22,920
Loss before taxation		**(40,302)**	(99,681)
Income tax expense	9	-	-
Loss for the year from continuing operations		**(40,302)**	(99,681)
Discontinued operations			
Loss on sale of discontinued operations, net of proceeds	11	**(24,032)**	-
Loss for the year from discontinued operations	11	**(65,786)**	(5,140,651)
Loss for the financial year		**(130,120)**	(5,240,332)
Loss per share - basic and diluted	10	**0.03p**	1.11p

The notes on pages 15 to 27 form part of these financial statements.

ParOS PLC
BALANCE SHEET
As at 31 December 2008

	Note	2008 £	2007 £
ASSETS			
Non-current assets held for sale			
Investments in subsidiaries	11	**-**	-
Current assets			
Other receivables	12	**60,919**	18,977
Cash and cash equivalents	16	**2,681**	253,945
		63,600	272,922
Total assets		**63,600**	272,922
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	14	**472,950**	472,950
Share premium account	15	**1,295,730**	1,295,730
Other reserves	15	**-**	448,558
Retained losses	15	**(1,743,074)**	(2,061,512)
Total equity		**25 606**	155,726
Current liabilities			
Other payables	13	**37, 994**	117,196
Total equity and liabilities		**63,600**	272,922

The financial statements were approved and authorised for issue by the board on 2 December 2009 and were signed on its behalf by

P McHugh
Chairman

The notes on pages 15 to 27 form part of these financial statements.

ParOS PLC
CASH FLOW STATEMENT
For the year ended 31 December 2008

	Note	2008 £	2007 £
Cash flows from operating activities			
Loss before taxation		**(38,006)**	(99,681)
Adjustments for:			
Finance income received		**-**	(22,920)
(Increase)/decrease in other receivables		**(44,238)**	524,503
(Decrease)/Increase in other payables		**(79,202)**	93,679
Net cash outflow from operating activities		**(161,446)**	495,581
Cash flows from investing activities			
Loss on sale of discontinued operations, net of proceeds	11	**(24,032)**	-
Loss from discontinued operations	11	**(65,786)**	(5,140,651)
Impairment of investment		**-**	4,215,651
Investment in subsidiary undertakings		**-**	(120,276)
Finance income received		**-**	22,920
Net cash flow used in investing activities		**(89,818)**	(1,022,356)
Net decrease in cash and cash equivalents		**(251,264)**	(526,775)
Cash and cash equivalents at the beginning of the year		**253,945**	780,720
Cash and cash equivalents at the end of the year	16	**2,681**	253,945

The notes on pages 15 to 27 form part of these financial statements.

	Attributable to equity holders of the parent				
	Share Capital	Share Premium	Other Reserves	Retained Earnings	Total
	£	£	£	£	£
Balance 1 January 2007	472,950	1,295,730	4,024,070	(396,692)	5,396,058
Changes in equity for 2007					
Loss for the year	-	-	-	(5,240,332)	(5,240,332)
Total recognised income and expense for the year	-	-	-	(5,240,332)	(5,240,332)
Reserve transfer	-	-	(3,575,512)	3,575,512	-
Balance 31 December 2007 carried forward	**472,950**	**1,295,730**	**448,558**	**(2,061,512)**	**155,726**
Changes in equity for 2008					
Loss for the year	-	-	-	(127,824)	(127,824)
Total recognised income and expense for the year	-	-	-	(127,824)	(127,824)
Reserve transfer	-	-	(448,558)	448,558	-
Balance 31 December 2008 carried forward	**472,950**	**1,295,730**	**-**	**(1,740,778)**	**27,902**

The notes on pages 15 to 27 form part of these financial statements.

1. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

1.1 Basis of preparation of financial statements

ParOS plc has presented its financial results in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared in accordance with IFRS as adopted by the European Union applied in accordance with the provisions of the Companies Act 1985.

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

The Company has no subsidiary undertakings at 31 December 2008 having disposed of all of its subsidiary undertakings during the year. The Company has not presented consolidated accounts as permitted by section 227 of the Companies Act 1985. The comparatives for 2007 reflect the individual company and not the consolidated position, as previously shown in the financial statements for the year ended 31 December 2007.

The financial statements are prepared on a going concern basis. In assessing the Company's ability to continue as a going concern, the directors have taken into consideration all available information relating to the 12 month period from the date of approval of these accounts. In particular the directors have assessed expenditure, budgets and cash flow forecasts of the Company and an agreement has been reached with the directors and certain other service providers to defer payments until such time as the Company has sufficient resources.

The budgets and forecasts considered have been prepared to reflect the current position of the Company. The board is confident that any of the creditors voluntary agreement or the acquisition of the business of Worldlink or the recovery of costs from Worldlink failing the acquisition, will provide it with sufficient cash resources to enable it to continue as a going concern for at least the next eighteen months.

1.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Consultancy and royalty income is recognised on an accruals basis.

1.3 Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. However, impairment losses relating to goodwill are not be reversed.

1.4 Investments

Investments in subsidiary undertakings are stated at cost except where, in the opinion of the directors, there has been impairment in the value of an investment, in which case an appropriate adjustment is made.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the income statement on the straight line basis over the lease term.

1.6 Taxation

The charge for current tax is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

1.7 Financial instruments

The Company's principal financial instruments comprise cash and liquid resources, the main purpose of these instruments is to fund activities. The Company does not hold any financial instruments that would be classified as held for trading under IAS39.

1.8 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the average rate for the year. Exchange differences are taken to the income statement.

1.9 Share based payments

The cost of share based employee compensation arrangements, whereby employees receive remuneration in the form of shares or share options, is recognised as an employee benefit expense in the income statement.

The total expense to be apportioned over the vesting period of the benefit is determined by reference to the fair value at the date of grant. The assumption underlying the number of awards expected to vest are subsequently adjusted for the effects of non-market based vesting to reflect the conditions prevailing at the balance sheet date. The expected life used in the QCA-IRS Option Valuation model has been adjusted based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural consideration.

In determining the fair value of equity settled share based payments and the related charge to the income statement, the Company makes assumptions about the future events and market conditions. In particular judgement must be made as to the likely number of shares that will vest and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates which are based on publicly available information and reflect market expectations. Different assumptions about these factors to those made by the Company could materially affect the reported value of share base payments.

1.10 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Share based payments

In determining the fair value of equity settled share based payments and the related charge to the income statement, the Company makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest and the fair value of each award granted. The fair value is determined using the QCA-IRS Option Valuer Model based on the Black Scholes model which is dependent on further estimates, including the Company's future dividend policy, employee turnover, the timing with which options will be exercised and the future volatility in the price of the Company's shares. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Different assumptions about these factors to those made by the Company could materially affect the reported value of share based payments.

1.11 New standards and interpretations

The following pronouncements may be relevant to the Company, but were not effective at 31 December 2008 and have not been applied in preparing these financial statements.

Title	Issued	Effective (Periods on or after)
IFRIC Interpretation 13: Customer Loyalty Programmes	Jun-07	01/07/2008
IFRIC 16 Hedges of a Net Investment in a Foreign Operation	Jul-08	01/10/2008
IAS 1 Presentation of Financial Statements (revised 2007)	Sep-07	01/01/2009
IFRS 8: Operating Segments	Nov-06	01/01/2009
IAS 32 Financial Instruments – Presentation (Amendments) and	Feb-08	01/01/2009
IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation		
Amendment to IFRS 2: Share-based Payment - Vesting conditions and cancellations	Jan-08	01/01/2009
IAS 23 Borrowing Costs (revised)	Mar-07	01/01/2009
IFRS Improvements (All except IFRS 5) (see detail below)	May-08	01/01/2009
IFRS Improvements re IFRS 5 (see detail below)	May-08	01/07/2009
IAS 27 Consolidated and Separate Financial Statements	Jan-08	01/07/2009
IFRS 3 Business Combinations	Jan-08	01/07/2009
IFRIC 15 Agreements for the Construction of Real Estate	Jul-08	01/01/2009
IAS 39 Financial Instruments: Recognition and Measurement (Amendment) - Eligible Hedged Items	Jul-08	01/07/2009
Reclassification of Financial Assets (Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures)	Oct-08	01/07/2008
IFRIC 17 Distributions of Non-cash Assets to Owners	Nov-08	01/07/2009

IFRS Standards and Interpretations issued but not yet effective

IFRS 1 First- time Adoption of International Financial Reporting Standards (revised)	Nov-08	01/07/2009
Reclassification of Financial Assets – Effective Date and Transition	Nov-08	01/07/2008
(Amendments to IAS 39 Financial instruments : Recognition and Measurement and IFRS 7 Financial Instruments : Disclosures)		
IFRS 7 Improving Disclosures about Financial Instruments Amendments to IFRS 7 Financial Instruments: Disclosures	Mar-09	01/01/2009

The Company has assessed the full impact of these accounting changes. To the extent that they may be applicable, the directors have concluded that none of these pronouncements will cause any material adjustments to the financial statements.

1.12 Non current assets held for sale and discontinued operations

The Company has classified the following assets as "non current assets held for sale" under IFRS5 "Non current assets held for sale and discontinued operations".

The disposal group consists of the following investments in subsidiary undertakings:

1 POSL, sold 1 April 2008

On 11 March 2008, the Company announced that it had entered into a conditional sale and purchase agreement to sell the entire issued share capital of POSL to a company owned and controlled by Professor Pistikopoulos for an initial consideration of £1. In addition, seven percent of the gross revenue (including, without limitation, grants and royalties) generated or received by POSL until 31 December 2022 will be paid to the Company and in the event of the sale of a POSL or its assets including any patents before 1 April 2018, POSL will pay the Company additional consideration equal to forty percent of the gross proceeds arising from the transaction

At a general meeting held on 28 March 2008 all resolutions were duly passed by the shareholders, including the approval of the disposal of the entire issued share capital of POSL

2 ParOS EPE, in liquidation

In March 2008 the Company decided that it could no longer continue to provide financial support for its Greek subsidiary company, ParOS EPE. Subsequently the management of ParOS EPE commenced proceedings to liquidate the company. This liquidation was completed during 2008.

2. SEGMENTAL REPORTING

The directors consider that the Company has no separate business or geographical segments upon which to report.

3. OPERATING LOSS

The operating loss is stated after charging:

	2008	2007
	£	£
Operating lease rentals: - land and buildings	**6,838**	32,729
Auditor's remuneration	**17,619**	29,667

4. AUDITORS' REMUNERATION

	2008	2007
	£	£
Audit of the financial statements	**9,200**	24,908
Other services relating to taxation	**8,419**	1,395
Other services	**-**	3,364
	17,619	29,667

5. EMPLOYEE BENEFIT EXPENSE

Staff costs for the year were £nil (2007: £15,000).

The directors received no remuneration during the year.

The average monthly number of employees and directors, during the year was as follows:

	2008	2007
Directors	**2**	3

6. DIRECTORS' REMUNERATION

	2008	*2007*
	£	£
P McHugh	**-**	77,760
J King (appointed 15 April 2008)	**-**	-
E Pistikopoulos (resigned 15 April 2008)	**-**	56,360
L J Avigdori (resigned 15 April 2008)	**-**	15,000

During the year there were no retirement benefits were accruing to directors (2007: nil) in respect of money purchase pension schemes.

7. OTHER INCOME

	2008	2007
	£	£
Disposal of subsidiary undertaking	**1**	-
Royalties receivable from former subsidiary undertaking	**4,704**	-
Income from former subsidiary undertaking in relation to research and development tax credit for 2007	**47,188**	-
	51,893	-

8. FINANCE (CHARGES)/INCOME

	2008	2007
	£	£
Net loss on foreign currency translation	**(165)**	-
Interest receivable	**-**	22,920

9. INCOME TAX EXPENSE

	2008 £	2007 £
Current tax	**-**	-
Deferred tax	**-**	-
Total tax expense for the year	**-**	-

The charge for the year can be reconciled to the loss per the income statement as follows: -

	2008 £	2007 £
Loss before tax	**(130,120)**	(5,240,332)
Tax on loss on ordinary activities at standard UK corporation tax rate of 21% (2007: 30%)	**(27,325)**	(1,572,100)
Expenses not deductible for tax purposes	**1,373,864**	1,409
Other short term timing differences	**(1,375,097)**	1,542,195
Unrelieved tax losses	**28,558**	28,496
Current tax expense	**-**	-

No provision has been made to recognise a deferred tax asset as future profitability is uncertain. The unprovided deferred tax asset is £80,500 (2007: £1,427,018).

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the following:

Basic	**2008**	2007
Loss for the year	**£127,824**	£5,240,332
Weighted average number of shares	**472,950,195**	472,950,195
Loss per share	**0.03 pence**	1.11 pence

Separate diluted loss per share figures are not disclosed due to the fact that it would decrease the loss per share.

11. DISPOSAL OF SUBSIDIARY UNDERTAKINGS

	Investment in Subsidiaries 2008 £	Investment in Subsidiaries 2007 £
COST:		
At 1 January	5,623,083	5,502,807
Additions	-	120,276
Disposals	(5,623,083)	-
At 31 December	**-**	5,623,083
IMPAIRMENT		
At 1 January	5,623,083	1,407,432
Charge for the year	-	4,215,651
Disposals	(5,623,083)	-
At 31 December	**-**	5,623,083
NET BOOK VALUE:		
At 31 December	**-**	-

Details of subsidiary undertakings disposed of during the year are as follows:

Name of Company	**Country of Incorporation**	**Class of Share**	**Nature of Business**	**Date of Disposal**	**Disposal Proceeds**
POSL	England	100 percent Ordinary	Provision of energy saving advanced optimisation and control solutions	4 April 2008	£1
ParOS EPE	Greece	85 percent Ordinary	Provision of energy saving advanced optimisation and control solutions	30 June 2008	£nil Liquidation

Analysis of the results of discontinued operations, and the result recognised on the remeasurement of assets or disposal group, is as follows:

	2008 £	2007 £
Revenue	**-**	-
Expenses	**65,786**	5,140,651
Loss before tax of discontinued operations	**65,786**	5,140,651
Tax	**-**	-
Loss after tax of discontinued operations	**65,786**	5,140,651
Pre-tax loss recognised on the remeasurement of assets of disposal group	**24,032**	5,140,651
Tax	**-**	-
After tax loss recognised on the remeasurement of assets of disposal group	**24,032**	5,140,651
Loss for the year from discontinued operations	**89,818**	5,140,651

Loss on sale of discontinued operations, net of proceeds

	2008	2007
	£	£
Proceeds from sale of subsidiary undertakings	1	-
Net loans to former subsidiary undertakings written off	(42,095)	-
Recovery against EBT loan	18,062	-
Loss on sale of discontinued operations, net of proceeds	(24,032)	-

Details of the disposal group are disclosed in note 1.12.

12. OTHER RECEIVABLES

	2008	2007
	£	£
Prepayments and accrued income	9,028	18,977
Royalties receivable from former subsidiary undertaking	4,704	-
Income receivable from former subsidiary undertaking in relation to research and development tax credit	47,187	-
	60,919	18,977

13. OTHER PAYABLES

	2008	2007
	£	£
Other payables	37,944	45,327
Amounts owed to subsidiary undertakings	-	71,869
	37,994	117,196

14. SHARE CAPITAL

	2008	2007
	£	£
Authorised		
5,000,000,000 Ordinary shares of 0.1p each	5,000,000	5,000,000
Allotted, called up and fully paid		
472,950,195 Ordinary shares of 0.1p each	472,950	472,950

At 31 December 2008 the Company had outstanding unapproved share options over 6,250,000 ordinary shares of 0.1p each with an exercise price of 0.1p. The options are exercisable at any time before the tenth anniversary of the grant date being 15 December 2016.

15. RESERVES

	Share premium account £	Other reserve £	Retained losses £
Company			
At 1 January 2007	**1,295,730**	**4,024,070**	**(396,692)**
Loss for the financial year	**-**	**-**	**(5,240,332)**
Reserve transfer	**-**	**(3,575,512)**	**3,575,512**
At 31 December 2007	**1,295,730**	**448,558**	**(2,061,512)**
Loss for the financial year	**-**	**-**	**(130,120)**
Reserve transfer	**-**	**(448,558)**	**448,558**
At 31 December 2008	**1,295,730**	**-**	**(1,743,074)**

The other reserve was a merger reserve under s.131 of the Companies Act 1985 created on the establishment of POSL as a subsidiary of ParOS Plc.

The £448,558 in other reserves has been transferred to retained losses following disposal of the relevant entity.

16. RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2008 £	2007 £
At 1 January	**253,945**	780,720
Cash Flow	**(251,264)**	(526,775)
At 31 December	**2,681**	253,945

Cash and cash equivalents are made up of bank accounts which are all available on demand.

17. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Company had the following future minimal rentals payable under non-cancellable operating leases:

	Land and Buildings	
	2008 £	2007 £
Expiry date:		
Within one year	**3,105**	5,124

18. SHARE BASED PAYMENTS

At the beginning of 2008 the Company had outstanding share options issued under EMI and unapproved employee option agreements over 49,611,143 ordinary shares of 0.1p each.

25,220,943 of the EMI and unapproved options were exercisable at any time after 15 December 2006 but before the tenth anniversary of the grant date. The remaining 24,390,200 EMI and unapproved employee options were exercisable if certain performance criteria are achieved before the tenth anniversary of the grant date.

On 28 March 2008 shareholders of the Company, in general meeting, passed resolutions to dispose of the entire issued share capital of POSL. Following these resolutions all 49,611,143 employee options of the Company were waived.

Details of the shares relating to employment arrangements during the year are as follows:

	2008 Number of share options	2007 Number of share options (restated)
Outstanding at the beginning of the year	49,611,143	73,161,267
Granted during the year	-	-
Waived during the year	(49,611,143)	-
Lapsed at the end of the year	-	(4,881,773)
Exercised in the year	-	(18,668,351)
Outstanding at the end of the year	-	49,611,143
Exercisable at the end of the year	-	30,352,715

Share price at grant date	0.536p
Exercise price	0.536p
Volatility	20 percent
Expected life	1 year
Risk free interest rate	4.5 percent

In addition, on 15 July 2005 the Company issued unapproved share options over 2,500,000 ordinary shares of 0.25p each at an exercise price of 1p. The options are exercisable at any time before the tenth anniversary of the grant date. Following the sub division of the share capital on 15 July 2005 the options have been restated to be over 6,250,000 ordinary shares of 0.1p. At 31 December 2008 these options remained unexercised. The holders of these options are:

	Options
J.M. Edelson	5,000,000
L.J. Avigdori	625,000
I. Aspinall	625,000
	6,250,000

The Company has not recognised any charge arising from the options noted above in the income statement for the year ended 31 December 2008 as this is deemed to be immaterial.

19. RELATED PARTY TRANSACTIONS

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the board, the Company's key management are the directors of ParOS plc. Information regarding their compensation is given above in note 6.

The Company has entered into service agreements with entities controlled by each of the directors and fees are paid in accordance with those agreements. During the year these entities agreed to waive their fees unless a successful reverse is completed (see note 20. Contingent Liabilities). No payments have been made by ParOS plc to these entities during the year.

During the year the Company made working capital loans to its subsidiaries of £72,001 (2007: £445,000). At the year end the amount outstanding was £nil (2007: £925,000). The Company provided in full against the £925,000 loan at 31 December 2007.

20. CONTINGENT LIABILITIES

At the year end there are potential liabilities among others to Trinity Management Advisers Limited of £124,110, a company controlled by P McHugh and to Hamilton Associates, an unincorporated entity controlled by J King of £11,250. These liabilities will only crystallise should Worldlink pay the costs associated with their acquisition or should another reverse acquisition be completed.

21. EMPLOYEE SHARE OWNERSHIP PLAN (ESOP)

POSL established the Employee Benefit Trust ("EBT") on 14 February 2006. The trustee of the EBT is Carey Pensions & Benefits Limited, a trustee company based in Guernsey. The beneficiaries of the EBT are the employees and former employees of the Company or any of its subsidiaries. POSL made a loan of £261,250 to the EBT on 15 February 2006 and the EBT used the loan to acquire 5,225 ordinary shares in POSL at a price of £50 per share on the same date. Upon the acquisition in 2006 of POSL by Oak Prospects PLC (the previous name of the Company), the EBT received 48,771,067 ordinary shares in the Company in exchange for its 5,225 shares in POSL.

On 2 May 2008 P McHugh and J. King each purchased the 15,051,358 ordinary shares of 0.1p held by the EBT at a market price of 0.06p per share raising £18,061.62 and reducing the loan to the EBT to £114,318.37.

POSL have since executed a Deed of Termination to close the EBT and forgive the outstanding debt of £114,318.37.

As at 31 December 2008 the EBT holds nil (2007: 30,102,716) shares and has outstanding Debts of £nil (2007:£132,379.99).

22. EVENTS AFTER THE BALANCE SHEET DATE

AIM

Under the AIM Rules, the Company had to make an acquisition or acquisitions which constitute a reverse takeover or otherwise implement the above investing strategy to the satisfaction of the London Stock Exchange within twelve months of having received the consent of Shareholders for the disposal of POSL at the General Meeting, failing which trading in the Company's shares on AIM would be suspended for up to six months. If a reverse takeover had not been made by 28 September 2009 trading in the Company's shares would be cancelled.

By 28 March 2009 the Company had not been able to complete an acquisition and in accordance with AIM Rule 15 trading in the Company's shares on AIM was suspended with effect from 30 March 2009. As no acquisition had been completed and in accordance with AIM Rule 45 the Company's listing was cancelled with effect from 7.00 a.m. on 1 October 2009.

Worldlink

On 30 March 2009 following the suspension of the Company's shares from trading on AIM, the Company announced that it had signed non-legally binding heads of terms to acquire the business of Worldlink Group plc ("Worldlink"). The consideration for the business of Worldlink is intended to be satisfied by the issue of new ordinary shares in ParOS plc.

Employee Benefit Trust

On 15 May 2009 the Trustees of the ParOS Employee Benefit Trust appointed the 15 May 2009 as the Termination Date of the EBT.

Winding up petition
On 16 July 2009 Isosceles Finance Limited, the management accountant appointed by the Company, presented a winding up petition to the High Court of Justice under the provisions of the Insolvency Act 1986, in respect of its fees of £10,481.44 which had not been paid by the Company as it disputes the fees.

On 7 October 2009 the petition was heard in the High Court and the hearing adjourned until 16 December 2009.

Creditors' voluntary agreement
The objectives of the creditors' voluntary agreement are to restore the viability of the Company's business model and to assist in a return to profitability and an AIM listing.

The creditors' voluntary agreement was approved by the creditors and shareholders of the Company on 2 December 2009 enabling the directors and nominee to recover the Company's professional fees and costs from Worldlink.

ParOS PLC
Company No: 5069439

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 15:00 p.m. on 2 December 2009 at the offices of Horwath Clark Whitehill LLP, Arkwright House, Parsonage Gardens, Manchester, M3 2HP, to consider and if thought fit, pass the following Resolutions of which Resolutions 1 to 5 are ordinary resolutions and resolution 6 is a special resolution:

Ordinary Business

Resolution 1: To receive and adopt the Financial Statements of the Company for the year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.

Resolution 2: To re-elect P McHugh as a Director in accordance with the Company's Articles of Association.

Resolution 3: To re-elect J King as a Director in accordance with the Company's Articles of Association.

Resolution 4: To re-appoint Horwath Clark Whitehill LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

Resolution 5: THAT, in substitution for any existing and unexercised authorities, the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 570 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares or to grant rights to subscribes for or to convert any security into shares up to the aggregate nominal value of £157,650 being one-third of the aggregate nominal value of the issued share capital with the authorities conferred by this resolution to expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company in general meeting), provided that the Company may before such expiry make an offer or agreement which would or might require it to allot shares or to grant rights to subscribers for or to convert any security into shares to be allotted after such expiry and the Directors may allot shares or to grant rights to subscribers for or to convert any security into shares in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired

Special Business

Resolution 6: THAT, in substitution for any existing and unexercised authorities, the Directors be and they are hereby empowered pursuant to section 551 of the Act to allot equity securities wholly for cash pursuant to the authority conferred by resolution 5 above to any person or persons up to an aggregate nominal amount of £47,295 being 10% of the aggregate nominal value of the issued share capital; and the authorities conferred by this resolution shall expire at the conclusion of the next annual general meeting of the Company (unless previously renewed, varied or revoked by the Company), 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 securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired and that all previous authorities under section 551 of the Act be and they are hereby revoked (and in this resolution the expression "equity securities" and references to the allotment of equity securities" shall bear the same respective meaning as in section 551 of the Act).

By Order of the Board

I Aspinall

Company Secretary

Dated: 6 November 2009
Registered office:
One Hammersmith Grove
London
W6 0NB

Notes:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to exercise his rights to attend, speak and vote at the meeting instead of him/her. The proxy need not be a member of the Company. More than one proxy may be appointed to exercise the rights attaching to different shares held by the member, but a member may not appoint more than one proxy to exercise rights attached to any one share. A form of proxy is enclosed with this notice for use at the meeting.

2. To be valid a form of proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarially certified copy thereof, must be deposited at the offices of Capita Registrars, Proxies, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time for holding the meeting or adjourned meeting.

3. In the case of joint holders, the vote of the senior who tenders a vote, whether by person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

4. In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised office of the corporation.

5. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company 48 hours before the time for the meeting shall be entitled to attend and vote, whether in person or by proxy, at the meeting, in respect of the number of ordinary shares registered in their name at that time. Changes to entries in the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting. If the meeting is adjourned, entitlements to attend and vote will be determined by reference to the register of members of the company 48 hours before the time of the adjourned meeting.

6. Completing and return of the form of proxy will not preclude members from attending or voting in person at the meeting if they so wish.