

Registered number: 5069439

ParOS PLC

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

ParOS PLC
COMPANY INFORMATION

DIRECTORS	P McHugh J King
SECRETARY	I Aspinall
COMPANY NUMBER	5069439
REGISTERED OFFICE	One Lyric Square 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
REGISTRARS	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA
SOLICITORS	Hammonds Trinity Court 16 John Dalton Street Manchester M60 8HS

**ParOS PLC
CONTENTS**

	Page
Chairman's statement	1
Directors' report	2 - 6
Independent Auditor's report	7 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Cash Flows	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 21
Notice of Annual General Meeting	22 - 23

ParOS PLC
CHAIRMAN'S STATEMENT
For the year ended 31 December 2009

Introduction

I announce the results for ParOS plc ('the Company') for the year ended 31 December 2009.

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. By 28 March 2009 the Company had been unable to complete an acquisition of a new trading subsidiary and in accordance with AIM Rule 15 trading in the Company's shares on AIM was suspended on 30 March 2009. 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 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 was intended to be satisfied by the issue of new ordinary shares in ParOS plc. Under the heads of terms Worldlink was contractually obliged to formally agree and to pay ParOS costs and advisors fees until completion of the acquisition. As at the date of signature of this 2009 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.

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 7 October 2009 the winding up petition was heard in the High Court and the hearing adjourned until 16 December 2009 to allow time for the Company to establish a creditors voluntary agreement. The company voluntary agreement was approved by the creditors and shareholders of the Company on 2 December 2009 and consequently on 16 December 2009 the High Court dismissed the winding up petition. 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.

ParOS is not in and will not be in administration as a result of the company voluntary agreement. The Company continues trading under the control of its directors, operating as a going concern, striving to recover the Company's professional fees and costs from Worldlink and pursuing its Investing Strategy.

Review of the year

Turnover in the year ended 31 December 2009 amounted to £nil (2008: £nil). The loss for the year was £449,005 (2008: £130,120).

At 31 December 2009 the Company had cash deposits of £31,065 and at the date of this report it has cash deposits of approximately £9,000. The board is confident that the creditors voluntary agreement and the recovery of its professional fees and costs from Worldlink will provide the Company with sufficient cash resources to enable it to continue as a going concern for at least the next eighteen months.

Once the Company has recovered its professional fees and costs from Worldlink the Directors believe that the cash resources of the Company could be attractive to a number of potential targets or investments. The Directors will then seek 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 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 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.

P McHugh
Chairman

ParOS PLC
DIRECTORS' REPORT
For the year ended 31 December 2009

The directors present their report and the audited financial statements for the year ended 31 December 2009. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and 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 have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 during the year from 1 January 2009 was as an investing company 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 £449,005 (2008: £130,120).

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

ParOS PLC
DIRECTORS' REPORT
For the year ended 31 December 2009

of the industry, personal contacts and considerable experience provided POSL with a stable platform upon which it could seek investment and build revenues through the commercialisation of its intellectual property.

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.

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 to 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 seek 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 are: -

- 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.

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 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 and the Company's Nomad and Broker Merchant John East resigned.

On 30 March 2009 and 24 April 2009 the Company announced that it had signed heads of terms to acquire the business of Worldlink Group plc ("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. As at the date of signature of this 2009 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.

ParOS PLC
DIRECTORS' REPORT
For the year ended 31 December 2009

On 6 May 2009 the Company acquired for £1 the entire issued share capital of ParOS Intellectual Property Limited, company registered number 06892937, making it a wholly owned subsidiary of ParOS plc. At the date of signature of these accounts ParOS Intellectual Property Limited was a dormant company and had not traded.

On 6 May 2009 the Company acquired for £1 the entire issued share capital of ParOS Mobile Limited, company registered number 06893439, making it a wholly owned subsidiary of ParOS plc. At the date of signature of these accounts ParOS Mobile Limited was a dormant company and had not traded.

On 1 May 2009 the Group registered for VAT under a group registration number 945643596.

On 16 July 2009 Isosceles Finance Limited, the management account 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 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 company voluntary agreement was approved by the creditors and shareholders of the Company on 2 December 2009 and consequently at the hearing in the High Court on 16 December 2009 the winding up petition was dismissed enabling the directors and supervisor to recover the Company's professional fees and costs from Worldlink.

The objectives of the company 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.

FINANCIAL KPIs

Company liquidity - The net cash inflow for the year was £10,919 (2008: (£251,264)), as a result of operating activities. Cash and cash deposits at 31 December 2009 amounted to £13,600 (2008: £2,681), representing 0.003 pence per share (2008: 0.001 pence).

STRATEGIC VISION AND PRIORITIES

Looking ahead the main short term activity of the Company will be to strive to recover the Company's professional fees and costs from Worldlink.

The Company will then 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.

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 2009 Patrick McHugh continued as both Chairman and Chief Executive Officer ('CEO') with Joseph King 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.

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.

ParOS PLC
DIRECTORS' REPORT
For the year ended 31 December 2009

BOARD, MANAGEMENT AND PEOPLE

2009 has been a difficult year for the Company but thanks to the hard work, professionalism and dedication of the board the Company can continue to trade under the control of its directors, operating as a going concern, and striving to to recover the Company's professional fees and costs from Worldlink in order to pursue its Investing Strategy.

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 2009	31 December 2008
P McHugh *	39,786,923	39,786,923
J B King **	15,051,358	15,051,358

* 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.

** consists of 15,051,358 ordinary shares held by Hargreaves Landsdown Nominees Limited, which is the trustee of the Hargreaves Landsdown 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 12 to the financial statements.

SHARE OPTIONS

No directors hold options to subscribe for ordinary shares.

ParOS PLC
DIRECTORS' REPORT
For the year ended 31 December 2009

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 2010	% of issued share capital 2010
Pacific Continental Securities	48,937,112	10.3
LR Nominees Limited	40,865,288	8.6
Efstratios Pistikopoulos	41,751,767	8.8
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 Landsdown Nominees Limited shareholding, 15,051,358 are held by Hargreaves Landsdown Asset Management Limited, which is the trustee of the Hargreaves Landsdown Asset Management SIPP of which J King is the sole beneficiary.

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 directors have considered the cash flow consequences for the company based upon two distinct scenarios, both within the context of the Company Voluntary Arrangement. The first scenario assumes that recovery of costs and fees from Worldlink plc will be successful. The second excludes this possibility and assumes that the company will be required to meet basic minimum overhead expenditure and comply with the terms of the Company Voluntary Arrangement. In both scenarios the directors have prepared cashflow forecasts which show that the company can meet its financial obligations as they fall due.

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 2009 creditors' days were 20 days (2008: 16 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 31 August 2010 and signed on its behalf.

P McHugh
Chairman

ParOS PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ParOS PLC

We have audited the financial statements of ParOS plc for the year ended 31 December 2009 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes numbered 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 through which the company is expecting to generate 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.

ParOS PLC
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ParOS PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the audited financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Jayson
Senior Statutory Auditor
For and on behalf of
Horwath Clark Whitehill LLP
Statutory Auditor

Arkwright House
Parsonage Gardens
Manchester
M3 2HP

ParOS PLC
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	Note	2009 £	2008 £
Administrative expenses		(454,579)	(92,030)
Other income	7	<u>5,574</u>	<u>51,893</u>
Operating loss	3	(449,005)	(40,137)
Finance charges	8	<u>-</u>	<u>(165)</u>
Loss before taxation		(449,005)	(40,302)
Income tax expense	9	<u>-</u>	<u>-</u>
Loss for the year from continuing operations		(449,005)	(40,302)
Discontinued operations			
Loss on sale of discontinued operations, net of proceeds		-	(24,032)
Loss for the year from discontinued operations		-	<u>(65,786)</u>
Loss for the financial year		<u>(449,005)</u>	<u>(130,120)</u>
Loss per share - basic and diluted	10	0.09p	0.03p

The notes on pages 13 to 21 form part of these financial statements.

ParOS PLC
Registration number: 5069439
STATEMENT OF FINANCIAL POSITION
As at 31 December 2009

	Note	2009 £	2008 £
ASSETS			
Non-current assets			
Investments in dormant subsidiaries	20	2	-
Current assets			
Trade and other receivables	11	12,672	60,919
Cash and bank balances	14	<u>13,600</u>	<u>2,681</u>
		26,272	63,600
Total assets		<u>26,274</u>	<u>63,600</u>
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	12	472,950	472,950
Share premium account	13	1,295,730	1,295,730
Retained losses	13	<u>(2,192,079)</u>	<u>(1,743,074)</u>
Total equity		<u>(423,399)</u>	<u>25,606</u>
Current liabilities			
Trade and other payables	18	<u>449,673</u>	<u>37,994</u>
Total equity and liabilities		<u>26,274</u>	<u>63,600</u>

The financial statements were approved and authorised for issue by the board on 31 August 2010 and were signed on its behalf by

P McHugh
Chairman

The notes on pages 13 to 20 form part of these financial statements.

ParOS PLC
STATEMENT OF CASH FLOWS
For the year ended 31 December 2009

	Note	2009 £	2008 £
Cash flows from operating activities			
Loss before taxation		(449,005)	(38,006)
Adjustments for:			
Decrease/(Increase) in trade and other receivables		48,247	(44,238)
Increase/(Decrease) in trade and other payables		<u>411,679</u>	<u>(79,202)</u>
Net cash outflow from operating activities		<u>10,921</u>	<u>(161,446)</u>
Cash flows from investing activities			
Loss on sale of discontinued operations, net of proceeds		-	(24,032)
Loss from discontinued operations		-	(65,786)
Investment in subsidiary undertakings	20	<u>(2)</u>	<u>-</u>
Net cash flow used in investing activities		<u>(2)</u>	<u>(89,818)</u>
Net increase/(decrease) in cash and cash equivalents		10,919	(251,264)
Cash and cash equivalents at the beginning of the year		<u>2,681</u>	<u>253,945</u>
Cash and cash equivalents at the end of the year	14	<u><u>13,600</u></u>	<u><u>2,681</u></u>

The notes on pages 13 to 20 form part of these financial statements.

ParOS PLC
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2009

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance 31 December 2008 carried forward	472,950	1,295,730	(1,743,074)	25,606
Changes in equity for 2009				
Loss for the year	-	-	(449,005)	(449,005)
Balance 31 December 2009 carried forward	<u>472,950</u>	<u>1,295,730</u>	<u>(2,192,079)</u>	<u>(423,399)</u>

The notes on pages 13 to 20 form part of these financial statements.

ParOS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

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 acquired two dormant subsidiary undertakings in the year which are recorded at cost in the statement of financial position. The Company has not presented consolidated accounts as permitted by section 399 of the Companies Act 2006 because the subsidiaries are of no material significance. The financial statements and comparatives therefore reflect only the individual company and not the consolidated position,

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 directors have considered the cash flow consequences for the company based upon two distinct scenarios, both within the context of the Company Voluntary Arrangement. The first scenario assumes that recovery of costs and fees from Worldlink plc will be successful. The second excludes this possibility and assumes that the company will be required to meet basic minimum overhead expenditure and comply with the terms of the Company Voluntary Arrangement. In both scenarios the directors have prepared cashflow forecasts which show that the company can meet its financial obligations as they fall due.

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.

ParOS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

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 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.

ParOS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

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.

ParOS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

1.11 New standards and interpretations

The following pronouncements may be relevant to the Company, but were not effective at 31 December 2009 and have not been applied in preparing these financial statements.

Title	Issued	Effective Date (Periods on or after) unless stated.
Amendments to IFRIC 9 and IAS 39 Embedded Derivatives	Mar-09	Periods ENDING on or after 30/06/2009
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 IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	Feb-08	01/01/2009
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 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
IFRS 2008 Improvements (All except IFRS 5) (see detail below)	May-08	01/01/2009
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
IFRIC 17 Distributions of Non-cash Assets to Owners	Nov-08	01/07/2009
IFRS 1 First- time Adoption of International Financial Reporting Standards (revised)	Nov-08	01/07/2009
IFRS 7 Improving Disclosures about Financial Instruments Amendments to IFRS 7 Financial Instruments: Disclosures	Mar-09	01/01/2009
IFRIC 18 Transfers of Assets from Customers	Jan-09	01/07/2009
Amendment to IAS 32 Classification of Rights Issues	Oct-09	01/02/2010
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions	Jun-09	01/01/2010
Improvements to IFRS (detail below)	April 09	01/01/2010
Amendments to IFRS 1 Additional Exemptions for First-time Adopters	Jul-09	01/01/2010
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	Nov-09	01/07/2010
IFRS 1 Amendment – Limited exemption from IFRS 7 Disclosures for first time adopters	Jan-10	01/07/2010
IFRIC 14 (Amendment) Prepayments of a minimum funding requirement	Nov-09	01/01/2011
Revised IAS 24 Related Party Disclosures (Issued 4 November 2009)	Nov-09	01/01/2011

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.

ParOS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

1.12 Non current assets held for sale and discontinued operations

The Company has no "non current assets held for sale" under IFRS5 "Non current assets held for sale and discontinued operations".

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:

	2009	2008
	£	£
Operating lease rentals: - land and buildings	23,250	6,838
Auditor's remuneration	<u>10,875</u>	<u>17,619</u>

4. AUDITORS' REMUNERATION

	2009	2008
	£	£
Audit of the financial statements	9,575	9,200
Other services relating to taxation	1,300	8,419
Other services	<u>-</u>	<u>-</u>
	<u>10,875</u>	<u>17,619</u>

5. EMPLOYEE BENEFIT EXPENSE

Staff costs for the year were £nil (2008: £nil).

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

	2009	2008
Directors	<u><u>2</u></u>	<u><u>2</u></u>

6. DIRECTORS' REMUNERATION

During the year the following amounts were charged by third parties in respect of directors services relating to the acquisition of Worldlink Group plc:

P.McHugh – Trinity Management Advisers Limited

Director's Fees £66,000 (2008 £Nil)
 Consulting Fees £76,174 (2008: £19,490)

J King – Hamilton Associates

Director's Fees £47,750

There were no retirement benefits were accruing to directors (2008: £nil) in respect of money purchase pension schemes.

ParOS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

7. OTHER INCOME

	2009	2008
	£	£
Disposal of subsidiary undertaking	-	1
Royalties receivable from former subsidiary undertaking	5,574	4,704
Income from former subsidiary undertaking in relation to research and development tax credit for 2007	-	47,188
	<u>5,574</u>	<u>51,893</u>

8. FINANCE (CHARGES)/INCOME

	2009	2008
	£	£
Net loss on foreign currency translation	<u>-</u>	<u>(165)</u>

9. INCOME TAX EXPENSE

	2009	2008
	£	£
Current tax	-	-
Deferred tax	-	-
Total tax expense for the year	<u>-</u>	<u>-</u>

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

	2009	2008
	£	£
Loss before tax	<u>(449,005)</u>	<u>(130,120)</u>
Tax on loss on ordinary activities at standard UK corporation tax rate of 21% (2008: 21%)	(125,721)	(27,325)
Expenses not deductible for tax purposes	<u>92,962</u>	<u>1,373,864</u>
Other short term timing differences	-	(1,375,097)
Unrelieved tax losses	<u>32,759</u>	<u>28,558</u>
Current tax expense	<u>-</u>	<u>-</u>

No provision has been made to recognise a deferred tax asset as future profitability is uncertain. The unrecognised deferred tax asset is £139,466 (2008: £80,500).

10. LOSS PER SHARE

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

	2009	2008
Basic		
Loss for the year	£449,005	£127,824
Weighted average number of shares	472,950,195	472,950,195
Loss per share	0.09 pence	0.03 pence

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

ParOS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

11. OTHER RECEIVABLES

	2009	2008
	£	£
Prepayments and accrued income	1,334	9,028
Royalties receivable from former subsidiary undertaking	-	4,704
Income receivable from former subsidiary undertaking in relation to research and development tax credit	-	47,187
Other receivables	<u>6,724</u>	
VAT	<u>4,614</u>	<u>-</u>
	<u>12,672</u>	<u>60,919</u>

12. SHARE CAPITAL

	2009	2008
	£	£
Allotted, called up and fully paid		
472,950,195 Ordinary shares of 0.1p each	<u>472,950</u>	<u>472,950</u>

13. RESERVES

	Share premium account	Retained losses
	£	£
At 1 January 2009	1,295,730	<u>(1,743,074)</u>
Loss for the financial year	-	(449,005)
Reserve transfer	-	-
At 31 December 2009	<u>1,295,730</u>	<u>(2,192,079)</u>

14. RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2009	2008
	£	£
At 1 January 2009	2,681	253,945
Cash Flow	<u>10,919</u>	<u>(251,264)</u>
At 31 December 2009	<u>13,600</u>	<u>2,681</u>

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

ParOS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

15. 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	
	2009	2008
	£	£
Expiry date:		
Within one year	<u> -</u>	<u> 3,105</u>

16. SHARE BASED PAYMENTS

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 2009 these options remained unexercised. The holders of these options are:

	Options
J.M. Edelson	5,000,000
L.J. Avigdori	625,000
I. Aspinall	<u>625,000</u>
	<u><u>6,250,000</u></u>

The Company has not recognised any charge arising from the options noted above in the income statement for the year ended 31 December 2009 as this is deemed to be immaterial.

17. 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 Trinity Management Advisers Limited a company controlled by P McHugh and Hamilton Associates an unincorporated entity controlled by J King, during the year these entities invoiced the Company for fees relating to the acquisition of Worldlink Group plc (see note 6. Directors' Remuneration) but agreed to waive the remainder of any fees until a successful reverse is completed (see note 19. Contingent Liabilities). No payments were made by ParOS plc to these entities during the year. At 31 December 2009, £57,780 was due to Hamilton Associates (2008: £nil) and £148,402 due to Trinity Management Advisers Limited (2008: £nil). Both of these two amounts exclude the aforementioned contingent liabilities and are included as creditors in the company voluntary arrangement.

18. PAYABLES

	2009	2008
	£	£
Trade payables	435,227	29,754
Other payables	<u>14,446</u>	<u>8,240</u>
	<u>449,673</u>	<u>37,994</u>

ParOS PLC
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

19. CONTINGENT LIABILITIES

At the year end there are potential additional liabilities among others to Trinity Management Advisers Limited, a company controlled by P McHugh of £144,900 (2008: £124,110) and to Hamilton Associates, an unincorporated entity controlled by J King of £11,250 (2008: £11,250). The amounts of these liabilities will only crystallise when the Company makes a successful reverse takeover.

20. INVESTMENTS IN SUBSIDIARIES

On 6 May 2009 ParOS plc acquired the entire share capital of the following two subsidiary undertakings:

Share capital of ParOS Intellectual Property Limited	£1
Share capital of ParOS Mobile Limited	£1

At the date of signature of these accounts, both companies were dormant and had not traded. Both companies have been incorporated in the United Kingdom.

ParOS PLC
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 11:00 a.m. on 23 November 2010 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 2009 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 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares or to grant rights to subscribers 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 570 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:
31 August 2010

Registered office:
One Lyric Square
London
W6 0NB

ParOS PLC
NOTICE OF ANNUAL GENERAL MEETING

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 Company's registered office ParOS plc, One Lyric Square, Hammersmith, London, W6 0NB 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.

