

Synety PLC (formerly Zenergy Power PLC)

("Synety" or "the Company" or "the Group")

Interim Results

For the six month period ended 30 June 2012

Synety announces its interim results for the six month period ended 30 June 2012 ("the Period")

Simon Cleaver, the Chairman, commented:

"These results are for the business the Group has now withdrawn from and do not reflect in any way the business we have acquired. That acquisition was completed on 25 September 2012. However, as a result of the actions we took last year and in the first half of 2012, the interim loss was greatly reduced and cash balances were still in excess of £4m.

"Our focus is now entirely on developing and growing the cloud-based software and communications business we have acquired and which the board believes has significant potential."

Financial Overview

	Unaudited Six months to 30 June 2012 £000	Unaudited Six months to 30 June 2011 £000	Audited Year ended 31 December 2011 £000
Operating loss	(515)	(4,016)	(11,093)
Cash and cash equivalents	4,023	8,093	5,287
Total equity attributable to shareholders	3,985	22,808	5,474

Further information

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Chairman's Statement

The pre-tax loss from continuing operations for the first six months of 2012 was £475,000. There were no revenues in the period from continuing operations. Cash balances were just over £4m at the period end.

The results reflect principally the costs associated with the withdrawal of the Group from its previous business in superconductive devices for the energy industry. Shareholders will be familiar with the reasons for the Group changing strategic direction. Importantly, the Group exited these businesses without any material legacy issues and can now concentrate exclusively on our new business.

Our new business is Synety, the acquisition of which was completed on 25th September 2012, following the overwhelming support of shareholders. The Group will now be focussed on developing and realising the potential of Synety's cloud-based software and communications technology.

Simon Cleaver
Chairman

Synety PLC (formerly Zenergy Power PLC)

Interim Results for the six month period ended 30 June 2012

Consolidated income statement

	Unaudited	Unaudited	Audited
	Six months to 30 June 2012	Six months to 30 June 2011	Year ended 31 December 2011
Notes	£000	£000	£000
Revenue	-	436	61
Cost of sales	-	(786)	(445)
Gross (loss)/profit	-	(350)	(384)
Other operating income	-	233	(9)
Sales and marketing expenses	-	(888)	(713)
Administrative expenses	(323)	(1,174)	(1,253)
Research & development expenses	-	(1,837)	(810)
Other expenses	2 (192)	-	-
Impairment loss on intangible assets	-	-	(7,924)
Operating loss	(515)	(4,016)	(11,093)
Net financing (expense)/income	5	185	134
Loss before tax	(510)	(3,831)	(10,959)
Taxation	-	11	873
Loss from continuing operations	(510)	(3,821)	(10,086)
Loss from discontinued operation (net of income tax)	3 (784)	-	(10,484)
Loss for the period attributable to equity holders of the Parent	(1,294)	(3,820)	(20,570)
Earnings/(loss) per share (£)			
Basic and fully diluted loss per share	4 (0.02)	(0.05)	(0.30)

Consolidated statement of comprehensive income

	Unaudited	Unaudited	Audited
	Six months to 30 June 2012	Six months to 30 June 2011	Year ended 31 December 2011
	£000	£000	£000
Loss for the period	(1,294)	(3,820)	(20,570)
Other comprehensive income/(expense)		-	
Foreign exchange translation differences	47	406	(211)
Other comprehensive income/(expense) for the year net of tax	47	406	(211)
Total comprehensive income/(expense) for the year	(1,247)	(3,414)	(20,781)

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Interim Results for the six month period ended 30 June 2012

Consolidated statement of financial position

	Unaudited	Unaudited	Audited
	Six months to 30 June 2012	Six months to 30 June 2011	Year ended 31 December 2011
Notes	£000	£000	£000
Non-current assets			
Property, plant and equipment	-	3,640	186
Goodwill	-	1,206	-
Other intangible assets	-	8,089	-
	<u>-</u>	<u>12,935</u>	<u>186</u>
Current assets			
Inventories	-	1,377	124
Trade and other receivables	249	2,806	382
Research & development tax credit receivable	156	-	158
Cash and cash equivalents	4,023	8,093	5,287
Assets classified as held for sale	3 154	-	-
	<u>4,582</u>	<u>12,276</u>	<u>5,951</u>
Total assets	<u>4,582</u>	<u>25,211</u>	<u>6,137</u>
Current liabilities			
Trade and other payables	(542)	(1,881)	(663)
Liabilities classified as held for sale	3 (55)	-	-
	<u>(597)</u>	<u>(1,881)</u>	<u>(663)</u>
Non current liabilities			
Deferred tax liabilities	-	(522)	-
Total liabilities	<u>(597)</u>	<u>(2,402)</u>	<u>(3,618)</u>
Net assets	<u>3,985</u>	<u>22,808</u>	<u>5,474</u>
Total equity attributable to shareholders			
Share capital	4 691	691	691
Share premium	49,951	49,951	49,951
Translation reserve	2,383	2,742	2,336
Warrant reserve	134	134	134
Retained loss	(49,174)	(30,710)	(47,638)
Total equity attributable to shareholders	<u>3,985</u>	<u>22,808</u>	<u>5,474</u>

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Interim Results for the six month period ended 30 June 2012

Consolidated statement of changes in equity

	Share capital	Share premium	Translation reserve	Capital and other reserves	Retained earnings	Total equity attributable to shareholders
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2011	691	49,951	2,547	134	(26,210)	27,113
Loss for the period					(3,820)	(3,820)
Other comprehensive income						
Foreign exchange differences on translation of foreign operations	-	-	195	-	-	195
Total comprehensive income for the period						
Equity settled share based payments transactions	-	-	-	-	(680)	(680)
Balance at 30 June 2011	<u>691</u>	<u>49,951</u>	<u>2,742</u>	<u>134</u>	<u>(30,710)</u>	<u>22,808</u>
Balance at 1 January 2012	691	49,951	2,336	134	(47,638)	5,474
Loss for the period	-	-	-	-	(1,294)	(1,294)
Other comprehensive income						
Foreign exchange differences on translation of foreign operations	-	-	47	-	-	47
Total comprehensive income for the period						
Equity settled share based payments transactions	-	-	-	-	(242)	(242)
Balance at 30 June 2012	<u>691</u>	<u>49,951</u>	<u>2,383</u>	<u>134</u>	<u>(49,174)</u>	<u>3,985</u>

Synety PLC (formerly Zenergy Power PLC)

Interim Results for the six month period ended 30 June 2012

Consolidated statement of cash flows

	Unaudited	Unaudited	Audited
	Six months to 30 June 2012	Six months to 30 June 2011	Year ended 31 December 2011
	£000	£000	£000
Cash flows from operating activities			
Loss for the period	(1,294)	(3,820)	(20,570)
Adjustments for:			
Depreciation and amortisation	157	386	563
Foreign exchange losses/(gains)	-	184	(276)
Loss/(gain) on sale of fixed assets	-	-	3
Impairment losses on intangible assets	-	-	7,924
Loss on discontinued operation, net of cash disposed of	-	-	5,881
Financial income	(6)	(185)	(166)
Financial expenses	3	-	32
Equity settled share-based payment expenses	(242)	(680)	(262)
Taxation	-	(11)	(873)
	(1,382)	(4,126)	(7,745)
Operating loss before changes in working capital and provisions			
Decrease in trade and other receivables	114	579	1,691
(Increase) in inventory	(6)	(340)	(186)
Increase/(decrease) in trade and other payables	9	(781)	(211)
	(1,265)	(542)	(6,451)
Cash absorbed by operations			
Tax (paid)	-	-	(157)
	(1,265)	(542)	(6,068)
Net cash absorbed by operating activities			
Cash flows from investing activities			
Interest received	6	185	50
Proceeds from the sale of fixed assets	3	-	-
Acquisition of property, plant and equipment	-	(275)	(322)
Development expenditure capitalised and other intangible assets acquired	-	(659)	(1,585)
	9	(749)	(1,857)
Net cash absorbed by investing activities			
Cash flows from financing activities			
Net cash from financing activities	-	-	-
	(1,256)	(5,417)	(8,465)
Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at start of period	5,287	13,639	13,639
Effect of exchange rate fluctuations on cash held	(8)	(129)	113
	4,023	8,093	5,287
Cash and cash equivalents at end of period			

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Interim Results for the six month period ended 30 June 2012

Notes

1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared under applicable International Financial Reporting Standards adopted by the European Union ('IFRS') except that the Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK Groups listed on AIM, in the preparation of these condensed consolidated interim financial statements.

They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the group for the year ended 31 December 2011.

The accounting policies used in the preparation of condensed consolidated interim financial statements for the six months ended 30 June 2012 are in accordance with the recognition and measurement criteria of IFRS and are consistent with those which are expected to be adopted in the annual statutory financial statements for the year ending 31 December 2012.

A number of IFRS's and Interpretations have been endorsed by the EU in the period to 30 June 2012 and although they have been adopted by the Group, none of them has had a material impact on the Group's financial statement.

The Group's 2011 annual report provides full details of significant judgements and estimates used in the application of the Group's accounting policies. There have been no significant changes to these judgements and estimates during the period.

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 498 of the Companies Act 2006. The comparative figures for the financial year ended 31 December 2011 are not the company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified, (ii) did include a reference to matters to which the auditor drew attention by way of emphasis without qualifying their report (see below), and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going Concern

The financial statements for the year ended 31 December 2011 drew attention to the significant uncertainties surrounding whether the company would be able to continue as a going concern. Since those financial statements were published the Board has disposed of its loss making business and on 25 September 2012 received shareholder approval to acquire Synety PLC. Cash and cash equivalents were £4,023,000 at 30 June 2012 and in light of these resources and the projected trading results, the Board consider that the significant uncertainties referred to in the financial statements for the year ended 31 December 2011 have been removed.

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Interim Results for the six month period ended 30 June 2012

2. Other expenses

Other expenses comprise the expenses incurred in connection with the closure and disposal of discontinued activities.

3. Discontinued operations and assets and liabilities classified as held for sale

The Company announced on 21 June 2012 that, together with its wholly owned US subsidiary Zenergy Power Inc., it had entered into an agreement, pursuant to which Zenergy Power, Inc., had agreed to sell certain assets in exchange for consideration of up to US\$400,000 (approximately £255,000).

In addition, the agreement contained an option for the disposal by Zenergy Power Inc. of the entire issued share capital of its Australian subsidiary, Zenergy Power Pty Ltd,. That option was exercised on 20 July 2012 when the sale of Zenergy Power Pty Ltd completed. Full details of the disposal are disclosed in the circular issued on 22 July and available on the Company's website.

Accordingly, the results of the disposals and their related assets and liabilities have been disclosed as discontinued and as assets and liabilities reclassified as held for sale in these Interim Results.

Loss from discontinued operations

	£000
Revenue	462
Expenses	(1,246)
Loss from discontinued operation (net of income tax)	(784)
<hr/>	
Net cash (outflows) from discontinued activities	(611)

Assets and liabilities classified as held for sale

Assets classified as held for sale	£000
Property, plant and equipment	26
Inventories	128
	154
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Liabilities classified as held for sale	
Trade and other payables	(55)

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4. Loss per share

	Unaudited Six months to 30 June 2012 000's	Unaudited Six months to 30 June 2011 000's	Audited Year ended 31 December 2011 000's
Issued ordinary shares at start of period	69,059	69,059	69,059
Weighted average number of ordinary shares	<u>69,059</u>	<u>69,059</u>	<u>69,059</u>
	£000	£000	£000
Loss attributable to ordinary shareholders (£000)	(1,294)	(3,820)	(20,570)
	£	£	£
Earnings/(loss) per share (£)			
Basic and fully diluted loss per share	<u>(0.02)</u>	<u>(0.06)</u>	<u>(0.30)</u>