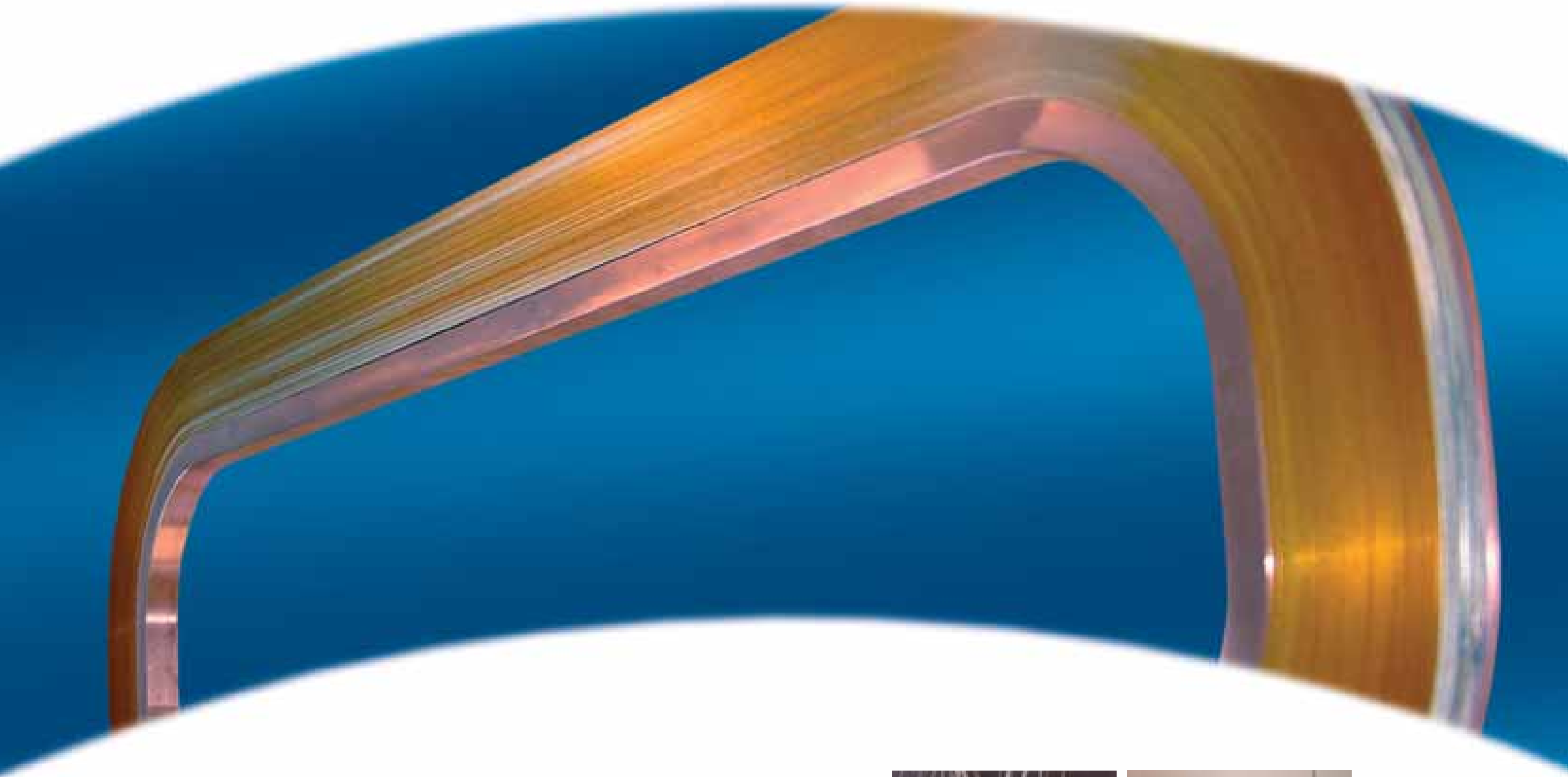
ZENERGY POWER plc

Interim Results 2007



Zenergy Power plc

(‘Zenergy’ or the ‘Group’)

Interim Results

for the Six Month Period Ended 30 June 2007 and AIM Rule 26 Compliant Website

Zenergy Power plc (AIM:ZEN.L), the specialist manufacturer and developer of commercial applications for high-temperature superconductive (‘HTS’) materials, is pleased to present its Interim Results for the Six Month Period Ended 30 June 2007 (‘the Period’).

Highlights

- Selected as exclusive supplier of HTS materials and components by Converteam SAS (formerly Alstom Power Conversion) (‘Converteam’) for all its activities within the wind power and small hydropower sectors (the ‘Field’);
- Awarded $500,000 grant by the California Energy Commission to install and test the Group’s proprietary electricity grid stability device;
- Institutional placing to raise £6,000,000;
- Successful development and product launch of the Group’s proprietary ‘HTS Induction Heater’ – an energy efficient industrial heating device for the global metals industry;
- €600,000 commercial order from Converteam for HTS wires; and
- Awarded a further $11,000,000 grant by the U.S. Department of Energy (“DOE”) to develop, install and test an upgraded high-voltage version of the Group’s current proprietary electricity grid stability device known as an ‘HTS FCL’.

Chairman’s statement

During the period we continued to successfully capitalise on the many years of hard work and relationship building which subsidiaries within the Group undertook separately before our formation and flotation on AIM. In doing so, we significantly strengthened the foundations which will enable us to greatly accelerate not merely our research and development efforts, but crucially our commercial progress and market leadership. As highlighted above, Converteam have appointed us as their exclusive collaborative partner for all their HTS activities in the Field. In this regard, we will together be launching a range of highly efficient and compact electricity generators into both the global wind and hydro- power generation markets. This arrangement is typical of the type of interest we have received from both public and private sector entities and, coupled with our ongoing project with E.ON Wasserkraft GmbH (‘E.ON’) to install the world’s first HTS hydroelectric generator, demonstrates our success in not only developing world class products, but in establishing direct sales and marketing channels into what are global addressable markets estimated to be worth in excess of several billion dollars per annum.

Following these endorsements of our technology and the continuing success in our ongoing development activities we raised a further £6,000,000 for the Group by way of an institutional placing in April of this year. These additional funds will enable us to further invest in our development programme and give your Board great confidence in the Group’s overall ability to exploit its market position to successfully deploy a wide range of highly energy efficient HTS products. As I reported at the time of our flotation, in August of 2006, the way in which society produces, distributes and uses energy is an issue of great concern for a growing number of industrial corporations, governments, private households and individual consumers. These are the central issues that our HTS technology directly addresses and by working with corporations such as E.ON and Converteam, as well as government bodies, including the European Commission, US Department of Energy and the UK Government’s Department of Trade and Industry, we are confident that we can deploy product to address these concerns across a variety of industries in a number of different geographical locations.

We continue to experience growing interest in our products and I look forward to reporting on further progress throughout the second half of this year.

Chairman's statement

Commercial Collaboration –

Route to Market for Renewable Energy Products

During the Period we entered into an agreement with Converteam SAS whereby Zenergy has been appointed as the exclusive supplier of HTS materials and products for all of Converteam's activities within the Field, in respect of which we have also been appointed to assist Converteam in designing, developing, industrializing and marketing products. The global addressable market for Zenergy's HTS products and contribution in these areas alone is expected to be worth up to €2.2bn per annum for wind power (a market growing at 25% per annum) and €0.4bn for hydro-power. The Converteam collaboration is an extremely significant development for the Group and suitably positions us to move into a global billion dollar market that is renowned for its high barriers to entry and where first mover advantages are significant. Our alliance with one of the leading participants in this industry brings us direct route to market through established commercial relationships and supply channels.

Converteam already enjoys an unrivalled reputation for technical excellence and innovation, and together with Zenergy will launch a new generation of highly efficient and compact electricity generators based around Zenergy's patented HTS materials and components. These new generators are projected to be capable of reducing the overall cost of producing electricity from wind power sources by around 25% and are currently delivering efficiency levels of over 98% for the production of electricity by hydro power.

Our collaboration with Converteam will leverage the joint technical and marketing resources of both Groups to maximise the penetration of Converteams HTS generators in the renewable energy markets. The relationships evidences the formalisation of a long and successful working association between us, and represents a significant opportunity for both companies, who jointly believe the cost benefits capable of being captured by the use of Zenergy's HTS technology in the production of renewable energy present a significant commercial proposition. We consider that Converteams's exclusive status to us represents an endorsement of the highest order not only for our innovative products and their commercial value, but for our expertise and value in integrating HTS materials and supporting technologies into sophisticated third party products.

Currently, Converteam is leading a UK Department of Trade and Industry funded project to design a high-power (8MW) direct-drive superconducting wind generator, centred around Zenergy's HTS technology. The HTS generator will be significantly smaller than conventional generators and just one quarter of the weight. These attributes are anticipated to achieve electricity cost savings of around 25%. Shortly after entering into this strategic partnership, the Group's HTS electromagnetic coils passed Converteam's extensive testing and technical evaluation processes in June 2007, and were qualified for use in commercial wind power generators. The tests reported electrical performance, electrical capacity and electrical efficiency levels exceeding Converteam management's expectations.

This qualification resulted in a further commercial order from Converteam to Zenergy worth in excess of €600,000 as announced in June 2007.

Chairman’s statement

The successful technical evaluation of the Group’s HTS coils for use in wind power generators represents a significant de-risking of the Group’s technical proposition and is a key step towards realising the commercial goals of both Zenergy and Converteam within the renewable power markets.

Research and Development

Throughout the Period, we continued to enjoy development success across all of our products; typified in May by the accomplishment of one of our key development milestones within budget and ahead of schedule.

Induction Heater

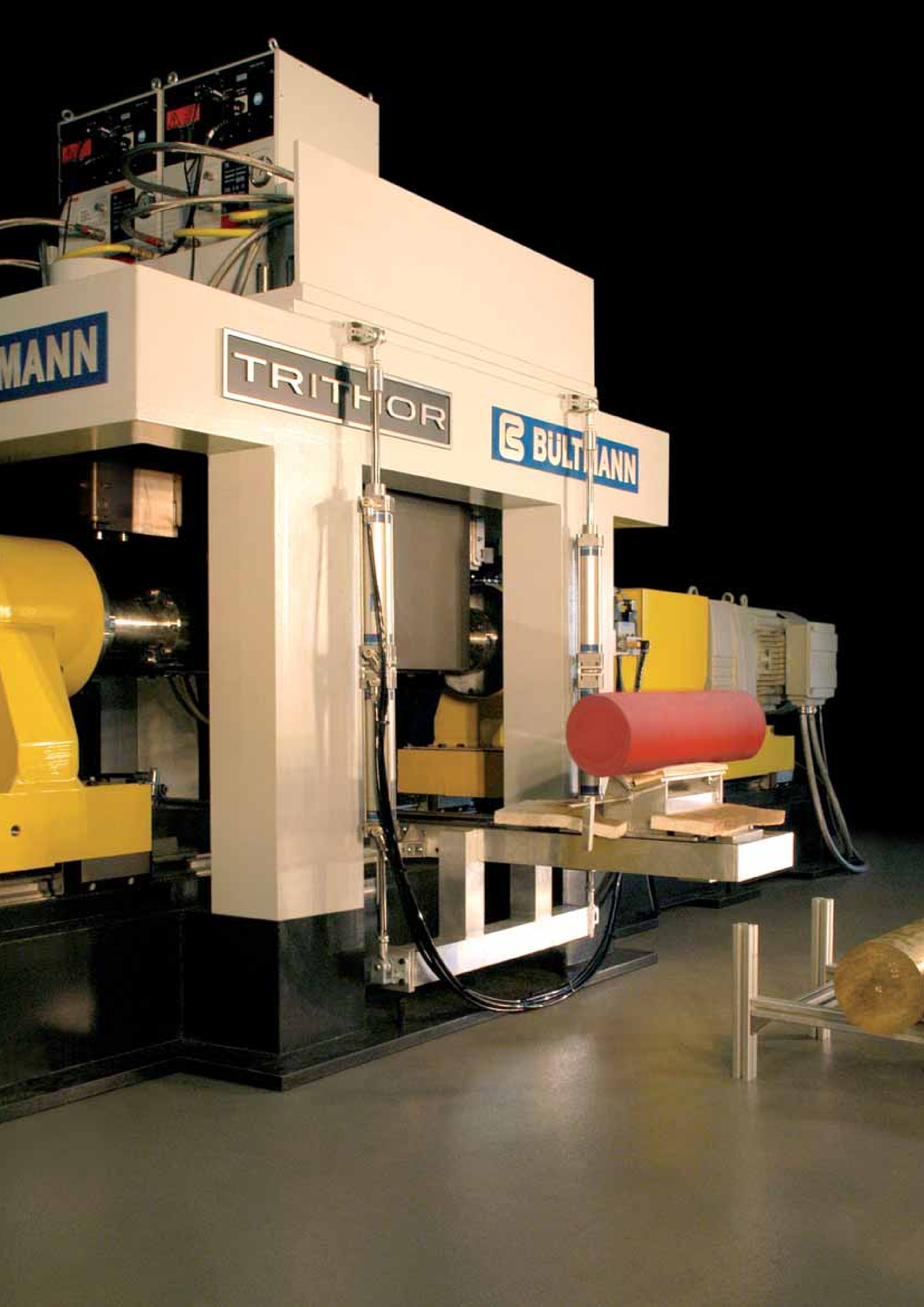
Induction heaters are used globally and ubiquitously by producers and manufacturers in the metals industry to heat large quantities of non ferrous metal bulk, prior to carrying out processes of manipulation and shaping that require the metal material to be softened. The softened metal is then used for products including installation pipes, heat exchangers, window frames, computer components and profiles for the automotive, aerospace and machine building industries.

The Group has developed and completed HTS induction heater, which replaces traditionally employed copper with HTS materials. As anticipated, The HTS induction heater has been demonstrated to operate with energy efficiency levels of over 90% as compared to conventional induction heaters which operate at efficiency levels of between 35% and 45%. This effective halving of electricity requirement is particularly significant when it is considered that, dependent on the country, between 1% and 5% of the total annual electricity consumed in industrialised countries is directly attributable to the operation of such heating equipment.

Further independent validation of the environmental significance of the Group’s HTS induction heater was provided by the German Environmental Fund, who contributed significant development funds to the Group following extensive due diligence. This funding was provided in recognition of the potential environmental improvements which the HTS induction heater could deliver. It is the firm belief of the Board that the increased energy efficiency will also deliver substantial cost savings whilst simultaneously playing a significant role in greatly reducing the metal industry’s annual carbon footprint. From a cost savings perspective, it is anticipated, that when run at full capacity, the Group’s HTS induction heater is capable of yielding ongoing cost savings equivalent to its total initial purchase price in as little as 5 years.

The Group’s HTS induction heater was developed in conjunction with Bültmann GmbH (‘Bültmann’), one of the world’s leading suppliers of industrial machinery to the metal processing industry. As with the Group’s agreement with Converteam the association with Bültmann brings world class engineering expertise to the Group as well as initial channel to market for the HTS induction heater through Bültmann’s existing commercial activities which have endowed it with extensive established relationships within the global metals industry.

The current addressable market for the Group’s induction heaters is estimated at c. €2 billion per annum.



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Chairman’s statement

Fault Current Limiter

I was delighted to be able to report that on the penultimate day of the Period we were able to announce that the U.S. Department of Energy had notified the Group’s wholly owned subsidiary, SC Power Systems, Inc. (‘SC Power’), that it had been awarded a US$11million grant to contribute towards an overall project to design, test and install a high-voltage version of the Group’s Fault Current Limiter (`HVFCL’) into the Californian electricity grid.

The FCL is a scaled up version of the Group’s ground breaking power and proprietary medium voltage grid stability device (“MVFCL”), which will be tested in the second half of this year. The HVFCL grant has been awarded to SC Power as leader and co-ordinator of a project team, the major participants of which include other members of the Group, Los Alamos National Laboratory, Delta Star, Inc., Southern California Edison (‘SCE’), California’s largest utility, and the Consolidated Edison Company of New York, Inc. (‘Con Ed’), a subsidiary of Consolidated Edison Inc., the largest investor-owned energy company in the United States.

This substantial grant was the second received in the Period for the development of the Group’s HVFCL device and follows an initial US$0.5 million grant from the California Energy Commission to install and test the Group’s existing MVFCL solution in California’s electricity grid. This latest grant is for the subsequent installation and testing of a larger scale device designed specifically for the protection of higher voltage electrical grid equipment falling outside of the initial criteria of the Group’s existing device. Both of these FCLs will be scaled up versions of prototypes previously and successfully built and tested by the Group.

An HTS FCL acts as a instantaneously (automated) resetting fuse that protects electrical power grids from damaging power surges, and is regarded by the US Federal Government to be an essential component of future self-healing - or self-regulating - , ‘smart’ electricity grids. Such ‘smart’ grids are also considered to be central to the much needed modernisation of the US’s national electricity grid, which are expected to become reliant upon the deployment of a range of HTS devices. The grant from the U.S DOE was part of a US$51.8 million investment in HTS research projects announced by the United States Government aimed at establishing a diverse and stable supply of reliable, affordable and environmentally responsible energy.

Investing in HTS FCLs is viewed by the US Federal Government as an essential means of safeguarding energy efficiency and ensuring economic security. A field test is expected to take place for the MVFCL in the SCE grid, with Con Ed providing site selection support, specifications development and electricity grid testing.

The addressable global market for the Group’s FCLs is expected to be worth up to US$5billion per annum.

Chairman's statement

2G Development

As described at the time of the Group's flotation, Zenergy has been developing its own proprietary 2nd Generation of HTS materials that it anticipates will enjoy far lower material costs and cheaper mass production techniques to alternative methods currently being developed by other industry participants. Our ongoing development of 2G materials is a parallel activity to the commercial activities described above and should ensure a market leadership position for the Group for many years to come.

Our 2G technical milestone for 2007 is to deliver a 10 metre wire produced using the Group's proprietary 'all chemical' process by Q4. It is the belief of the Board that the Group's decision to develop an 'all chemical' production process as opposed to alternative deposition techniques currently under development will give it significant cost and scalability advantages over other industry participants.

In July we were pleased to receive the support of the German Ministry of Economics and Technology who notified the Group's wholly owned subsidiary, Trithor GmbH, that it had been awarded a €825,000 development grant for the advancement of technical and theoretical development methodologies for 2G materials. These funds will aid the acceleration of our research programme for our 2G materials and processes, and will enable us to strengthen the Group's patent portfolio.

The ongoing support of the German Ministry of Economics and Technology is viewed as a significant endorsement of the Group's commitment to the development of low-cost processes for the mass production of 2G wire, as well as the benefits which these processes can deliver to the power industry as a whole.

Summary of Research Staff and our Patent Portfolio

Zenergy has a leading research and development team boasting more than 24 employees with PhDs or advanced degrees, based in three countries and a patent portfolio comprising 22 patents and over 65 patent applications based on 40 patent families.

2007 Development Milestones

At the end of last year we set out a number of definable milestones to mark our progression to commercialised products based around our core HTS intellectual property. For clarity these are set out again below:

- Induction Heater: Construction and Test of an HTS Induction Heater leading to a launch product sale in Q3 2007;
- Fault Current Limiter: Construction of a Distribution Voltage HTS Fault Current Limiter to be delivered and tested with a major national utility by Q4 2007; and
- 2G HTS wire: A 10m 'all chemical' 2G HTS wire delivered by Q4 2007.

I am delighted to report that as announced in May 2007 our research and development team completed the construction and successful testing of the Group's ground breaking HTS induction heater ahead of its anticipated Q3 schedule.

I look forward to reporting on delivery of our two remaining technical milestones in the coming months.

Chairman's statement

Fund Raising

Following an institutional road show of the Group, 4,285,746 new ordinary shares of 1p each in the Group ('Placing Shares') were placed by Ambrian Partners with a number of institutional investors on 3 May 2007 at a price of 140p per Placing Share, raising a total of £6,000,000 for the Group.

The Group will use the proceeds for general working capital purposes, including the acceleration of its ongoing research and development activities. In particular, the proceeds are being used in the groundbreaking work that the Group is conducting with Converteam to bring to market a range of highly efficient, lightweight and compact wind generators for the offshore wind market.

AIM Rule 26 Compliant Website

Zenergy confirms that the information required by Rule 26 of the AIM Rules for Companies (February 2007) is available under the heading „Rule 26" on the Group's website which is www.zenergypower.com.

Change of Adviser Name

Following its change of name from Teather & Greenwood Limited to Landsbanki Securities (UK) Limited with effect from 9 August 2007, the name of the Group's nominated adviser and joint broker has changed to Landsbanki Securities (UK) Limited.

Appreciation

The Period has been one of significant achievement for the Group which would not have been possible without the complete dedication and commitment of all of our employees. On behalf of the Board of Directors, I thank them sincerely for their extraordinary and continued efforts. I would also like to thank our shareholders for their continued support.

I look forward to reporting on the Group fulfilling its objectives in the second half of the year.

Michael Fitzgerald
Chairman
13 August 2007

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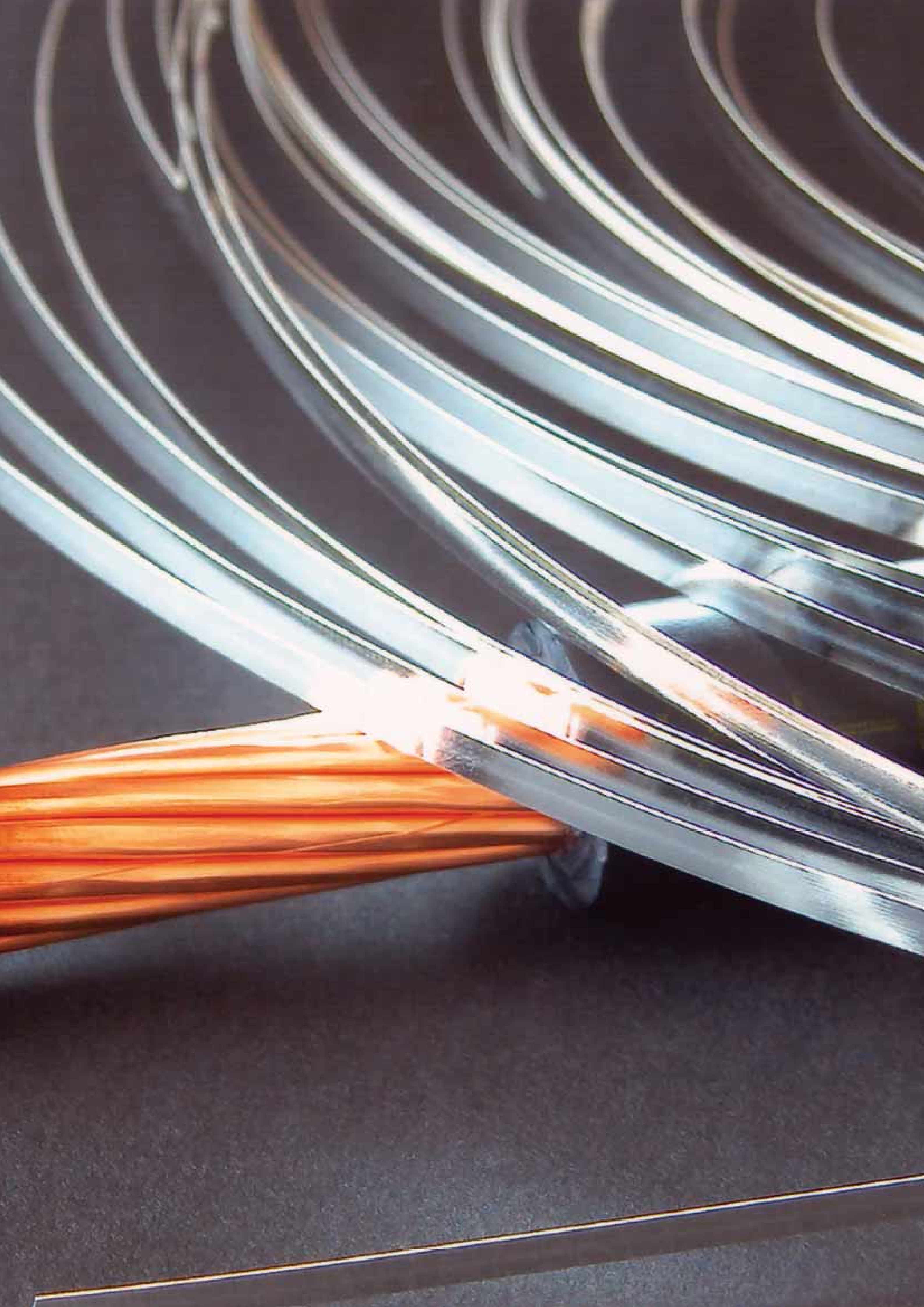

About Zenergy Group plc

About Zenergy Group plc

Zenergy Power plc is a global specialist manufacturer and developer of commercial applications for superconductive materials. Comprising three operating subsidiaries located in Germany (Trithor), USA (SC Power Systems) and Australia (Australian Superconductors), Zenergy is developing a number of energy efficient applications to be adopted in renewable energy power generation, energy distribution and large scale, energy intensive industrial processes.

About superconductivity

Superconductive materials are capable of conducting electricity without any resistance and were first discovered in 1911 in what was to prove to be one of the most significant scientific breakthroughs of the 20th century.

The global HTS market is substantial and growing, with a number of market studies projecting multi-billion dollar markets for the application of HTS materials and products. The proliferation of the use of superconductor materials is largely being driven by the following key factors:

- HTS materials are highly complementary to energy efficient technologies as a substitute for copper.
- HTS wires have power densities of over 100x that of copper.
- Current developments are leading to substantially reduced costs in the production of HTS wires and are targeting to be cheaper than copper over the next few years.
- HTS applications deliver exceptional energy efficiencies and thus reduced power consumption and running costs.
- HTS technology is set to play a significant role in reducing CO2 emissions in line with international targets.
- HTS applications are capable of delivering vastly increased levels of power with increased reliability and reduced material usage.

Consolidated income statement

For the six months ended 30 June 2007

	Note	Unaudited 6 months to 30 June 2007 €000	Unaudited 6 months to 30 June 2006 €000	Audited non statutory reporting period 12 months to 31 Dec. 2006 €000
Revenue	3	94	103	119
Cost of sales		(67)	(93)	(107)
Gross profit		27	10	12
Other operating income		206	142	667
Distribution expenses		(179)	(210)	(471)
Administrative expenses:				
- Equity settled share-based payment expenses		(230)	(73)	(542)
- Other admin expenses		(1,190)	(361)	(1,511)
Administrative expenses		(1,420)	(434)	(2,053)
Research & development expenses		(632)	(774)	(2,219)
Operating loss		(1,998)	(1,266)	(4,064)
Net financial income	4	141	2	8
Loss before tax		(1,857)	(1,264)	(4,056)
Taxation		13	2	12
Loss for the period attributable to equity holders of the Parent	3	(1,844)	(1,262)	(4,044)
Earnings per share (Euros)				
Basic and fully diluted loss per share	5	(0.05)	(0.14)	(0.21)

Consolidated statement of recognised income and expense

For the six months ended 30 June 2007

	Note	Unaudited 6 months to 30 June 2007 €000	Unaudited 6 months to 30 June 2006 €000	Audited non statutory reporting period 12 months to 31 Dec. 2006 €000
Foreign exchange translation differences	8	(40)	14	(47)
Net income recognised directly in equity		(40)	14	(47)
Loss for the period		(1,844)	(1,262)	(4,044)
Total recognised income and expense		(1,884)	(1,248)	(4,091)
Total recognised income and expense for the period attributable to the equity holders of the parent		(1,884)	(1,248)	(4,091)

Consolidated balance sheet

	Note	Unaudited 30 June 2007 €000	Unaudited 30 June 2006 €000	Audited at 31 Dec. 2006 €000
Non-current assets				
Property, plant and equipment	6	1,484	1,155	1,155
Goodwill	7	1,391	1,450	1,415
Other intangible assets	7	2,997	2,151	2,122
		5,872	4,756	4,692
Current assets				
Inventories		339	76	123
Trade and other receivables		786	1,070	532
Cash and cash equivalents		7,488	1,997	2,722
		8,613	3,143	3,377
Total assets		14,485	7,899	8,069
Current liabilities				
Trade and other payables		(844)	(1,330)	(1,168)
Non current liabilities				
Deferred tax liabilities		(718)	(786)	(750)
Total liabilities		(1,562)	(2,116)	(1,918)
Net assets		12,923	5,783	6,151
Equity attributable to equity holders of the parent				
Share capital	8	595	1	532
Share premium	8	18,409	1,770	10,046
Translation reserve	8	(87)	14	(47)
Warrant reserve	8	200	-	200
Capital and other reserves	8	-	6,065	-
Retained earnings	8	(6,194)	(2,067)	(4,580)
Total equity attributable to shareholders		12,923	5,783	6,151

Consolidated cash flow statement

For the six months ended 30 June 2007

	Note	Unaudited 6 months to 30 June 2007 €000	Unaudited 6 months to 30 June 2006 €000	Audited non statutory reporting period 12 months to 31 Dec. 2006 €000
Cash flows from operating activities				
Loss for the period		(1,844)	(1,262)	(4,044)
Adjustments for:				
Depreciation, amortisation and impairment	6,7	272	94	334
Foreign exchange gains/ (losses)		12	(1)	(4)
Financial income		(141)	(2)	(47)
Financial expense		-	-	39
Equity settled share-based payment expenses		230	73	542
Taxation		(13)	(2)	(12)
Cash flows from operations before changes in working capital and provisions		(1,484)	(1,100)	(3,192)
(Increase)/decrease in trade and other receivables		(237)	106	(98)
(Increase)/decrease in stock		(216)	(4)	(51)
Increase in trade and other payables		(322)	578	869
Cash absorbed by operations		(2,259)	(420)	(2,472)
Tax paid		-	-	(1)
Net cash from operating activities		(2,259)	(420)	(2,473)
Cash flows from investing activities				
Interest received		53	2	47
Acquisition of subsidiary, net of cash acquired	2	-	(501)	(501)
Acquisition of a business		-	-	-
Acquisition of property, plant and equipment	6	(542)	(306)	(585)
Development expenditure capitalised and other intangible assets acquired	7	(984)	(43)	(118)
Net cash outflow from investing activities		(1,473)	(848)	(1,157)
Cash flows from financing activities				
Interest paid		-	-	(14)
Proceeds from the issue of share capital	8	8,426	-	-
Proceeds from the issue of loan notes		-	2,790	7,200
Listing expenses		-	-	(858)
Proceeds from new loan		-	-	-
Repayment of borrowings		-	-	(448)
Net cash inflows from financing activities		8,426	2,790	5,880
Net increase in cash and cash equivalents		4,694	1,522	2,250
Cash and cash equivalents at start of period		2,722	475	475
Effect of exchange rate fluctuations on cash held		72	-	(3)
Cash and cash equivalents at end of period		7,488	1,997	2,722

Notes

1. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2007 have been prepared under applicable International Financial Reporting Standards adopted by the European Union ('IFRS'), which include International Accounting Standards ('IAS') and interpretations issued by the International Accounting Standards Board ('IASB') and its committees, which are expected to be endorsed by the European Union.

The financial information included in this document is unaudited and does not comprise statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative figures for the year ended 31 December 2006 are extracted from the statutory financial statements for that financial period which have been filed with the Registrar of Companies and on which the auditor gave an unqualified report, without any statement under section 237(2) or (3) of the Companies Act 1985.

The interim financial statements have been prepared under the same accounting policies as those used for the financial statements for the period ended 31 December 2006.

2. Acquisitions of subsidiaries and businesses

Acquisition of subsidiaries

On 1 June 2006 Zenergy Power plc ('Zenergy Power') acquired SC Power Systems, Inc. ('SC Power').

SC Power was formed in 2004 to acquire the underlying business known as Australian Superconductors from Metal Manufacturers Limited. SC Power was owned by Jane Capital Partners, LLC (32,500 shares), Metal Manufacturers Limited (32,500 shares) and Woody Gibson (10,000 shares). On 7 December 2005 Metal Manufacturer's shares were repurchased by SC Power and held in treasury stock. The repurchase was funded by a loan from Cloverleaf Holdings Limited ('Cloverleaf') of $560,000.

Zenergy Power acquired 42,500 shares in SC Power in exchange for 28,111 Ordinary Shares credited as paid up to €63 per share. The remaining 32,500 shares in SC Power are held in treasury by SC Power. SC Power is effectively a wholly owned subsidiary of Zenergy Power. SC Power has a wholly owned subsidiary Australian Superconductors Pty Limited ('Australian Superconductors').

23,867 of the Ordinary Shares issued were allotted to the former shareholders of SC Power. The remaining 4,244 were allotted to Cloverleaf. These shares were allotted in recognition of the increase in value of SC Power since the date of the original loan provided by Cloverleaf Holdings Limited.

In a separate private transaction, Cloverleaf allotted the 4,244 shares by way of a call option to certain key management in Trithor GmbH.

Notes

Effect of acquisitions

The acquisitions had the following effect on the Group's assets and liabilities.

	Acquiree's book values €000	Fair value adjustments €000	Acquisition amounts €000
Acquiree's net assets at the acquisition date:			
Property, plant and equipment	183	-	183
Patents and Trademarks	-	818	818
Development rights	-	1,247	1,247
Trade and other receivables	11	-	11
Cash and cash equivalents	286	-	286
Trade and other payables	(13)	-	(13)
Deferred tax liability	-	(785)	(785)
Net identifiable assets and liabilities	467	1,280	1,747
Goodwill on acquisition			1,276
Total consideration			3,023
Consideration paid in shares			2,236
Consideration satisfied in cash (Including legal fees of €61,000)			787
Cash (acquired)			(286)
Net cash outflow			501

Consideration paid in shares includes: 28,111 shares credited as paid up to €63 per share, €1,771,000 and €465,000 Series B loan notes issued in consideration for the loan provided by Cloverleaf to enable SC Power to repurchase its own shares (See Note 8).

Goodwill has arisen on the acquisition because the employees transferred were considered to be valuable to the Group for development of future intellectual property and customer relationships.

A deferred tax liability at the US effective tax rate of 38% has been recognised in respect of the intangible assets, as the tax base of these assets is nil.

Notes

3. Segmental reporting

Geographic segments

For management purposes, the Group is currently organised into four geographical regions based on the location of the Group's assets – Germany, USA, Australia and UK. These geographical regions are the basis on which the Group reports its primary segment information.

Business segment

The Group has one business segment, being the development and production of high temperature superconducting wires, components and applications.

Six months to 30 June 2007	Germany €000	USA €000	Australia €000	UK €000	Eliminations €000	Consolidated €000
Revenue						
Total revenue	180	-	-	-	(86)	94
Result						
Segment result being loss from operations	(745)	(674)	(189)	(353)	(37)	(1,998)
Financial income	-	1	1	140	(1)	141
Loss before tax	(745)	(673)	(188)	(213)	(38)	(1,857)
Tax	-	-	-	-	13	13
Loss for the period	(745)	(673)	(188)	(213)	(25)	(1,844)
Other information						
Capital additions	798	592	119	17	-	1,526
Depreciation and amortisation	(161)	(98)	(13)	-	-	(272)
Balance sheet						
Segment assets	2,208	926	310	19,076	(8,035)	14,485
Segment liabilities	(420)	(1,998)	(633)	(213)	1,702	(1,562)
Net assets/(liabilities)	1,788	(1,072)	(323)	18,863	(6,333)	12,923

Notes

6 months to June 2006	Germany	USA	Australia	UK	Eliminations	Consolidated
	€000	€000	€000	€000	€000	€000
Revenue						
Total revenue	103	-	-	-	-	103
Result						
Segment result being loss from operations	(1,050)	(168)	(42)	150	(156)	(1,266)
Financial income	2	-	-	-	-	2
Loss before tax	(1,048)	(168)	(42)	150	(156)	(1,264)
Tax	-	-	-	-	2	2
Loss for the period	(1,048)	(168)	(42)	150	(154)	(1,262)
Other information						
Capital additions	331	18	-	-	-	349
Depreciation and amortisation	(78)	(14)	(2)	-	-	(94)
Balance sheet						
Segment assets	2,175	260	121	8,916	(3,573)	7,899
Segment liabilities	(319)	(45)	(2)	(964)	(786)	(2,116)
Net assets/(liabilities)	1,856	215	119	7,952	(4,359)	5,783

Notes

4. Finance income and expense

	6 months to 30 June 2007 € 000	6 months to 30 June 2006 € 000	Non statutory reporting period 12 months to 31 Dec. 2006 € 000
Financial income			
Interest income - bank	74	2	46
Interest reversal – ATQ Holdings Limited	-	-	1
Net foreign exchange gain	67	-	-
Financial income	141	2	47
Financial expense			
Interest expense – ATQ Holdings Limited	-	-	-
Net foreign exchange loss	-	-	(25)
Other interest expense	-	-	(14)
Financial expense	-	-	(39)
Net financial income	141	2	8

5. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2007 was based on the loss attributable to ordinary shareholders of €1,844,000 (Six months ended 30 June 2006: €1,262,000) and a weighted average number of Ordinary Shares outstanding during the period of 37,535,000 (Six months ended 30 June 2006: 9,044,000) calculated as follows:

Thousand of shares	6 months to 30 June 2007	6 months to 30 June 2006	Non statutory reporting period 12 months to 31 Dec. 2006
Issued ordinary shares at start of period	36,091	41	41
Shares issued in respect of the acquisition of SCP	-	4	16
Effect of the 199:1 bonus issue on 7 August 2006	-	8,999	11,351
Effect of Series A loan notes	-	-	3,616
Effect of Series B loan notes	-	-	534
Effect of Series C loan notes	-	-	2,893
Effect of Series D loan notes	-	-	1,042
New placing	1,444	-	-
Weighted average number of ordinary shares	37,535	9,044	19,493

Diluted earnings per share

Share options and warrants have not been included in the calculation of fully diluted earnings per share since these are anti-dilutive. The instruments that could potentially dilute the basic earnings per share in the future, but were not included because they were anti-dilutive for the periods presented are:

Thousand of shares	30 June 2007	30 June 2006	31 Dec. 2006
Warrants in respect of the working capital facility from Cloverleaf Holdings Limited (issued 16 August 2006)	160	-	160
Share options (issued on various dates from 1 March 2006 to 27 September 2006)	1,220	400	1,320
Total potential dilutive instruments	1,380	400	1,480

100,000 share options have lapsed in the period 1 January 2007 to 30 June 2007.

6. Property, plant and equipment

	Technical plant and equipment €000	Office and business equipment €000	Assets under construction €000	Total €000
Cost				
1 January 2006	729	66	39	834
Acquisitions through business combinations	126	56	-	182
Other acquisitions – internally developed	-	-	47	47
Other acquisitions – externally purchased	189	70	-	259
Balance at 30 June 2006	1,044	192	86	1,322
1 January 2007	1,186	259	65	1,510
Other acquisitions – internally developed	98	14	82	194
Other acquisitions – externally purchased	186	25	137	348
Effect of movements in foreign exchange	(5)	2	-	(3)
Balance at 30 June 2007	1,465	300	284	2,049
Depreciation and impairment				
Balance at 1 January 2006	(57)	(27)	-	(84)
Depreciation charge for the period	(51)	(32)	-	(83)
Balance at 30 June 2006	(108)	(59)	-	(167)
Balance at 1 January 2007	(279)	(76)	-	(355)
Depreciation charge for the period	(164)	(48)	-	(212)
Effect of movements in foreign exchange	2	-	-	2
Balance at 30 June 2007	(441)	(124)	-	(565)
Net book value				
At 30 June 2006	936	133	86	1,155
At 30 June 2007	1,024	176	284	1,484

No assets are held under finance leases.

7. Intangible assets

	Goodwill €000	Patents and Trademarks €000	Development rights €000	Total €000
Cost				
1 January 2006	170	30	16	216
Acquisitions through business combinations	1,276	818	1,247	3,341
Other acquisitions – internally developed	-	-	43	43
Effect of movements in foreign exchange	4	4	5	13
Balance at 30 June 2006	1,450	852	1,311	3,613
1 January 2007	1,415	855	1,317	3,587
Other acquisitions – internally developed	-	-	916	916
Other acquisitions – externally purchased	-	68	-	68
Effect of movements in foreign exchange	(24)	(20)	(31)	(75)
Balance at 30 June 2007	1,391	903	2,202	4,496
Amortisation and impairment				
Balance at 1 January 2006	-	-	(1)	(1)
Amortisation charge for the period	-	(8)	(3)	(11)
Effect of movements in foreign exchange	-	-	-	-
Balance at 30 June 2006	-	(8)	(4)	(12)
Balance at 1 January 2007	-	(46)	(4)	(50)
Amortisation charge for the period	-	(40)	(20)	(60)
Effect of movements in foreign exchange	-	2	-	2
Balance at 30 June 2007	-	(84)	(24)	(108)
Net book value				
At 30 June 2006	1,450	844	1,307	3,601
At 30 June 2007	1,391	819	2,178	4,388

Notes

Amortisation and impairment charge

The amortisation and impairment charge is recognised in other admin expenses. Patents and Trademarks are amortised over a 15 year period. Development rights are amortised over a five year period, commencing when the product under development is available for sale.

Goodwill

Goodwill is allocated as follows: Trithor €170,000, SC Power €1,135,000 and Australian Superconductors €86,000, the entities are considered to be the smallest cash generating unit to which goodwill can be allocated. Goodwill is tested annually for impairment. Goodwill is denominated in the currency of the acquired entity.

Government grants

€344,000 of Government grants receivable have been netted against the internally developed intangibles acquired in the six months to 30 June 2007 (6 months to June 2006: €28,000).

8. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital €000	Share premium €000	Translation reserve €000	Capital and other reserves €000	Retained earnings €000	Total equity €000
Balance at 1 January 2006	1	-	-	2,000	(878)	1,123
Total recognised income and expense	-	-	14	-	(1,262)	(1,248)
Series B loan notes	-	-	-	465	-	465
Equity-settled share based payment transactions	-	-	-	-	73	73
Series C loan notes	-	-	-	3,600	-	3,600
Paid in share capital - Acquisition of subsidiary	-	1,770	-	-	-	1,770
Balance at 30 June 2006	1	1,770	14	6,065	(2,067)	5,783

	Share capital €000	Share premium €000	Translation reserve €000	Warrant reserve €000	Retained earnings €000	Total equity €000
Balance at 1 January 2007	532	10,046	(47)	200	(4,580)	6,151
Total recognised income and expense	-	-	(40)	-	(1,844)	(1,884)
Equity-settled share based payment transactions	-	-	-	-	230	230
Paid in share capital - Placing	63	8,363	-	-	-	8,426
Balance at 30 June 2007	595	18,409	(87)	200	(6,194)	12,923

The aggregated current and deferred tax relating to items that are charged or credited to equity is €Nil.

Notes

Share capital

	30 June 2007	30 June 2006	31 Dec. 2006
Ordinary shares in thousands of shares			
On issue at start of period	36,091	41	-
Issued for cash	4,285	-	41
Issued for acquisition of subsidiary	-	24	28
Bonus issue	-	-	13,666
Series B loan notes	-	-	1,476
Issued for cash (Series A, C and D loan notes)	-	-	20,880
On issue - fully paid	40,376	65	36,091

	30 June 2007 £000	30 June 2007 €000	30 June 2006 £000	30 June 2006 €000	31 Dec. 2006 £000	31 Dec. 2006 €000
Authorised						
Ordinary shares of £0.01 each	1,000	1,484	10	15	1,000	1,484
Allotted, called up and fully paid						
Ordinary shares of £0.01 each	404	599	1	1	361	532
Shares classified in equity		599		1		532

Notes

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

On 1 June 2006, the Group allotted 23,867 Ordinary Shares in the Group, credited as paid up to €63 per share to the former shareholders of SC Power.

On 1 June 2006, the Group allotted 4,244 fully paid up Ordinary Shares in the Group credited as paid up to €63 per share to Cloverleaf. These shares were issued in recognition of the appreciation of the value of SC Power and were issued to Cloverleaf as they had funded the repurchase of 32,500 shares from Metal Manufacturers on 7 December 2005. As the acquisition of SC Power had been contemplated and planned at the date of the original loan, the shares were allotted to Cloverleaf rather than the former shareholders of SC Power.

On the same date Cloverleaf allotted these shares to certain management in Trithor, in a private transaction by way of a call option exercisable by each individual option holder at an aggregate exercise price of €1 per option holder for a period of 10 years.

On 7 August 2006, the authorised share capital of the Group was increased from £10,000 to £1,000,000 by the creation of 99 million new Ordinary Shares. On the same date, by way of a capitalisation of part of the group's accrued share premium account, the Group issued 13,665,728 Ordinary Shares through a bonus issue of new Ordinary Shares at par, pro-rata to its existing Shareholders on the basis of 199 new Ordinary Shares for each existing Ordinary Share held on the record at the date of issue.

On 30 May 2006, pursuant to the Series A Loan Note Instrument, the Group issued €2,000,000 of Series A convertible loan notes to ATQ Holdings Limited which were subsequently transferred to Cloverleaf Holdings Limited and the other underlying shareholders of ATQ Holdings Limited. These loan notes automatically converted to Ordinary Shares on Admission at a conversion price of €0.20 per share (which price was automatically adjusted from the original conversion price of €40 per share following completion of the 199:1 bonus issue). These loan notes were treated as a capital contribution in the 2005 Accountant's report included in the Admission document as the loan note holder had irrevocably committed to convert this debt to loan notes prior to the period end, the cash for which had been advanced prior to the period end.

On 1 June 2006, pursuant to the Series B Loan Note Instrument, the Group issued €465,000 of Series B convertible loan notes to Cloverleaf Holdings Limited. These loan notes automatically converted into Ordinary Shares on Admission at a conversion price of €0.315 per Ordinary Share (which price was automatically adjusted from the original conversion price of €63 per Ordinary Share following completion of the 199:1 bonus issue).

Notes

On 1 June 2006, pursuant to the Series C Loan Note Instrument, the Group issued €3,600,000 of Series C convertible loan notes to various investors. These loan notes automatically converted into Ordinary Shares on Admission at a conversion price of €0.45 per Ordinary Share (which price was automatically adjusted from the original conversion price of €90 per Ordinary Share following completion of the 199:1 bonus issue).On 4 August 2006, pursuant to the Series D Loan Note Instrument, the Group issued €3,600,000 of Series D convertible loan notes pro-rata to the investors in the Series C Loan Notes. These loan notes automatically converted into Ordinary Shares on Admission at a conversion price of €1.25 per Ordinary Share (which price was automatically adjusted from the original conversion price of €250 per Ordinary Share following completion of the 199:1 bonus issue).

On 3 May 2007, 4,285,746 new Ordinary Shares were issued at £1.40 per share raising £6,000,000 (£5,750,000 net of fees and directly attributable expenses, equivalent to €8,426,000).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Warrant reserve

The warrant reserve comprises the fair value of the equity component of warrants issued by the Group.

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