

27 September 2007

Forbidden Technologies plc

Interim Results for six months to 30 June 2007

Chairman's statement

In the six months to 30th June 2007 the Company recorded sales of £33,447 compared with £68,228 in the first half of the previous year. Administrative expenses were £398,251 (2006: £440,398) and the loss in the six months was £361,725 (2006: £360,274).

At 30th June 2007 the balance sheet showed £27,821 of net current assets (2006: £655,474) and cash and liquid resources of £38,847 (2006: £645,676).

Although turnover in the first six months of 2007 is lower than in the same period last year, this reflects in part a change in the Company's pricing model. Previously we invoiced for one-off sales for specific uses – normally for a particular production or series. Now we sell annual user licences. This is more flexible and more understandable for our customers and partly, we believe, as a result of this we are already seeing the development of a steady and increasing stream of income including repeat and referral business. One of the effects of this change is that our income is now recognised over the life of the licence. This means that a proportion of the income arising from our sales in the first six months of 2007 has been deferred to later periods.

Shortly before 30th June 2007 the Company concluded the arrangement of a £1 million loan agreement which provides liquidity going forwards and did not affect the balance sheet in the period. The Board believes that the loan agreement was well timed, bearing in mind the current credit crunch in the financial markets.

Strategy

The Company has focused specifically on its two key products: FORscene and Clesh.

In FORscene we have developed a truly powerful web-based tool for use by professionals in broadcast post-production to log, edit, review, and publish video at up to broadcast quality. It requires no installation and works on almost any computer with internet access helping to transform collaborative working between any number of different locations.

The recent announcement by the Company that FORscene can now output material at broadcast (DV) quality is a significant development. It demonstrates that FORscene is on the verge of being sufficient to make entire programmes.

The consumer version of the product (Clesh) can be used for editing videos on the web and then publishing to different devices such as mobile phones, iPods, or on web sites. In addition, Clesh is a complete solution for websites accepting and

displaying User Generated Video (UGV). To see some current examples of UGV, go to the Clesh Showreel page: <http://clesh.com/videos/>.

Prospects

As the conservative and highly critical broadcast community begins to recognise the increasing usefulness of web-based post production, the Company is gaining important recognition as a provider of web-based services. With customers such as the BBC and ITV in the UK, CBC in Canada, and All Three Media (one of the largest UK independent production companies) using FORscene, the credibility of the Company and its products increases. The growing use of FORscene by educational institutions to train the next generation of producers and editors is a further benefit for the longer term.

With a loan facility in place and care being taken to monitor the relationship between spending and income, the Board is confident that we can become a significant participant in the huge marketplace that should emerge in both professional video production and in User Generated Video.

Note

This announcement, with P&L, Balance Sheet and Cash Flow statement (including comparatives), will be posted on the company website <http://www.forbidden.co.uk/> . The Company does not intend to issue paper copies, thus helping to save the environment – and a little money.

Contacts

Forbidden Technologies plc	020 8879 7245
Stephen Streater (Chief Executive Officer)	

Brewin Dolphin Securities Limited	0141 314 8114
Ken Fleming	

Profit and loss account

	Unaudited half year to 30 June 2007 £	Unaudited half year to 30 June 2006 £	Year to 31 December 2006 £
Turnover	33,447	68,228	131,535
Administrative expenses	<u>-398,251</u>	<u>-440,398</u>	<u>-973,884</u>
Operating loss	-364,804	-372,170	-842,349
Interest receivable and similar income	<u>3,079</u>	<u>11,896</u>	<u>18,648</u>
Loss on ordinary activities before taxation	-361,725	-360,274	-823,701
Tax on loss on ordinary activities	<u>0</u>	<u>0</u>	<u>38,513</u>
Loss for the period	-361,725	-360,274	-785,188
Basic and diluted loss per ordinary	-0.48	-0.48	-1.04

The results for the year are all derived from continuing operations. There are no recognised gains or losses other than the loss for the year.

Reconciliation of movements in shareholders' funds	Unaudited half year to 30 June 2007 £	Unaudited half year to 30 June 2006 £	Year to 31 December 2006 £
Loss for the period	-361,725	-360,274	-785,188
FRS 20 employee share option costs	34,553	55,638	101,884
New share capital subscribed (net of issue costs)	<u>0</u>	<u>0</u>	<u>75,000</u>
Net reduction in shareholders' funds	-327,172	-304,636	-608,304
Opening shareholders' funds	<u>358,794</u>	<u>967,098</u>	<u>967,098</u>
Closing shareholders' funds	<u>31,622</u>	<u>662,462</u>	<u>358,794</u>

Balance sheet	Unaudited half year to 30 June 2007 £	Unaudited half year to 30 June 2006 £	Year to 31 December 2006 £
Fixed assets			
Tangible assets	3,750	6,988	5,063
Current assets			
Debtors	99,717	117,751	94,912
Current asset investments	<u>38,847</u>	<u>645,676</u>	<u>360,626</u>
	138,564	763,427	455,538
Creditors (<1 year)	<u>-110,693</u>	<u>-107,953</u>	<u>-101,807</u>
Net current assets	<u>27,871</u>	655,474	<u>353,731</u>
Net assets	<u>31,621</u>	<u>662,462</u>	<u>358,794</u>
Capital and reserves			
Called up share capital	609,300	605,300	609,300
Share premium account	2,996,375	2,925,375	2,996,375
Capital contribution reserve	125,000	125,000	125,000
Profit and loss account	<u>-3,699,054</u>	<u>-2,993,213</u>	<u>-3,371,881</u>
Equity shareholders' funds	<u>31,621</u>	<u>662,462</u>	<u>358,794</u>
Reconciliation of operating loss to net cash outflow from operating activities		Unaudited half year to 30 June 2007 £	Unaudited half year to 30 June 2006 £
			Year to 31 December 2006 £
Operating loss		-364,804	-372,170
FRS 20 employee share option cost		34,553	55,638
Depreciation charges		3,750	6,988
			14,791

Decrease/(increase) in debtors	-4,805	-11,810	18,767
Increase/(decrease) in creditors	<u>8,887</u>	<u>15,811</u>	<u>9,665</u>
Net cash outflow from operating activities	<u>-322,419</u>	<u>-305,543</u>	<u>-697,242</u>

Cash flow statement

Cash outflow from operating activities	-322,419	-305,543	-697,242
Returns on investment and servicing of finance	3,079	17,122	18,648
Taxation	0	61,425	97,426
Capital expenditure	<u>-2,438</u>	<u>-4,247</u>	<u>-10,125</u>
Cash outflow before management of liquid resources	-321,778	-231,243	-591,293
Management of liquid resources	321,778	231,243	516,293
Financing	<u>0</u>	<u>0</u>	<u>75,000</u>
Increase/(decrease) in cash in the period	<u>0</u>	<u>0</u>	<u>0</u>

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the period	0	0	0
Cash outflow from liquid resources	<u>-281,562</u>	<u>-231,243</u>	<u>-591,293</u>
Movement in net funds in the period	-281,562	-231,243	-591,293
Net funds at the start of the period	<u>285,626</u>	<u>876,919</u>	<u>876,919</u>
Net funds at the end of the period	<u>4,064</u>	<u>645,676</u>	<u>285,626</u>

Basis of preparation

The Interim report for the six months ended 30 June 2007 and 2006 is unaudited and does not constitute statutory accounts with the meaning of Section 240 of The Companies Act 1985. It has been prepared under the historical cost convention and on a basis consistent with the accounting policies disclosed in the Annual Report and Accounts for the year ended 31 December 2006.

The results for the year ended 31 December 2006 and the balance sheet of that date are an extract from the statutory financial statements for that year, which have been filed with the Registrar of Companies and on which the Company's auditors gave an unqualified report and did not contain a statement under Section 237 (2) or (3) of that Act.