
ParOS plc

(“ParOS” or “the Company”)

**Interim Results for the
six months ended 30 June 2006**

ParOS plc

CHAIRMAN'S STATEMENT

Introduction

I am pleased to report the group's first results since the Company's shares were admitted to trading on AIM. The Results are for the six months ended 30 June 2006, the highlights of which are as follows:

- Incorporation of ParOS Technology EPE in Greece.
- Commissioning of a research and development laboratory in Cyprus.

Results and dividends

The operating loss amounted to £188,182 for the six-month period ended 30 June 2006. Loss per share is 0.05 pence and the directors do not recommend the payment of an interim dividend. The directors do not intend to declare a final dividend when announcing the 2006 annual results.

Trading

The group has two trading subsidiaries, Parametric Optimization Solutions Limited and ParOS Technology EPE. Parametric Optimization Solutions Limited, which is based in the UK, is executing its business plan and ParOS Technology EPE has been established in Greece in order to build and test prototypes of the group's intellectual property inside air-conditioning units and hydrogen storage devices.

Outlook

The directors are satisfied by the group's progress since admission to trading on AIM in March 2006. The establishment of the Greek subsidiary to conduct prototype testing is an important step towards developing potential sources of turnover and profit for the group. The directors expect that the results for the year as a whole will be satisfactory.

Patrick McHugh

Chairman

29 September 2006

Enquiries:

Patrick McHugh (ParOS plc) - 020 3008 8220

Simon Clements (John East and Partners) - 020 7628 2200

Mike Feltham or David Bick (Holborn PR) - 020 7929 5599

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CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Six months ended 30 June 2006 (Unaudited) £	Six months ended 31 December 2005 (Audited) £
Revenue	9,084	–
Cost of sales	–	–
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Gross profit	9,084	–
Finance income	22,342	9,759
Administrative expenses	(219,608)	(64,522)
	<hr/>	<hr/>
Loss before tax	(188,182)	(54,763)
Taxation	–	–
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Loss for the period	(188,182)	(54,763)
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 Loss per share - basic and diluted	 (0.05p)	 (0.04p)
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All amounts relate to continuing operations.

There were no recognised gains or losses for the period other than those included in the income statement.

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CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

	As at 30 June 2006 (Unaudited) £	As at 31 December 2005 (Audited) £
ASSETS		
Non-current assets		
Property, plant and equipment	5,193	–
Goodwill	5,546,273	–
	5,551,466	–
Current assets		
Trade and other receivables	82,380	14,202
Cash and cash equivalents	1,097,672	1,646,111
	1,180,052	1,660,313
TOTAL ASSETS	6,731,518	1,660,313
EQUITY AND LIABILITIES		
Equity		
Share capital	471,450	255,000
Share premium account	1,476,448	1,476,448
Other reserves	5,014,088	0
Retained earnings	(309,058)	(120,878)
Total equity	6,652,928	1,610,570
Current liabilities		
Trade and other payables	78,590	49,743
Total liabilities	78,590	49,743
TOTAL EQUITY AND LIABILITIES	6,731,518	1,660,313

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CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Six months ended 30 June 2006 (Unaudited) £	Six months ended 31 December 2005 (Audited) £
Cash flows from operating activities		
Loss before taxation	(188,182)	(64,520)
Adjustments for:		
Depreciation	338	–
Interest Income	(22,342)	–
	(210,186)	(64,520)
Operating cash flow before movement in working capital	(210,186)	(64,520)
Increase in trade and other receivables	(42,933)	(13,559)
Increase/(decrease) in trade and other payables	(109,421)	(6,545)
	(362,540)	(84,624)
Net cash from operation activities	(362,540)	(84,624)
Cash flows from investing activities		
Acquisition of subsidiary net of cash acquired	(205,673)	
Purchase of property, plant and equipment	(2,570)	–
Interest received	22,342	9,759
	(185,901)	9,759
Net cash from investing activities	(185,901)	9,759
Cash flows from financing activities		
Proceeds from issue of share capital	–	1,646,449
	–	1,646,449
Net (decrease)/increase in cash and cash equivalents	(548,441)	1,571,584
Cash and cash equivalents at the beginning of the period	1,646,113	74,529
Cash and cash equivalents at the end of the period	1,097,672	1,646,113

ParOS plc

NOTES TO THE INTERIM REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2006

1. The interim financial statements have not been audited and they do not constitute full financial statements within the meaning of s240 of the Companies Act 1985.
2. With effect from 1 January 2006, ParOS plc has presented its financial results in accordance with International Financial Reporting Standards (IFRS) as required by European Law. These interim statements are the first that the company has prepared under IFRS and they have been prepared in accordance with IFRS accounting policies expected to apply at 31 December 2006 . There are no differences requiring explanation in respect of amounts previously reported under UK GAAP .
3. Basic and diluted earnings per share has been calculated using a loss for the financial period of £188,182 (£54,763 loss for the period ended 31 December 2005) and a weighted average number of ordinary shares in issue during the period 1 January 2006 to 30 June 2006 of 376,977,458 (125,652,174 for the period ended 31 December 2005). Due to the loss in the period, share options in issue are non dilutive.
4. Goodwill arising on the acquisition of Parametric Optimization Solutions Limited amounting to £5,546,273 has been capitalised. Goodwill is not amortised. The recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstances indicate that it might be impaired. Impairment charges are deducted from the carrying value.
5. Copies of this interim report will be posted to all of the Company's shareholders shortly. Further copies can be obtained by writing to The Company Secretary, ParOS plc, One Hammersmith Grove, Hammersmith, London, W6 0NB, England.