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# **ParOS plc**

**(“ParOS” or “the Company”)**

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**Interim Results for the  
six months ended 30 June 2007**

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# ParOS plc

## CHAIRMAN'S STATEMENT

### Introduction

I am pleased to report the Group's results for the six months ended 30 June 2007, the highlights of which are as follows:

- European Patent Office announces grant of a patent for use of its parametric Model Predictive Control technology.
- Joint Research and Development project to convert a diesel powered minibus into the first Greek hydrogen fuel cell powered minibus.
- Founder, Professor Stratos Pistikopoulos, win's this year's Royal Academy of Engineering MacRobert Award.
- Greek subsidiary enters a Strategic Alliance agreement with Tropical SA and receives three commercial contracts for hydrogen based electrical power generators.

### Results and dividends

The Group's loss before taxation for the six month period ended 30 June 2007 amounted to £467,536, (2006: loss £188,182) after charging £149,798 relating to the amortisation of patents on turnover of £37,844 (2006: £9,084). Loss per share is 0.10 pence and the directors do not recommend the payment of an interim dividend.

### Trading

The Group has two trading subsidiaries, Parametric Optimization Solutions Limited, in the UK, and ParOS Technology EPE, in Greece. The strategy of these subsidiaries in the short and medium term is to generate revenue by building prototype products for use within industrial businesses, entering into partnerships with manufacturers and securing consulting projects with companies that supply products that are able to use the Group's intellectual property.

### Outlook

The directors are satisfied by the progress made with the Group's strategy of focusing on commercialising technology that provides cost effective control for the energy systems of the future. In particular, the award of a European Patent and winning the first commercial contracts are significant events during the period.

The directors hope to be able to report further progress for the year as a whole.

### Patrick McHugh

*Chairman*

28 September 2007

### Enquiries:

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Mike Feltham or David Bick (Square1 Consulting Ltd) – 020 7929 5599

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## CONSOLIDATED INCOME STATEMENT

### FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Six months ended <b>30 June 2007</b> (Unaudited) £	Six months ended 30 June 2006 (Unaudited) £	12 months ended 31 December 2006 (Audited) £
<b>Revenue</b>	<b>37,844</b>	9,084	60,064
Cost of sales	–	–	(1,213)
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<b>Gross profit</b>	<b>37,844</b>	9,084	58,851
Administrative expenses	<b>(521,134)</b>	(219,608)	(860,297)
Impairment of intangible assets and goodwill	–	–	(1,170,735)
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<b>Operating loss</b>	<b>(483,290)</b>	(210,524)	(1,972,181)
Finance income	<b>15,754</b>	22,342	44,454
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<b>Loss on ordinary activities before taxation</b>	<b>(467,536)</b>	(188,182)	(1,927,727)
Income tax expense	–	–	–
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<b>Loss on ordinary activities after taxation</b>	<b>(467,536)</b>	(188,182)	(1,927,727)
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<b>Attributable to:</b>			
Equity holders of the parent	<b>(459,947)</b>	(188,182)	(1,917,808)
Minority interest	<b>(7,589)</b>	–	(9,919)
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	<b>(467,536)</b>	(188,182)	(1,927,727)
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<b>Loss per share – basic and diluted</b>	<b>(0.10p)</b>	(0.05p)	(0.45p)
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## CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2007

	As at 30 June 2007 (Unaudited) £	As at 30 June 2006 (Unaudited) £	As at 31 December 2006 (Audited) £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9,079	5,193	8,471
Goodwill	378,845	753,845	378,845
Other intangible assets	3,348,948	4,792,428	3,498,746
	<u>3,736,872</u>	<u>5,551,466</u>	<u>3,886,062</u>
<b>Current assets</b>			
Trade and other receivables	44,106	82,380	56,742
Cash and cash equivalents	612,598	1,097,672	836,770
	<u>656,704</u>	<u>1,180,052</u>	<u>893,512</u>
<b>Total assets</b>	<u><u>4,393,576</u></u>	<u><u>6,731,518</u></u>	<u><u>4,779,574</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	472,950	471,450	472,950
Share premium account	1,295,730	1,476,448	1,295,730
Other reserves	4,024,070	5,014,088	4,024,070
Translation reserve	(2,093)	–	(1,252)
Retained earnings	(1,327,898)	(309,058)	(867,951)
	<u>4,462,759</u>	<u>6,652,928</u>	<u>4,923,547</u>
Share capital owned by Employee Benefit Trust	(161,250)	–	(261,250)
Minority interest	(15,637)	–	(8,048)
<b>Total equity</b>	<u>4,285,872</u>	<u>6,652,928</u>	<u>4,654,249</u>
<b>Current liabilities</b>			
Trade and other payables	107,704	78,590	125,325
<b>Total equity and liabilities</b>	<u><u>4,393,576</u></u>	<u><u>6,731,518</u></u>	<u><u>4,779,574</u></u>

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## CONSOLIDATED CASH FLOW STATEMENT

### FOR THE SIX MONTHS ENDED 30 JUNE 2007

	<b>Six months ended 30 June 2007 (Unaudited) £</b>	<b>Six months ended 30 June 2006 (Unaudited) £</b>	<b>12 months ended 31 December 2006 (Audited) £</b>
<b>Cash flows from operating activities</b>			
Loss before taxation	(467,536)	(188,182)	(1,927,727)
Adjustments for:			
Impairment	–	–	1,170,735
Depreciation and amortisation	150,720	338	239,046
Finance income received	(15,754)	(22,342)	(44,454)
Decrease/(increase) in trade and other receivables	11,795	(42,933)	(18,547)
Decrease in trade and other payables	(17,621)	(109,421)	(62,687)
<b>Net cash outflow from operating activities</b>	<b>(338,396)</b>	<b>(362,540)</b>	<b>(643,634)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired	–	(205,673)	(203,802)
Purchase of property, plant and equipment	(1,530)	(2,570)	(7,859)
Finance income received	15,754	22,342	44,454
<b>Net cash from/(used in) investing activities</b>	<b>14,224</b>	<b>(185,901)</b>	<b>(167,207)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the sale of shares held by the Employee Benefit Trust on exercise of share options	100,000	–	–
Proceeds from issue of share capital	–	–	1,500
<b>Net cash from financing activities</b>	<b>100,000</b>	<b>–</b>	<b>1,500</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(224,172)</b>	<b>(548,441)</b>	<b>(809,341)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>836,770</b>	<b>1,646,113</b>	<b>1,646,111</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>612,598</b>	<b>1,097,672</b>	<b>836,770</b>

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## CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	Six months ended <b>30 June 2007</b> (Unaudited) £	Six months ended 30 June 2006 (Unaudited) £	12 months ended 31 December 2006 (Audited) £
Opening Equity	<b>4,654,249</b>	1,610,570	1,610,570
Loss for the period attributable to the equity holders of the parent	<b>(459,947)</b>	(188,180)	(1,917,808)
Issue of share capital	–	5,230,538	5,232,037
Exchange differences on translating foreign operations	<b>(841)</b>	–	(1,252)
Employee Benefit Trust	<b>100,000</b>	–	(261,250)
Minority interest	<b>(7,589)</b>	–	(8,048)
Total changes in equity	<b>(368,377)</b>	5,042,358	3,043,679
Closing Equity	<b>4,285,872</b>	6,652,928	4,654,249

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## NOTES TO THE INTERIM REPORT

### FOR THE SIX MONTHS ENDED 30 JUNE 2007

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. The comparative figures for the year ended 31 December 2006 have been extracted from the Group's full financial statements. Statutory accounts for the year ended 31 December 2006 have been filed with the Registrar of Companies and have been reported on by the Group's auditors. The auditors opinion was not qualified, but contained an Emphasis of Matter paragraph relating to the valuation of the intangible asset.
2. Basic and diluted loss per share has been calculated using a loss for the financial period attributable to the shareholders of the parent of £459,947 (£188,182 loss for the six months ended 30 June 2006 and £1,917,808 loss for the year ended 31 December 2006) and a weighted average number of ordinary shares in issue during the period 1 January 2007 to 30 June 2007 of 472,950,195 (376,977,458 for the six months ended 30 June 2006 and 425,308,920 for the year ended 31 December 2006). Due to the loss in the period, share options in issue are non dilutive.
3. Goodwill of £753,845, arising on the acquisition of Parametric Optimization Solutions Limited, was capitalised. Goodwill is not amortised, however, the recoverable amount of goodwill is tested for impairment annually or when events or changes in circumstances indicate that it might be impaired. The impairment charge for the year ended 31 December 2006 was £375,000; this was deducted from the carrying value.
4. Intangible Assets (Patents) owned by Parametric Optimization Solutions Limited totalling £4,531,178 have been capitalised. Intangible Assets are amortised over their useful life of 20 years. The amortisation charge for the six months ended 30 June 2007 is £149,798 (£nil for the six months ended 30 June 2006 and £236,697 for the year ending 31 December 2006). The recoverable amount of intangible assets is tested for impairment annually or when events or changes in circumstances indicate that it might be impaired. The impairment charge for the year ended 31 December 2006 was £795,735; this was 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 or from the Company's website at [www.parostech.com](http://www.parostech.com).

