

22 September 2008

Microcap Equities plc
(“Microcap” or “the Company”)

Interim Results
For the six month period ended 30 June 2008

Chairman’s Statement

I am pleased to report the results for the six months ended 30 June 2008.

During the period, the loss on the profit and loss account was £105,000, compared to £86,000 for the 12 months ended 31 December 2007. The loss is principally attributable to a premium of £40,000 on redemption of convertible loan stock and the write down of investments by £26,442.

The company has been seeking to make an acquisition or to attract additional investment and the directors are optimistic that they will be able to achieve one or the other before the year end.

N Greenstone
Chairman

22 September 2008

Further Enquiries:

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Income Statement
For the six months ended 30 June 2008

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Administrative expenses	(40)	(26)	(88)
Operating loss	(40)	(26)	(88)
Other income	1	2	4
Impairment of investments available for sale	(26)	(12)	(2)
Interest payable and similar charges	(40)	-	-
Loss before taxation	(105)	(36)	(86)
Tax expense	-	-	-
Net loss for the period	(105)	(36)	(86)
Loss per ordinary share (pence)			
- Basic and diluted	(0.09)p	(0.03)p	(0.08)p

Balance Sheet
As at 30 June 2008

	As at 30 June 2008 (unaudited) £'000	As at 30 June 2007 (unaudited) £'000	As at 31 December 2007 (audited) £'000
ASSETS			
Non-current Assets			
Investments available for sale	43	59	70
Current assets			
Trade and other receivables	9	6	10
Cash and cash equivalents	58	145	85
	67	151	95
Total assets	110	210	165
LIABILITIES			
Current liabilities			
Trade and other payables	19	20	28
Total liabilities	19	20	28
NET ASSETS	91	190	137
Equity and liabilities			
Share capital and reserves			
Share capital	1,790	1,730	1,730
Share premium account	2,967	3,007	3,007
Retained earnings	(4,666)	(4,547)	(4,600)
Total equity	91	190	137

Cash Flow Statement
For the six months ended 30 June 2008

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 (audited) £'000
Cash flows from operating activities			
Cash expended from operations	(28)	(33)	(95)
	<hr/>	<hr/>	<hr/>
Net cash outflow from operating activities	(28)	(33)	(95)
Cash flows from investing activities			
Interest paid and similar charges	(40)	(10)	-
Interest received	1	2	4
	<hr/>	<hr/>	<hr/>
Net cash (outflow)/ inflow from investing activities	(39)	(8)	4
Cash flows from financing activities			
Proceeds from issue of shares	60	20	-
New debenture loan	(20)	(10)	-
	<hr/>	<hr/>	<hr/>
Net cash inflow from financing activities	40	10	-
Net decrease in cash and cash equivalents	<hr/> <hr/> (27)	<hr/> <hr/> (31)	<hr/> <hr/> (91)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash and cash equivalents	(27)	(31)	(91)
Cash and cash equivalents brought forward	85	176	176
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents carried forward	<hr/> <hr/> 58	<hr/> <hr/> 145	<hr/> <hr/> 85

Statement of changes in equity
Six months ended 30 June 2008 (unaudited)

	Share capital – equity £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2008	1,730	3,007	(4,600)	137
Loss for the period	-	-	(106)	(106)
Shares issued	60	-	-	60
Transfer between reserves	-	(40)	40	-
	<hr/>			
At 30 June 2008	1,790	2,967	(4,666)	91

Six months ended 30 June 2007 (unaudited)

	Share capital - equity £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2007	1,710	3,007	(4,511)	206
Loss for the period	-	-	(36)	(36)
Shares issued	20	-	-	20
	<hr/>			
At 30 June 2007	1,730	3,007	(4,547)	190

Year ended 31 December 2007 (audited)

	Share capital - equity £'000	Share premium £'000	Retained earnings £'000	Total £'000
At 1 January 2007	1,710	3,007	(4,514)	203
Loss for the period	-	-	(86)	(86)
Shares issued	20	-	-	20
	<hr/>			
At 31 December 2007	1,730	3,007	(4,600)	137

Notes to the Interim Financial Statements for the six months ended 30 June 2008

1. Basis of preparation

The interim results are unaudited and do not constitute statutory accounts for the purpose of s240 of the Companies Act 1985 (s434 of the Companies Act 2006). They have been prepared under applicable International Financial Reporting Standards adopted by the European Union ('IFRS').

The accounting policies applied in preparing the interim financial statements are consistent with those set out in the statutory accounts for the year ended 31 December 2007. The figures for the year ended 31 December 2007 have been extracted from the statutory accounts filed with the registrar of companies on which the auditors gave an unqualified report.

The financial information for the six months to 30 June 2008 and the six months to 30 June 2007 has not been audited. As permitted, the Company has chosen not to adopt IAS 34 'Interim Financial Statements' in preparing the interim financial information.

2. Tax

	Six months ended 30 June 2008 (unaudited) £'000	Six months ended 30 June 2007 (unaudited) £'000	Year ended 31 December 2007 audited £'000
Current tax on income for the period	-	-	-
Factors affecting tax charge for the year			
Loss on ordinary activities before taxation	(105)	(36)	(86)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28 per cent. (2007: 30 per cent.)	(29)	(11)	(26)
Effects of:			
Expenses not deductible for tax purposes	-	-	-
Movement in tax losses	29	11	26
Current tax charge	-	-	-

3. Loss per share

The basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue. There are no potential ordinary shares which are dilutive and therefore diluted loss per share equals basic loss per share.

The weighted average number of ordinary shares during the period was:

	Six months ended 30 June 2008 (unaudited)	Six months ended 30 June 2007 (unaudited)	Year ended 31 December 2007 (audited)
	<u>112,600,343</u>	<u>108,696,556</u>	<u>108,820,452</u>
	£'000	£'000	£'000
Loss attributable to equity share holders	<u>(105)</u>	<u>(36)</u>	<u>(86)</u>
Basic loss per share (pence)	<u>(0.09)</u>	<u>(0.03)</u>	<u>(0.08)</u>

4. Dividends

No dividends have been declared for the six months ended 30 June 2008.

5. Copies of this report

Copies of this interim report will be available on request from the Company's registered office at Thames House, Portsmouth Road, Esher, Surrey KT10 9AD and on the Company's website at www.microcapequities.plc.uk.