

28 November 2008

ANGUS & ROSS PLC

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2008

CHAIRMAN'S STATEMENT

Highlights

- **Successful private placing in July raising £3.5 million gross**
- **Discussions progressing to restructure \$12.5 million debt**
- **Production of on site concentrate will significantly reduce costs**
- **Loss for the period £2,359,034**
- **Cash and bank balances £2,723,142**

Dear Shareholder,

As most of you are well aware, the particularly disappointing performance of the Company's shares now gives our net assets a valuation of only £2.2 million. Included in this valuation is a mining licence to extract about 50,000 tonnes of high-grade zinc and lead concentrates per year from the former Black Angel mine in Western Greenland - as well as a debt of US\$12.5million.

Of course the background market conditions have much to do with this. In particular our ambition to raise project finance of over US\$60 million and put the Black Angel mine into production has been delayed by the total paralysis of the capital markets.

However, another reason that the market views the shares unenthusiastically is the existence of a \$12.5 million secured loan from Cyrus Capital Partners. The loan in question was drawn down in June 2007 in the hope and expectation that work could be undertaken in the Greenland summer and that it would allow the company to refinance the loan in late 2007 or early 2008. The results of the work, which included a Bankable Feasibility Study and additions to the reserves, were positive but their late arrival coincided with the start of deteriorating markets. Also, throughout this year the price of zinc has continued to fall, requiring changes in the business plan. This had originally been based on the simple concept of extracting some of the high grade ore and shipping it to concentrators outside Greenland. Studies were successfully commissioned in August to determine the most cost effective way to produce a concentrate on site to avoid the high costs of shipping and external toll milling. The results indicate that costs will be significantly reduced.

The loan agreement provides Cyrus with security over the assets in Greenland and elsewhere. Interest at 11% per year has been paid to date but, partially due to the recent depreciation of sterling, now represents an unsustainable burden for the Company, notwithstanding our current cash position. Cyrus is aware of this and believes it is in its interest to ensure the survival of the Company. Hence discussions are currently progressing to re-structure the debt so that it can be repaid and shareholders rewarded when markets recover.

The good news about the Black Angel project is that the ore grade is high and that the necessary zinc price for operations could be as low as US\$1,500 per tonne.

FINANCIAL RESULTS

The loss for the period amounts to £2,359,034 compared to a loss of £2,434,166 for the same period last year. At 31 August 2008, our cash and bank balances amounted to £2,723,142 compared to £7,418,298 at 31 August 2007.

In July, the Company undertook a successful private placing, raising £3.5 million gross; this money has enabled the Company throughout the summer, to undertake further work at Black Angel, but as important, it has provided a small cash buffer until capital markets recover. However, since then many of the bills relating to work in Greenland and a further quarterly interest payment on the debt have reduced cash balances to around £1 million at the time of writing.

AUSTRALIA

The investment in our associate in Australia, Queensland Gold and Minerals Ltd, is likely to be diluted in the near future by a further injection of funds from third parties.

Consideration will be given to the disposal of this investment in due course, once market conditions show some sign of recovery.

BRAZIL

We are disappointed that our operations in Brazil have made little progress during the period under review. Operations are now shut down and attempts are being made by local management to sell the remaining assets. The investment in our Brazilian operations has already been written off in previous accounting periods.

OUTLOOK

On a positive note I would like to say something about zinc and lead prices. Currently zinc trades at around \$1,200 per tonne, a level that makes the majority of zinc production throughout the world uneconomic. Indeed the last six months has seen the closure of mines and postponement of new projects across the world. Soon the perceived surpluses for 2009 and 2010 will be a memory and as the world economy recovers there will be a realisation that deficits could be ahead. The zinc price has been declining longer than any other metal. Hence it is likely to recover first – especially as the effects of shut downs in production start to be felt.

Providing your Company can restructure the Cyrus debt on terms that are both fair and acceptable to all parties, the future remains bright. Your management is working with Cyrus as well as its brokers and financial advisers to achieve this.

Robin Andrews

CHAIRMAN

28th November 2008

**CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 AUGUST 2008**

	6 months to 31 August 2008 Unaudited £	6 months to 31 August 2007 Unaudited £	12 months to 29 February 2008 Audited £
Continuing operations			
Revenue	-	-	-
Exploration costs written off	(428,212)	(1,930,851)	(2,922,260)
Gain on part disposal of holding in subsidiary	-	256,441	761,936
Impairment of goodwill	-	-	(26,545)
Other operating costs	(689,171)	(547,909)	(1,479,257)
Operating loss	(1,117,383)	(2,222,319)	(3,666,126)
Finance income	33,652	131,418	232,974
Finance costs – exchange loss on loan	(607,588)	-	-
Finance costs - other	(499,298)	(210,000)	(635,022)
Share of loss of associate	(168,417)	(133,265)	(191,039)
Loss before tax	(2,359,034)	(2,434,166)	(4,259,213)
Taxation	-	-	-
Loss for the period from continuing operations	(2,359,034)	(2,434,166)	(4,259,213)
Attributable to:			
Equity holders of the parent	(2,359,034)	(2,432,124)	(4,169,654)
Minority interest	-	(2,042)	(89,559)
	(2,359,034)	(2,434,166)	(4,259,213)
Earnings per share			
Basic loss per share	(1.42)p	(1.74)p	(2.97)p
Diluted loss per share	(1.42)p	(1.72)p	(2.86)p

**CONSOLIDATED BALANCE SHEET
AS AT 31 AUGUST 2008**

	31 August 2008 Unaudited £	31 August 2007 Unaudited £	29 February 2008 Audited £
Assets			
Non-current assets			
Intangible assets	-	-	-
Property, plant and equipment	6,346,768	1,718,603	5,333,830
Investments accounted for using the equity method	185,301	411,492	353,718
	<u>6,532,069</u>	<u>2,130,095</u>	<u>5,687,548</u>
Current assets			
Inventories	113,714	-	126,017
Trade and other receivables	277,617	421,616	199,088
Cash and cash equivalents	2,723,142	7,418,298	2,233,363
	<u>3,114,473</u>	<u>7,839,914</u>	<u>2,558,468</u>
Current liabilities			
Trade and other payables	504,146	1,410,034	1,024,149
	<u>504,146</u>	<u>1,410,034</u>	<u>1,024,149</u>
Net current assets	<u>2,610,327</u>	<u>6,429,880</u>	<u>1,534,319</u>
Total assets less current liabilities	<u>9,142,396</u>	<u>8,559,975</u>	<u>7,221,867</u>
Non-current liabilities			
Other payables	467,314	5,977,161	356,430
Non-current borrowings	6,339,373	-	5,670,176
Non-current provisions	250,000	-	250,000
	<u>7,056,687</u>	<u>5,977,161</u>	<u>6,276,606</u>
Net assets	<u>2,085,709</u>	<u>2,582,814</u>	<u>945,261</u>
Equity			
Share capital	2,120,163	1,413,772	1,413,772
Share premium	15,114,063	12,473,896	12,473,896
Translation reserve	39,360	31,513	(113,564)
Retained earnings	(15,187,877)	(11,326,384)	(12,828,843)
	<u>)</u>	<u>)</u>	
Equity attributable to equity holders of the parent company	<u>2,085,709</u>	<u>2,592,797</u>	<u>945,261</u>
Minority interest	-	(9,983)	-
Total equity	<u>2,085,709</u>	<u>2,582,814</u>	<u>945,261</u>

**CONSOLIDATED CASHFLOW STATEMENT
FOR THE PERIOD ENDED 31 AUGUST 2008**

	6 months to 31 August 2008 Unaudited £	6 months to 31 August 2007 Unaudited £	12 months to 29 February 2008 Audited £
Loss before tax	(2,359,034)	(2,434,166)	(4,259,213)
Adjusted for:			
Depreciation	267,312	-	210,734
Amortisation of goodwill	-	-	26,545
Share of loss of associate	168,417	133,265	191,039
Profit on part disposal of subsidiary	-	(256,441)	(761,936)
Finance income	(33,652)	(131,418)	(232,974)
Finance costs	499,298	210,000	635,022
Decrease (increase) in inventories	12,303	-	(126,017)
(Increase) decrease in trade and other receivables	(78,529)	(25,695)	196,833
(Decrease) increase in trade and other payables	(430,473)	897,789	825,071
Share based payments	-	136,870	371,941
Other non-cash movements including exchange differences	760,512	(16,112)	(170,463)
Net cash outflow from operating activities	(1,193,846)	(1,485,908)	(3,093,418)
Investing activities			
Purchase of property, plant and equipment	(1,280,250)	(1,666,615)	(5,233,303)
Interest received	33,652	131,418	232,974
Cash flows from investing activities	(1,246,598)	(1,535,197)	(5,000,329)
Financing activities			
Equity share capital subscription (net)	3,346,558	509,479	509,479
New borrowings, net of costs	-	5,723,898	5,470,780
Proceeds of shares issued to minorities	-	248,500	824,950
Interest paid	(416,335)	-	(435,625)
Cash flows from financing activities	2,930,223	6,481,877	6,369,584
Net increase/(decrease) in cash and cash equivalents	489,779	3,460,772	(1,724,163)
Cash and cash equivalents at start of period	2,233,363	3,957,526	3,957,526
Cash and cash equivalents at end of period	2,723,142	7,418,298	2,233,363

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 2008**

	Ordinary share capital £	Share premium £	Translation reserve £	Retained earnings £	Total £	Minority interest £	Total equity £
At 1 March 2007	1,387,772	11,990,416	47,625	(9,031,130)	4,394,683	-	4,394,683
Loss for the period	-	-	-	(2,432,124)	(2,432,124)	(2,042)	(2,434,166)
Shares issued	26,000	498,000	-	-	524,000	-	524,000
Costs of issues	-	(14,520)	-	-	(14,520)	-	(14,520)
Effect of changes in minority interests	-	-	-	-	-	(7,941)	(7,941)
Share based payments	-	-	-	136,870	136,870	-	136,870
Exchange difference	-	-	(16,112)	-	(16,112)	-	(16,112)
At 31 August 2007	1,413,772	12,473,896	31,513	(11,326,384)	2,592,797	(9,983)	2,582,814
Loss for the period	-	-	-	(1,737,530)	(1,737,530)	(87,517)	(1,825,047)
Effect of changes in minority interests	-	-	-	-	-	97,500	97,500
Share based payments	-	-	-	235,071	235,071	-	235,071
Exchange difference	-	-	(145,077)	-	(145,077)	-	(145,077)
At 29 February 2008	1,413,772	12,473,896	(113,564)	(12,828,843)	945,261	-	945,261
Loss for the period	-	-	-	(2,359,034)	(2,359,034)	-	(2,359,034)
Shares issued	706,391	2,825,560	-	-	3,531,951	-	3,531,951
Costs of share issues	-	(185,393)	-	-	(185,393)	-	(185,393)
Exchange difference	-	-	152,924	-	152,924	-	152,924
Balance at 31 August 2008	2,120,163	15,114,063	39,360	(15,187,877)	2,085,709	-	2,085,709

Notes to the financial statements

1. Accounting policies

General

The following is a summary of the Group's principal accounting policies.

Basis of preparation

The financial statements for the year ended 29 February 2008 were prepared in accordance with the International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Accounting Standards Committee (IASC) as adopted by the European Union and those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The accounting policies and methods of computation followed in the half year statements are the same as those adopted in the preparation of the audited financial statements for the year ended 29 February 2008.

The half year statements are unaudited and they do not constitute full financial statements as defined in section 240 of the Companies Act 1985. The comparative figures for the year ended 29 February 2008 do not constitute full financial statements and have been extracted from the Company's financial statements for the year ended 29 February 2008.

A copy of the statutory accounts for the year ended 29 February 2008, prepared under IFRS, has been delivered to the Registrar of Companies and contained an unqualified auditor's report in accordance with s235 of the Companies Act 1985 and no report was given under s237(2) or (3). However, the auditor's report did contain a paragraph entitled "Emphasis of matter – going concern" which made reference to the accounting policy regarding going concern and the existence of a material uncertainty.

The financial statements of the Group have been prepared on the historical cost basis.

Going concern

The Directors continue to give detailed consideration to the Group's ability to continue as a going concern.

All costs are under constant scrutiny to preserve cash wherever possible. The Directors have already implemented a voluntary reduction in remuneration and all further work on the Black Angel mine and other projects has been suspended, the former being now kept on a care and maintenance basis.

However, the Board is currently in discussion with Cyrus Capital Partners LP, with a view to restructuring the debt and relieving the Group of the interest charge. The successful conclusion of these discussions is expected to ensure that the Company can meet all of its financial obligations until project funding for the Black Angel mine is fully secured.

The unaudited interim consolidated financial statements of the Group for the six months ended 31 August 2008 have been prepared on a going concern basis which assumes that the Group will realise its assets, discharge its liabilities and meet its future obligations in the normal course of business. Accordingly they do not include any adjustments to the recoverability and reclassification of recorded assets, or the amounts or classification of liabilities, that might be necessary in the event that the Group is unable to continue as a going concern.

Taking into account the above, these financial statements have been prepared on the basis of accounting principles applicable to a going concern.

Basis of consolidation

The Group financial information consolidates that of the Company and its subsidiaries. Businesses acquired or disposed of during the period are consolidated from the effective date of acquisition or until the effective date of disposal.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The Group applied the exemption from retrospectively recalculating goodwill which arose on acquisitions prior to 1 March 2006. This goodwill is included at its deemed cost, being the amount recorded under UK GAAP as at 1 March 2006 following an impairment review.

Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies to obtain economic benefit to the group. Subsidiaries are fully consolidated from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date irrespective of the extent of any minority interest.

The excess of cost of acquisition over the fair values of the Group's share of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair value of identifiable net assets acquired (i.e. discount on acquisition) is recognised directly in the income statement. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

All intra-group transactions, balances, and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Investments in associates are carried in the balance sheet at the Group's share of net assets of the associate. Losses of the associates in excess of the group's interest in those associates are not recognised.

Any excess of cost of acquisition over the Group's share of the fair values of identifiable net assets acquired of the associate at the date of acquisition is recognised as goodwill. Any deficiency of the cost of acquisition below the Group's share of the fair values of identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is recognised in the income statement.

Where a group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate or joint venture. Losses may provide evidence of an impairment of the assets transferred in which case appropriate provision is made for impairment.

Goodwill

Goodwill arising on consolidation consists of the excess of the fair value of the consideration over the fair value of the Group's interest in the identifiable assets net of liabilities including contingencies of the business acquired at the date of acquisition.

Goodwill is recognised as an asset at cost less any recognised impairment losses. It is reviewed for impairment at least annually and any impairment is recognised immediately in the income statement.

Goodwill arising on acquisitions prior to the date of transition to IFRS had already been fully impaired prior to the date of transition.

Exploration expenditure

Expenditure on the acquisition cost, exploration and evaluation of interests in licences including related overheads is capitalised. Such costs are carried forward in the balance sheet under property, plant and equipment and are amortised over the minimum period of the licences in respect of each area of interest where such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively by its sale. Where doubt exists over the viability of a project, the associated deferred exploration expenditure and development costs are written off to the income statement.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses. Assets in the course of construction have not been depreciated.

Depreciation is calculated to write off, on a straight line basis, each asset, less its estimated residual value, over its estimated useful life as follows:

- Land and buildings – 10% per annum
- Plant and machinery – 20% to 25% per annum
- Office equipment – 10% to 25% per annum

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in income.

Useful economic lives, residual values and the method of depreciation are reviewed each year.

Investments in undertakings accounted for using the equity method

Investments in undertakings accounted for using the equity method on consolidation are recognized in the Company financial statements at historical cost less any provision for impairment.

Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated in the light of current business prospects and forecasts and compared to its carrying value.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

For goodwill, intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated at each balance sheet date and whenever there is an indication of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Inventories

The Group's inventories comprise items held for consumption within operations, principally fuel and consumables, which are stated at a value based on purchase price. No provisions have been required.

Financial instruments

Financial instruments are classified as financial assets, financial liabilities or equity instruments.

Following the adoption of IAS 32 "Financial Instruments: Presentation", financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- They include no contractual obligations upon the Group to deliver cash or other financial assets that are potentially unfavourable to the Group; and
- Where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial payments associated with financial instruments that are classified as equity are dividends and are recorded directly in equity. Finance payments associated with financial liabilities are dealt with as part of finance costs.

The Group's financial instruments comprise borrowings, cash and items such as trade payables that arise directly from its operations. The primary purpose of these financial instruments is to manage the finance of the Group's operations.

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received net of direct issue costs.

Trade payables

Trade payables are initially recognised at fair value (nominal value) and then subsequently recorded at amortised cost. They do not carry any interest.

Borrowings

Borrowings are initially recognised at fair value being net proceeds less transaction costs and are subsequently measured at amortised cost using the effective interest method.

Deferred taxation

Deferred tax is provided in full using the balance sheet liability method. Deferred tax is the future tax consequence of temporary differences between the carrying amounts and tax bases of assets and liabilities shown on the balance sheet. Deferred tax assets and liabilities are not recognised if they arise in the following situations:

- The initial recognition of goodwill; and
- The initial recognition of assets and liabilities that affect neither accounting nor taxable profit.

The amount of deferred tax provided is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The Group does not recognise deferred tax liabilities or deferred tax assets on temporary differences associated with investments in subsidiaries and associates as it is not considered probable that the temporary differences will reverse in the foreseeable future. It is the Group's policy to reinvest undistributed profits arising in Group companies.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amount of the deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Foreign currencies

The Group's presentational currency is Sterling.

Transactions denominated in foreign currencies are recorded at the prevailing rate on the day of the transaction.

Trading assets and liabilities denominated in foreign currencies are translated into Sterling at the period end exchange rate. Gains and losses arising on the translation of foreign currencies are recognised as part of operating profit.

A company's functional currency is the currency of the primary economic environment in which it operates, generally the one in which it generates and expends cash

Where a subsidiary's functional currency differs from the group's presentational currency, the assets and liabilities of the subsidiary undertaking are translated into Sterling at the period end exchange rate. Also the income and expenditure of the undertaking are translated into Sterling at the average rate. Exchange differences arising on retranslation of opening assets and liabilities, long term financing denominated in foreign currency and the trading of foreign subsidiary undertakings are taken directly to the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as Sterling denominated assets and liabilities.

Deferred contribution to exploration costs

It is the policy of the Group to treat as deferred any income or contribution to costs received which the Group is not entitled to recognise within the accounting period under review because the income or contribution relates to a specifically defined future period of time.

A contribution was received from a third party to support expenditure on an exploration project covering a five year period commencing 1 January 2006. Exploration expenditure on the project in question was to be incurred evenly over its life and accordingly the contribution received was being credited against exploration expenditure in the Income Statement on a straight line basis over that period. That proportion of the contribution received not yet released was included in deferred income.

The contribution was received in exchange for an option to purchase the extracted mineral at a pre agreed price if the project was successful and therefore a potential contingent liability existed.

During the year to 29 February 2008 this exploration project ceased and consequently the remainder of the contribution was taken to the income statement and any contingent liability lapsed.

Share-based payment transactions

The Group share option plan allows Group employees and consultants to acquire shares in the Company. The fair value of options granted in exchange for services received is recognised as an employee cost in the income statement with a corresponding increase in equity. The fair value is measured at the date of grant using the Black-Scholes-Merton formula by reference to the fair value of those options so granted and is considered the most appropriate method taking into account the effect of the vesting conditions, the expected exercise period and the dividend policy of the Company.

There are no market vesting conditions attaching to any of the option grants and the amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

Employee benefits - Post retirement

UK resident employees are entitled to join the Group Personal Pension Plan ("GPPP"). The Group pays a defined contribution into this scheme, whose assets are held separately from those of the Group in independently administered funds. The amount recognised as an expense represents the contributions payable to the scheme in respect of the financial year.

In addition the Group contributes to the defined contribution schemes of other UK employees not participating in the Group Personal Pension Plan.

Interest income and finance costs

Interest income is recognised on a time apportion basis using the effective interest rate method.

Finance costs comprise interest and charges payable on borrowings calculated using the effective interest rate method.

Provisions

Provision are recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for environmental remediation and decommissioning of the Group's mining and exploration facilities have been estimated using current third party estimates. While the provision has been based on the best estimates of future costs and economic life, there is uncertainty regarding the timing of these costs.

Reserves

Share premium arises on the issue of shares, being the excess consideration above par value. This is net of costs directly applicable to the issue of shares.

The translation reserve arises on consolidation where a subsidiary's functional currency differs from that of the Group's presentational currency. Exchange differences occur on reserves which are translated at historic rates.

The minority interest represents third party holdings in subsidiary operations and takes into consideration their share of results and net assets. A minority interest is not liable for net liabilities, and so is not shown as holding a part of any net liabilities.

2. Pension costs

The Group operates a defined contribution scheme. Contributions are payable into a Group Personal Pension Plan (GPPP) whose assets are held in separately administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the period under review.

3. Share capital

On 27 June 2008, 70,639,000 new ordinary shares were issued as the result of a private placing at 5p per share.

4. Earnings (loss) per share

	6 months to 31.8.08 Earnings £	6 months to 31.8.08 EPS p	6 months to 31.8.07 Earnings £	6 months to 31.8.07 EPS p	Year to 29.2.08 Earnings £	Year to 29.2.08 EPS p
Basic earnings (loss) per share	(2,359,034)	(1.42)	(2,432,124)	(1.74)	(4,169,654)	(2.97)
Diluted earnings (loss) per share	(2,359,034)	(1.42)	(2,432,124)	(1.72)	(4,169,654)	(2.86)

The weighted average number of shares for the basic earnings per share calculation as at 31 August 2008 was 166,331,198 (29 February 2008 – 140,449,532; 31 August 2007 – 139,525,029).

The weighted average number of shares for the diluted earnings per share calculation as at 31 August 2008 was 166,331,198 (29 February 2008 – 145,914,752; 31 August 2007 – 141,274,919). There is no dilution at 31 August 2008 as the warrants and options are anti-dilutive at that date.

6. Dividends

No dividends were paid or are proposed in respect of the six months ended 31 August 2008.

7. Interim Statement

This interim statement is being posted on the Company's website.

28th November 2008

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