



4 September 2006 – For Immediate Release

MicroFuze International Plc

("MicroFuze" or "the Company")

Interim Results for the six months ended 30 June 2006

Chairman's Statement

MicroFuze International plc (AIM:MFZ) a provider of innovative surface engineering technology, announces its interim results for the period ended 30 June 2006.

Highlights:

- Successful completion of placing
- Senior management and engineering team strengthened
- Engineering team now in place
- First commercial order for chrome diffusion
- Continued development work of Microwave Diffusion Treatment ("MDT") for chrome and boron diffusion
- Investment in "cool plasma" technology
- Net cash position at the end of the period was £1.7 million

Since the placing of MicroFuze on 13 February 2006 the Company has made progress with its development and commercial focus. Milestones achieved include the appointment of senior executives needed to provide the required leadership and expertise to direct the Company towards future growth and commercialisation. MicroFuze's first commercial order and investment in new technologies further demonstrate the Company's focus in commercialising surface engineering solutions using microwaves.

Results Summary

The loss on ordinary activities for the period ended 30 June 2006 was £989,000 or 0.66p per share. This loss is inclusive of exceptional items totalling £421,000, being Research and Development in respect of ongoing projects. During the period £3,010,000 was raised through the issuance of ordinary shares at a cost to the company of £445,000. The net cash position of the company as at 30 June 2006 was £1,712,000.

As was announced in our trading update of 25 August 2006 the revenues for the financial year ended 31 December 2006 will not meet expectations. This is as a result of delay in the scale up and purchase of a production microwave. As a consequence the Company is continuing to preserve its cash.

Business Operations

Chrome

The Company received its first commercial order for the chrome diffusion of studs from Diffusion Technologies, an industry leader in the maintenance of black liquor boilers for energy extraction and a tier one supplier to the pulp and paper industry. Diffusion Technologies acknowledges that MicroFuze's microwave-treated products provide significant advantages over conventional diffusion, since they can be made within a few hours, replacing conventional processes that take several days, and are more consistent in quality and superior in welding characteristics.

The Diffusion Technologies order has already been part-completed using the existing development microwave in Chattanooga, Tennessee.

Boron

The Company has focused its development efforts on the diffusion of boron into hard steels. Further research and development time and cost will be spent on boron. The discussions the Company is having with its customers for boron diffusion technology is encouraging and the Company sees boron diffusion as a promising growth market.

Production

The Company is in discussions with vendors for the purchase of a new production microwave. This will enable the Company to complete commercial orders which require larger manufacturing capacity than our smaller development microwave can provide. We expect the new production microwave to be located in Chattanooga, Tennessee.

Management

The Company has recruited the senior executive talent needed to progress the commercialisation of its patented microwave technology:

Sandy Barblett joined the Company in April as an Executive Director based in London. Sandy has gained a wealth of experience from Pace Micro Technology plc and we welcome his global sales, marketing and leadership skills. Sandy is working to accelerate the commercial rollout of the technology and will also be active in looking at other technologies and companies that are complementary to the MicroFuze technology.

Art Greenberg joined the Company in June as the President of MicroFuze Americas, Inc., the key subsidiary which holds the licence to commercialise the US Government's patents and which is 85% owned by MicroFuze, 10% owned by the US Department of Energy and 5% owned by Harley Grant, who is one of the inventors of the technology. Art is a chemical engineer by trade and has experience in chemicals and metal coatings applied to industries such as those served by MicroFuze. Art's appointment is as part of the executive management team.

Development of New Technologies

The Company appointed as a consultant Professor Nguyen Tran, who is a leading authority in the field of microwave engineering, where he has been active for some 20 years. Professor Tran is developing the “cool plasma” technology for creating metal infused coatings using microwaves which could extend the existing range of metals to which MDT is applied to include aluminum and magnesium. Professor Tran is based in Melbourne and will set up a second development microwave for the Company in addition to our microwave in Chattanooga.

MicroFuze’s existing patented MDT creates alloys by diffusing metals in a microwave. For metals such as magnesium and aluminum with relatively low melting temperatures, working in a cooler environment is essential for making an alloy layer without damaging the target metal.

The appointment of Professor Tran for an initial 12 month period allows the Company to further extend its technology base. If the Company is able to successfully diffuse metals or rare earths at lower temperatures, it will open up many opportunities for metals that have previously been untreatable using conventional methods, and certain industrial applications previously considered impossible. We will keep the shareholders updated on developments in this regard.

Outlook

MicroFuze is continuing to establish itself as a solutions provider of innovative surface treatment technologies. The MDT technology is the base from which the Company will seek to grow both organically and via acquisition.

The Company continues to be focused on working with customers and partners who have a real commercial need for the microwave diffusion treatment technology.

There have been very few significant technological advances in the market place that we operate in recent time. Companies are looking at new processes in the surface engineering sector that are cheaper, quicker, more environmentally friendly and provide the customer with better properties in their base metals. MicroFuze will seek to capitalise on the important opportunities which are now underpinning a changing market place.

The board looks forward to reporting developments in the MDT technology in the coming months.

Duncan Clegg
Chairman

For further information:

MicroFuze International plc

Doug Parrish, Chief Executive

parrish@microfuze.com

www.microfuze.com

Tel: +44 (0)20 7016 5100

Mob: +44 (0) 7789 373 292

Libertas Capital

Andrew Raca

ajr@libertascapital.com

Tel: +44 (0)20 7569 9604

Media enquiries:

Positive Profile

Henry Gewanter

henryg@positiveprofile.com

Tel: +44 (0)20 7489 2028

Mob: + 44 (0) 7774 22 88 45

MicroFuze International plc
Profit and Loss Account

For the period ended 30th June 2006

	Note	Period 19.8.05 to 30.06.06 (unaudited) Total £000
Turnover		2
Net operating costs	2	(1,071)
Operating loss		(1,069)
Interest receivable		30
Loss before taxation		(1,039)
Taxation		-
Loss after taxation		(1,039)
Minority interests		50
Loss for the period		(989)
Loss per share		0.66p

Earnings per share

Loss per share of 0.66p has been calculated using the loss after taxation and minority interest of £989k applied to 149,121,110 shares

MicroFuze International plc
Group Consolidated Balance Sheet

30th June
2006
(unaudited)

	Note	£000
Fixed Assets		
Goodwill		1,464
Tangible		62
		1,526
Current Assets		
Debtors - amounts falling due within one year	3	84
Cash at bank		1,712
		1,796
Creditors: amounts falling due within one year		
Other creditors		(201)
Net current assets		1,595
Total assets less current liabilities		3,121
Net assets		3,121
Capital and reserves		
Called up share capital		224
Share premium account		3,941
Profit and loss account		(955)
Shareholders' funds		3,211
Minority interests (equity)		(89)
		3,121

MicroFuze International plc
Group Cash Flow

		Period 19.8.05 to 30.06.06 (unaudited)
	Note	£000
Net cash outflow from operating activities	1	(889)
Return on investments and servicing of finance - interest received		30
Tax paid		-
Net cash outflow before investing activities		(859)
Net capital receipts	1	2,571
Increase in cash		1,712
Movement in net cash in the period		
Increase in the period		1,712
As at 30 June 2006		1,712

MicroFuze International plc
Statement of total recognised gains and losses

	Period 19.8.05 to 30.06.06 (unaudited) £000
Loss for the period	(989)
Exchange adjustments	34
Total recognised gains and losses in the period	(955)

Reconciliation of movements in shareholders' funds

	Period 19.8.05 to 30.06.06 (unaudited) £000
Recognised losses relating to the period	(955)
Shares issued during the period	4,165
Net increase in shareholders' funds	3,210
At beginning of period	-
At end of period	3,210

Historical cost profits and losses

There were no differences between the reported loss before taxation and the historical cost loss before taxation for the period.

Basis of preparation of the interim financial information

The interim financial information has been prepared on the same basis and using the same accounting policies as were applied in drawing up the financial information contained in the admission document. The figures for the period are unaudited.

MicroFuze International plc
Notes to the half year accounts

1. Consolidated cash flow statement

	Period 19.8.05 to 30.06.06 (unaudited)
Net cashflow from operating activities	£000
Operating loss	(1,069)
Depreciation charge	7
Goodwill amortisation	44
Decrease in debtors	35
Increase in creditors	94
Net cash outflow from operating activities	(889)

	Period 19.8.05 to 30.06.06 (unaudited)
Net capital receipts/(payments)	£000
Purchase of tangible fixed assets	(11)
Issue of ordinary shares	3,010
Costs of share issue	(445)
Cash acquired with subsidiaries	17
	2,571

2. Operating Exceptional Items

Included within net operating costs for the period is the following exceptional item:

	£'000
Research and development in respect of ongoing projects	421

3. Debtors

Included within Debtors is an amount of £27,211 in respect of unpaid share capital. Of this amount £10,000 has been received since the period end and the balance is expected to be received in the near future.