

Company [Equity Pre-IPO Investments Ltd](#)
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EQUITY PRE-IPO INVESTMENTS LIMITED

("Pre IPO" or "the Company")

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

Equity Pre-IPO Investments Limited, (AIM :EIL), the pre-IPO investment company, is pleased to announce its unaudited results for the six months ended 30 June 2007. Some additional information is also provided for the period up to 14 September 2007.

Period end highlights:

- NAV of 54.32 pence at 30 June 2007
- Flotations of two investee companies in second half of year progressed: financial advisors appointed and timetables set

Post period highlights:

- Successful exit from one unquoted investment since 30 June 2007 for a profit of 34% on the amount invested
- Five investments held as at 14 September 2007, all of which are unquoted

- Net asset value per share of 55.27 pence as at 14 September 2007 Martin Shires, Director of Pre IPO, commented:

“As a result of the progress that has been made with our investment portfolio since the beginning of the year we are very excited about the next twelve months, in particular the prospect of further material uplifts in investee company valuations and the flotation and realisation of a number of existing investments. We believe that Pre IPO’s business model is now a proven one and we look forward to the next phase in the Company’s growth with confidence.”

For a complete set of Interim Statements, or for further information on the Company please go to www.equitypreipo.com

For further information:

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UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

Directors Review

We are delighted to present our interim results to shareholders, showing the financial performance of the Company from 1 January 2007 to 30 June 2007. In addition we have included some further information for the period up to 14 September 2007.

Net Asset Value

The Company's Net Asset Value ("NAV") per share as at 14 September 2007 stood at 55.27 pence. This compares with an NAV as at 31 December 2006 of 55.37 pence per share. Whilst there has been little change in the NAV so far this year we are working with our portfolio of investee companies very closely in order to ensure that there is either an exit from our investment in the near term or else a strategic plan that will ultimately generate an exit for us. The investment strategy of Pre IPO is such that the NAV will often experience periods of minimal movement followed by one off events that trigger material changes.

Investments

We stated in our annual report for the year to 31 December 2006 that our focus for 2007 is the partial or complete exit from companies within our portfolio. We set ourselves a target of the flotation of at least two companies from the portfolio during 2007 and to increase the portfolio of investee companies to ten.

We are delighted to be able to report that since the period end we have completed the trade sale of Combimeer NV for a profit which equates to a return of 34% on the amount invested. We are also working closely with two other investee companies regarding their flotation – one on to AIM and one on to the Plus Market. Both these companies have appointed their financial advisors and have a timetable for completion of their respective flotations before the end of 2007. These flotations are, of course, subject to a number of matters and their success may be impacted by the uncertainties being experienced in the markets at the moment. We continue to

work closely with our three other existing investments with a view to securing a planned exit route for our investments.

In addition, since the period end, we participated in a fund raising for one new investment. We have invested a total of €600,000 into Fashion Brands Collections B.V. Fashion Brands is a Dutch based private company which holds the exclusive rights to operate ELLE branded stores throughout Europe and the Middle East selling ELLE's day wear collection, "pret-a-porter". Fashion Brands was granted the rights from Hachette Filipacchi Presse SA ("HFP"), the Paris based ultimate owner of ELLE magazine worldwide. ELLE is amongst the world's largest fashion magazines, with 39 editions printed globally of which 24 are printed in Europe and the Middle East. HFP has been extremely successful in leveraging the strength of the ELLE brand in related markets having granted approximately 150 licences and generating some \$1.0 billion consumer annual turnover.

Fashion Brands began operations last year and is forecast to have more than 15 stores open and operational across Europe before the end of 2007 Fashion Brands designs the bi-annual collections in-house with its team of talented and up and coming designers and outsources its manufacturing to high quality third parties. ELLE branded stores are operated by sub-licences of Fashion Brands and are obliged to only sell clothing designed by Fashion Brands. We have been working with the management of Fashion since March 2007 and are delighted to have made this investment.

Therefore as of 14 September 2007 we held investments in a total of 6 unquoted companies.

Funding

We are increasingly concerned that our inability to raise additional funds for the Company will have a detrimental effect on the continued progress and development of the Company. We have discussed and explored a number of ways to increase the amount of capital available but to date have not succeeded in this regard. We are continuing to explore a number of avenues which include raising further equity capital and combining with other complementary organisations. We believe that we will need to reach a resolution on this issue during 2007 and will keep shareholders informed of any progress.

Outlook

As a result of the progress that has been made with our investment portfolio since the beginning of the year we are very excited about the next twelve months, in particular the prospect of further material uplifts in investee company valuations and the flotation and realisation of a number of existing investments. We believe that Pre IPO's business model is now a proven one and we look forward to the next phase in the Company's growth with confidence.

Martin Shires

Paul Schreibke

EQUITY PRE-IPO INVESTMENTS LIMITED

STATEMENT OF TOTAL RETURN FOR THE SIX MONTHS ENDED 30 JUNE 2007

	Note	For the six month period ended 30 June 2007 (unaudited)			For the six month period ended 30 June 2006 (unaudited)		
		Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
GAINS ON INVESTMENTS							
Net realised gains		-	11,254	11,254	-	535,241	535,241
Net (decrease)/increase in reserve for unrealised gains		-	2,766	2,766	-	(524,863)	(524,863)
		<u>-</u>	<u>14,020</u>	<u>14,020</u>	<u>-</u>	<u>10,378</u>	<u>10,378</u>
INCOME							
Investment income	2	-	-	-	-	-	-
commission received		1,200	-	1,200	-	-	-
Loan interest received		-	-	-	-	-	-

Bank interest	<u>1,724</u>	-	<u>1,724</u>	<u>781</u>	-	<u>78</u>
	<u>2,924</u>	-	<u>2,924</u>	<u>781</u>	-	<u>78</u>

EXPENDITURE	2					
Directors' fees	10,000	-	10,000	10,000	-	10,000
Administration fees	28,016	-	28,016	30,707	-	30,707
Professional fees	-	65,848	65,848	-	37,645	37,645
AIM admission expenses	-	-	-	-	-	-
Consultancy fees	-	34,532	34,532	-	94,672	94,672
Share based payments	-	4,811	4,811	-	-	-
Audit fee	6,555	-	6,555	5,650	-	5,655
Bank charges and interest	800	-	800	3,273	-	3,273
Interest - other	-	-	-	-	-	-
Commission paid	-	-	-	3,288	-	3,288
Sundry expenses	-	-	-	3,100	-	3,100
Regulatory and registration fees	3,110	-	3,110	12,705	-	12,705
Unrealised loss on foreign exchange	<u>7,594</u>	-	<u>7,594</u>	-	-	-
	<u>56,075</u>	<u>105,191</u>	<u>161,266</u>	<u>68,723</u>	<u>132,317</u>	<u>201,040</u>
NET RETURN ON ORDINARY ACTIVITIES FOR THE FINANCIAL PERIOD/YEAR	<u>(53,151)</u>	<u>(91,171)</u>	<u>(144,322)</u>	<u>(67,942)</u>	<u>(121,939)</u>	<u>(189,881)</u>

Return per share - basic and diluted (pence per share)	(0.40)	(0.69)	(1.09)	(0.51)	(0.92)	(1.43)
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All revenue and capital items in the above statement derive from continuing operations.

No operations were acquired or discontinued during the period.

A reconciliation of movements in shareholders' funds is set out in note 13 to the financial statements.

EQUITY PRE-IPO INVESTMENTS LIMITED

BALANCE SHEET

30 JUNE 2007

	Note	30 June 2007 (unaudited)	30 June 2006 (unaudited)
FIXED ASSETS			
Quoted investments	4	-	1,102,261
Unquoted investments	5	<u>7,077,739</u>	<u>4,559,876</u>
		7,077,739	5,662,137
CURRENT ASSETS			
Loans receivable		80,000	-
Cash at bank and broker		<u>85,130</u>	<u>2,319</u>
		165,130	2,319
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Sundry creditors	8	<u>(52,794)</u>	<u>(68,548)</u>
NET CURRENT ASSETS		<u>112,336</u>	<u>(66,229)</u>
TOTAL ASSETS LESS CURRENT LIABILITES		£ <u>7,190,075</u>	£ <u>5,595,908</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	10	132,372	132,372
SHARE PREMIUM ACCOUNT		4,254,872	4,254,872
CAPITAL RESERVE			
REALISED	11	452,906	533,637
UNREALISED	11	2,853,967	1,053,418
SHARE OPTION RESERVE		4,811	-
REVENUE RESERVE	11	<u>(508,853)</u>	<u>(378,391)</u>
SHAREHOLDERS' FUNDS	12	£ <u>7,190,075</u>	£ <u>5,595,908</u>
Net asset value per share (pence per share)	7 & 15	54.32	42.27

APPROVED BY THE BOARD OF DIRECTORS

P Schreibke
Director

M Shires
Director

25 September 2007

EQUITY PRE-IPO INVESTMENTS LIMITED

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

		Six month period ended 30 June 2007	Six month period ended 30 June 2006
		(unaudited)	(unaudited)
Net cash outflow from operating activities	Notes 9	<u>(199,394)</u>	<u>(159,889)</u>
Investing activities:			
Purchase of quoted investments		-	-
Purchase of unquoted investments		(731,910)	(837,825)
Proceeds from disposals of quoted investments		<u>938,930</u>	<u>898,365</u>
Net cash inflow/(outflow) from financial investment		<u>207,020</u>	<u>60,540</u>

(Decrease)/increase in cash resources for the period/year	£	<u>7,626</u>	£	<u>(99,349)</u>	£
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RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

(Decrease)/increase in cash resources for the period/year		7,626		(99,349)	
Opening net funds		<u>77,504</u>		<u>101,668</u>	
Closing net funds	£	<u>85,130</u>	£	<u>2,319</u>	£

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2007

1. ACCOUNTING POLICIES

(a) CONVENTION

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with applicable accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued by The Association of Investment Trust Companies in December 2005. The principal accounting policies which the directors have adopted within that convention are set out below.

(b) INCOME

Dividends receivable from quoted equity investments are recognised on the ex-dividend date. Dividends receivable from equity investments where no ex-dividend date is quoted are recognised when the Company's right to receive payment is established. Interest receivable on cash deposits is accounted for on an accruals basis.

(c) FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies other than sterling have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions during the period have been translated at the rates of exchange ruling at the date of the transaction.

(d) VALUATION OF INVESTMENTS

Quoted investments are valued at bid price.

Unquoted investments are valued by the Board according to the valuation principles of the European Private Equity and Venture Capital Association as set out in the International Private Equity and Venture Capital Valuation Guidelines (Published June 2005, amended October 2006) and accordingly are stated at the value of their latest third party funding. Where no third party funding has taken place, they are valued at cost, less a provision for impairment when necessary.

Realised gains or losses on the disposal of investments are taken to the capital reserve - realised. Unrealised gains or losses on revaluation of investments are taken to the capital reserve - unrealised.

(e) EXPENDITURE

All expenses are accounted for on an accruals basis. Expenses are charged through the Statement of Total Return except where the expense is incidental to the acquisition or disposal of an investment in which case the expense is added to the cost of the investment or deducted from the sale proceeds.

Expenses that are directly attributable to the management of investments are allocated directly to capital in the Statement of Total Return. With the Directors' long term target for returns on investments being entirely capital gain there is no requirement to apportion these expenses between revenue and capital.

2. TAXATION

5. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net return on ordinary activities after tax for the year and on 13,237,235 (six month period ended 30 June 2006: 13,237,265, year ended 31 December 2006: 13,237,235) shares being the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the net return on ordinary activities after tax for the year and on 13,237,235 (six month period ended 30 June 2006: 13,237,235, year ended 31 December 2006: 13,237,235) shares being the weighted average number of shares in issue during the year adjusted for any dilutive effect of the share options.

6. NET ASSET VALUE

The calculation of net asset value is based on the net assets of £7,190,075 (30 June 2006: £5,596,908, 31 December 2006: £7,329,586) and on the ordinary shares in issue of 13,237,235 (30 June 2006: 13,237,235, 31 December 2006: 13,237,235) at the balance sheet date.

7. SUNDRY CREDITORS	30 June 2007 (unaudited)	30 June 2006 (unaudited)	31 D
Audit fees	3,625	1,000	
Consultancy / directors fees	11,524	45,546	
Professional fees	3,122	12,945	
Administration fees	34,523	9,057	
	<u>£ 52,794</u>	<u>£ 68,548</u>	<u>£</u>

8. RECONCILIATION OF REVENUE RETURN TO OPERATING CASH FLOW

	30 June 2007 (unaudited)	30 June 2006 (unaudited)	31 D
Net return on ordinary activities for the financial period before taxation	(53,151)	(67,942)	
Expenses charged to capital	(105,191)	(132,317)	

(Increase) in debtors	(80,000)	-	
Increase in creditors	34,137	40,370	
Share based payments	<u>4,811</u>	<u>-</u>	
Net cash outflow from operating activities	£ <u>(199,394)</u>	£ <u>(159,889)</u>	£ <u></u>
9. CALLED UP SHARE CAPITAL	30 June 2007 (unaudited)	30 June 2006 (unaudited)	31 Dec 2005 (unaudited)
Authorised			
50,000,000 ordinary shares of £0.01 each	£ <u>500,000</u>	£ <u>500,000</u>	£ <u></u>
Allotted and fully paid			
13,237,235 ordinary shares of £0.01 each	£ <u>132,372</u>	£ <u>97,833</u>	£ <u></u>
10. SHARE PREMIUM ACCOUNT			
As at 1 January 2007 and at 30 June 2007		£ <u>4,254,872</u>	
11. RESERVES	Capital Reserve	Capital Reserve	Share Option Reserve
	- Realised	- Unrealised	
Revenue Reserve			
Balance at 1 January 2007	546,843	2,851,201	- (455,702)
Net Return for the financial period	(105,191)	-	- (53,151)
Net realised gains/(losses)	11,254	-	-
Net unrealised gains/(losses)	-	2,766	-
Share based payments	-	-	4,811
Balance at 30 June 2007	<u>452,906</u>	<u>2,853,967</u>	<u>4,811 (508,853)</u>
12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	30 June 2007 (unaudited)	30 June 2006 (unaudited)	31 Dec 2005 (unaudited)
Net return for the financial period/year	(144,322)	(253,750)	
Dividends paid (net)	<u>-</u>	<u>-</u>	

	(144,322)	(253,750)	
Net proceeds of new share capital subscriptions	-	-	
Net (reduction in)/addition to shareholders' funds	-	-	
Opening shareholders' funds	<u>7,329,586</u>	<u>5,849,658</u>	
Closing shareholders' funds	£ <u><u>7,185,264</u></u>	£ <u><u>5,595,908</u></u>	£ <u><u> </u></u>

13. RELATED PARTY TRANSACTIONS

On 9 February 2005 and as disclosed in the AIM Admission Document dated 18 February 2005, Combined Management Services Limited ("CMS") entered into a services agreement with the Company under the terms of which CMS agreed to provide research, consultancy, office management and administration services to the Investment Advisory Panel.

A total of £22,502 has been paid to CMS for the period to 30 June 2007 (£101,601 for the year to 31 December 2006). Jonathan Freeman owns 50% of CMS.

14. SHARE OPTIONS

At 30 June 2007 the number of ordinary shares of 1 pence each subject to options granted under the Company's Share Option Plan were:

Exercise Period	Exercise Price per Share	At January 2006 No.	Grants during year No.	Options exercised No.	At 30 June 2007 No.
30 November 2007 - 30 May 2017	26.0 pence	Nil	50,000	Nil	50,000
1 December 2007 - 1 June 2017	26.0 pence	Nil	750,000	Nil	750,000

The Binomial formula is the option pricing model applied to the grant of all options in respect of calculating the fair value of the options.

There were no market conditions within the terms of the grant of the options. The main vesting condition for all the options awarded was that the consultant remained employed within the Company at the date of exercise.

For the granting of options during the six month period ended 30 June 2007, the following inputs have been used:

	Six month period ended 30 June 2007
Number of shares under options	800,000
Share price at grant	22.1 pence
Option exercise price	26.0 pence
Expected life of options	3.5 years
Expected volatility	23.1%
Risk free rate	5.66%
Grant date	50,000 on 30 May 2007 750,000 on 1 June 2007
Fair value per share under option	4.21 pence
Total expected charge over the vesting period	33,680

The share-based remuneration charge comprises:

	Period ended 30 June 2007	Year ended 31 December 2006
Share-based payments	£4,811	

15. FINANCIAL INSTRUMENTS

(i) Management of risk

The Company's financial instruments comprise:

- Equity shares that are held in accordance with the Company's investment objective as set out in the Director's Statement - Cash and short term debtors and creditors that arise directly from the Company's operations.

The main risks arising from the Company's financial instruments are due to fluctuations in market prices, foreign exchange rates and

interest rates. The Board regularly reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained constant throughout the period under review.

Market price risk

Market price risk arises mainly from uncertainty about the future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions in the face of price movements and movements in exchange rates. The Company's assets comprise mainly investments in smaller, unquoted businesses which, by their nature, tend to be more fragile than larger, longer established businesses. In addition these investments may include fast-growing companies undergoing significant change which are, therefore, usually exposed to greater risks than lower growth businesses. The Company's unquoted investments may therefore change in nature quickly with such changes not being reflected in the Company's valuation of investment.

It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce risk arising from factors specific to a particular country or sector. The allocation of assets to international markets and stock selection are other factors which act to reduce market price risk. The Investment Advisory Panel monitor market prices throughout the year and report to the Board, which meets regularly to consider investment strategy.

Foreign currency risk

The Company's total return and net assets can be significantly affected by fluctuations in foreign currency exchange rates because a portion of the Company's assets and revenue are denominated in currencies other than sterling. The Board carefully monitors the Company's exposure to exchange risk and if it feels it necessary will utilise appropriate hedging strategies.

Liquidity risk

Liquidity risk is the risk that the Company will encounter in realising assets or otherwise raising funds to meet its financial commitments. The Company's assets comprise mainly investments in smaller, unquoted businesses which, by their nature are difficult to realise. There is therefore a risk that the Company may not be able to exit from an investment to meet a financial liability or to fund further investment, when such an opportunity arises. Accordingly the Company is generally able to use its non-cash assets to fund the Company's on-going activities until an exit can be achieved. The Directors carefully monitor the ongoing working capital requirements of

the Company and seek to ensure that there is sufficient cash resources to meet the liabilities of the Company as they arise.

The Company places funds with authorised deposit takers from time to time and is therefore potentially at risk from the failure of any such institution of which it is a creditor. The company expects to place any deposits on a short term basis and where possible with more than one institution to reduce its credit risk.

(ii) Interest rate risk of financial assets

The majority of the Company's financial assets are equity shares and other investments which neither pay interest nor have a stated maturity date.

(iii) Currency exposure

A portion of the financial assets of the of the company are denominated in currencies other than sterling with the effect that the net assets and total return can be significantly affected by currency movements.

30 June 2007	Currency	Investments	Cash at bank	
	Euro	£ <u>269,040</u>	£ <u>-</u>	£ <u></u>
	US Dollar	£ <u>-</u>	£ <u>212</u>	£ <u></u>
31 December 2006	Currency	Investments	Cash at bank	
	Euro	£ <u>276,470</u>	£ <u>-</u>	£ <u></u>
	US Dollar	£ <u>-</u>	£ <u>371</u>	£ <u></u>

(iv) Fair values of financial assets

All of the financial assets of the Company are held at fair value, as shown in notes 3 and 4.

