

26 September 2006

EQUITY PRE-IPO INVESTMENTS LIMITED

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

Equity Pre-IPO Investments Limited ("Pre IPO" or "the Company"), the AIM-traded strategic investment company, is pleased to announce its unaudited results for the six months ended 30 June 2006. Some additional information is also provided for the period up to 20 September 2006.

Highlights:

- Net asset value at 30 June 2006 of 42.27 pence per share (42.73 pence as at 20 September 2006)
- Seven investments held at 30 June 2006 (six investments held as at 20 September 2006, all of which are unquoted)
- Successful exit from all quoted investments held at the beginning of the year
- Investment philosophy remains consistent with a focus on pre IPO financings

Martin Shires, Director of Pre IPO, commented:

"Our overall aim with Pre IPO is to invest in companies that we believe will be floated within a short period of time and, once public, to ensure a managed exit from those investments in order to reinvest the proceeds in new companies nearing their own IPO. We believe that this business model is now proven, having now completed the first 12 – 15 month investment cycle of a number of companies.

At the beginning of the year we set a target to exit completely from at least two of our quoted investments and we are pleased to announce that we have exceeded our expectations, having recently completed the exit from all three of the quoted investments that we held at the beginning of the year. We look forward to the rest of the year with confidence".

For further information:

Martin Shires, 01481 751 000
Director, Equity Pre-IPO Investments Limited

EQUITY PRE-IPO INVESTMENTS LIMITED

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

Directors Review

We are delighted to present our second set of interim results to shareholders. It shows the financial performance of the Company from 1 January 2006 to 30 June 2006. In addition we have included some further information for the period up to 20 September 2006.

Net Asset Value

The Company's Net Asset Value ("NAV") at the start of the period, 1 January 2006, was 44.19 pence per share and as at 30 June 2006 stood at 42.27 pence per share. Whilst there has been little change in the NAV to 20 September 2006 (42.73 pence per share), this represents an increase in NAV of some 51.8 per cent. since the Company floated with a NAV of 28.14 pence per share on 24 February 2005 and a significantly better performance than that of the AIM All-Share Index which has fallen around 10 per cent. over the same period. 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.

The Company's NAV currently comprises investments in six unquoted companies and a cash balance and other current assets of £100,649.

Investments

As at 30 June 2006 we held investments in a total of seven companies and as of 20 September 2006 we held investments in a total of six companies. At the beginning of the year we held a portfolio of nine investments, six of which were unquoted and three were quoted. At that time, we stated that our target for the end of 2006 was to exit completely from at least two of the quoted investments and for at least three of the unquoted companies to have floated.

I am pleased to report that we have now successfully exited from all of our quoted investments, the investment in the remaining quoted investment having been sold as recently as last month.

The six current unquoted investments are in companies operating in the financial services, technology and property sectors. Three of these investments are valued at cost and the other three have been re-valued to the value of their last material third party funding round. All three of these re-valuations are at a premium to the valuation at which Pre IPO invested.

The slowdown in the IPO market that was experienced over the last few months has delayed the expected flotation of some of our portfolio companies. As a result, we recently participated in follow-on investment rounds in two companies within the portfolio, totalling approximately £1.0 million. Notwithstanding this, two of the companies in the portfolio have appointed brokers in preparation for their flotation either later this year or early next year. We do not therefore believe that it will be possible to achieve three floats from the portfolio before the end of the year, but are hopeful that this will be achieved shortly thereafter.

Funding

We believe that the Company should have access to additional funds in order that the number of companies within the investment portfolio can be increased. We have however concluded that it is unwise, and probably not practical, to raise debt finance for Pre IPO as the security available is unquoted. We believe therefore that we will continue to rely on a combination of organic growth and additional equity finance to expand the business further. We have explored the possibility of raising further equity finance with our advisors and will continue to do so.

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 realising some material uplifts in valuations. 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

26 September 2006

EQUITY PRE-IPO INVESTMENTS LIMITED
STATEMENT OF TOTAL RETURN
FOR THE SIX MONTHS ENDED 30 JUNE 2006

	Note	For the six month period ended 30 June 2006 (unaudited)			For the six month period ended 30 June 2005 (unaudited)			For the year ended 31 December 2005 (audited)		
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
		£	£	£	£	£	£	£	£	£
GAINS ON INVESTMENTS										
Net realised gains		-	535,241	535,241	-	-	-	-	321,296	321,296
Net (decrease)/increase in reserve for unrealised gains		-	(524,863)	(524,863)	-	89,765	89,765	-	1,590,650	1,590,650
		-	10,378	10,378	-	89,765	89,765	-	1,911,946	1,911,946
INCOME										
	2									
Investment income		-	-	-	-	-	-	3,238	-	3,238
Bank interest		781	-	781	19,425	-	19,425	25,050	-	25,050
		781	-	781	19,425	-	19,425	28,288	-	28,288
EXPENDITURE										
	2									
Directors' fees		10,000	-	10,000	6,666	-	6,666	16,666	-	16,666
Administration fees		30,707	-	30,707	-	24,863	24,863	44,650	-	44,650
Professional fees		-	37,645	37,645	32,566	-	32,566	-	72,932	72,932
AIM admission expenses		-	-	-	227,823	-	227,823	238,081	-	238,081
Consultancy fees		-	94,672	94,672	-	50,042	50,042	-	117,651	117,651
Audit fee		5,650	-	5,650	2,500	-	2,500	3,000	-	3,000
Bank charges and interest		3,273	-	3,273	1,214	-	1,214	2,550	-	2,550
Sundry expenses		3,100	-	3,100	3,487	-	3,487	1,430	-	1,430
Regulatory and registration fees		12,705	-	12,705	-	-	-	13,767	-	13,767
Commission paid		3,288	-	3,288	-	-	-	-	-	-
		68,723	132,317	201,040	274,256	74,905	349,161	320,144	190,583	510,727
NET RETURN ON ORDINARY ACTIVITIES FOR THE FINANCIAL PERIOD/YEAR										
		(67,942)	(121,939)	(189,881)	(254,831)	14,860	(239,971)	(291,856)	1,721,363	1,429,507
Return per share - basic and diluted (pence)		(0.51)	(0.92)	(1.43)	(3.06)	(0.18)	(2.88)	(2.85)	16.81	13.96

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 12 to the financial statements.

The notes form an integral part of these financial statements.

EQUITY PRE-IPO INVESTMENTS LIMITED

BALANCE SHEET

30 JUNE 2006

	Note	30 June 2006 (unaudited)		30 June 2005 (unaudited)		31 December 2005 (audited)	
		£	£	£	£	£	£
FIXED ASSETS							
Quoted investments	4		1,102,261		597,264		2,054,118
Unquoted investments	5		4,559,876		1,478,107		3,722,050
			<u>5,662,137</u>		<u>2,075,371</u>		<u>5,776,168</u>
CURRENT ASSETS							
Cash at bank and broker		<u>2,319</u>		<u>688,065</u>		<u>101,668</u>	
		<u>2,319</u>		<u>688,065</u>		<u>101,668</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR							
Sundry creditors	8	<u>68,548</u>		<u>11,500</u>		<u>28,178</u>	
		<u>68,548</u>		<u>11,500</u>		<u>28,178</u>	
NET CURRENT ASSETS			(66,229)		676,565		73,490
TOTAL ASSETS LESS CURRENT LIABILITIES		£	<u>5,595,908</u>	£	<u>2,751,936</u>	£	<u>5,849,658</u>
CAPITAL AND RESERVES							
CALLED UP SHARE CAPITAL	10		132,372		97,833		132,372
SHARE PREMIUM ACCOUNT			4,254,872		2,861,167		4,254,872
CAPITAL RESERVE							
REALISED	11		533,637		(74,905)		130,713
UNREALISED	11		1,053,418		141,265		1,642,150
REVENUE RESERVE	11		(378,391)		(273,424)		(310,449)
SHAREHOLDERS' FUNDS	12	£	<u>5,595,908</u>	£	<u>2,751,936</u>	£	<u>5,849,658</u>
Net asset value per share	7 & 15		42.27 p		28.13 p		44.19 p

The notes form an integral part of these financial statements.

EQUITY PRE-IPO INVESTMENTS LIMITED
CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2006

		Six month period ended 30 June 2006	Six month period ended 30 June 2005	Year ended 31 December 2005
		(unaudited)	(unaudited)	(audited)
	Notes			
Net cash outflow from operating activities	9	<u>(159,889)</u>	<u>(323,486)</u>	<u>(459,511)</u>
Investing activities:				
Purchase of quoted investments		-	(451,999)	(451,999)
Purchase of unquoted investments		(837,825)	(848,107)	(2,796,893)
Proceeds from disposals of quoted investments		898,365	-	960,948
Net cash inflow/(outflow) from financial investment		<u>60,540</u>	<u>(1,300,106)</u>	<u>(2,287,944)</u>
Financing:				
Issue of own shares		-	2,300,000	2,859,860
Commission on new share issues		-	-	(22,394)
Net cash inflow from financing		<u>-</u>	<u>2,300,000</u>	<u>2,837,466</u>
(Decrease)/increase in cash resources for the period/year		<u>£ (99,349)</u>	<u>£ 676,408</u>	<u>£ 90,011</u>

RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET FUNDS

(Decrease)/increase in cash resources for the period/year		(99,349)	676,408	90,011
Opening net funds		101,668	11,657	11,657
Closing net funds		<u>£ 2,319</u>	<u>£ 688,065</u>	<u>£ 101,668</u>

The notes form an integral part of these financial statements.

EQUITY PRE-IPO INVESTMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2006

1. SIGNIFICANT NEW FINANCIAL REPORTING STANDARDS

FRS 26 requires that listed investments are valued at bid price, whereas previously, listed investments were valued at middle market price. The Company has applied the transitional provisions of FRS 26 and has not restated the comparative figures for this change in accounting policy. Had the entity restated the comparative figures the investments held at 31 December 2005 would have been valued on a bid basis which would have resulted in the reported total assets at that date being reduced by £63,869.

In accordance with the transitional provisions of FRS 26 the adjustments between the value of investments at the prior balance sheet date and the opening balance sheet at the start of this financial period has been treated as an adjustment against the company's opening reserves - see note 12.

2. 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 January 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 British Venture Capital Association 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.

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.

3. TAXATION

The company has been granted exempt status under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989, and is therefore subject to the payment of an annual fee which is currently £600.

	30 June 2006	30 June 2005	31 December 2005
4. QUOTED INVESTMENTS			
At cost	£ <u>1,140,270</u>	£ <u>455,999</u>	£ <u>1,503,395</u>
At market value	£ <u>1,102,261</u>	£ <u>597,264</u>	£ <u>2,054,118</u>
5. UNQUOTED INVESTMENTS			
At cost	£ <u>3,468,449</u>	£ <u>1,478,107</u>	£ <u>2,630,623</u>
At Directors' valuation	£ <u>4,559,876</u>	£ <u>1,478,107</u>	£ <u>3,722,050</u>

6. 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 2005: 8,326,981, year ended 31 December 2005: 10,238,759) 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 2005: 8,326,981, year ended 31 December 2005: 10,238,759) shares being the weighted average number of shares in issue during the year adjusted for any dilutive effect of the share options.

7. NET ASSET VALUE

The calculation of net asset value is based on the net assets of £5,595,908 (30 June 2005: £2,751,936, 31 December 2005: £5,849,658) and on the ordinary shares in issue of 13,237,235 (30 June 2005: 9,783,335, 31 December 2005: 13,237,235) at the balance sheet date.

8. SUNDRY CREDITORS	30 June 2006 (unaudited)	30 June 2005 (unaudited)	31 December 2005 (audited)
Audit fees	1,000	2,500	3,000
Consultancy / directors fees	45,546	-	14,717
Professional fees	12,945	-	1,520
Administration fees	9,057	9,000	8,941
	<u>£ 68,548</u>	<u>£ 11,500</u>	<u>£ 28,178</u>

9. RECONCILIATION OF REVENUE RETURN TO OPERATING CASH FLOW

	30 June 2006 (unaudited)	30 June 2005 (unaudited)	31 December 2005 (audited)
Net return on ordinary activities for the financial period before taxation			
	(67,942)	(254,831)	(291,856)
Expenses charged to capital	(132,317)	(74,905)	(190,583)
Increase in creditors	40,370	6,250	22,928
Net cash outflow from operating activities	<u>£ (159,889)</u>	<u>£ (323,486)</u>	<u>£ (459,511)</u>

10. CALLED UP SHARE CAPITAL

	30 June 2006 (unaudited)	30 June 2005 (unaudited)	31 December 2005 (audited)
Authorised			
50,000,000 ordinary shares of £0.01 each	<u>£ 500,000</u>	<u>£ 500,000</u>	<u>£ 500,000</u>
Allotted and fully paid			
13,237,235 ordinary shares (30 June 2005: 9,783,335, 31 December 2005: 13,237,235) of £0.01 each	<u>£ 132,372</u>	<u>£ 97,833</u>	<u>£ 132,372</u>

11. RESERVES	Capital Reserve - Realised	Capital Reserve - Unrealised	Revenue Reserve	Total
Balance at 1 January 2006	130,713	1,642,150	(310,449)	1,462,414
Impact of implementation of FRS 26 (note 1)	-	(63,869)	-	(63,869)
Revised reserves at 1 January 2006	130,713	1,578,281	(310,449)	1,398,545
Net Return for the financial period	(132,317)	-	(67,942)	(200,259)
Net realised gains/(losses)	535,241	-	-	535,241
Net unrealised gains/(losses)	-	(524,863)	-	(524,863)
Balance at 30 June 2006	£ 533,637	1,053,418	(378,391)	1,208,664

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	30 June 2006 (unaudited)	30 June 2005 (unaudited)	31 December 2005 (audited)
Net return for the financial period/year	(189,881)	(239,971)	1,429,507
Dividends paid (net)	-	-	-
	(189,881)	(239,971)	1,429,507
Net proceeds of new share capital subscriptions	-	2,300,000	3,728,244
Net (reduction in)/addition to shareholders' funds	(189,881)	2,060,029	5,157,751
Balance brought forward	5,849,658	691,907	691,907
Impact of implementation of FRS 26 (note 1)	(63,869)	-	-
Closing shareholders' funds	£ 5,595,908	£ 2,751,936	£ 5,849,658

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 £44,747 has been paid to CMS for the period to 30 June 2006 (£81,183 for the year to 31 December 2005). Jonathan Freeman owns 50% of CMS.

14. 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. 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.

Liquidity risk

The Company's assets comprise mainly readily realisable securities which can be sold to meet funding commitments of necessary.

Credit risk

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.

Currency	Investments	Cash at bank	Total
Euro	£ <u>359,803</u>	£ <u>-</u>	£ <u>359,803</u>
US Dollar	£ <u>-</u>	£ <u>944</u>	£ <u>944</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.

15. REPORTED NET ASSET VALUE (NAV)

The NAV reported to the market shortly after 30 June 2006 was 43.08p. These financial statements are based on the company's unaudited records, and reflect all known debtors and creditors as accrued at the balance sheet date. Net assets at the balance sheet date have also been valued at bid price, in accordance with FRS 26, whereas the NAV reported to the market shortly after 30 June 2006 reflected mid market values. Accordingly, these accruals and the difference in accounting procedures are the reason for the difference in the estimated NAV reported, and these unaudited financial statements.

Copies of the unaudited interim results for the six months ended 30 June 2006 are being sent to shareholders. Further copies will be available, free of charge for the period of one month, from the Company Secretary's office: Cosign Limited, Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB.