

**EQUITY PRE-IPO INVESTMENTS LIMITED
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

EQUITY PRE-IPO INVESTMENTS LIMITED
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30 JUNE 2008

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EQUITY PRE-IPO INVESTMENTS LIMITED
("Pre IPO" or "the Company")

DIRECTORS' REVIEW

We are pleased to present the Company's interim results for the six months to 30 June 2008 to shareholders.

Background

In the annual report and accounts issued earlier this year, we stated that the environment for smaller companies has been unfavourable for many months. As has been well documented elsewhere, the environment for floating smaller companies has worsened further as evidenced by the lowest number of new companies being admitted to AIM in the first half of 2008 for almost 10 years. In the first eight months of 2008, only 85 companies joined AIM, compared to 284 during 2007, 462 in 2008 and 519 in 2005. In addition the current economic environment has meant that it is proving very difficult for smaller companies to raise new funds. Banks are generally unwilling to provide debt finance and there are few investors interested in providing equity finance.

We took the prudent view to write down a significant proportion of the carrying value of our portfolio at the end of 2007 (£4.1 million). Our portfolio companies have continued to operate successfully and, therefore, whilst we have struggled to achieve realisations from our investments we have taken the view that there should be no material changes to the valuations at 30 June 2008 (£4.0 million).

Financial review and net asset value

The Company's unaudited net asset value per share ("NAV") as at 30 June 2008 stood at 27.18 pence, down marginally from 28.56 pence at 31 December 2007. The fall is primarily due to exchange rate differences on conversions of euro investments and the ongoing running costs incurred in the first half year of £0.19 million.

Despite the lack of exit opportunities currently available due to the current difficulties in the financial markets, we remain confident of the current carrying value of the investment portfolio as each of the businesses continue to trade in line with their management's expectations.

Loss for the period was £0.18 million (2007: £0.15 million), resulting in a loss per share of 1.38 pence (2007: 1.09 pence). We managed only a small partial exit from one investment during the period and, as a consequence, the Company's ongoing overheads have been primarily paid through an increase in the value of loans payable at the year end to £0.54 million (2007: £0.50 million). One of our goals for the second half of the year is to reduce the value of the Company's borrowings through further partial realisations or loan conversions.

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Investee Companies

The Company continues to hold investments in six companies (31 December 2007: six), although shortly after the period end, one of the companies, Pinnacle Plus Limited, was sold to an AIM listed company, Creon Corporation plc (“Creon”) in an all paper deal. Accordingly, we today have five unquoted investments and one quoted investment in the portfolio. In addition we continue to have a loan outstanding with Pinnacle Plus Limited and are in conversations with Creon and Pinnacle about the most appropriate way to achieve its repayment.

Lorega Limited, a provider of loss recovery insurance products continues to trade well with record profits recorded in the period to March 2008. Altair Financial Services Plc, the prepaid card processor, remains on course to deliver significant uplifts in revenues during 2009 as a number of key international contracts begin to be rolled out.

Of the remaining three investments, we are currently in negotiations to dispose of one, which could realise a potential return of more than 50% on the original amount invested of £185,000. (It should be noted, however, that Pre-IPO made its first investment in this company in early 2005.) We continue to hold our positions in Radioscape plc and Fashion Brands Collections B.V.

Outlook

We anticipate that stock market conditions will remain very difficult for smaller companies in the foreseeable future. We will however continue to work closely with our investee companies with the aim of extracting value over the coming months from our investments. Since the period end, we have continued negotiations to dispose of parts of the portfolio and, as a result, we remain confident that we will be able to reduce our loan balances by the year end.

EQUITY PRE-IPO INVESTMENTS LIMITED

UNAUDITED STATEMENT OF TOTAL RETURN FOR THE SIX MONTHS ENDED 30 JUNE 2008

	For the six month period ended 30 June 2008 (unaudited)			For the six month period ended 30 June 2007 (unaudited)			For the year ended 31 December 2007 (audited)			
	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £	
GAINS ON INVESTMENTS										
Net (losses)/gains on investments										
at fair value through profit or loss	-	(10,252)	(10,252)	-	11,254	11,254	-	(3,279,261)	(3,279,261)	
Unrealised gain on foreign exchange	-	-	-	-	-	-	14,163	-	14,163	
	<u>-</u>	<u>(10,252)</u>	<u>(10,252)</u>	<u>-</u>	<u>11,254</u>	<u>11,254</u>	<u>14,163</u>	<u>(3,279,261)</u>	<u>(3,265,098)</u>	
INCOME										
Commission received	-	-	-	1,200	-	1,200	1,200	-	1,200	
Interest income	20,858	-	20,858	1,724	-	1,724	22,219	-	22,219	
	<u>20,858</u>	<u>-</u>	<u>20,858</u>	<u>2,924</u>	<u>-</u>	<u>2,924</u>	<u>23,419</u>	<u>-</u>	<u>23,419</u>	
EXPENDITURE										
Directors' fees	10,000	-	10,000	10,000	-	10,000	20,000	-	20,000	
Administration fees	32,189	-	32,189	28,016	-	28,016	43,530	-	43,530	
Professional fees	-	14,040	14,040	-	65,848	65,848	26,738	10,667	37,405	
Consultancy fees	-	75,011	75,011	-	39,343	39,343	-	183,768	183,768	
Audit fee	1,500	-	1,500	6,555	-	6,555	12,930	-	12,930	
Bank charges and interest	202	-	202	800	-	800	-	-	-	
Interest charged	16,892	-	16,892	-	-	-	20,418	-	20,418	
Commission paid	-	-	-	-	-	-	3,256	-	3,256	
Regulatory and registration fees	11,238	-	11,238	3,110	-	3,110	19,097	-	19,097	
Loss on exchange	32,807	-	32,807	7,594	-	7,594	-	-	-	
	<u>104,828</u>	<u>89,051</u>	<u>193,879</u>	<u>56,075</u>	<u>105,191</u>	<u>161,266</u>	<u>145,969</u>	<u>194,435</u>	<u>340,404</u>	
NET LOSS ON ORDINARY ACTIVITIES FOR THE FINANCIAL PERIOD/YEAR										
	<u>(83,970)</u>	<u>(99,303)</u>	<u>(183,273)</u>	<u>(53,151)</u>	<u>(93,937)</u>	<u>(147,088)</u>	<u>(108,387)</u>	<u>(3,473,696)</u>	<u>(3,582,083)</u>	
Basic earnings per share (pence per share)	2	(0.63)	(0.75)	(1.38)	(0.40)	(0.69)	(1.09)	(0.82)	(26.24)	(27.06)

All revenue and capital items in the above statement derive from continuing operations.
No operations were acquired or discontinued during the period.

The notes on page 7 form an integral part of these financial statements

EQUITY PRE-IPO INVESTMENTS LIMITED

UNAUDITED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Six month period ended 30 June 2008	Six month period ended 30 June 2007	Year ended 31 December 2007
	(unaudited)	(unaudited)	(audited)
Net cash outflow from operating activities	<u>(95,603)</u>	<u>(199,394)</u>	<u>(235,176)</u>
Investing activities:			
Purchase of quoted investments	-	-	-
Purchase of unquoted investments	-	(731,910)	(1,466,394)
Proceeds from disposals of quoted investments	-	938,930	985,498
Proceeds from disposals of unquoted investments	45,628	-	378,950
Loans receivable advanced	<u>-</u>	<u>-</u>	<u>(230,000)</u>
Net cash inflow/(outflow) from financial investment	<u>45,628</u>	<u>207,020</u>	<u>(331,946)</u>
Financing:			
Loans payable received	<u>44,988</u>	<u>-</u>	<u>496,269</u>
Net cash inflow from financing	<u>44,988</u>	<u>-</u>	<u>496,269</u>
(Decrease)/increase in cash for the period/year	<u>£ (4,987)</u>	<u>£ 7,626</u>	<u>£ (70,853)</u>

RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN CASH AND CASH EQUIVALENTS

(Decrease)/increase in cash resources for the year	(4,987)	7,626	(70,853)
Cash inflow from increase in debt finance	<u>(44,988)</u>	<u>-</u>	<u>(496,269)</u>
Change in net debt resulting from cash flows	(49,975)	7,626	(567,122)
Opening funds brought forward	<u>(489,618)</u>	<u>77,504</u>	<u>77,504</u>
Closing net (debt)/funds carried forward	<u>£ (539,593)</u>	<u>£ 85,130</u>	<u>£ (489,618)</u>

The notes on page 7 form an integral part of these financial statements

EQUITY PRE-IPO INVESTMENTS LIMITED

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

30 JUNE 2008

1. ACCOUNTING POLICIES

(a) CONVENTION

These unaudited interim financial statements have been prepared using the same accounting policies, presentation and methods of computation adopted in the last audited financial statements, which were prepared in accordance with applicable United Kingdom Accounting Standards.

2. 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 shares being the weighted average number of shares in issue during the period/year.

FRS 22: "Earnings Per Share" defines dilution as a reduction in earnings per share or as an increase in loss per share. When calculating the dilutive earnings per share for the year the loss per share decreased. Accordingly the diluted loss per share is not disclosed as per FRS 22. The company has 800,000 share options in issue which could potentially dilute basic earnings per share in the future.

3. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of £3,597,910 and on the ordinary shares in issue of 13,237,235 at the balance sheet date.