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COMPANY INFORMATION

Equity Pre-IPO Investments (LSE - EIL)

Info sheet compiled October 2006

Company Eye Ranking	**22/50**

EDITOR'S NOTE

The Company's principal activity is that of an Investment Trust. The objective of the company is to achieve capital growth for its shareholders through the purchase, holding and sale of minority stakes in other companies. Equity Pre - IPO Investments plc intends to invest in companies, which are currently unquoted or trading on the OFEX market in the United Kingdom.

It aims to take minority stakes in unquoted/OFEX companies that intend to float on AIM, at the latest, eighteen months after Equity Pre IPO's initial investment.
We believe that the company has a strong position in its field and it should produce healthy income for their shareholders, however it is too early to draw any conclusions just yet.

CHART

FUNDAMENTALS

Company Name	Equity Pre-IPO Investments Ltd
Current Price	35.50p
Status	AIM
Market Cap	£4.7 m.
Shares in Issue	13,237,235 m.
Activities	strategic investment group set up to buy companies trading on the Ofex
Sector	Specialty Finance
Corporate advisor	Noble & Company Ltd
Registrar	Capita Registrars

HISTORY

Pre IPO was incorporated on 15 September 2004 but did not raise its first material funds or properly begin its investment activities until after it was admitted to trading on AIM on 24 February 2005. Pre IPO has, therefore, only been operating for a short period of time(4 months to30 June 2005). Given that the nature of the investments made take some months to realise it is too short a period for there to be material changes to the valuations of most investments held.

FUNDING

The Company first material fundraising occurred at the time of its admission to trading on AIM in February 2005 when £2.5 million (gross) was raised. In addition The Company successfully completed an additional fundraising of approximately 1.45 million (before expenses) at 42 pence per share.
The Company also has an option agreement with Danemead Limited ("Danemead") under which it must procure the subscription of a total of 4.0 million for the issue of new shares in Pre IPO, with half the total due to be procured during the period 24 October 2005 to 23 November 2005 and the remaining half during the period 24 April 2006 to 23 May 2006. The Company expected that the funds raised at the time of Admission together with the option agreement with Danemead and the placing which The Company undertook in September 2005 would provide sufficient cash resources for Pre IPO on an on-going basis.

INVESTMENT STRATEGY

Pre IPO's stated investment strategy is to achieve capital growth for shareholders through the purchase, holding and sale of minority stakes in other companies. The Company intend to invest only in companies which are currently unquoted but where they believe that it will achieve a flotation on a Recognised Investments Exchange or Exchange Regulated Market in Europe up to eighteen months from the time of investment by the Company. Potential investments are evaluated from a wide variety of industry sectors, which are based upon the recommendations of a separate Investment Advisory Panel ("IAP"). The IAP will normally prepare a written

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report for the Board on the proposed investee company together with its recommendations. It will base its recommendations upon its investment policy, which has been approved by the Board. This investment policy sets out a number of key factors which are taken into account, including:
* The size of the investment in relation to Pre IPO's assets;
* Whether or not the investment cost appears to be at a discount
to the actual or potential valuation of the investee company;
* Whether or not there is a proven management team in place or available for the investee company;
* Its opinion of the investee company's financial and other resources, future trading prospects, visibility of earnings, cash flow forecasts and ongoing working capital requirements;
* Whether or not it considers that there are satisfactory prospects for the investee company to achieve a quotation within a reasonable time frame;
* Whether or not it considers that there are satisfactory prospects for Pre IPO to exit the investment once a flotation has been achieved.

LIST OF CLIENTS

Pinnacle Plus Limited ("Pinnacle") has developed a specialised vehicle fleet management and information system that has been proven to significantly improve operational efficiency, safety and security for motorised airport ground support equipment. Pinnacle has won long term contracts from KLM, Air France, Martinair and Menzies. Further significant long term contracts are under negotiation. Pre IPO has become the "cornerstone investor" and has now invested (or syndicated the investment) in excess of £1 million. Follow on funding has also been agreed with Pinnacle, with some of the additional funds coming from Pre IPO and the remainder invested from the network of contacts that Pre IPO has developed.
The Company have nominated a director to the board of Pinnacle and are now working with the company to ensure that an appropriate funding structure is in place and that a successful flotation of Pinnacle can be achieved.
Agreement with **Danemead Limited** ("Danemead") under which it must procure the subscription of a total of 4.0 million for the issue of new shares in Pre IPO

HIGHLIGHTS

* The Company's NAV currently comprises investments in six unquoted companies.
* Investment philosophy remains consistent with a focus on pre IPO financings.
* Investments being regularly realised providing funds for further investments

OUTLOOK

The Directors believe that Pre IPO has made good progress in the increase of its NAV and hope that the share price will start to reflect this. The Company continue to review a wide range of potential investments and are confident that those investments the Company has made will be exited in a profitable and timely manner. Pre IPO therefore remain optimistic about the future.

The Company discussed its analysis of the textile and fashion industry and the opportunities that The Company believes have come about from structural changes within it. The Company continue to believe that there is considerable opportunity for investment in this sector. The Company will continue to monitor the sector and to remain in contact with those companies with whom Pre IPO have been in discussions

DIRECTORS

Martin Shires BSc (Econ), ACA, TEP (Executive director)
An economics graduate from the University of Hull, Martin joined the London office of Chartered Accountants PKF. He qualified as a Chartered Accountant in 1981 and specialised in tax with Deloitte & Touche, PWC and Robson Rhodes before moving to MeesPierson Reads in Guernsey in 1994 where he was appointed as a director in 1997. He has a wide ranging practical experience in Guernsey, UK and international trust, company, tax and related issues.

Paul Matthew Schreibke BSocSc, CTA, TEP
(Executive director)
Graduated with a degree in Economics and International Studies from Birmingham University in 1985. On leaving university he joined Deloitte & Touche where he qualified as a Chartered Tax Advisor before joining MeesPierson Reads Group in 1991, becoming a director in 1999. Paul is the Managing Director of MPR Private Clients Ltd and specialise in taxation matters and offshore trusts.

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Jonathan David Freeman (Non-executive director)
Jonathan graduated with a degree in Business Studies from Stirling University in 1988 and gained an MBA from Warwick University in 1993. Since 1993 Jonathan has worked in the field of corporate finance in the EU, including four years working on the creation and launch of the pan-European stock market, EASDAQ, which was subsequently taken over by NASDAQ. In 1997, Jonathan joined the corporate finance department of Beeson Gregory Limited and was appointed as a director in1998. He joined Gambit Corporate Finance as a partner in 2002 where he continued to provide corporate finance advisory services, he left in October 2003. Jonathan is an executive director of Creon Corporation PLC, and a non-executive director of Cobra Capital Limited, Equity Special Situations Limited and Futura Medical Plc, all of which are traded on AIM. Jonathan has acted as the lead adviser in a wide variety of transactions for both private and public companies in the EU and US. This has included raising funds, mergers, acquisitions and disposals and corporate restructuring.

Ian Geoffrey Clarke (alternate director for Paul Matthew Schreibke)

James Grant Howitt (alternate director for Martin Shires)

SHAREHOLDINGS

	Number	%
E*Trade Securities	3,022,535	22.8
Equity Special Situations	2,955,552	22.3
Vidacos Nominees Ltd	2,875,000	21.7
Cobra Capital Limited		10.2
C J Crabtree	1,091,460	8.2

	Number	%
HSBC Global a/c 741820	1,067,500	8.1
HSBC Global a/c 813259	867,391	6.6
W T Lamb Investments Limited	662,400	5
Pershing Keen Nominees Ltd	478,000	3.6
Shepherd Investments Ltd	468,000	3.5

FINANCIAL HISTORY

Profit and loss account for 6 months to 30th June 2006

£	6 Months to 30th June 2006	Year ended 31st Dec 2005
Net realised gains	535,241	321,296
Net (decrease)/ increase in reserve for unrealised gains	(524,863)	1,590,650
GAINS ON INVESTMENTS	10,378	1,911,946
Investment income	-	3,238
Bank interest	781	25,050
INCOME	781	28,288
Directors' fees	(10,000)	(16,666)
Administration fees	(30,707)	(44,650)
Professional fees	(37,645)	(72,932)
AIM admission expenses	-	(238,081)
Consultancy fees	(94,672)	(117,651)
Audit fee	(5,650)	(3,000)
Bank charges and interest	(3,273)	(2,550)
Sundry expenses	(3,100)	(1,430)
Regulatory and registration fees	(12,705)	(13,767)
Commission paid	(3,288)	-
EXPENDITURE	(201,040)	(510,727)
NET RETURN ON ORDINARY ACTIVITIES FOR THE FINANCIAL PERIOD/YEAR	(189,881)	1,429,507
Return per share - basic and diluted	(1.43)p	13.96p

Balance Sheet as at 30th June 2006

£	30 June 2006	31 December 2005
Quoted investments	1,102,261	2,054,118
Unquoted investments	4,559,876	3,722,050
FIXED ASSETS	5,662,137	5,776,168
Cash at bank and broker	2,319	101,668
CURRENT ASSETS	2,319	101,668
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	(68,548)	(28,178)
NET CURRENT ASSETS	(66,229)	73,490
TOTAL ASSETS LESS CURRENT LIABILITES	5,595,908	5,849,658
CAPITAL AND RESERVES		
CALLED UP SHARE CAPITAL	132,372	132,372
SHARE PREMIUM ACCOUNT	4,254,872	4,254,872
CAPITAL RESERVE		
REALISED	533,637	130,713
UNREALISED	1,053,418	1,642,150
REVENUE RESERVE	(378,391)	(310,449)
SHAREHOLDERS' FUNDS	5,595,908	5,849,658
Net asset value per share	42.27 p	44.19 p

RISK FACTORS

In addition to the other relevant information, the following specific factors should be considered carefully when evaluating whether to make an investment in the Company. The investment offered in this document may not be suitable for all of its recipients. Before making an investment decision, prospective Investors should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities. A prospective Investor should consider carefully whether an investment in the Company is suitable for him/her in the light of his/her personal circumstances and the financial resources available to him/her. There are various risk and other factors associated with an investment of the type described in this document. In particular: The value of an investment in the Company is largely dependent upon the expertise of the Directors and their ability to identify and acquire or invest in suitable companies or businesses. There can be no certainty that the Company will be able to identify suitable acquisition targets or complete the purchase of any identified targets at a price the Directors consider acceptable. In the event of an aborted acquisition it is likely that resources may have been expended on investigative work and due diligence, which cannot be recovered. The acquisition of other businesses can involve significant commercial and financial risks and there can be no certainty that any acquired business will not have a material adverseeffect on the operations, results or financial position of the Company.

FINANCIAL INSTRUMENTS

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 if 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.

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.

Currency exposure

A portion of the financial assets 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.

CONTACT

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RANKING

	Ranking out of 50 (50 being highest)
Business model - competitive advantage	
Competition	19
Customers	20
Low cost	25
Management	21
- corporate governance	
- quality	
- shareholding	
Product	23
Sector	23
Financial evaluation	
Early and profitable exit potential	19
Financial strength	24
- cash flow	15
- conservative accounting	
- need for funding	
Growth at a reasonable price	28
Risk	25
Overall average rating	**22**

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FURTHER INFORMATION ABOUT THE RANKING

Competitive advantage
Companies are assessed according to their business model and how this translates into strong and sustainable competitive advantage. This can only be achieved with low cost activities and doing something different from the competition. This 'differentiation' must add value to the customer who is then prepared to pay a premium price. The differentiation is most obvious in the product but it can exist anywhere in the company's value chain of activities, such as easy payment terms, convenient locations, superior management, and quality of suppliers. Companies that do not achieve competitive advantage because they have the same costs and/or do the same as the competition are marooned in a profitless zone. They helplessly try to compete with the one weapon left open to them, which is the disaster of cutting prices and typically leads to similar retaliation by competitors, with disastrous results.

THE FOLLOWING ELABORATES ON THE RANKING CRITERIA

Competition
How intense is the competition and are there barriers to entry?

Customers
Is the company controlling its customers and therefore its revenue streams? Are customers glued to the company and providing valuable and reliable recurring revenue or are they one-off, or 'transactional', providing shaky revenue? The company should ideally have weak and numerous customers.

Low costs
Has the company achieved low cost activities thus allowing more of the top line revenue to trickle down to the profit line?

Management
Is there good corporate governance? What is the quality of management, as this is crucial to any business? Are the directors' shareholdings significant but not so large that they control the company?

Product
Is the product different from the competition and adds value to the customer? Are there threatening substitutes? Does it have a powerful brand?

Sector
Is the company in an attractive sector that is profitable and adds value? Services tend to be more protected than products from international competition. Does the sector ride the tailwind of multi-year mega trends? Is the business well positioned in the current stage of the economic cycle? What is its resistance to a recession?

Profitable exit potential
What is the potential for selling the share profitably? This is more applicable to pre-flotation investments.

Financial strength
Does the company have strong cash flow, the lifeblood of any business? Is the accounting conservative or is there 'accounting for growth'? Does it need more funding? Is the profit margin healthy and at least equal to its sector? What has been the track record in the growth rate of profits?

Growth at a reasonable price
Does the share offer growth at a reasonable price? This is commonly measured using the PEG. This is the price earnings ratio (PE) divided by the forecast growth rate in earnings per share (EPS). The lower the PEG the better and under 1.0 is considered good for a blue chip company and under 0.6 for a small growth company.

Risk
What is the risk rating of the share due to factors such as new markets, its business model and strategies?