

creating sustainable businesses from intellectual property

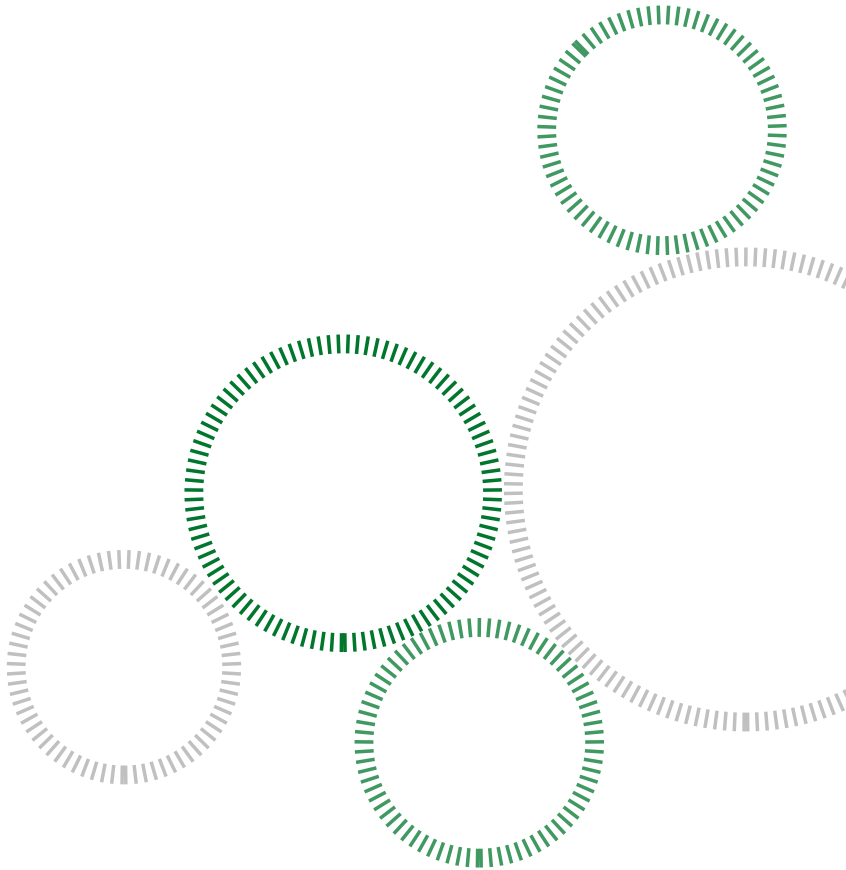
corporate statement

IPSO Ventures was established to create sustainable businesses from intellectual property generated by universities and other research institutions. Through long-term framework agreements with such organisations, IPSO Ventures provides funding, team building, business development, corporate finance advice and exits for spin-out companies.

Highlights	01
Chairman and Chief Executive's review	02
Consolidated interim income statement	04
Consolidated interim statement of changes in equity	05
Consolidated interim balance sheet	06
Consolidated interim cash flow statement	07
Notes to the interim results	08
Directors, secretary and advisers	12

highlights

- first spin-out from Loughborough University
- further investment in all existing spin-outs
- cash of £3.15 million at 31 October 2007



chairman and chief executive's review



Simon Hunt – Executive Chairman



Nick Rodgers – Chief Executive

Highlights

In the six months since we last reported to you, a major step forward was taken in our relationship with Loughborough University. Axilica Limited, a semiconductor software development business, was created as the first spin-out under our framework agreement.

Our other portfolio companies, Therakind Limited and Intelligent Wound Care Limited, made important progress and we made further planned investments in both of them to support their development.

Overall we are on track with respect to our objectives set out at IPO.

Financial and operational review

Overview

Net loss for the six months was £493,939 after interest on bank deposits of £107,180. The net loss included £135,000 of costs relating to research undertaken by our wholly-owned subsidiary, Intelligent Wound Care Limited.

Investment activities

During the period, the Group made investments of £756,809, comprising investments in associates of £486,809 and £270,000 invested in the Group's subsidiary company, Intelligent Wound Care Limited.

Operating costs

Operating costs increased on an annualised basis, following the budgeted recruitment of a group

financial controller and costs of being an AIM listed company. The Group continues to maintain close control of its costs.

Cash

At 31 October 2007, cash and short-term investments totalled £3.15 million.

Loughborough University

Since the framework agreement with Loughborough University became unconditional, we have worked closely and successfully with the University's technology transfer team:

- conducting a full review of all opportunities – this is an ongoing process as new opportunities are being brought forward all the time;
- selecting those opportunities which are currently at a stage where a spin-out company can be considered;
- meeting with a significant number of the key academics who produce valuable intellectual property for the University; and
- implementing a number of initiatives to raise IPSO's profile across the University and establish links with further academics and departments.

Axilica Limited was a direct result of this activity. This business, which was established in September 2007, is creating software to automate

and speed up the process of semiconductor chip development. IPSO made an initial investment of £150,000 and expects to make a further investment of up to £250,000, following successful beta testing of the product. It was particularly pleasing for us that Lachesis, the University Challenge Fund associated with Loughborough, chose to co-invest with IPSO in this spin out.

A number of interesting and exciting spin-out opportunities are currently being considered and may be established in the first half of 2008.

Investments

Intelligent Wound Care Limited, which is developing devices to monitor wound healing, has developed its first prototypes and plans to test these in research settings shortly. During the period, we invested a further £270,000 in this company.

Therakind Limited, which is developing paediatric drugs, made its first regulatory submission in July and intends to commence its first clinical trials at the end of the first quarter of 2008. We invested a further £300,000 in Therakind.

WildKey Limited, which has developed software tools for the educational and leisure markets, increased sales significantly and launched a number of new products. We invested an additional £15,787 in WildKey.

Outlook

The second half of the current financial year has started well. We aim to create further spin-outs from Loughborough University in the near future and discussions are progressing with other universities with a view to securing further framework agreements.

We have looked at a number of opportunities which would enable the Group to expand into Europe and the USA. Whilst most of these are too under developed to merit detailed consideration at this stage, we are exploring one opportunity further. During any expansion of IPSO, whether in the UK or further afield, the Board will ensure that the Group has the necessary resources to manage the opportunity and extract value for shareholders.

Finally, we would like to thank all our colleagues at IPSO Ventures, in the portfolio companies and at Loughborough for their efforts during the period.

Simon Hunt – Executive Chairman

Nick Rodgers – Chief Executive

consolidated interim income statement

for the six months ended 31 October 2007

	Note	Unaudited Six months ended 31 October 2007 £	Unaudited Six months ended 31 October 2006 £	Audited Year ended 30 April 2007 £
Revenue		—	—	—
Cost of sales		—	—	—
Gross profit		—	—	—
Administrative expenses		(466,350)	(341,979)	(647,242)
Research and development expenses		(135,000)	(135,000)	(270,000)
Operating loss		(601,350)	(476,979)	(917,242)
Finance income – interest receivable		107,180	17,850	49,080
Loss before tax		(494,170)	(459,129)	(868,162)
Tax		231	—	(490)
Loss for the period attributable to equity holders of the parent		(493,939)	(459,129)	(868,652)
Loss per share				
Basic and diluted	2	(4)p	(39)p	(18)p

All results derive from continuing operations.

consolidated interim statement of changes in equity

for the six months ended 31 October 2007

Attributable to equity holders of the Group

	Share capital £	Share premium £	Share option reserve £	Other reserve £	Retained earnings £	Total £
At 1 May 2006	1,177	—	—	—	(62,283)	(61,106)
Consolidated loss for the period	—	—	—	—	(459,129)	(459,129)
At 31 October 2006	1,177	—	—	—	(521,412)	(520,235)
Issue of share capital	625,647	4,941,281	—	(176,469)	—	5,390,459
Transfer of shares on reverse acquisition	(1,177)	—	—	1,177	—	—
Consolidated loss for the period	—	—	—	—	(409,523)	(409,523)
Employee share option charge	—	—	13,676	—	—	13,676
At 30 April 2007 (audited)	625,647	4,941,281	13,676	(175,292)	(930,935)	4,474,377
Consolidated loss for the period	—	—	—	—	(493,939)	(493,939)
Employee share option charge	—	—	6,128	—	—	6,128
At 31 October 2007 (unaudited)	625,647	4,941,281	19,804	(175,292)	(1,424,874)	3,986,566

consolidated interim balance sheet

31 October 2007

	Note	Unaudited 31 October 2007 £	Unaudited 31 October 2006 £	Audited 30 April 2007 £
Non-current assets				
Property, plant and equipment	3	11,159	12,897	12,146
Investments	4	662,391	164,982	175,582
		673,550	177,879	187,728
Current assets				
Trade and other receivables	5	249,545	225,326	158,256
Cash and cash equivalents	6	3,145,121	624,720	4,247,641
		3,394,666	850,046	4,405,897
Total assets		4,068,216	1,027,925	4,593,625
Current liabilities				
Trade and other payables	7	(81,391)	(48,160)	(118,758)
Convertible loans		—	(1,500,000)	—
Net current assets/(liabilities)		3,313,275	(698,114)	4,287,139
Non-current liabilities				
Deferred tax liabilities		(259)	—	(490)
Total liabilities		(81,650)	(1,548,160)	(119,248)
Net assets/(liabilities)		3,986,566	(520,235)	4,474,377
Equity				
Share capital		625,647	1,177	625,647
Share premium		4,941,281	—	4,941,281
Share option reserves		19,804	—	13,676
Other reserve		(175,292)	—	(175,292)
Retained earnings		(1,424,874)	(521,412)	(930,935)
Equity attributable to equity holders of the parent		3,986,566	(520,235)	4,474,377

The financial statements were approved by the Board of Directors and authorised for issue on 10 January 2008. They were signed on its behalf by:

Simon Hunt – Director
10 January 2008

consolidated interim cash flow statement

for the six months ended 31 October 2007

	Note	Unaudited Six months ended 31 October 2007 £	Unaudited Six months ended 31 October 2006 £	Audited Year ended 30 April 2007 £
Net cash from operating activities	8	(721,113)	(697,768)	(1,001,446)
Investing activities				
Interest received		107,180	17,850	49,080
Purchases of property, plant and equipment		(1,778)	(14,300)	(15,942)
Payments to acquire investments		(486,809)	(181,062)	(175,582)
Net cash used in investing activities		(381,407)	(177,512)	(142,444)
Financing activities				
Proceeds on issue of shares		—	—	6,135,995
Cost of share issue		—	—	(745,538)
Proceeds on issue of convertible loan notes		—	1,500,000	—
Net cash from financing activities		—	1,500,000	5,390,457
Net increase in cash and cash equivalents		(1,102,520)	624,720	4,246,567
Cash and cash equivalents at beginning of period		4,247,641	—	1,074
Cash and cash equivalents at end of period		3,145,121	624,720	4,247,641

notes to the interim results

for the six months ended 31 October 2007

1. Accounting policies

Basis of preparation

The financial information for the six months ended 31 October 2007 is unaudited and has been prepared in accordance with the accounting policies set out in the Group's Annual Report for the year ended 30 April 2007. The financial information for the six months ended 31 October 2006 is also unaudited and the results have not been reviewed by the Group's auditors. The financial information relating to the year ended 30 April 2007 has been extracted from the full report for that year. The report of the Auditors on the 2007 accounts was unqualified. The statutory accounts for the year ended 30 April 2007 were approved at the Group's Annual General Meeting on 10 September 2007 and have been delivered to the Registrar of Companies.

Basis of consolidation

The Group's consolidated interim financial statements consist of IPSO Ventures plc and all of its subsidiaries, excluding intra-group transactions.

Associates

An associate is an entity over which the Group has significant influence, but not control or joint control, through participation in the financial and operating decisions of the investee.

The Group's equity investments are held with a view to realisation of capital gains and for this reason the Directors have designated such investments in associates to be measured at fair value through profit or loss in accordance with IAS 39 'Financial Investments: Recognition and Measurement'.

Deferred tax

Deferred tax arises from temporary timing differences as a result of different treatment for accounts and taxation purposes of transactions and events recognised in the financial statements of the current and previous periods. Deferred tax is not currently recognised because of the uncertainty of future taxable profits against which they may be recovered.

Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based Payments'.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by use of the Black Scholes model.

2. Loss per share

The basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares of 12,538,819 outstanding during the period ended 31 October 2007 (4,906,679 for 30 April 2007 and 1,176,470 for 31 October 2006).

There were no dividends for the period ended 31 October 2007.

There were no potentially dilutive share options over ordinary shares in the Group outstanding at the period end and therefore the dilutive earnings per share are equal to the basic earnings per share.

3. Property, plant and equipment

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 May 2007	652	15,290	15,942
Additions	—	1,778	1,778
At 31 October 2007	652	17,068	17,720
Accumulated depreciation and impairment			
At 1 May 2007	(98)	(3,698)	(3,796)
Charge for the period	(65)	(2,700)	(2,765)
At 31 October 2007	(163)	(6,398)	(6,561)
Net book value			
At 31 October 2007	489	10,670	11,159
At 31 October 2006	—	12,897	12,897
At 30 April 2007	554	11,592	12,146

notes to the interim results continued

for the six months ended 31 October 2007

4. Investments

The Group held the following investments:

	Unaudited 31 October 2007 £	Unaudited 31 October 2006 £	Audited 30 April 2007 £
Available-for-sale investments (fair value)			
Axilica Limited	154,090	—	—
Therakind Limited	429,962	120,000	129,962
WildKey Limited	61,407	44,982	45,620
	645,459	164,982	175,582
Other investments	16,932	—	—
	662,391	164,982	175,582

5. Trade and other receivables

	Unaudited 31 October 2007 £	Unaudited 31 October 2006 £	Audited 30 April 2007 £
VAT recoverable	11,756	48,431	—
Prepayments and deposits	237,789	143,630	—
Other debtors	—	33,265	158,256
	249,545	225,326	158,256

The Directors consider that the carrying amount of trade and other receivables approximates their fair value.

6. Cash and cash equivalents

	Unaudited 31 October 2007 £	Unaudited 31 October 2006 £	Audited 30 April 2007 £
Cash and cash equivalents	67,121	24,720	1,247,641
Short-term deposits	3,078,000	600,000	3,000,000
	3,145,121	624,720	4,247,641

7. Trade and other payables

	Unaudited 31 October 2007 £	Unaudited 31 October 2006 £	Audited 30 April 2007 £
Trade creditors	21,653	1,846	15,285
Other creditors	—	—	14,460
Accruals	59,738	46,314	89,013
	81,391	48,160	118,758

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The Directors consider that the carrying amount of trade payables approximates to their fair value.

8. Notes to the cash flow statement

	Unaudited 31 October 2007 £	Unaudited 31 October 2006 £	Audited 30 April 2007 £
Operating loss	(601,350)	(476,979)	(917,242)
Adjustments for:			
Depreciation of property, plant and equipment	2,765	1,403	3,796
Share-based payment expense	6,128	—	13,676
Operating cash flows before movements in working capital	(592,457)	(475,576)	(899,770)
Increase in receivables	(91,289)	(211,633)	(149,167)
(Decrease)/increase in payables	(37,367)	(10,559)	47,491
Net cash from operating activities	(721,113)	(697,768)	(1,001,446)

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term highly liquid investments with a maturity of three months.

directors, secretary and advisers

Company registration number	5859612
Registered office	62–65 Chandos Place Covent Garden London WC2N 4LP
Directors	Simon Hunt (Chairman) Nick Rodgers (Chief Executive) Dr Simon Haworth (Director) Michael Baines (Non-executive Director) Dr Peter Knox (Non-executive Director)
Company secretary	Cargil Management Services Limited 22 Melton Street London NW1 2BW
Nominated adviser and broker	Ambrian Partners Limited 8 Angel Court London EC2R 7HP
Registrars	Share Registrars Limited Craven House West Street Farnham GU9 7EN
Bankers	HSBC Bank plc 16 King Street London WC2E 8JF
Solicitors	Memery Crystal 44 Southampton Buildings London WC2A 1AP
Public relations	Rawlings Financial PR Limited Croft House Litton Skipton BD23 5QJ
Independent auditors	Deloitte & Touche LLP Station Road Cambridge CB2 1RN



IPSO Ventures plc
62-65 Chandos Place
Covent Garden
London WC2N 4LP

Tel: 020 7812 6042

www.ipsoventures.com