20 June 2006

IPSA Group plc

Results for the Period to 31 March 2006

IPSA Group Plc ('IPSA' or 'the Company'), the independent power plant developer in southern Africa, today announces its results for the period to 31 March 2006.

Highlights include:

- Successful flotation on AIM
- Acquisition and transportation of 18 MW CHP plant to South Africa
- Negotiations continue on two further projects at Prospecton Basin, Durban and Simunye, Swaziland
- Preliminary agreements signed for two significant new power generation projects in the Eastern Cape region of South Africa to provide a total of 1200 MW

Commenting, Stephen Hargrave, Chairman of IPSA, said:
"We are pleased with the progress that IPSA has made since its successful flotation on AIM. The Company has made considerable progress with its initial 18 MW project at Newcastle and we are excited by the opportunities that are presenting themselves in South Africa due to the current power shortages being experienced."

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Chairman's Statement
31 March 2006

I am pleased to report the Company's first results since its flotation on the AIM market of the London Stock Exchange. As expected, the Company made a loss of £143,822 in the 10 months to 31 March 2006, a period which significantly advanced its position in southern Africa.

At the time of the flotation, IPSA had an option to acquire a combined heat and power plant located in Bury, Lancashire. This plant, with its two Siemens Tornado gas turbines and associated steam turbine and boiler, was successfully acquired, dismantled and shipped to Newcastle, KwaZulu Natal, where construction is now underway. It will be the first independent gas-fired power plant to be built in South Africa.

Negotiations continue in respect of the two other potential projects outlined in the Company's prospectus, in Durban and Swaziland. In addition, we are now pursuing the development of a fast track combined cycle gas turbine project of 800 MW at Coega Development Corporation's Industrial Development Zone at Port Elizabeth. If realised, this project will be a major step forward for the Company and will in our view cement our position as the leading independent power generator in southern Africa. Further out, the potential resumption of large-scale coal mining at Elitheni, near East London, gives IPSA the prospect of developing up to 400 MW of clean coal power capacity at the mouth of the mine.

Macroeconomic developments in South Africa are tending in the Company's favour. The country is undergoing a period of rapid economic growth after ten years of restructuring of the economy. Power generation development has been minimal during this decade, as a result of which South Africa now finds itself in urgent need of new power plants, particularly in the Eastern and Western Cape. We are well positioned to help meet that need and are looking forward with confidence.

The Board of IPSA believes that it has sufficient resources from its existing capital base to initiate its new programme of development, but we are continuing to explore the possibility of a joint listing of the Company's shares on the Johannesburg Stock Exchange.

Stephen Hargrave
20 June 2006

CHIEF EXECUTIVE'S REVIEW

1) <u>Existing Projects.</u>

a) Newcastle

The Karbochem project construction programme at Newcastle, KwaZulu Natal, is running on schedule to produce its first revenues in the Company's current financial year. Work is approximately 45 per cent. complete and it is envisaged that at the current rate of progress the Newcastle plant will be ready for initial commissioning by September 2006. Expenditure on the Newcastle project has also been increased in a number of areas as previously announced, but overall, the directors of IPSA are aiming to achieve a net position for the Newcastle project in line with the original September 2005 capital expenditure budget.

On 15 June 2006 the Company announced that it had signed a standby credit facility of US $4 million with Standard Bank plc, London, to provide bridge finance for Newcastle pending finalisation of a Rand denominated mortgage on the plant when it is completed. This US dollar bridge loan allows IPSA to move ahead with other power projects in southern Africa in advance of the expected release of equity due to occur when the plant is commissioned later in 2006.

As planned, the Company has initiated discussions with commercial banks in South Africa to provide Rand denominated funding for the Newcastle project in order to release equity for future developments. The Newcastle project to date has been funded entirely from equity, and it is envisaged that even at completion the Newcastle project should be no more than 50:50 debt:equity funded, giving the project the ability to release further cash through debt drawn down upon commercial operation for re-investment in other IPSA projects.

b) Prospecton Basin, Durban.

IPSA expects to make a formal proposal for up to 75MW of gas fired generation capacity to be located in the Prospecton Basin in Durban. The plant is expected to supply steam capacity to the oil refinery as well as use off-gas from the facility to complement gas purchases from Sasol.

c) Simunye, Swaziland

IPSA is continuing its discussions with the Swaziland Electricity Board in advance of negotiating the terms of a full project agreement with the controlling shareholders in the Royal Swazi Sugar Corporation processing facility in Simunye in Eastern Swaziland. This project is expected to qualify for carbon credits through the United Nations Clean Development Mechanism under the Kyoto Protocol.

2) New Project - Coega, Port Elizabeth

IPSA has signed preliminary agreements for the lease of a 20 hectare site at Coega Development Corporation's Industrial Development Zone ("the IDZ") at Port Elizabeth with the intention of developing a fast track combined cycle gas turbine ("CCGT") project of 800 MW. This project would initially operate in open cycle at 500MW using liquid fuels pending construction of an LNG receiving terminal at the IDZ which Coega Development Corporation is planning as part of its infrastructure upgrade plans. The IDZ is an important element in South Africa's policy of adding value to locally mined metals and minerals. A number of energy intensive metal-processing and smelting companies are moving onto the IDZ site subject to the availability of reliable, sustainable, regional generation of electric power.

Since January 2006 a series of power cuts in the Western Cape have made South Africa's predicted shortages of electricity a subject of national political importance. IPSA has therefore chosen to accelerate its plans for new capacity in the southern coastal cities of South Africa to meet the need for new, fast track capacity. The Coega Fast Track Power Project ("Coega Fast Track") is the most pressing of these generation projects.

South Africa has only a limited number of port locations suitable for the import of LNG. To date, no LNG power projects have been developed in South Africa. However, IPSA believes that the LNG based CCGT experience gained by management in the 1990s will give the Company a strong basis for attempting to bring to financial close South Africa's first successful LNG-fired CCGT project. IPSA therefore took steps in March 2006 to secure a total of 500 MW of unused Siemens Westinghouse-designed dual-fuel gas turbines of 125 MW each at a favourable price. These turbines were available for immediate delivery. They also have the advantage that they can run on liquid fuels in open cycle pending conversion to CCGT operation once the planned LNG receiving terminal is completed at Coega in around 2009/10.

Subsequently, IPSA has also managed to secure further similarly powered turbines from Alstom on equally advantageous terms. A decision as to which set of turbines to acquire will be taken as soon as possible.

In the case of both turbine options, the total cost of the first phase of 500 MW is estimated at some US $150 million. The balance of conversion to CCGT is expected to cost a further US $150 million. IPSA is in discussions with South African financial institutions for project financing the initial 500 MW of Coega Fast Track.

3) New Project - Elitheni, East London

IPSA has signed preliminary agreements for the development of up to 400 MW of mine-mouth clean coal power capacity at the Elitheni coal deposit in East London. Elitheni was one of the first coal deposits to be worked in South Africa prior to the opening up in the early 20th century of the Highveld coal reserves in the region close to Johannesburg.

Under the terms of the agreement, IPSA has been granted an exclusive right to act as power developer for the Elitheni coal reserve. IPSA will itself advance £100,000 of its own funds in the form of a subordinated loan to Elitheni which will be returned from the revenues of first commercial coal production on the 9,000 hectare production site. IPSA has no further responsibility for any additional funding at Elitheni but will be responsible for its own environmental impact assessment on site together with project engineering costs.

Unaudited Consolidated Income Statement for the period from Incorporation to 31 March 2006

	Notes	**10 months to 31 March 2006 Unaudited £**
Revenue		-
Administrative expenses		(120,568)
Other expense	4	(69,011)
Finance income		45,757
Loss before tax		(143,822)
Tax expense		-
Loss for the period		(143,822)
Loss per ordinary share – basic	5	0.27p
Loss per ordinary share – diluted	5	0.27p

Statement of Recognised Income and Expense for the period from Incorporation to 31 March 2006

	10 months to 31 March 2006 Unaudited £
Loss for the period	(143,822)
Exchange difference on translation of foreign operations	2,696
Total recognised loss for the period	(141,126)

Unaudited Consolidated Balance Sheet at 31 March 2006

	Notes	31 March 2006 Unaudited £
Assets		
Non-current assets:		
Intangible	7	833,000
Property, plant and equipment	8	5,207,676
		6,040,676
Current assets:		
Trade and other receivables		488,810
Cash and cash equivalents		1,539,364
		2,028,174
Total assets		8,068,850
Equity and liabilities		
Equity attributable to equity holders of the parent:		
Share capital		1,092,593
Share premium account	9	6,640,464
Foreign currency reserve		2,696
Retained loss		(143,822)
Total equity		7,591,931
Current liabilities:		
Trade and other payables		476,919
Total equity and liabilities		8,068,850
Net assets per share	6	13.90p

Unaudited Consolidated Cash Flow Statement for the period from Incorporation to 31 March 2006

	Notes	**10 months to 31 March 2006 Unaudited £**
Net cash outflow from operating activities		(131,774)
Cash flows from investing activities:		
Interest received		45,757
Payment of deferred consideration		(400,000)
Purchase of plant and equipment	8	(5,207,676)
Net cash used in investing activities		(5,561,919)
Cash flows from financing activities:		
Issue of shares (net of issue costs)	9	7,233,057
Increase in cash and cash equivalents		1,539,364
Reconciliation and analysis of change in net funds		
Increase in cash during the period		1,539,364
Cash and cash equivalents at start of period		-
Cash and cash equivalents and end of period		1,539,364

Notes to the unaudited financial statements

1. The unaudited financial information set out above does not constitute Statutory Accounts within the meaning of Section 240 of the Companies Act 1985
2. The Company was incorporated on 1 July 2005. On 20 September 2005 the Company acquired 100% of the share capital of Blazeway Engineering Limited, a company incorporated in England and Wales. Blazeway Engineering Limited owns 100% of the share capital of Newcastle Cogeneration Company (Proprietary) Limited, a company incorporated in the Republic of South Africa
3. The unaudited financial information has been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards as issued by the International Accounting Standards Board
4. Other expense in the unaudited consolidated income statement represents costs associated with listing the Company's shares on the AIM market
5. The loss per ordinary share has been calculated on the loss for the period of £143,822 divided by the weighted average number of ordinary shares in issue during the period from 20 September 2005 to 31 March 2006 (53,438,485)
6. The net asset value per ordinary share has been calculated on net assets of £7,591,931 divided by the 54,629,630 ordinary shares in issue on 31 March 2006
7. The intangible non-current asset represents the provisional fair value of the supply contract owned by Newcastle Cogeneration Company (Proprietary) Limited. This contract is expected to begin to generate income later this year
8. Property, plant and machinery represents construction in progress in Newcastle Cogeneration Company (Proprietary) Limited and has been valued at cost
9. On 20 September 2005, the Company issued 29,629,630 new ordinary shares at 27p per share. The issue costs have been charged to the share premium account
10. Post balance sheet date event – on 13 June 2006, Blazeway Engineering Limited obtained a US$4m bridging facility from Standard Bank plc. This facility, which is secured on the assets of Blazeway Engineering Limited, is available for immediate drawdown and will be used as a standby facility to support the cashflow required

for the Newcastle Project while the group proceeds to develop its two new power projects at Coega and Elitheni

11. This announcement is being sent to all shareholders on the register at 20 June 2006 and copies are available to the general public free of charge during office hours for one month from the date of the announcement at the Company's registered office, Fifth Floor, Prince Consort House, Albert Embankment, London SE1 7TJ

Peter R. S. Earl
20th June 2006

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IPSA Group Plc is a British company established to develop power generation projects in southern Africa. It is managed by a team with a strong track record in developing power projects worldwide and with considerable experience in Southern Africa.

IPSA floated on the Aim market of the London Stock Exchange in September 2005 in order to gain access to European institutional capital for new power projects.