30 June 2008 **IPSA GROUP PLC**

Interim results for the 6 month period to 31 March 2008

Chairman's Statement

I am pleased to report the Group's interim results for the 6 month period to 31 March 2008. This was a period of turmoil in the South African power industry but it marked IPSA's first sales of electricity under contract to users such as City Power of Johannesburg and Eskom, the state-owned power company as your Company evolved from being purely a developer of new power plants to an owner-operator supplying electricity into South Africa's grid.

As expected, the Group made a trading loss of £1.2m on sales of just under £1m. The after tax loss of £4.8m includes foreign exchange losses of £3.6m, in connection with the final instalment payment in respect of the Coega units, which was made in Euros and also arising on the sterling loans made to our operating subsidiary pending refinancing with bank debt in Rand (2007: £245,000 loss).

During the period the Company made the final payment in respect of the 521 MW of Fiat Avio 501 D gas turbines acquired in March 2007 for the Coega IPP development project. In the opinion of the Directors these turbines now have a market value considerably in excess of their cost to IPSA. Your Board is currently considering ways to release that value while remaining committed to implementing the full 1,600 MW of combined cycle capacity planned for the Industrial Development Zone ("IDZ") outside Port Elizabeth.

1) <u>Newcastle Combined Heat and Power ("CHP")</u>

The Newcastle CHP at KwaZulu Natal was finally commissioned and has now commenced steady operation with both steam and electricity sales in the first half. The Company expects to see an improved economic return later in the year. Offers under the tender process for the Eskom cogeneration tariff, the Pilot National Cogeneration Programme ("PNCP"), were submitted at the end of May 2008 and award is expected in September 2008. IPSA believes that the new tariffs to be awarded under the PNCP tariff will be higher than those it already has and, as a result, has deferred its re-financing of the Newcastle plant in anticipation of a further improvement to its long term tariff. We have recently announced plans for an increase in the installed capacity at Newcastle with the acquisition of six Deutz gas engines at a cost of £1m. These are due to enter commercial service in the second half of 2008 adding 8 MW of nominal capacity to the 18 MW of the original Newcastle CHP configuration. They will enable our plant in Newcastle to increase sales of electricity and improve the margins on steam sales.

2) <u>Coega Fast Track Project, Port Elizabeth</u>

In January 2008 IPSA announced that it had signed a Memorandum of Co-operation with the South African Government's Central Energy Fund (Pty) Limited ("CEF") for a key role as a private sector developer to the integrated energy project being developed at the Coega Industrial Development Zone. Under the role envisaged for IPSA, the Company will install its four Fiat Avio 501 D gas turbines (which have now been upgraded from D technology to DU (F Class) technology) in support of the integrated liquid fuel and liquefied natural gas ("LNG") importation project being developed under the auspices of CEF. This will be one of the first examples of a public-private partnership in South Africa for an integrated LNG to electricity project.

CEF acts as the holding company for PetroSA, the state-owned oil company, and iGas, the state-owned gas company. Under the Memorandum of Co-operation signed with IPSA, CEF envisages IPSA proceeding with its proposed 1,600 MW Coega Fast Track Combined Cycle Gas Turbine Project ("the Coega Project") in close collaboration with PetroSA and iGas so as to achieve rapid installation of new privately financed power generation capacity in tandem with the Government of South Africa's plans for Coega to be at the heart of a new energy centre providing liquid fuels and LNG to the industrial tenants of the IDZ.

IPSA is continuing to work on all of the necessary licences, consents and leases for installation of the first 521 MW of capacity on a coastal site with access to sufficient cooling water to be able to convert the open cycle gas turbines to combined cycle at the earliest opportunity.

3) <u>Elitheni Clean Coal Holdings</u>

In November 2007 IPSA announced the sale of a 50 per cent. interest in its coal power project development company, Elitheni Clean Coal Holdings Limited, to Exodus Africa LLC for US$5 million. The company is developing over 500 MW of coal-fired capacity in the Eastern Cape based on coal from the Elitheni coal mine at Indwe. Since January 2008, the owners of the Elitheni coal mine have announced increased coal reserves sufficient for IPSA to proceed with the first 250 MW of coal-fired capacity on a fast track basis. The Company is now finalising the engineering configuration for the first Elitheni Clean Coal block of steam turbines with a view to bringing first capacity into production as quickly as possible.

4) <u>Broadly Based Black Economic Empowerment ("BBBEE")</u>

In August 2007, IPSA announced that it had reached agreement with Metropolitan Life of South Africa for funding an investment of £8 million in new shares in IPSA to give a BBBEE group a fifteen per cent. shareholding in IPSA. Since that time, IPSA has worked very closely with its BBBEE partners and I am delighted to report that Rizelle Sampson joined the Board of IPSA as a non-executive director in January 2008.

We are very pleased with the progress the Group has made since our last results announcement. We are excited by the further opportunities that are presenting themselves in South Africa. The country's continuing need for new generating capacity is demonstrated by continuing power shortages in many parts of the country. We are looking forward to participating further in the power generation tenders announced by Eskom and to developing our other initiatives, all with a view to achieving the Group's goal of gaining a significant share of the South African power generation market within the next five years.

Stephen Hargrave
Chairman

IPSA GROUP PLC

CONSOLIDATED INCOME STATEMENT (unaudited)
for the half year ended 31 March 2008

	Notes	6 months to 31/3/08 £'000	6 months to 31/3/07 £'000
Revenue	3	957	-
Cost of sales	4	(1,439)	-
Gross loss		(482)	-
Administrative expenses		(721)	(435)
Operating loss		(1,203)	(435)
Other (expense) / income	5	(3,639)	144
Finance (expense) / income		(10)	46
Loss before tax		(4,852)	(245)
Tax expense		-	-
Loss for the period		(4,852)	(245)
Loss per ordinary share (basic, diluted and headline)	6	5.42p	0.37p

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (unaudited)
for the half year ended 31 March 2008

	6 months to 31/3/08 £'000	6 months to 31/3/07 £'000
Loss for the period	(4,852)	(245)
Exchange difference on translation	532	13
Total recognized loss for the period	(4,320)	(232)

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CONSOLIDATED BALANCE SHEET (unaudited)
at 31 March 2008

	Notes	31/3/08 £'000	30/9/07 £'000	31/3/07 £'000
Assets				
Non-current assets				
Intangible	7	833	833	833
Property, plant and equipment	8	32,960	32,724	30,403
		33,793	33,557	31,236
Current assets				
Trade and other receivables		651	1,092	736
Cash and cash equivalents		1,464	703	2,240
		2,115	1,795	2,976
Total assets		35,908	35,352	34,212
Equity and liabilities				
Equity attributable to equity holders of the parent:				
Share capital		1,792	1,792	1,522
Share premium account		25,267	25,267	17,498
Foreign currency reserve		(18)	(550)	(438)
Retained loss		(8,729)	(3,877)	(1,272)
Total equity		18,312	22,632	17,310
Non-current liabilities				
Bank loan	9	15,000	-	-
Current liabilities				
Trade and other payables		2,596	12,720	16,902
Total equity and liabilities		35,908	35,352	34,212

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STATEMENT OF CONSOLIDATED CASH FLOWS (unaudited)
for the half year ended 31 March 2008

	Notes	6 months to 31/3/08 £'000	6 months to 31/3/07 £'000
Cash used in operations		(12,337)	(898)
Interest (paid) / received		(10)	46
Net cash (used) in operating activities		(12,347)	(852)
Cash flows from investing activities			
Purchase of plant and equipment		(1,892)	(8,721)
Cash flows from financing activities			
Bank loan	9	15,000	-
Issue of shares (net of costs)		-	11,287
		15,000	11,287
Increase in cash and cash equivalents		761	1,714

Reconciliation and analysis of change in net funds

Increase in cash during the period	761	1,714
Cash and cash equivalents at start of period	703	526
Cash and cash equivalents at end of period	1,464	2,240

Reconciliation of loss before tax to net cash used in operations:

Loss for the period	(4,852)	(245)
Depreciation	109	-
Changes in working capital		
Decrease (increase) in debtors	441	(528)
Decrease in creditors	(10,124)	(79)
Exchange translation	2,079	-
Interest net	10	(46)
Net cash used in operations	(12,337)	(898)

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Notes to the Interim Statement
for the six months ended 31 March 2008

1. Basis of preparation

This interim statement is unaudited and does not constitute Statutory Accounts within the meaning of Section 240 of the Companies Act 1985. Statutory Accounts for the year ended 30 September 2007 have been filed with the Registrar of Companies. The auditors have made a report on those Statutory Accounts under Section 235 of the Companies Act 1985. The auditors' reports were unqualified and did not contain a statement under Section 237 (2) of the Companies Act 1985. The financial information contained in this interim statement has been prepared in accordance with the Listing Rules of the Financial Services Authority and all International Financial Reporting Standards ('IFRS') in force and expected to apply to the Group's results for the year ended 30 September 2008 and on interpretations of those Standards released to date.

2. Accounting policies

This interim statement has been prepared in accordance with the Group's IFRS accounting policies. These policies were set out in the Group's Financial Statements for the year ended 30 September 2007.

3. Revenue

The Company's subsidiary in South Africa commenced selling steam in September 2007 and electricity in October 2007. Monthly sales have increased during the period and are expected to reach economic levels in August 2008.

4. Cost of sales

During initial production, the volumes of gas consumed include test levels. For this reason, there was a gross loss during the period.

5. Other (expense) / income

Other expense represents exchange losses arising on the Company's purchase of equipment for the Coega project and losses in the Company's subsidiary on sterling denominated loans from the Company which have funded the construction of the generating plant in South Africa.

6. Loss per share

The loss per ordinary share has been calculated on the loss for the period of £4.852m (2007 - £245k) divided by the weighted average number (89,564,081) of ordinary shares in issue during the period (2007 - 67,093,195). There is no difference between the basic, diluted and headline calculations.

7. Intangible

The intangible non-current asset represents the fair value of the supply contract owned by Newcastle Cogeneration (Proprietary) Limited.

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Notes to the Interim Statement (continued)
for the six months ended 31 March 2008

8. Property, plant and equipment

Property, plant and machinery comprises the plant in South Africa (£9.9m) and plant acquired for the Coega project (£23.1m).

9. Bank loan

In March 2008, the Company obtained a bank loan of £15m to finance the final instalment payment for the Coega plant. The loan is repayable in September 2009. Interest is at LIBOR plus 3.255%.

10. The Board of Directors approved this interim statement on 27 June 2008. This interim statement has not been audited.

11. Copies of this statement are being sent to all shareholders on the register at today's date. Copies may be obtained from the Company's registered office, 5th Floor, Prince Consort House, Albert Embankment, London SE1 7TJ.

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 and obtained a dual listing on the Alt^{x} market of the Johannesburg Stock Exchange in October 2006.