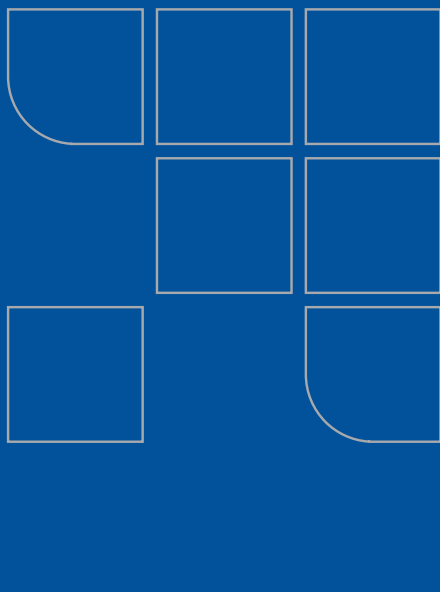




EPIC Securities plc

Half-yearly Report |

Half-yearly Report & Unaudited Financial Statements  
For the period from  
1 August 2007 to 31 January 2008 |







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# Review Report by KPMG Audit LLC to EPIC Securities plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2008, which comprises the income statement, the balance sheet and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS. The condensed set of financial statements included in the half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst the Company has previously produced an interim financial review report, that report has not previously been subject to an interim review. As a consequence, the review procedures set out above have not been performed in respect of the comparative period for the six months ended 31 January 2007.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2008 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FSA.

## KPMG Audit LLC

Douglas  
Isle of Man  
6 March 2008

# Income Statement

For the period from 1 August 2007 to 31 January 2008

	Unaudited 1 August 2007 to 31 January 2008	Unaudited 1 August 2006 to 31 January 2007	Audited 1 August 2006 to 31 July 2007
Notes	£	£	£
4 Finance income on Loan Note Instrument	784,710	713,346	1,407,177
5 Finance costs on ZDP Shares	(784,710 )	(713,346)	(1,407,177)
<b>Profit for the Period before taxation</b>	-	-	-
<b>Taxation</b>	-	-	-
<b>Profit for the Period after taxation</b>	-	-	-
<b>Increase in Net Assets Attributable to Ordinary Shareholders</b>	-	-	-
3 Earnings per Ordinary Share (pence) - Basic and Diluted	-	-	-
3 Earnings per ZDP Share (pence) - Basic and Diluted	3.92	3.57	7.04

All items in the above statement derive from continuing operations.

# Statement of Assets and Liabilities

As at 31 January 2008

Notes	Unaudited 31 January 2008 £	Unaudited 31 January 2007 £	Audited 31 July 2007 £	
<b>Non-Current Assets</b>				
4	Loan Note Instrument issued by EPIC PLC	21,843,255	20,514,582	21,208,413
<b>Current Assets</b>				
	Receivables	2	2	2
<b>Total Assets</b>		<b>21,843,257</b>	<b>20,514,584</b>	<b>21,208,415</b>
<b>Liabilities</b>				
5	Zero Dividend Preference Shares	21,843,255	20,514,582	21,208,413
5	Ordinary Share Capital	2	2	2
<b>Total Liabilities</b>		<b>21,843,257</b>	<b>20,514,584</b>	<b>21,208,415</b>
<b>Attributable to:</b>				
	Ordinary Shareholders	2	2	2
	Zero Dividend Preference Shareholders	21,843,255	20,514,582	21,208,413
		<b>21,843,257</b>	<b>20,514,584</b>	<b>21,208,415</b>
6	<b>Net Asset Value per Ordinary Share (pence)</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
6	<b>Net Asset Value per ZDP Share (pence)</b>	<b>109.22</b>	<b>102.57</b>	<b>106.04</b>

The financial statements on pages 3 to 7 were approved on 6 March 2008 and signed on behalf of the Board by:

**Cameron McPhail**  
Director

**Martin W. Richardson**  
Director

The Directors confirm that these attached set of condensed half year financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

The accompanying notes on pages 5 to 7 form an integral part of these financial statements.

# Notes to the Financial Statements

For the period from 1 August 2007 to 31 January 2008

## 1 Operations

The Company was incorporated with limited liability in the Isle of Man with the registered number 115527C on 10 February 2006. The Company is a closed-ended investment company and a wholly owned subsidiary of The Equity Partnership Investment Company Plc ("the Parent" or "EPIC Plc"), which is also a closed ended investment company incorporated in the Isle of Man.

The Company's Zero Dividend Preference Shares ("ZDP Shares") are listed on the London Stock exchange.

The Company has a fixed life which will expire on the repayment date, 31 July 2011, at which point it will be wound up and the Zero Dividend Preference Shareholders will be entitled to their final capital entitlement. The Parent will be subject to a continuation vote in 2008 to continue to carry on business after 2011.

The Company's investment policy is to invest in the Loan Note Instrument issued by the Parent. The Parent has entered into an agreement with the Company under which the Parent undertakes to contribute such amounts as are necessary to ensure that the Company has sufficient assets on the repayment date to satisfy the then current or final entitlement of the Zero Dividend Preference Shares. This is subject to the Parent having sufficient assets to meet its obligations to the Company.

## 2 Accounting Policies

The half year financial statements have been prepared using accounting policies set out in the Company's 2007 annual reports and accounts and in accordance with International Financial Reporting Standards. These condensed financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting.

### Segmental Reporting

The Directors are of the opinion that the Company is engaged in a single economic and geographic segment of business primarily being the raising of funds in order to provide financing to the Parent.

### Cash flow statement

The Company does not have a bank account. Therefore, no cash flow statement has been presented. All transactions are undertaken through the loan instrument with the parent company.

## 3 Earnings per Ordinary Share/ZDP Share - Basic and Diluted

The earnings of 0p (31.01.08: 0p) per Ordinary Share are based on earnings of £Nil (31.01.08:£Nil) and 2 (31.01.08: 2) Ordinary Shares throughout the period.

The earnings of 3.92p (year to 31.07.07: 7.04p) per ZDP Share are based on the finance costs attributed to the ZDP Shares of £784,710 (year to 31.07.07: £1,407,177) and on 20,000,000 (year to 31.07.07: 20,000,000) ZDP Shares, being the weighted average number of ZDP Shares in issue during the period.

# Notes to the Financial Statements

For the period from 1 August 2007 to 31 January 2008

(cont)

## 4 Loan Note Instrument issued by EPIC Plc

	31 January 2008 £	31 January 2007 £	31 July 2007 £
Originated loan to Parent at the beginning of the period	21,208,413	19,801,236	19,801,236
Share issue costs paid	(149,868)	-	-
Finance Income	784,710	713,346	1,407,177
<b>Originated loan to Parent at the end of the period</b>	<b>21,843,255</b>	<b>20,514,582</b>	<b>21,208,413</b>

The Loan Note Instrument is not transferable without the consent of the Parent and, in the event of a winding-up of the Parent, the rights of the Company to repayment will be subordinated to the claims of the Parent's other creditors but not subordinated to the ordinary shares of the Parent. The ability of the Parent to repay the Subordinated Loan Note Instrument will depend on the financial standing of the Parent on 30 July 2011.

As disclosed in note 1, The Parent has entered into an agreement with the Company under which the Parent undertakes to contribute such amounts as are necessary to ensure that the Company has sufficient assets on the repayment date to satisfy the then current or final entitlement of the Zero Dividend Preference Shares. This is subject to the Parent having sufficient assets to meet its obligations to the Company.

The fair value of the Loan Note Instrument approximately equals the fair value of the ZDP Shares.

As disclosed in Note 5, issue costs of £686,985 were payable and are being amortised over the term of the ZDP Shares.

## 5 ZDP Shares and Ordinary Shares

	£	
<i>Authorised</i>		
100 Ordinary Shares of £1 each		100
30,000,000 ZDP Shares of 10p each		3,000,000
<b>As at 31 January 2007, 31 July 2007 and 31 January 2008</b>		<b>3,000,100</b>
<i>Issued</i>		
	Share Capital £	ZDP Shares £
2 ordinary shares of £1 each	2	-
20,000,000 ZDP Shares of 10p each issued at a price of 100p	-	20,000,000
<b>As at 31 January 2007, 31 July 2007 and 31 January 2008</b>	<b>2</b>	<b>20,000,000</b>

<b>ZDP Shares</b>	<b>31 January 2008</b>	<b>31 January 2007</b>	<b>31 July 2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Liability at beginning of period	21,208,413	19,801,236	19,801,236
Issue costs	(149,868)	-	-
Finance costs of ZDP Shares	702,929	670,837	1,327,396
Amortisation of issue costs	81,781	42,509	79,781
<b>Liability at end of period</b>	<b>21,843,255</b>	<b>20,514,582</b>	<b>21,208,413</b>

The Company issued 20,000,000 ZDP Shares of 10p each at a price of 100p. These Shares have an initial capital entitlement of 100p per share, increasing at a daily compound rate equivalent to an annual compound rate of 6.5% so as to reach a final capital entitlement of 139.3p per share on 31 July 2011. Issue costs totalled £686,985 which have been set off against the issued share capital and will be amortised over the term of the ZDP issue. After taking account of issue costs the annual compound rate to reach the final capital entitlement of 139.3p per share on 31 July 2011 is 7.23%.

In accordance with the articles of association of the Company, the holders of the 20,000,000 ZDP Shares, are entitled on a winding up to an amount equal to 100p per ZDP share as increased daily at the compound rate as would give a final capital entitlement of 139.3p on the ZDP repayment date. At 31 January 2008 the accrued value was £22,354,034 (31.07.07: £21,648,882). The entitlement accrued under the contribution of assets agreement is equivalent to the annual compound rate of 6.5%.

## 6 Net Asset Value per Share

The net asset value per Ordinary Share is based on the net assets attributable to Ordinary Shares of £2 and 2 Ordinary Shares in issue throughout the period.

The net asset value per ZDP Share is based on net assets of £21,843,255 (31.07.07: £21,208,413) attributable to ZDP Shares and 20,000,000 (31.07.07: 20,000,000) ZDP Shares being the number of ZDP shares in issue during the period.

## Company Information

<b>Directors:</b>	Cameron McPhail (Chairman) Donald C. McCrickard Martin W. Richardson Philip P. Scales	<b>Sponsor and Broker:</b>	Landsbanki Securities (UK) Limited Beaufort House 15 St. Botolph Street London EC3A 7QR
<b>Secretary:</b>	John Middleton	<b>Auditors:</b>	KPMG Audit LLC Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN
<b>Registered Office:</b>	IOMA House Hope Street Douglas Isle of Man IM1 1AP	<b>Isle of Man Advocates:</b>	Cains Advocates Limited 15-19 Athol Street Douglas Isle of Man IM1 1LB
<b>Investment Manager:</b>	EPIC Asset Management Limited 7th Floor, 22 Billiter Street London EC3M 2RY	<b>Solicitors to the Company:</b>	Latham & Watkins 99 Bishopsgate London EC2M 3XF
<b>CREST Provider:</b>	Computershare Investor Services (Channel Islands) Limited Ordnance House 31 Pier Road, St. Helier Jersey JE4 8PW		
<b>Administrator and Registrar:</b>	IOMA Fund and Investment Management Limited IOMA House Hope Street Douglas Isle of Man IM1 1AP		



