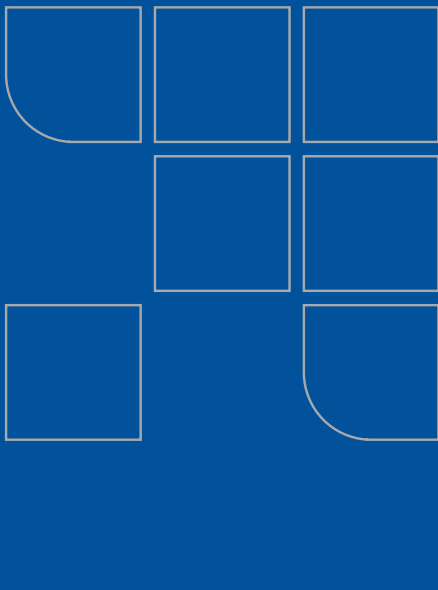




The Equity Partnership
Investment Company PLC

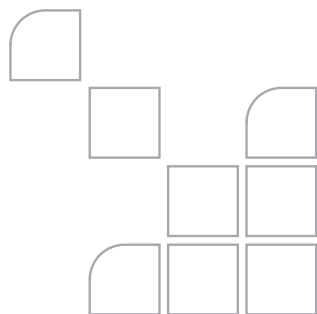
Half-yearly Report |

Half-yearly Report & Unaudited
Financial Statements |
31 January 2008 |



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Chairman's Statement



The six months ended 31 January 2008 has been a difficult period for the portfolio with significant weakness in the smaller capitalised UK equities resulting in a 21.2% fall in the Net Asset Value attributable to Capital Shares. An 8.8% fall in the FTSE All Share Index, which benefited from the strong performance of natural resources sectors, disguised a very much more significant 21% retreat in the FTSE Small Cap Index.

The main focus of the Company's equity portfolio has been in the smaller capitalised and less well researched companies in the UK and this approach has served the Company well until the last twelve months but over the most recent half year these share values have fallen back sharply. The fall in the value of the Company's quoted equity portfolio was further exacerbated by the exposure to the US housing and international property markets. In most cases these smaller company share price falls have taken place on relatively low share turnover and, although we would expect the market leaders to benefit initially from any sustained recovery in the UK equity market, the Managers are confident that many of these falls have been overdone and that we can expect to retrieve some of the relative underperformance when economic confidence returns.

The impact of a difficult half year for our UK equity portfolio has to some extent been mitigated by both the Fund's defensive asset allocation strategy and the recent policy of diversification through additional investment in the Specialist Funds portfolio to which I referred in the Annual Report. The Managers' increasing concerns at the levels of equity markets have over the past year led to an increase in both cash and the proportion of the assets invested in non market correlated funds. The Specialist Funds portfolio has fallen in value by less than 1% over the six month period which, although below the Fund's Libor + 3% benchmark, has also helped offset the Company's structural leverage during this period of negative returns from UK equities.

Income shareholders have received their full entitlement of 5.946p over the half year. High levels of liquidity, together with significant yields from our private equity portfolio, continue to generate income in excess of the Company's current dividend requirements and shareholders will note that the income reserve amounts to over 2 years' dividend income. This offers the Managers flexibility to select investments without regard to yield. Likewise, as Private Equity investments are realised, although the Managers are likely to continue seeking a combination of equity and mezzanine exposures for the Fund, there is no pressure to generate even the current level of income from this portfolio, offering maximum flexibility to pursue investments offering the highest total return.

Since the period end there has been a successful realisation of the Company's holding in Kilgour. The sale realised £1.58 million, representing a 47% IRR on the initial investment. The current more uncertain economic background provides further opportunities for investment in the small cap private equities arena and we look forward to reporting further acquisitions and in particular opportunities to fund acquisitions to enhance the growth of our existing portfolio.

Investment Manager's Report

Market Commentary

Confidence in the financial markets has remained fragile, undermined by problems in the credit markets which have persisted as news of further financial sector write-downs and signs of slower economic growth have emerged. Not surprisingly, this was accompanied by a second wave of risk aversion during the quarter which took credit risk premiums to new highs. Therefore while yields on government bonds moved sharply lower, corporate bond and money market yields increased. Global equity markets also absorbed the downside risks to corporate activity and earnings and witnessed a sharp correction in prices led by financial stocks.

Central banks responded to the crisis by injecting liquidity into the markets through a number of short term lending facilities, to ease inter-bank lending rates and broader market financing rates. In addition to this, interest rates in the US and the UK were lowered, although the 1.75 percentage point reduction in the US significantly outweighed the 0.25% cut in the Sterling base rate. Commodity prices remain high and inflation concerns have not receded. The ECB continues to place greater emphasis on this and has yet to loosen monetary policy.

Looking ahead, credit conditions are still relatively tight and the interest rate falls may not be enough to support the housing market, nor confidence in the corporate sector which in time may impact economic activity. It is also still too early to expect that the impact of sub-prime assets has been fully realised and we expect rates of economic growth to slow, adding pressure on respective central banks to enact further monetary easing. In this environment, bond markets are likely to outperform cash investments, although we believe that selective financial sector corporate bonds appear to offer greater value where yields have risen sufficiently to factor in market conditions.

Quoted Equity

UK Equity markets performed poorly during the period. The 8.8% fall in the FTSE All Share Index would have been greater had it not been for the strong performance of the mining sector. EPIC's exposure to small and medium sized companies was unhelpful. In particular, the large holdings in Heywood Williams, Invensys and Lupus Capital were affected by their exposure to the US housing market, and international property

consultant DTZ by doubts surrounding property valuations and activity levels. Early in the period profitable realisations were made in Amstrad, Diploma (partial), Prudential and Revenue Assurance. New holdings were taken in blood bank Cryo-Save, engineer Delta, retailers Findel and Woolworths, REIT Primary Health Properties and automotive consultant Ricardo.

Specialist Funds

The **Specialist Funds** portfolio is targeted at diversifying assets to achieve non-correlated returns in excess of the Company's Libor + 3% per annum performance benchmark. The bulk of the portfolio is invested in sterling assets; followed by Euro investments and USD investments. In a period of high volatility and weak performance within the Small Cap UK Equity Indices, EPIC's diversified Specialist Funds have fallen in value by less than 1% over the six month period. Although it is disappointing to see a return below the Company's benchmark, diversification into alternative assets has to an extent protected the fund from the worst effects of the market's weakness.

The largest holdings are **Jupiter Hyde Park Hedge Fund Ltd** (\$6.3m), a long/short equity fund which has performed strongly over the past quarter; **CCFM Bristol & Stone Baltic Property Ltd** (€3.3m), a fund which invests in a portfolio of real estate assets in the Baltic states of Latvia, Lithuania and Estonia; **AHG Trading GmbH** (€3m), a German tax transaction sponsored by Macquarie Bank; **EEA Life Settlement Fund** (\$3.5m), a US Viatical Fund which purchases life insurance policies where the insured has an impaired life expectancy and which has now risen for 24 consecutive months; and **European Equity Tranche Income Ltd** (£1.2m), a fund established to invest in the equity tranche of high quality European residential mortgage backed securities. Despite having no US or sub-prime mortgage exposure **European Equity Tranche Income Ltd** ("EET") has seen a further recent fall in its share price as a result of an increase in the level of pre-payments in their prime Italian mortgage book in the last quarter. We have confidence in the Board of the Company. For prudence the board of EET has revised its model to assume that prepayments continue to run at this extraordinarily high rate, which impacts cash flow and yield from these assets. Consequently they wrote their investment down €15m which reduced the NAV from 98c to 83c per share (ca. 62p per share). Should prepayments fall back to historic

rates write backs will occur. EET's quarterly dividend is anticipated to fall to 1.5c from its target of 2c but is still in our opinion attractive.

During the quarter we made a new equity investment of £300,000 in **ESV Group plc** which is listed on the LondonPlus market. This is a commodities based company with interests in the Ukraine and Mozambique, along with port facilities in the Ukraine and investments in Holland. It is backed by strong credible management and plans are afoot for an IPO in the AIM market in 2008.

Private Equity

The **Private Equity** portfolio held by EPIC Investments LLP and EPIC Investments 2 LLP has performed strongly over the past six months, and continues to provide a high and stable yield.

One new investment was made over the last six months, and the investment in Kilgour was sold just after the half-year. The focus remains on exiting the mature investments within the portfolio, although the current market conditions indicate a number of new opportunities in the coming year.

New Deals

The Manager continues to see a large number of investment opportunities. The reduction in the supply of credit for leveraged buyouts has reduced market pricing to more sustainable levels than seen recently, and therefore the Manager expects to make a number of investments in the coming six to twelve months. The goal remains to develop strong equity and yielding positions supported by steady historic cash flows and assets, and to invest in attractive sectors or niches. There is one attractive deal in the immediate pipeline, and several more of interest which are at an early stage of investigation.

The deal completed this year was the leveraged management buy in of Driver Require, a specialist driver recruitment agency. EPIC have backed Kieran Smith (known to the Manager through another investment) to run the company along with the existing management team. The strategy is a rollout of replicas of the current site in Stevenage, with the aim of creating a business with national coverage within 3-5 years. The cash-generative nature of the business allowed a leveraged structure, and EPIC invested £0.25 million in Shareholder Loans, as well as Equity. The business is performing on budget.

Current Portfolio

(held by EPIC Investments LLP and EPIC Investments 2 LLP)

Pharmacy2U, the online pharmacy, is trading profitably and growing in line with expectations.

Ryness, the electrical retailer, is performing well due to strong margin growth and good growth being shown in the online part of the business.

Nexus, the electrical wholesaler, continues to grow strongly and generate value. It has however had a short-term working capital requirement, which has now been funded.

Palatinate Schools, the London-based schools group, reports solid pupil numbers and strong profitability. Acquisitions have not quite performed to expectations, but the core business continues to perform well.

Pinnacle-psg, the social housing management company, continues to benefit from government investment in the sector and is performing in line with expectations with a promising pipeline of new business.

Bighead, the specialist engineering company, is stable although performance is improving more slowly than anticipated partly due to weakness in some customer sectors and slowness in take up of new product ranges.

Evolving Media, the digital marketing agency is performing well with rapid growth. The Keatings side of this business has however underperformed due to lower than expect sales volumes, and has been separated from the Group.

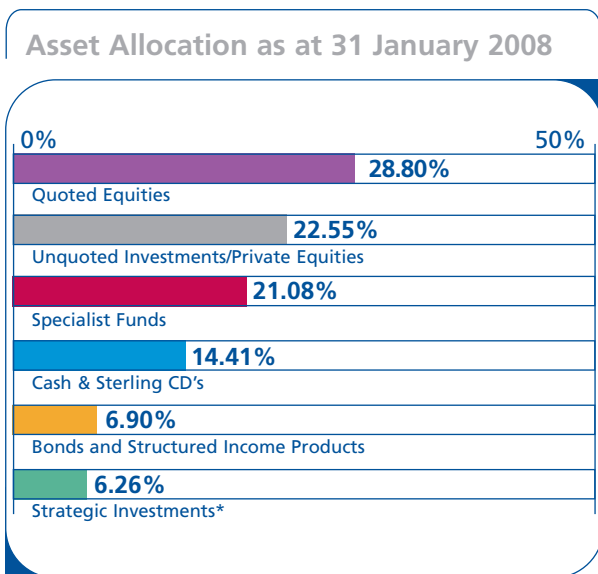
Exits

EPIC LLP's investment in Kilgour, the Saville Row tailor, was sold in February 2008 for a 5.2x money multiple (47% IRR), after 4.5 years' ownership.

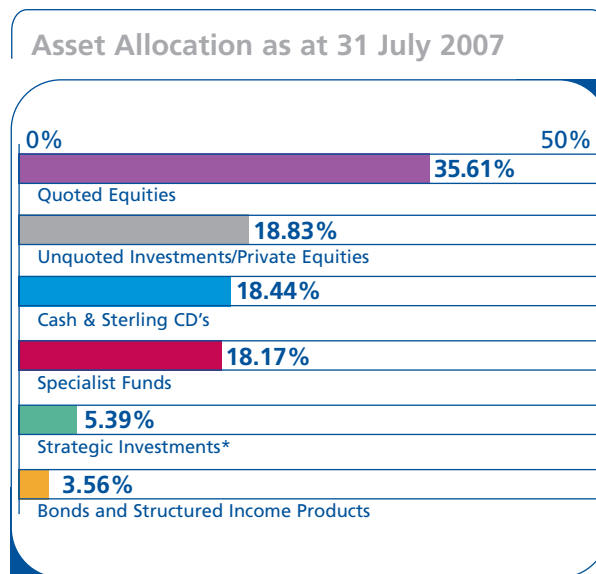
For more detailed information on the Quoted Equity Portfolio please see January 2008's Update on our web site www.epicip.com.

Asset Allocation

As at 31 January 2008



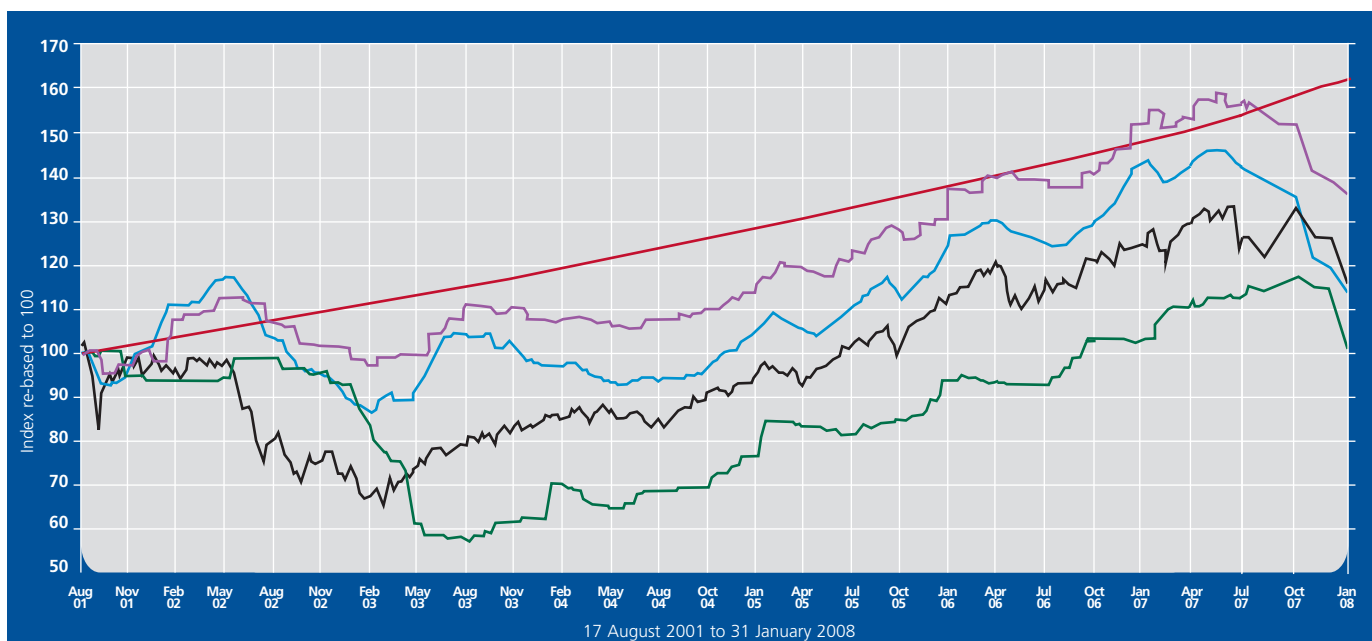
* Syndicate Asset Management PLC, Strand Partners Limited
 Note: figures do not include the exposure to EPIC Securities PLC



* Syndicate Asset Management PLC, Strand Partners Limited
 Note: figures do not include the exposure to EPIC Securities PLC

Capital Share Price and NAV Performance vs Benchmark

(from 17 August 2001 to 31 January 2008 - re-based to 100)



Source: Bloomberg

- Capital Share Price
- Capital Share NAV
- Benchmark (Libor + 3%)
- FTSE All Share Index
- NAV (Cap+Inc) Divs Reinvested

Review Report by KPMG Audit LLC to The Equity Partnership Investment Company 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 consolidated income statement, the consolidated balance sheet, the consolidated statement of change in net assets, the consolidated cash flow statement 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 1, 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
6th March 2008

Consolidated Income Statement

from 1 August 2007 to 31 January 2008

Notes	1 August 2007 to 31 January 2008 (Unaudited) £000's	1 August 2006 to 31 January 2007 (Unaudited) £000's	1 August 2006 to 31 July 2007 (Audited) £000's
	Income		
	737	1,000	1,887
	416	793	1,512
	383	341	746
	29	124	91
	1,565	2,258	4,236
	Expenses		
	511	639	1,273
	115	684	610
	275	212	382
	82	85	150
	44	22	43
	30	45	93
	7	-	228
	4	37	69
4	293	801	386
	1,361	2,525	3,234
	204	(267)	1,002
	(Losses)/gains on investments		
	(5,988)	9,788	13,105
	(633)	(2)	(15)
	54	-	(675)
	(3,455)	(1,451)	(1,392)
	(10,022)	8,335	11,023
5	(1,233)	(1,188)	(2,376)
	(705)	(703)	(1,392)
	(11,756)	6,177	8,257
6	(29.17p)	17.87p	22.37p
6	(29.17p)	14.89p	22.37p

All items in the above statement are derived from continuing operations.

The accompanying notes on pages 11 to 12 are an integral part of the financial statements.

Consolidated Balance Sheet

As at 31 January 2008

Notes	31/01/2008 (Unaudited) £000's	31/01/2007 (Unaudited) £000's	31/07/2007 (Audited) £000's	
7	Financial assets measured at fair value through profit or loss	81,729	83,777	88,777
	Current assets			
	Cash and cash equivalents	3,295	4,412	5,707
	Trade debtors & other receivables	2,798	3,364	4,159
	Total assets	87,822	91,553	98,643
	Current liabilities			
	Trade creditors & other payables	1,702	2,894	1,436
	Non-current liabilities			
	Zero Dividend Preference Shares	21,843	20,515	21,208
	Income Shares	20,640	20,575	20,606
	Total liabilities	44,185	43,984	43,250
	Net assets	43,637	47,569	55,393
	Shareholders' Equity			
8	Share capital	4,030	3,456	4,030
	Share premium	35,410	30,240	35,410
	Reserves	4,197	13,873	15,953
	Shareholders' Equity	43,637	47,569	55,393
		Pence	Pence	Pence
9	Net asset value per Capital Share (pence) - basic	108.27	137.64	137.45
9	Net asset value per Capital Share (pence) - diluted	108.27	131.58	137.45

The financial statements were approved by the Board of Directors on 6th March 2008 by:

Philip Scales
Director

Martin 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 11 to 12 are an integral part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the period 1 August 2007 to 31 January 2008

	31/01/2008 (Unaudited) £000's	31/01/2007 (Unaudited) £000's	31/07/2007 (Audited) £000's
Shareholder's Equity at the beginning of period/year	55,393	41,392	41,392
Net (loss)/profit for the period/year	(11,756)	6,177	8,257
	43,637	47,569	49,649
Exercise of share warrants	-	-	5,744
Shareholders' Equity at the end of the period/year	43,637	47,569	55,393

The accompanying notes on pages 11 to 12 are an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the period 1 August 2007 to 31 January 2008

	1 August 2007 to 31 January 2008 (Unaudited) £000's	1 August 2006 to 31 January 2007 (Unaudited) £000's	1 August 2006 to 31 July 2007 (Audited) £000's
Operating activities			
Dividends received	703	823	1,349
Bond interest received	230	882	1,106
Bank interest and commission received	456	324	732
Expenses paid	(1,289)	(1,671)	(3,351)
Net cash inflow/(outflow) from operating activities	100	358	(164)
Investing activities			
Purchase of investments	(39,184)	(54,495)	(90,384)
Proceeds on sale of investments	37,828	53,846	86,338
Foreign exchange differences	54	-	659
Net cash outflow from investing activities	(1,302)	(649)	(3,387)
Financing activities			
Dividends paid on Income Shares	(1,210)	(1,168)	(2,357)
Issue of Capital Shares	-	-	5,744
Net cash (outflow)/inflow from financing activities	(1,210)	(1,168)	3,387
Decrease in cash and cash equivalents	(2,412)	(1,459)	(164)
Cash and cash equivalents at start of the period/year	5,707	5,871	5,871
Cash and cash equivalents at end of the period/year	3,295	4,412	5,707

The accompanying notes on pages 11 to 12 are an integral part of the financial statements.

Notes to the Financial Statements

For the period ended 31 January 2008

1 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.

2 Operations

The Equity Partnership Investment Company PLC was incorporated in the Isle of Man on 6 July 2001. The Company is a closed ended investment company and was formed primarily for investment in quoted equities, bonds and structured income products, unquoted equities and specialist funds. The aim of the Group is to provide long-term capital growth together with a high level of income. The Group has no employees.

3 Segmental Reporting

The Directors are of the opinion that the Group is engaged in a single geographic segment in the United Kingdom and single economic segment being investment business.

4 Performance fees

Performance fees represent an under-provision in the previous financial year.

5 Dividends on Income Shares

Dividend date	Rate (pence)	31/01/08 £000's	31/01/07 £000's
1st interim dividend	2.9730 (2007 - 2.86410)	616	594
2nd interim dividend	2.9730 (2007 - 2.86410)	617	594
		1,233	1,188

6 Basic and diluted (loss)/earnings per Capital Share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit for the period/year attributable to Capital Shares by the weighted average number of Capital Shares outstanding during the period/year.

Diluted (loss)/earnings per share is calculated by dividing the net (loss)/profit for the period/year attributable to Capital shareholders by the weighted average number of Capital Shares outstanding during the period/year adjusted for the effect of the dilutive Warrants.

	31/01/2008	31/01/2007	31/07/2007
Net (loss)/profit for the period/year (£'000)	(11,756)	6,177	8,257
Weighted average number of Capital Shares for basic earnings per share	40,304,312	34,561,666	36,905,923
Weighted average number of Capital Shares for diluted earnings per share	40,304,312	41,473,999	36,905,923

7 Financial assets at fair value through profit and loss

Consolidated: Financial assets measured at fair value through the profit & loss account

At bid price	Cash Based	Strategic	Unquoted	Quoted UK	Specialist	Bonds & Structured	Others	Totals
	Funds	Investments*	Investments*	Equities	Funds	Products		
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Closing book cost at 31 January 2008	879	5,586	21,325	33,922	16,163	5,597	8,000	91,472
Unrealised (loss)/gain on revaluation	-	(267)	(2,155)	(9,439)	1,759	277	82	(9,743)
Fair Value								
as at 31 January 2008	879	5,319	19,170	24,483	17,922	5,874	8,082	81,729
As at 31 July 2007	6,718	5,091	17,611	33,445	17,169	3,368	5,375	88,777

* At Director's valuation

8 Share Capital

	31/01/08		31/01/07		31/07/07	
	Number of Shares	£000's	Number of Shares	£000's	Number of Shares	£000's
Authorised						
Capital Shares	75,000,000	7,500	75,000,000	7,500	75,000,000	7,500
Warrants	15,000,000	1,500	15,000,000	1,500	15,000,000	1,500
	90,000,000	9,000	90,000,000	9,000	90,000,000	9,000
Issued and fully paid						
Capital Shares	40,304,312	4,030	34,561,666	4,030	40,304,312	4,030
Warrants	-	-	6,912,333	-	-	-
	40,304,312	4,030	41,473,999	4,030	40,304,312	4,030

9 Net Asset Value per Capital Share (pence)

The net asset value per Capital Share is based on the net assets at the end of period of £43,637,000 (31/07/2007: £55,393,000 and 31/01/2007: £47,569,000) divided by 40,304,312 (31/07/2007: 40,304,312 and 31/01/2007: 34,561,666) shares in issue at the end of the period.

Portfolio Analysis

Largest Investments	Cost	Fair Value	% of total investments
Barclays - 6.53% 10 March 2008	8,000,000	8,082,240	9.89%
Nexus Industries Limited	5,679,500	4,375,000	5.35%
Palatinate School Holdings	4,250,007	4,250,007	5.20%
Alpha Real Estate GMBH 8% 11 February 2010	3,446,137	3,733,000	4.57%
Diploma Plc	1,704,184	3,245,416	3.97%
Jupiter Hyde Park Hedge Fund Limited	2,000,000	3,241,139	3.97%
Syndicate Asset Management - 6% Loan Stock	2,502,450	2,653,827	3.25%
Lupus Capital Plc	5,282,276	2,587,224	3.17%
CCFM Bristol & Stone Baltic Property Limited	2,288,385	2,463,780	3.01%
Pinnacle-psg Limited	2,066,717	2,400,000	2.94%
Aurum Mining Plc	2,276,960	2,391,900	2.93%
AHG Trading Genussscheine	2,046,377	2,239,800	2.74%
Irish Nationwide 4.75pct 22DEC2008	2,150,500	2,140,512	2.62%
Delta Plc	2,387,778	1,969,046	2.41%
Invensys Plc	2,396,480	1,897,234	2.32%
Total of 15 largest investments	48,477,751	47,670,125	58.34%
Other investments	42,115,029	33,180,157	40.59%
BGI Sterling Liquidity First Fund - Institutional	878,980	878,980	1.07%
Total investments	91,471,760	81,779,262	100.00%

Group Information

Directors:	Dr C McPhail, Chairman DC McCrickard M Richardson PP Scales	Auditors:	KPMG Audit LLC Heritage Court 41 Athol Street Douglas, Isle of Man IM99 1HN
Secretary:	J Middleton Middleton Katz Chartered Secretaries LLC 11 Hope Street Douglas, Isle of Man IM1 1AQ	Investment Manager:	EPIC Asset Management Limited 22 Billiter Street London EC3M 2RY
Registered Office:	IOMA House Hope Street Douglas, Isle of Man IM1 1AP	Stockbroker:	Landsbanki Securities (UK) Limited Beaufort House 15 St. Botolph Street London EC3A 7QR
Administrator and Registrar:	IOMA Fund and Investment Management Limited IOMA House Hope Street Douglas, Isle of Man IM1 1AP	UK Solicitors:	Latham & Watkins 99 Bishopsgate London EC2M 3XF
Custodian:	BNP Paribas Security Services Royal Bank House Victoria Street Douglas, Isle of Man IM99 2PG	Isle of Man Advocates:	Cains Advocates Limited 15-19 Athol Street Douglas, Isle of Man IM1 1LB
		Bankers:	Barclays Bank PLC 54 Lombard Street London EC3 9EX

