

| Stock Codes | Capital Shares | Income Shares | ZDP Shares |
|-------------|----------------|---------------|--------------|
| Topic | EQPC | EQPI | EQPZ |
| Bloomberg | EQPC LN | EQPI LN | EQPZ LN |
| Reuters | EQPL | EQPi.L | EQPZo.L |
| ISIN | GB0030735483 | GB0030735376 | GB00B1145147 |

| 30 April 2010 | Capital Shares | Income Shares | ZDP Shares |
|---------------|----------------|---------------|------------|
| Mid Price | 20.25p | 82.25p | 124.50p |
| NAV | 47.85p | 99.68p | 127.59p |

Issue twenty-six

April 2010

Fund Manager:
EPIC Asset Management Limited (EPAM)



Fund Manager Profile
Jo Welman

Jo Welman graduated in economics from Exeter University in 1979. He joined Baring Brothers where he managed several large segregated UK and US public company pension funds and The Barings UK Smaller Companies Unit Trust. In 1989 he was recruited by Rea Brothers to become the managing director of their investment management subsidiary. He resigned as a director of Rea Brothers Group plc in August 1999 following the bank's take-over by Close Brothers and became Chairman of Brit Insurance Holdings PLC. He resigned from Brit in September 2002 to focus his energies on EPIC Asset Management, asset managers to the Company.

Corporate Details

| | |
|------------------------|---|
| Launch Date: | 17 August 2001 |
| Launch Assets: | £67.63m (net of expenses) |
| Total Assets: | £67.50m |
| Capital Structure: | Capital Shares: 40,304,312 Income Shares: 20,736,333 ZDP Shares: 20,000,000 |
| ZDP Shares: | Redemption Price: 139.3p due 31 July 2011 At time of issue this equated to a 6.5% GRY |
| Year End: | 31 July |
| NAV: | Monthly |
| Directors: | Dr C McPhail, Chairman, DC McCrickard, M Richardson, PP Scales |
| Winding up Provisions: | 31 July 2011 |
| Annual Management Fee: | 1% |
| Brokers: | Numis Securities Limited |

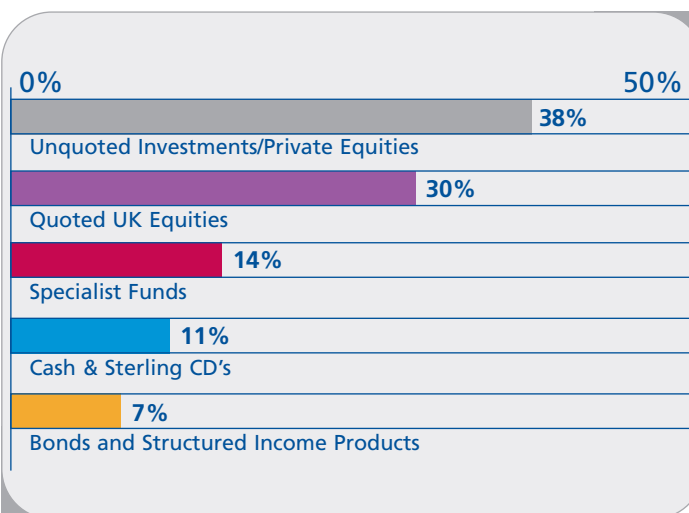
Investment Objective

The Company can invest in quoted and unquoted equities, bonds and structured income products and investment funds to generate capital growth for capital shares and an initial 10% yield for income shares.

Benchmark

Capital Share NAV: Libor + 3% per annum
Income Shares: Entitled to 10% per annum with annual RPI increases (capped at 5% per annum)

Asset Allocation as at 30 April 2010



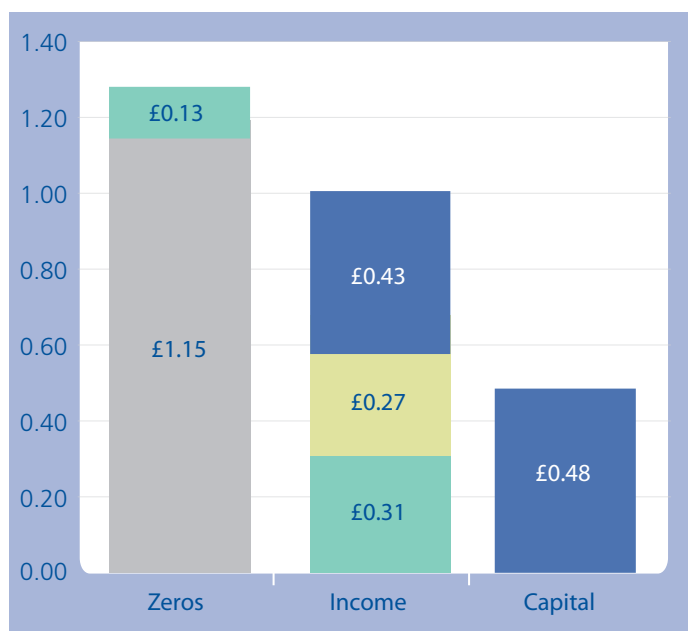
Note: figures do not include the exposure to EPIC Securities PLC

Contact

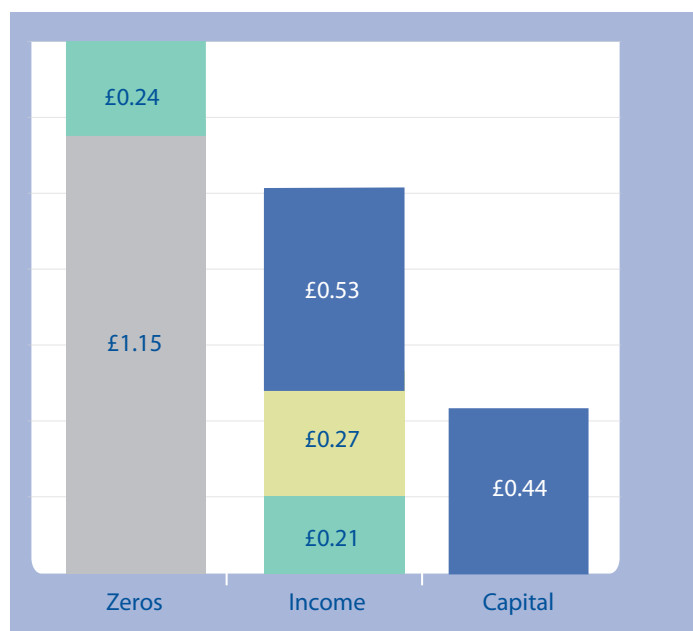
Jo Welman
EPIC Investment Partners Limited
Tel: +44 (0)20 7553 2311
e-mail: jo.welman@epicip.com
www.epicip.com

Nathan Brown
Numis Securities Limited
Tel: +44 (0)20 7260 1426
e-mail: n.brown@numiscorp.com
www.numiscorp.com

Current Entitlements 30/04/10 (pence per share)



Final Entitlements (pence per share)



Liquid
 Dated Loan Stock
 Semi-Liquid
 Illiquid

As the Company moves into the final 15 months of its initial life the quarterly reports will focus on the liquidity of the underlying assets. The histograms above provide an indication of the nature of the assets backing the EPIC Zero Dividend Preference Shares, Income Shares and Capital Shares. The Zeros have prior charge and therefore in the analysis have been allocated the assets considered the most liquid followed by the Income Shares and subsequently the Capital Shares which receive the balance of capital and income not required to satisfy the Company's obligations to the Zero and Income Shareholders. Rather than divide the portfolio into the traditional asset classes, the analysis is an attempt by the Manager to split the portfolio according to their liquidity characteristics. The grid below the histograms indicates the four liquidity categories:

- The most liquid category includes cash, quoted equities and open ended funds which are considered readily realisable.
- Semi-liquid indicates listed investments and funds where the Company's holdings are greater than normal market dealing size and are likely therefore to require a longer period for realisation. However, it is currently considered likely that these will be readily realisable within the Company's remaining life and it is intended that any realisations will be reinvested in more liquid investments.
- The dated stock signifies fixed interest paper - loan notes and mezzanine - outside the Private Equity portfolio, with redemption dates likely to fall within the life of the Company. It should be stressed that these investments are unlisted and therefore not readily realisable prior to redemption. We therefore rely on the underlying borrowers' ability to repay.
- Finally, illiquid assets not readily realisable in the short term, including the Private Equity LLP's from which the Company has no withdrawal rights and which contain illiquid underlying assets generally likely to require trade sales, and Specialist Funds for which there is no current market.

It should be stressed that the allocation between these categories is by necessity subjective and the analysis constitutes the Manager's best estimate and is not intended and should not be regarded as a forecast of profits.

The first chart shows the current asset allocation in terms of pence per share, reflecting an estimate of the three classes of shareholders' current entitlements. The second is an estimate of the allocation adjusted to take account of shareholders' final entitlements. It should be noted that the latter does not reflect ongoing costs, changes in asset allocation, realisations or potential investment returns over the remaining life of the Company; it is merely an illustrative analysis of the extent to which shareholders' entitlements on 31 July 2011 may be reliant on the Company's ability to generate liquidity from the current portfolio. Assuming an unchanged balance sheet, the difference therefore reflects the increased entitlement that accrues for the Zero Dividend Shareholders over the period up to 31 July 2011.

Manager's Report

Market Commentary

Real GDP data in the UK revised up for Q1 from initial +0.3% to +0.4%. Positive wealth effects from moderate house price growth, together with an apparent peak in unemployment and low interest costs should combine to improve household sector confidence. Consumers have been driven by the desire to restore savings, which has held back progress in retail sales, and possible post-election cuts in public employment could be disruptive; growth more likely to come from the corporate sector via inventory rebuild, and from export performance. After the suspension of Quantitative Easing in February, the gilt market has performed well.

Amid chaos in the Eurozone sovereign debt market, Gilts have so far behaved similarly to core "safe haven" government debt, rather than being pulled in the direction of the peripheral, heavily-indebted countries. Political risk is a key factor in the run-up to the election. Markets dislike the possibilities of a hung parliament or a Labour victory, because failure to address the public finances with determination in the weeks following the election could likely lead to a credit rating downgrade. Whatever the shape of the new government, serious fiscal tightening is in prospect. Such fiscal tightness is one of several factors supporting our view that the BoE will keep monetary policy loose for a lengthy period.

Throughout the quarter, Eurozone industrial production, new orders and corporate sentiment surveys strengthened, generally by more than expected, demonstrating a gradual gathering of momentum in the region. The main story, however, has been the increasing attention paid to the fact that the Greek government's finances are in a perilous state, with a burgeoning deficit combining with imminent redemptions of tens of billions of existing debt. The first version of a rescue package, released in March (considerably revised since) was of uncertain value, given that it could only be invoked as a last resort (in the event of markets failing to supply funds), funds would be offered at what is effectively a penalty interest rate, and the facility may still be vetoed when an attempt is made to invoke it. As a result, the premium on 'periphery' economies' bond yields versus similar maturity Bunds remained high and volatile. This also took the Euro currency

lower against most of its trading partners.

While its few problem states represent a minor contribution to overall Eurozone GDP, some commentators have suggested that either the riskiest peripheral economies will depart from the single currency, or the strongest (Germany, perhaps France) will leave. We consider neither to be likely. The considerable dispersion between core and periphery government bond pricing is, however, likely to remain a key feature of this market, as is heightened volatility, and such a combination may yield relative value opportunities. Confidence measures, particularly in the corporate sector, continue to forge ahead however the consumer sector lagging. Increases in unemployment have been slowing for several months. The region's headline rate now appears to be peaking at 10% and has already fallen in some 'core' countries.

The issues in the debt crisis extend beyond the simple fiscal deficit and include the maturity profile of outstanding debt, with the near-term urgency of new bond issuance being one of the key drivers of yield performance. Attention has been focussed mainly on Portugal and Spain as the next problem countries, following their recent downgrades, but has also affected Ireland and Italy to varying degrees. The implications of continuing with the current lack of strong leadership from the region's major governments are alarming. A self-reinforcing negative chain of increased risk premia, interest costs and economic contraction is a threat to economic activity in the region and

financial markets more broadly. At the time of writing, the effect of the ECB's suspension of minimum credit rating requirements for eligible collateral in its credit operations remains unknown, but should provide support.

For 2009, the US economy shrank by 2.4%, the worst performance since 1946. Continuing strong economic data released in March in the US, with falling initial unemployment claims and positive non-farm payrolls growth on a 3-month basis helped to boost the already-buoyant equity market. Although bank lending has continued to contract, improved access to capital markets is providing an offset. Q4 GDP growth which had been estimated initially at +5.7% QoQ (annualised) was revised down to +5.6% QoQ (annualised). Leading economic indicators have continued to show positive signs for a strong economic recovery in Q2 2010, but the fragile banking system, subdued capital investment due to low capacity utilisation, and weak consumption restrained by high unemployment still remain. Real GDP was reported at 3.2% QoQ for Q1 in the US, as households spent more freely with consumer spending contributing 2.55 points to GDP, setting the scene for gains in employment that may help the recovery broaden and accelerate. A rejuvenated manufacturing sector continued its expansion in April at the fastest pace since June 2004, indicating the world's largest economy accelerated as it entered the second quarter. The increase in working hours will lift non farm payrolls and consumer confidence. Retail Sales increased by 1.6% March (the biggest

Manager's Commentary (cont.)

gain in four months) and 7.9% since last year, suggesting the consumer might take the baton and fuel the recovery. Imported inflation could start to seep through to headline CPI as on a 12m basis the trade weighted USD index has weakened allowing for higher import prices. Pick up in growth supportive of reduction in budget deficit, however austere fiscal measures will be required as in all western economies to allay market fears regarding governments' abilities to fund their deficits going forward.

We continue to anticipate slow, but gradually accelerating, economic growth in the developed world generally, and limited inflation pressure near-term, together with rises overall in government bond yields (albeit with increasing dispersion between sovereigns, driven in large part by their diverging fiscal positions). Given the speed of recovery and the possibility of extraordinary measures being withdrawn earlier than in the UK and the Eurozone, it is likely that yield curves will move more aggressively in the US than in other advanced economies.

Quoted Equity

The FTSE All Share Index gained 7.8% during the period as companies across a range of sectors reported better trading. In what was a quiet quarter for EPIC's quoted equity portfolio there were no new holdings. Additions were made to the positions in Cable & Wireless (before the split into Worldwide & Communications), Cryo-Save, Dialight, Eleco, Encore Oil and Managed Support Services. There were partial sales of Castings and Huntsworth. Importantly, the figures and updates released by portfolio companies were generally good, including those from the major holdings of Diploma and Lupus Capital.

Private Equity

The Private Equity division did not make any new investments during the period. The focus over the next 6-12 months will

be on maximising the value of the portfolio.

The Investment Manager has historically had a conservative investment approach, with targeted EV/EBITDA valuations of less than 5.0x and low levels of leverage. This has helped significantly in weathering the recent economic storm. When valuing the portfolio at the year-end in January 2010, a prudent approach to valuation was taken due to the ongoing economic outlook. Whilst a number of write-ups could potentially have been justified at that time, the Manager took the view that the trading performance of the portfolio may decline and avoided such write-ups.

Having now weathered the worst of the recession, trading has picked up across the portfolio, and the Manager is cautiously optimistic that this trend will continue into the next few quarters.

Manager and Investment Style

EPIC Private Equity ("EPE"), founded in 2001, has completed 42 transactions and deployed £89 million of capital in £270 million of Enterprise Value. EPE aims to generate a strong yield through investment in mezzanine debt coupled with significant capital appreciation by investing in equity stakes. EPE targets leveraged buyouts at EV/EBITDA valuations of less than 5.0x, backing experienced managers to leverage their positions within established, successful businesses and investment in growing smaller businesses in attractive niche markets with good prospects for growth. Investments in the latter take the form of significant minorities, generally between 10% and 49.9%.

The focus of the next 6-12 months will be on maximising the value of the portfolio, and looking for profitable exits for the investments.

The current Private Equity portfolio consists of £9.4 million of Mezzanine, yielding between 9% and 12.0% (blended yield 10.0%) interest, and

£16.7 million of Equity and Shareholder Loans, invested in 9 companies. Private Equity totals £26.1 million which equates to 39% of EPIC PLC's Gross Assets.

The businesses within the Private Equity portfolio are trading to expectations. The Private Equity portfolio was valued at the end of January 2010 in line with the BVCA guidelines.

Palatinat Schools Limited (22% of total PE funds invested, 8.3% of fund) is a schools group in central London, in which EPIC invested £3.0 million in mezzanine and £1.3 million in equity and shareholder loans, to fund a management buy out in February 2005. EPIC holds 29.9% of the share capital. Sales have grown in excess of 10% per annum since 2004, and are forecasted at £8.6 million in the year to August 2010. EBITDA margins run at 28% on average, and the business continues to perform to expectations. Comparable companies would be Alpha, Cognita and Gems.

Pinnacle-psg Limited (19% of total PE funds invested, 7.3% of fund) is a social housing management company, in which EPIC invested £3.0 million of shareholder loans and equity in December 2001, as replacement and working capital. £1.0 million of shareholder loans have been returned. EPIC acquired a further 13.8% in September 2008 from Numis Corporation, and now holds 26.3% of the share capital. Sales of £52.1 million in the year to March 2010 were achieved, and operating margin runs at around 6% on average. Comparable companies would be Inspace, Connaught, Parkwood Holdings and Tribal.

Nexus Limited (19% of total PE funds invested, 7.4% of fund) is a distributor of electrical and wiring accessories. EPIC backed members of the existing management team to buy the business in January 2005, investing £3.1 million in mezzanine and £1.2 million in equity and shareholder loans. EPIC owns 49.9% of the share capital. Sales have been stable

Manager's Commentary (cont.)

since 2004, and were £45 million for 2010 and EBITDA margin runs at around 8% on average. Masterplug, the retail supply business, performed more weakly than expected in the second half of 2009, whilst British General, the wholesale supply business, is showing signs of recovery. Comparable companies would be Electrium Ltd, GET plc (recently delisted), Schneider (acquired GET plc) and Legrand SA.

Indicia Group (19% of total PE funds invested, 7.4% of fund) is a buy and build strategy in the marketing services sector. EPIC originally invested £0.7 million in October 2006 to acquire the first business, Marketing Databasics, and has since acquired Results Europe in December 2006 and most recently, Entire, in March 2008, with the investment in the buy-and-build strategy now totalling £4.4m. Recent underperformance in the public markets is expected to provide significant opportunities for acquiring assets from the larger, listed, marketing services groups. The business achieved sales to 31 December 2009 of £7.9 million, and is targeting operating margins of 9% for 2010. EPIC PLC holds 49.9% of the equity. Comparables are marketing services businesses such as Cello Group, Chime, M&C Saatchi, Direct Marketing Group and Media Square.

Pharmacy2U Limited (4% of total PE funds invested, 1.7% of fund) is an internet based medicine retailer and deliverer of NHS prescriptions to the home using the government approved Electronic Transmission of Prescriptions protocol. EPIC invested £0.25 million of growth capital in Pharmacy2U in November 2002 and now holds 8.2% of the equity, having sold 20% of EPIC's stake in 2005 to EMIS to de-risk the initial position. Sales budget is £23 million for 2010, and sales have grown by over 30% per annum since 2002. The business is cash flow positive and profitable. Operating margin is not disclosed. No UK comparables but

similar companies exist in the US, and Doc Morris in Europe.

Other investments (17% of total PE funds invested, 6.6% of fund) are Bighead Bonding, a small precision engineering business, Evolving Media, a digital media agency, Ryness, a high street and wholesale supplier of electrical goods and Driver Require, a temporary driver recruitment business. They are all currently performing to expectations with trading conditions improving in the quarter.

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 largest investments by market value are commented upon below.

EEA Life Settlement Fund (\$4.3 million) is a Guernsey domiciled. Regulated Class B Fund listed on the Channel Island Stock Exchange and its objectives are to purchase, hold and manage a portfolio of US life settlements, provide a minimum benchmark return of 8% per annum and generate a consistent total net return of between 9% and 10% per annum. The Fund provides an opportunity to invest in an asset class that is wholly uncorrelated with traditional investments and continues to achieve consistent and stable returns. The Fund continues to enjoy positive price movements with 49 months of continuous growth.

CCD Leisure Investments (\$2.5 million) has been set up to invest in prestige holiday developments in emerging destinations. The first investment has been into the popular emerging tourist destination of Grenada which is located south of the usual hurricane path and whose tourist industry remains relatively undeveloped. The land for the project was bought cheaply and potential returns therefore should remain high. A

small number of major players, such as Four Seasons Hotel Resorts, have highlighted the Island as an attractive emerging destination with direct flights from London and Frankfurt. Properties are priced at a fraction of its better known competitors in the Caribbean and the Island has strong potential for boutique and eco-sensitive development. ERA's and CBRE's research and analysis suggested a significant price uplift would be achieved even in the present financial climate. Notwithstanding this we have previously marked down our investment by \$500,000 (15%) to be prudent. We have now completed a restructuring of our investment, which saw the introduction of a new co-investor. We believe these steps will make it easier to realise our investment. The restructuring should make the project further advanced, fully funded, and facilitated the purchase of further land required, and has already led to a small cash return to the fund.

Jupiter Hyde Park Hedge Fund Limited (£1.1 million). Jupiter Hyde Park Hedge Fund Limited is an open-ended limited liability company incorporated in Bermuda. The fund is run by Philip Gibbs and is mandated to invest in a wide range of international investments. The fund enjoyed a marked long-term out-performance.

Although not part of the Specialist Funds portfolio it should be noted that the mezzanine real estate investment (€5m) in Alpha Real Estate GmbH is overdue and is in default. Whilst we hope to obtain full recovery from this real estate secured investment, and lawyers are being instructed, as a matter of prudence we have taken the decision to provide against unpaid interest at this stage.

Market Data

| | 104.5 months since launch |
|----------------------|---------------------------|
| Capital Shares | -79.55% |
| FTSE All Share Index | 10.53% |
| NAV | -50.18% |
| Benchmark | 91.20% |

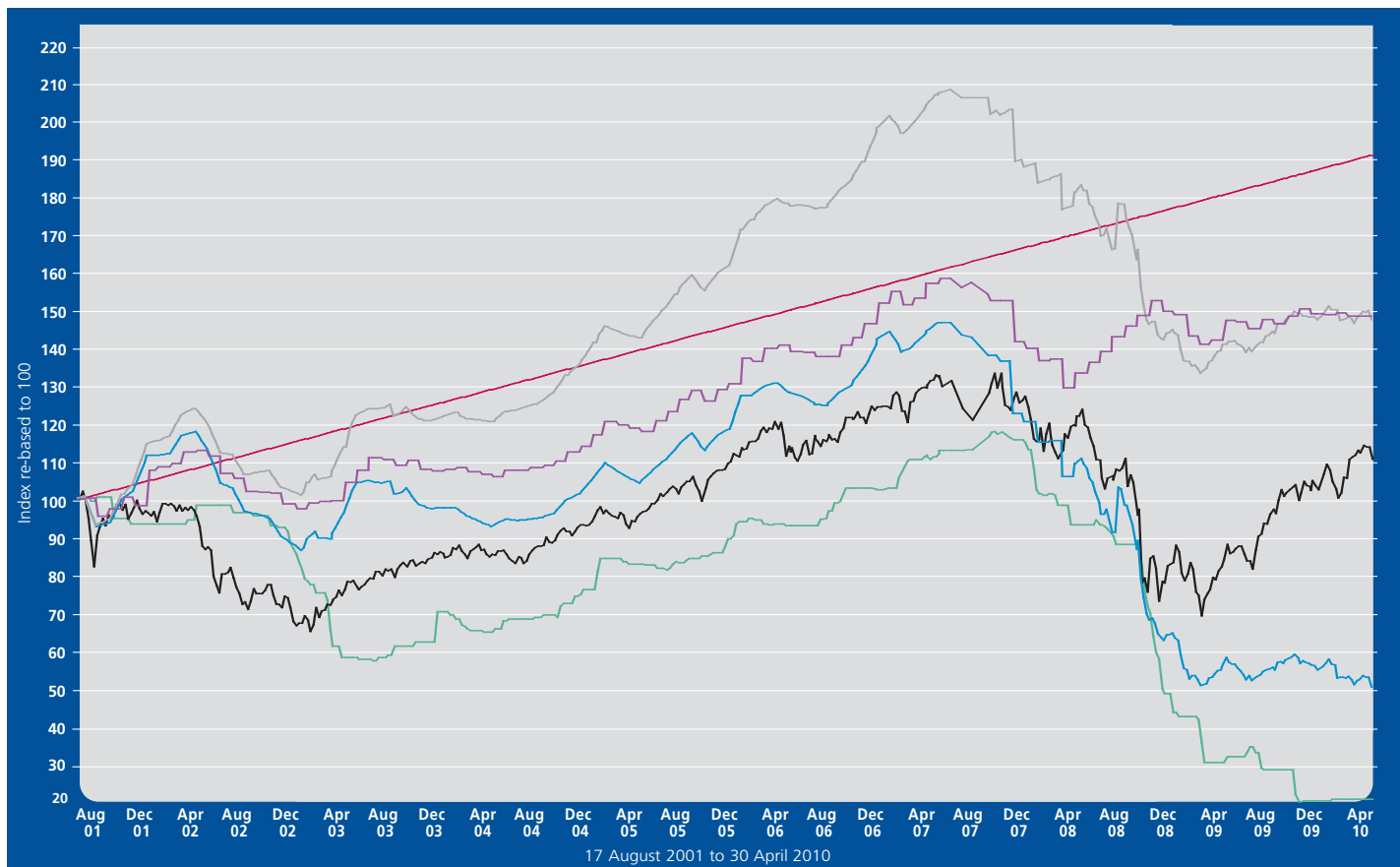
- Capital Share Price
- Capital Share NAV
- Benchmark (Libor + 3%)
- FTSE All Share Index
- NAV (Cap + Inc) Divs Reinvested
- NAV (Cap + Cumulative Div)

Largest Investments

| Largest Investments as at 30 April 2010 | Cost | Market Value | % of total investments |
|--|-------------------|-------------------|------------------------|
| Pinnacle Regeneration Group Limited | 4,920,717 | 4,921,008 | 7.82% |
| Nexus Industries Limited* | 6,470,830 | 4,548,446 | 7.23% |
| Alpha Real Estate GmbH 8% February 2010* | 3,446,137 | 4,343,256 | 6.90% |
| Indicia* | 4,281,889 | 4,281,889 | 6.80% |
| Diploma Plc | 1,950,654 | 4,256,060 | 6.76% |
| Palatinat Schools* | 4,250,000 | 4,250,000 | 6.75% |
| Lupus Capital Plc | 5,600,723 | 3,579,904 | 5.69% |
| EEA Life Settlement Fund (USD) | 1,579,269 | 2,811,397 | 4.47% |
| Dialight Plc | 2,257,691 | 1,785,398 | 2.84% |
| Matchtech Group Plc | 1,846,705 | 1,754,500 | 2.79% |
| Evolving Media Limited* | 2,011,908 | 1,715,116 | 2.73% |
| Bighead Holdings Limited* | 1,501,674 | 1,501,674 | 2.39% |
| Jupiter Hyde Park Hedge Fund Limited | 976,294 | 1,144,708 | 1.82% |
| Pharmacy 2U Limited | 96,342 | 1,140,245 | 1.81% |
| HMV Group Plc | 1,482,886 | 1,043,346 | 1.66% |
| Total of Largest 15 Holdings | 42,673,720 | 43,076,946 | 68.46% |
| Other investments | 29,331,328 | 12,839,732 | 20.39% |
| BGI Sterling Liquidity Fund and Cash deposits | 7,019,461 | 7,019,461 | 11.15% |
| | 79,024,509 | 62,936,140 | 100.00% |

* denotes debt instruments, principal. EPIC PLC classifies debt instruments separately from equity and interest owing to the differing risk characteristics and security of these asset classes. EPIC PLC may also hold equity in these companies.

Share Price and NAV Performance vs Benchmark (from 17 August 2001 to 30 April 2010 - re-based to 100)



Risk Warning The information in this document is believed to be correct but cannot be guaranteed. Opinions constitute our judgement as of this date and are subject to change without warning. This document is not intended as an offer or solicitation to buy or sell securities or as a personal recommendation. The Company, its officers and employees may (a) have positions in; (b) have a material interest in; (c) have undertaken or may undertake an own account transaction in; or (d) may be providing or have provided within the previous 12 months significant advice or investment services in relation to the securities mentioned herein or related investments. Past performance is not necessarily indicative of future performance and the value of investments may fall as well as rise and the income from them may fluctuate and is not guaranteed. Investors may not recover the amount invested. Some securities carry a higher degree of risk than others. The levels and basis of taxation can change.