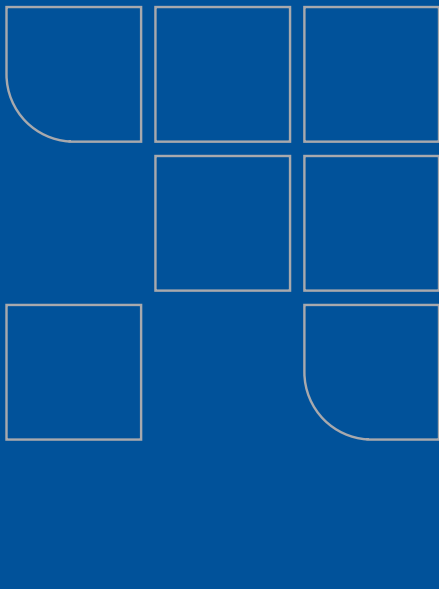




EPIC Securities plc

## Half-yearly Report |

Interim Report & Financial Statements for the  
Half Year ended 31 January 2009 |







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# Directors' Responsibility Statement

The Directors confirm to the best of their knowledge that:

this condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting;

the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules, being:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
- related party transactions that have taken place in the first six months of the financial year and any changes in the related party transactions described in the annual report that have materially affected or could have a material effect on the financial position or performance of the Group.

**M Richardson**

Director

*3 April 2009*

# 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 report for the six months ended 31 January 2009, which comprises the income statement, the and the related explanatory notes. We have read the other information contained in the half-yearly 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 report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the DTR of the UK FSA.

As disclosed in note 2.1 the annual financial statements are prepared in accordance with IFRS. The condensed set of financial statements included in this half yearly report have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The accounting policies that have been adopted in preparing the condensed set of financial statements are consistent with those that the Directors currently intend to use in the next annual financial statements.

## Our responsibility

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

## 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 report for the six months ended 31 January 2009 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FSA.

## KPMG Audit LLC

Chartered Accountants  
Douglas  
Isle of Man  
3 April 2009

# Income Statement

For the period from 1 August 2008 to 31 January 2009

Notes	Unaudited 1 August 2008 to 31 January 2009 £	Unaudited 1 August 2007 to 31 January 2008 £	Audited 1 August 2007 to 31 July 2008 £
4	Finance income on Loan Note Instrument	822,735	1,567,712
5	Finance costs on ZDP Shares	(822,735)	(1,567,712)
	<b>Profit for the Period before taxation</b>	-	-
	Taxation	-	-
	<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	4.11	7.84

All items in the above statement derive from continuing operations.

The accompanying notes on pages 6 to 8 form an integral part of these financial statements.

# Statement of Assets and Liabilities

As at 31 January 2009

Notes	Unaudited 31 January 2009 £	Unaudited 31 January 2008 £	Audited 31 July 2008 £	
<b>Non-Current Assets</b>				
4	Loan Note Instrument issued by EPIC PLC	23,384,763	21,843,255	22,562,028
<b>Current Assets</b>				
	Receivables	2	2	2
<b>Total Assets</b>		<b>23,384,765</b>	<b>21,843,257</b>	<b>22,562,030</b>
<b>Liabilities</b>				
5	Zero Dividend Preference Shares	23,384,763	21,843,255	22,562,028
5	Ordinary Share Capital	2	2	2
<b>Total Liabilities</b>		<b>23,384,765</b>	<b>21,843,257</b>	<b>22,562,030</b>
<b>Attributable to:</b>				
	Ordinary Shareholders	2	2	2
	Zero Dividend Preference Shareholders	23,384,763	21,843,255	22,562,028
		<b>23,384,765</b>	<b>21,843,257</b>	<b>22,562,030</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>116.92</b>	<b>109.22</b>	<b>112.81</b>

The financial statements on pages 3 to 8 were approved on 3 April 2009 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 6 to 8 form an integral part of these financial statements.

# Notes to the Financial Statements

For the period from 1 August 2008 to 31 January 2009

## 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 shareholders of the Parent cast a continuation vote in 2008 for the Parent to continue in business after 2011.

The Company's investment policy is to invest in the Loan Note Instrument issued by the parent. The Parent 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 State of Accounting policies

### 2.1 Basis of presentation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB) and applicable legal and regulatory requirements of Isle of Man law. These interim financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting, using the same accounting policies as the preceding annual financial statements.

The interim financial statements have been prepared on the historical cost basis and are presented in British pounds.

### 2.2 Segmental Reporting

The Directors are of an 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.

### 2.3 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 and 31.07.08: 0p) per ordinary share are based on earnings of £nil (31.01.08: £nil and 31.07.08: £nil) and 2 (31.01.08: 2 and 31.07.08: 2) Ordinary Shares throughout the period.

The earnings of 4.11p (year to 31.01.08: 3.92p) per ZDP Share are based on the finance costs attributable to the ZDP shares of £822,733 (31.01.08: £784,710) and on 20,000,000 (year to 31.07.08: 20,000,000) ZDP share, being the weighted average number of ZDP shares in issue during the period.

#### 4 Loan Note Instrument issued by EPIC Plc

	31 January 2009 £	31 January 2008 £	31 July 2008 £
Originated loan to Parent at the beginning of the period	22,562,028	21,208,413	21,208,413
Share issue costs paid	-	(149,868)	(214,097)
Finance Income	752,189	702,929	1,410,351
Amortisation of issue costs	70,546	81,781	157,361
<b>Originated loan to Parent at the end of the period</b>	<b>23,384,763</b>	<b>21,843,255</b>	<b>22,562,028</b>

The Loan Note Instrument is not transferable without the consent of the Parent and, in the event of 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 31 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 obligation 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 £751,214 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 2009, 31 July 2008 and 31 January 2009</b>		<b>3,000,100</b>
<i>Issued</i>		
	<b>Share Capital</b>	<b>ZDP Shares</b>
	£	£
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 2009, 31 July 2008 and 31 January 2008</b>	<b>2</b>	<b>20,000,000</b>

# Notes to the Financial Statements

For the period from 1 August 2008 to 31 January 2009

(cont)

<b>ZDP Shares</b>	<b>31 January 2009</b>	<b>31 January 2008</b>	<b>31 July 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Liability at beginning of period/year	22,562,028	21,208,413	21,208,413
Issue costs	-	(149,868)	(214,097)
Finance costs of ZDP Shares	752,189	702,929	1,410,351
Amortisation of issue costs	70,546	81,781	157,361
<b>Liability at end of period/year</b>	<b>23,387,463</b>	<b>21,843,255</b>	<b>22,562,028</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 139.30p per share on 31 July 2011. Issue costs totalled £751,214 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 the final capital entitlement of 139.30p per share on 31 July 2011 is 7.07%.

In accordance with the articles of association of the Company, the holders of the 20,000,000 ZDP shares, are entitled one winding up to an amount equal to 100p per ZDP share as increased daily at a compound rate as would give a final capital entitlement of 139.3p on a ZDP repayment date. At 31 January 2009 the accrued value was £23,387,463 (31.07.08: £22,562,030). 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 through the period.

The net asset value per ZDP share is based on the net asset of £23,387,463 (31.07.08: £22,562,030) attributable to ZDP shares and 20,000,000 (31.07.08: 20,000,000) ZDP shares being the number of ZDP shares in issue during the period.

## 7 Ultimate Controlling Party and Related Party Transactions

The Company is a wholly owned subsidiary of EPIC PLC. The Company has subscribed for interest free loan notes issued by the Parent.

The Parent has agreed to pay all the operating expenses incurred by the Company.

# Company Information

**Directors:** Cameron McPhail (Chairman)  
Donald C. McCrickard  
Martin W. Richardson  
Philip P. Scales

**Secretary:** John Middleton

**Registered Office:** IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM99 1HN

**Isle of Man Advocates:** Cains Advocates Limited  
15-19 Athol Street  
Douglas  
Isle of Man  
IM99 1HN

**Solicitors to the Company:** Latham & Watkins  
99 Bishopsgate  
London  
EC2M 3XF

**Sponsor and Broker:** Landsbanki Securities (UK) Limited  
Beaufort House  
15 St. Botolph Street  
London  
EC3A 7QR

**Auditors:** KPMG Audit LLC  
Heritage Court  
41 Athol Street  
Douglas  
Isle of Man  
IM99 1HN

**Investment Manager:** EPIC Asset Management Limited  
7th Floor, 22 Billiter Street  
London  
EC3M 2RY

**CREST Provider:** Computershare Investor Services (Channel Islands) Limited  
Ordnance House  
31 Pier Road, St. Helier  
Jersey  
JE4 8PW

**Administrator and Registrar:** IOMA Fund and Investment Management Limited  
IOMA House  
Hope Street  
Douglas  
Isle of Man  
IM1 1AP

