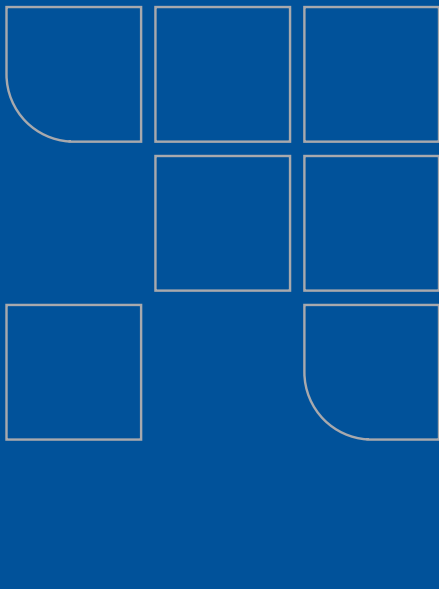




EPIC Securities plc

Half-yearly Report |

Half-yearly Report & Unaudited
Financial Statements
31 January 2010 |





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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 Company.

P P Scales

Director

29 March 2010

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 2010, which comprises the statement of comprehensive income, the statement of assets and liabilities 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.

The financial statements included in this half yearly report have 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 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 2010 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FSA.

KPMG Audit LLC Chartered Accountants

Heritage Court
41 Athol Street
Douglas
Isle of Man
29 March 2010

Statement of Comprehensive Income

For the period from 1 August 2009 to 31 January 2010

Note	Unaudited 1 August 2009 to 31 January 2010 £	Unaudited 1 August 2008 to 31 January 2009 £	Audited 1 August 2008 to 31 July 2009 £
9	Finance income on Loan Note Instrument	871,505	1,651,330
10	Finance costs on ZDP Shares	(871,505)	(1,651,330)
	Profit for the period before taxation	-	-
	Taxation	-	-
	Profit for the period	-	-
	Other comprehensive income	-	-
	Total comprehensive income	-	-
8	Earnings per Ordinary Share (pence) - Basic and Diluted	-	-
8	Earnings per ZDP Share (pence) - Basic and Diluted	4.36	8.26

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 2010

Note	Unaudited 31 January 2010 £	Unaudited 31 January 2009 £	Audited 31 July 2009 £	
Non-Current Assets				
9	Loan Note Instrument issued by EPIC PLC	25,084,863	23,384,763	24,213,358
Current Assets				
	Receivables	2	2	2
	Total Assets	25,084,865	23,384,765	24,213,360
Liabilities				
10	Zero Dividend Preference Shares	25,084,863	23,384,763	24,213,358
10	Ordinary Share Capital	2	2	2
	Total Liabilities	25,084,865	23,384,765	24,213,360
Attributable to:				
	Ordinary Shareholders	2	2	2
	Zero Dividend Preference Shareholders	25,084,863	23,384,763	24,213,358
		25,084,865	23,384,765	24,213,360
11	Net Asset Value per Ordinary Share (pence)	100.00	100.00	100.00
11	Net Asset Value per ZDP Share (pence)	125.4	116.92	121.07

The financial statements were approved on 29 March 2010 and signed on behalf of the Board by:

Philip Scales
Director

Martin Richardson
Director

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 2009 to 31 January 2010

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.

The financial statements of the Company as at 31 July 2009 are available upon request from the Company's registered office at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP or at http://www.epicip.com/epic_plc_home.html.

2 Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 July 2009.

These interim financial statements were approved by the Board of Directors on 29 March 2010.

3 Significant accounting policies

Except as described below, the accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 July 2009.

Change in accounting policy

a) Presentation of financial statements

The Company applies revised IAS 1 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Company presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. This presentation has been applied in these interim financial statements as of and for the six months period ended on 31 January 2010. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

b) Determination and presentation of operating segments

As of 1 January 2009 the Company determines and presents operating segments based on the information that internally is provided to the Board, who are the Company's chief operating decision makers. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously operating segments were determined and presented in accordance with IAS 14 Segment Reporting. The adoption of the standard had no impact on presentation and disclosure of segment information.

4 Estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates, and assumptions that effect the application of policies and the reported amounts of assets and liabilities, income and expenses. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future years if the revision affects both current and future years.

5 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.

6 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.

7 Financial risk management

The Company's financial risk management policies are consistent with those disclosed in the financial statements as at and for the year ended 31 July 2009.

8 Earnings per Ordinary share/ZDP share - Basic and Diluted

The earnings of 0p (31 January 2009: 0p and 31 July 2009: 0p) per ordinary share are based on earnings of £nil (31 January 2009: £nil and 31 July 2009: £nil) and 2 (31 January 2009: 2 and 31 July 2009: 2) Ordinary Shares throughout the period.

The earnings of 4.36p (6 months to 31 January 2009 4.11p and year to 31 July 2009: 8.26p) per ZDP Share are based on the finance costs attributable to the ZDP shares of £871,505 (6 months to 31 January 2009: £822,733 and year to 31 July 2009: £1,651,330) and on 20,000,000 (6 months to 31 January 2009: 20,000,000 and year to 31 July 2009: 20,000,000) ZDP shares, being the weighted average number of ZDP shares in issue during the period.

9 Loan Note Instrument issued by EPIC Plc

	31 January 2010 £	31 January 2009 £	31 July 2009 £
Originated loan to Parent at the beginning of the period	24,213,358	22,562,028	22,562,028
Finance Income	791,240	752,189	1,497,266
Amortisation of issue costs	80,265	70,546	154,064
Originated loan to Parent at the end of the period	25,084,863	23,384,763	24,213,358

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 10, issue costs of £751,214 were payable and are being amortised over the term of the ZDP Shares.

Notes to the Financial Statements

For the period from 1 August 2009 to 31 January 2010

(continued)

10 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
As at 31 January 2010, 31 July 2009 and 31 January 2009		3,000,100
<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
As at 31 January 2010, 31 July 2009 and 31 January 2009		20,000,000

	31 January 2010	31 January 2009	31 July 2009
	£	£	£
ZDP Shares			
Liability at beginning of period/year	24,213,358	22,562,028	22,562,028
Finance costs of ZDP Shares	791,240	752,189	1,497,266
Amortisation of issue costs	80,265	70,546	154,064
Liability at end of period/year	25,084,863	23,384,763	24,213,358

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 7.27%.

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 £25,084,863 (31 January 2009: £23,384,765 and 31 July 2009: £24,213,358). The entitlement accrued under the contribution of assets agreement is equivalent to the annual compound rate of 6.5%.

11 Net Assets Value per Share

The net asset value per Ordinary Share is based on the net assets attributable to Ordinary Shares of £2 (31 January 2009: £2 and 31 July 2009: £2) and 2 Ordinary shares in issue through the period (31 January 2009: 2 and 31 July 2009: 2).

The net asset value per ZDP share is based on the net asset of £25,084,863 (31 January 2009: £23,384,763 and 31 July 2009: £24,213,358) attributable to ZDP shares and 20,000,000 (31 January 2009: 20,000,000 and 31 July 2009: 20,000,000) ZDP shares being the number of ZDP shares in issue during the period.

12 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: Dr C McPhail, Chairman
DC McCrickard
M Richardson
PP Scales

Secretary: J Middleton
Middleton Katz Chartered Secretaries LLC
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IM1 1AP

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Custodian: BNP Paribas Security Services
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Auditors: KPMG Audit LLC
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IM99 1HN

Investment Manager: EPIC Asset Management Limited
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Stockbroker: Numis Securities Limited
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UK Solicitors: Latham & Watkins
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