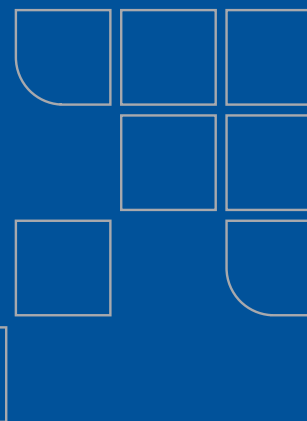




EPIC Securities plc



Interim Report |

Interim Report & Unaudited Financial Statements
For the period from
1 August 2006 to 31 January 2007 |

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Unaudited Income Statement

For the period from 1 August 2006 to 31 January 2007

Notes	1 August 2006 to 31 January 2007	10 February 2006 to 31 July 2006	
	£	£	
5	Finance income on Loan Note Instrument	713,346	338,196
6	Finance costs on ZDP Shares	(713,346)	(338,196)
	Profit for the Period before taxation	-	-
	Taxation	-	-
3	Profit for the Period after taxation	-	-
	Increase in Net Assets Attributable to Ordinary Shareholders	-	-
4	Earnings per Ordinary Share (pence) - Basic and Diluted	-	-
4	Earnings per ZDP Share (pence) - Basic and Diluted	3.57	1.69

All items in the above statement derive from continuing operations.

The accompanying notes on pages 5 to 8 form an integral part of these financial statements.

Unaudited Statement of Assets and Liabilities

As at 31 January 2007

Notes	31 January 2007	31 July 2007	
	£	£	
	Non-Current Assets		
5	Loan Note Instrument issued by EPIC Plc	20,514,582	19,801,236
	Current Assets		
	Receivables	2	2
	Total Assets	20,514,584	19,801,238
	Non-Current Liabilities		
6	Zero Dividend Preference Shares	20,514,582	19,801,236
6	Ordinary Share Capital	2	2
	Total Liabilities	20,514,584	19,801,238
	Attributable to:		
	Ordinary Shareholders	2	2
	Zero Dividend Preference Shareholders	20,514,582	19,801,236
		20,514,584	19,801,238
7	Net Asset Value per Ordinary Share (pence)	100.00	100.00
7	Net Asset Value per ZDP Share (pence)	102.57	99.01

The financial statements on pages 2 to 8 were approved on 20 April 2007 were approved and signed by the Board of Directors on 20 April 2007.

Cameron McPhail Martin W. Richardson

The accompanying notes on pages 5 to 8 form an integral part of these financial statements.

Unaudited Cash Flow Statement

For the period from 1 August 2006 to 31 January 2007

	1 August 2006 to 31 January 2007	10 February 2006 to 31 July 2006
	£	£
Operating Activities		
Profit for the financial period	-	-
Movement in Amortisation of Issue Costs of ZDP Shares	42,509	18,196
Cash Flow from Operating Activities	42,509	18,196
Financing Activities		
Placing costs paid	-	(536,960)
Cash received on ZDP shares issued	-	20,000,000
Cash Flow from Financing Activities	-	19,463,040
Investing Activities		
Purchase of Loan Note Instrument	-	(19,463,040)
Non cash amortisation of Issue costs of ZDP Shares	(42,509)	(18,196)
Cash Flow from Investing Activities	(42,509)	(19,481,236)
Cash at the beginning of the period	-	-
Cash at the End of the Period	-	-

The accompanying notes on pages 5 to 8 form an integral part of these financial statements.

Notes to the Financial Statements

For the period from 1 August 2006 to 31 January 2007

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 EPIC Plc ("the Parent"), 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 will also enter an undertaking with the Company under which it will undertake to contribute such amount 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.

2 Accounting Policies

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board, interpretations issued by the International Financial Reporting Interpretations Committee and applicable legal and regulatory requirements of Isle of Man laws and reflect the following policies, which have been adopted and applied consistently.

Basis of Preparation

These financial statements have been prepared on a historical cost basis. These financial statements are presented in Pounds Sterling.

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.

Loan Note Instrument

The Unsecured Subordinated Loan Note Instrument has been accounted for on an amortised cost basis with the difference between the initial loan and the final receivable being recognised in the Income Statement, using the effective interest rate method. This asset is reviewed for impairment and any write down in value would be recognised in the Income Statement.

ZDP Shares

ZDP Shares, which exhibit the characteristics of liabilities, are recognised as liabilities in the Balance Sheet in accordance with International Accounting Standard 32 ("IAS 32"), Financial Instruments: Disclosure and Presentation. After initial recognition, these liabilities are measured at amortised cost, which represents the initial proceeds of the issuance plus the accrued entitlement to the date of the financial statements. The accrued entitlement is calculated as the difference between the proceeds on the issue of these shares (after issue expenses) and the final liability and is charged as a finance cost in the Income Statement over the term of the life of these shares using the effective interest method.

Cash and Cash Equivalents

The Company has no cash or cash equivalents.

Expenses

All operating expenses are borne by the Parent.

Functional Currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The currency in which the Company's shares are denominated and in which its expenses are incurred is Sterling. The Company has also adopted Sterling as its presentation currency.

Impact of revisions to International Financial Reporting Standards

The following standard was in issue but not yet effective:

IFRS 7 Financial Instruments: Disclosures and the related amendments to IAS 1 in capital disclosures. The Directors anticipate that the adoption of this standard will have no material impact on these financial statements except for additional disclosures on capital and financial instruments when the standard becomes effective for periods commencing on or after 1 January 2007.

Notes to the Financial Statements

For the period from 1 August 2006 to 31 January 2007

(cont)

3 Taxation

The Company has been granted exemption from Isle of Man tax under The Income Tax (Exempt Companies) Act 1984 and is charged an annual exemption fee of £475 (which is borne by the Parent). The Directors intend to conduct the Company's affairs such that it continues to remain eligible for exemption from tax.

4 Earnings per Ordinary Share/ZDP Share - Basic and Diluted

The earnings of 0p (31.07.06: 0p) per Ordinary Share are based on earnings of £Nil (31.07.06:£Nil) and 2 (31.07.06: 2) Ordinary Shares throughout the period.

The earnings of 3.57p (31.07.06: 1.69p) per ZDP Share are based on the capital growth attributed to the ZDP Shares of £713,346 (31.07.06: £338,196) and on 20,000,000 (31.07.06: 20,000,000) ZDP Shares, being the weighted average number of ZDP Shares in issue during the period.

5 Loan Note Instrument issued by EPIC Plc

	1 August 2006 to 31 January 2007	10 February 2006 to 31 July 2006
	£	£
Originated loan to Parent at the beginning of the period	19,801,236	-
Purchase value of Loan Note Instrument	-	19,463,040
Finance Income	713,346	338,196
Originated loan to Parent at the end of the period	20,514,582	19,801,236

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.

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

As disclosed in Note 6, issue costs of £536,960 were payable and are being amortised over the term of the ZDP Shares.

6 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 July 2006 and as at 31 January 2007		3,000,100
	Share Capital	ZDP Shares
<i>Issued</i>	£	£
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 July 2006 and as at 31 January 2007	2	20,000,000

	31 January 2007	31 July 2006
ZDP Shares	£	£
Liability at beginning of period	19,801,236	-
Gross proceeds on issuance	-	20,000,000
Issue costs	-	(536,960)
Net Proceeds on issue	19,801,236	19,463,040
Finance costs of ZDP Shares	670,837	320,000
Amortisation of issue costs	42,509	18,196
Liability at end of period	20,514,582	19,801,236

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 £536,960 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 7.07%.

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 2007 the accrued value was £20,990,837 (31.07.06: £20,320,000). The entitlement accrued under the contribution of assets agreement is equivalent to the annual compound rate of 6.5%.

Rights attaching to ZDP Shares

ZDP Shareholders are not entitled to receive, and cannot participate in, any dividends or other distributions out of the profits of the Company available for dividend and resolved to be distributed in respect of any accounting period or any other income or right to participate therein.

The ZDP Shares do not carry any entitlement to receive income.

On a return of assets on liquidation, after payment of all debts and satisfaction of all creditors there shall be paid to ZDP Shareholders from the surplus assets an amount equal to 100p per ZDP Share as increased daily at such compound rate as will give entitlement to 139.3p on the ZDP redemption date, the first increase occurring on the date the ZDP Shares are first admitted to the Official List of the United Kingdom Listing Authority and the last on the actual date of payment. The redemption entitlements due to holders of the ZDP Shares satisfied by an allocation to the redemption reserve. The daily compound rate applied to the ZDP Shares represents an annual compound rate of 7.07%.

Although the ZDP Shares are entitled to a pre-determined capital repayment on the repayment date, this is not guaranteed and, based on the Principal Bases and Assumptions, following the placing a fall at a rate greater than 15 per cent. per annum (compound) in the value of the Total Assets of the Parent would result in a lower payment than the pre-determined entitlement of 139.3p per ZDP Share, which could potentially be zero.

ZDP Shareholders will not have the right to receive notice of any general meeting of the Company nor to attend or vote at any such meeting except in respect of any resolution altering, modifying or abrogating any of the special rights and privileges attached to the ZDP Shares or to wind up the Company.

Rights attached to the Ordinary Shares

All profits of the Company may be distributed as a dividend to holders of Ordinary Shares.

On winding up or other return of capital, the Company's assets available for distribution to holders of Ordinary Shares, after payment of all debts and satisfaction of all creditors and payment to ZDP Shareholders, will be paid to holders of Ordinary Shares.

The holders of Ordinary Shares have the right to receive notice of and to attend and vote at a general meeting of the Company. On a show of hands each such holder present in person at such meeting and entitled to vote shall have one vote and on a poll each such holder present in person or by proxy at such meeting and entitled to vote shall have one vote for every such Ordinary Share.

Notes to the Financial Statements

For the period from 1 August 2006 to 31 January 2007

(cont)

7 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 £20,514,582 (31.07.06: £19,801,236) attributable to ZDP Shares and 20,000,000 (31.07.06: 20,000,000) ZDP Shares being the number of ZDP shares in issue during the period.

8 Movement in Reserves

	31 January 2007	31 July 2006
	£	£
Retained profits as at the beginning of the period	-	-
Profit for the period	-	-
Retained profit as at end of period	-	-

9 Ultimate Controlling Party and Related Party Transactions

EPIC Securities Plc is a wholly owned subsidiary of EPIC Plc. EPIC Securities Plc have subscribed for interest free loan notes issued by EPIC Plc.

EPIC Plc have agreed to pay all the expenses incurred by EPIC Securities Plc.

10 Financial Instruments

The Group's financial instruments comprise:

- Zero Dividend Preference Shares
- Loan note instrument issued by EPIC Plc

The main risks arising from the Company's financial instruments are summarised below:

General risk

An investment in the ZDP Shares is suitable only for financially sophisticated investors capable of evaluating the risks and merits of such investment and who have sufficient resources to bear any loss (including total loss) which may result from the investment. The market offer price of the ZDP Shares at 31 January 2007 was 104.75p per share (31.07.06: 100p).

Market price risk

Changes in economic conditions including, for example, interest rates, rates of inflation, industry conditions, competition, political and diplomatic events and trends, tax laws and other factors can substantially and adversely affect equity investments and according, the ability of EPIC Plc to meet its obligations to the Company.

The market value of the ZDP Shares can fluctuate and may not always reflect their underlying Net Asset Value. Investors may not get back the full amount initially invested.

Credit risk

The obligations of EPIC Plc to repay the Loan Note Instrument and discharge its obligations pursuant to the undertakings, will be subordinated to the claims of EPIC Plc's other creditors on a winding up. If at the repayment Date (or any earlier redemption of the ZDP Shares) EPIC Plc has insufficient assets, then its obligations to repay the Loan Note Instrument and make payment under the undertakings may be satisfied only in part or not at all. Accordingly the Company may have insufficient assets to satisfy the then current or final capital entitlement of the ZDP Shares.

Liquidity risk

The Company's exposure to liquidity risk depends upon EPIC Plc's ability to promptly repay the loan note instrument.

EPIC Plc's liquidity risk is the risks that it will encounter in realising assets or otherwise raising funds to meet its financial commitments. EPIC Plc's investments include marketable securities in which there is active trading and investments are readily realisable. In addition, there are some strategic unquoted investments for which there are no ready markets and as such, these investments may not be readily realisable.

Company information

Directors:	Cameron McPhail (Chairman) Donald L. Adamson Donald C. McCrickard Martin W. Richardson Paul Keltie	Administrator and Registrar:	Northern Trust International Fund Administration Services (Isle of Man) Limited St. James's Chambers Athol Street Douglas, Isle of Man IM1 1JE
Secretary:	John Middleton	Sponsor and Broker:	Teather & Greenwood Limited Beaufort House 15 St. Botolph Street London EC3A 7QR
Registered Office:	PO Box 174 St. James's Chambers Athol Street Douglas, Isle of Man IM99 1PP	Auditors:	Ernst & Young LLC Rose House 51-59 Circular Road Douglas, Isle of Man IM1 1AZ
Investment Manager:	EPIC Investment Partners Limited 7th Floor, 22 Billiter Street London EC3M 2RY	Isle of Man Advocates:	Cains Advocates Limited 15-19 Athol Street Douglas, Isle of Man IM1 1LB
CREST Provider:	Computershare Investor Services (Channel Islands) Limited Ordnance House 31 Pier Road, St. Helier Jersey JE4 8PW	Solicitors to the Company:	Latham & Watkins 99 Bishopsgate London EC2M 3XF