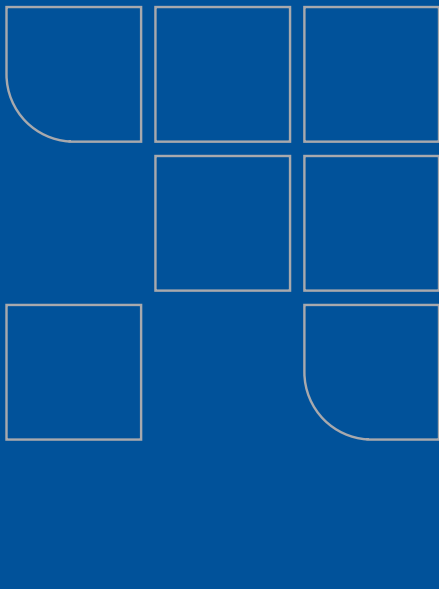


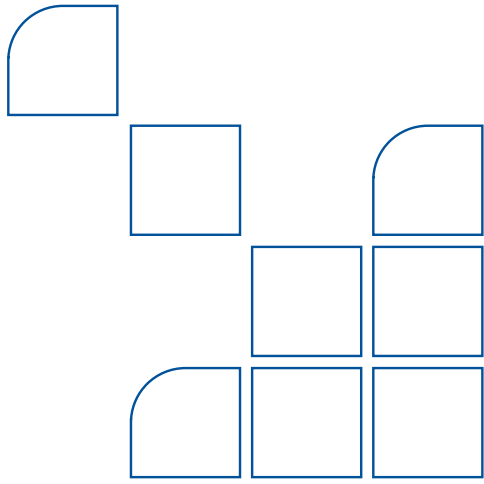


The Equity Partnership
Investment Company PLC

Half-yearly Report |

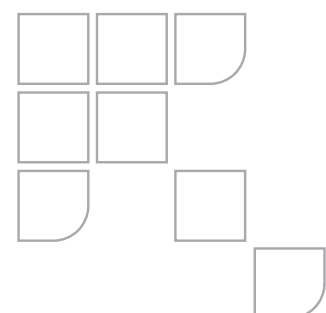
Half-yearly Report & Unaudited
Financial Statements
31 January 2009 |





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Chairman's Statement

The first six months to 31 January 2009 has been another difficult period for the portfolio, resulting in a 39.97% decline in the Net Asset Value attributable to the Capital Shares. Again, the Small Cap Indices fell in excess of 30% over the period compared with the decline in the All Share Index of a little over 24%. Because of the capital structure and the inherent gearing behind the Capital Shares the NAV has fallen by significantly more than these indices.

Income Shareholders have received their full entitlement of 6p over the half year. The portfolio continues to generate yields in excess of the Company's current dividend requirement and this, added to the significant income reserves, provides Income Shareholders with a high level of comfort that their dividends will be well covered until their redemption in July 2011.

Because of the sharp deterioration in the outlook for the UK Economy, the Board and its advisers have been particularly sensitive to the need to review the valuations of the unlisted equities and specialist funds. I am happy to report that the Private Equity portfolio appears to be progressing satisfactorily, as described in the Manager's Report. As a result there has been no necessity for any significant change in the valuation of holdings in this portfolio. However, elsewhere within the portfolio the Manager recommended write-downs on certain unlisted strategic investments and specialist funds. These have been reflected in the Capital Shares' NAV performance over the past six months.

As the Company moves towards the final years of its initial life and following the recent dramatic falls in the markets, the Board are keen to ensure that the portfolio's investments are accurately valued. Where we believe there has been impairment, this has been reflected in the carrying values of the underlying investments and, as many of our long-term investors will be aware, the Company has in the past not hesitated to write down valuations when circumstances dictate. However, given the current environment we do not believe it right to impose forced sale valuations in realisations of less illiquid investments given that the Fund is not in a position where it must raise short term liquidity from these segments of the portfolio.

Asset Allocation Review

Our regular quarterly updates provide Shareholders with detailed descriptions of individual holdings within our investment portfolio. From this and previous communications, Shareholders will understand that following the sharp fall in the value of our quoted investments the Fund is very much more heavily weighted towards unlisted investments than at any time in the Company's existence. Within this category I would also include

those specialist funds and strategic investments that have private equity characteristics either in terms of risk or liquidity.

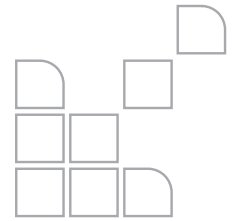
Following the Continuation Vote and in the absence of alternative proposals, we have a little over 30 months before we are required to repay approximately £47 million to Zero and Income Shareholders, and the Board's focus will therefore increasingly be on the Fund's asset allocation and its access to liquidity. Moreover, there will be an increasing focus on the valuations of, and prospects for, the Company's unquoted investments.

EPIC's structure was designed specifically to address the conflicts that had previously been typical of closed-end investment funds with split capital structures. In particular, the relatively low yield requirement to service Income Shares avoided the need for the fund manager to allocate assets in a manner designed exclusively to generate income and they could therefore allocate assets with a greater degree of freedom to seek total return.

Previous experience has shown how difficult it can be for Boards to arbitrate between the shareholders whose main interest is in generating the maximum amount of income and those who benefit from capital growth in the underlying assets. While there are periods when both objectives can be pursued in parallel, more often than not there will be a conflict between the two objectives. If one had to point to EPIC's greatest success over the past seven years it has been that the Board has seldom, if ever, been exercised by this issue and we now enjoy a situation where we have sufficient distributable reserves to cater for the Income Shares' likely dividend entitlements until their redemption in July 2011.

We now have to address a potential conflict which was not contemplated at the time of launch. Eighteen months ago the Capital Shares enjoyed an NAV in excess of £1.30. As a result the £27 million final entitlement for the Zeros was more than 3x cover and the Income Share repayment of £20 million was covered 2.5x. The volatility and liquidity of the underlying portfolio was therefore not of particular concern to Zero and Income Shareholders who had justifiable confidence in the Company's ability to repay them at the end of July 2011 without the requirement to raise cash from the less liquid segments of the portfolio.

Following the fall in the Company's NAV (resulting mostly from the collapse in the valuations of small and mid cap companies, and specifically those with an exposure to cyclical industries both in the UK and overseas), the prices of Income Shares and, to a lesser extent Zeros, are reflecting Shareholders' concerns that a liquidation of the less liquid assets will be required to effect full



repayment in 2011 unless there is a meaningful recovery in the listed investments in the meantime. Following discussions between the Board, our Managers and advisers, we have concluded that while the Company should continue to be managed with a view to generating the growth required to generate an improvement of the Capital Shareholders' NAV, the portfolio should be gradually de-risked to ensure that in the absence of alternative proposals, the Zero and Income Shareholders can be repaid in full at the end of July 2011 and that Capital Shareholders' investments can be realised in an orderly manner.

Future Asset Allocation Policy

The Board and Managers are tasked with running the Company for the benefit of all underlying Shareholders and so our job is to ensure that the interests of all three share classes are fairly represented in formulating future strategy and, as importantly, clearly communicated to Shareholders to help the market to value the three constituent parts correctly.

As I mentioned in my previous Statement, there may be a requirement to manage a rump of investments beyond 2011. We are unlikely to maximise value if we find ourselves in the position of forced sellers of illiquid assets into an unreceptive market. The position will be regularly reviewed and communicated to Shareholders so that they can see clearly both where their class of share ranks within the pecking order and the nature of the assets that they are relying upon to provide their return and eventual repayment.

Given the historically low interest rates and government bond yields, the Board does not consider it appropriate to limit asset allocation of monies raised to minimum risk investments. The Fund's performance hurdle rate dictates that the Fund's assets should be exposed to investments that are likely to at least keep pace with the hurdle rate returns in order not to erode the value for Shareholders over the next 30 months.

Despite continuing uncertainty concerning the length and depth of the current downturn, any recovery in the stock markets over the next two years is likely to precede any upturn in underlying economic conditions. There are listed companies with sound underlying balance sheets and the ability to service and even increase dividends which, against a background of almost a zero return from the minimum risk asset classes, are at some stage likely to enjoy a significant recovery. Moreover, the quoted equity portfolio retains exposures to small companies whose share prices, if they survive, are likely to also recover strongly in advance of any perceived economic upturn.

However, it will be the success of our Manager in realising value from the private equity portfolio over the next 30 months that is likely to have the greatest influence on the Capital Shares' NAV and provide an increase in cover for the final entitlements due to Zero and Income Shareholders.

In summary, the Board's recommended asset allocation parameters are as follows:

- No new investments will be introduced to the unquoted portfolio.
- Any further bolt-on investments to the current portfolio must be bought with a view to providing a demonstrable exit opportunity before the end of 2011.
- No illiquid funds will be purchased without prior reference to the Board.
- Money raised through sales of unquoted investments will be recommitted to liquid funds, equities, cash or bonds with a view to matching or exceeding the Company's hurdle rate.
- If further money is committed to equities, the profile of the UK equity portfolio will move away from current small cap focus towards liquid medium and larger capitalised equities over the next two years.

Although neither option is under active consideration at the time of writing, the Board's focus on an appropriate asset allocation strategy will not be to the exclusion of alternative measures which we will be considering with a view to improving the liquidity of the three Share Classes, including possible capital restructuring or merger with another company if we believe this is in the best interests of all Shareholders.

Finally, I would again stress the Company's conservative valuation strategy which in the current economic circumstances seems particularly appropriate and offers the potential for some significant upside as unquoted investments are realised over the next three years.

After what has been a particularly testing time for the Company we would welcome a period of decreased market uncertainty and volatility and, most importantly, a period when markets provide a positive use for the Company's structural leverage.

Investment Manager's Report

Market Commentary

The beginning of the period saw one of the most volatile and event filled quarters in financial market history, with a multitude of news releases regarding troubled financial institutions, authorities' actions to help repair the dislocations in the money markets, and the attention of market participants shifting from inflation to concerns regarding the health of the financial sector. The real global economy continued to show signs of contraction with unemployment rates beginning to creep upwards, while inflation pressures started to abate due to the retreat of energy and other commodity prices from their highs of recent months. As a result of the uncertainty over both sides of banks' balance sheets, inter-bank lending rates soared in the major markets.

In a manner unseen since the Great Depression, fear, uncertainty and risk aversion destroyed asset values in every category other than Government bonds, which benefited from the resultant 'flight to quality'. The collapsing oil price from mid-year onwards together with the mistaken decision to permit Lehman Brothers to collapse forced central banks in Q4 to focus upon the real economic problems as opposed to inflation. Q4 witnessed an unprecedented co-ordinated easing of monetary and fiscal policy as policy makers world wide belatedly fought to prevent the financial crisis from spreading into the wider economy. The result, in addition to historically low interest rates and massive projected fiscal deficits, was previously an unimaginable level of intervention by governments in all sectors of the private economy. In a desperate effort to save the capitalist system, particularly in America, authorities re-invented it in an ad hoc way and with little philosophical debate.

Quoted Equity

UK Equity markets suffered another difficult six months with the FTSE All Share Index losing 24.3%. The severity of the fall was the result of an unprecedented banking crisis. Across the world, governments were forced to support the financial systems as all but the strongest institutions were threatened with failure by bad loans and toxic assets. In the UK competition rules were relaxed to allow Lloyds to rescue HBOS. Later in the period substantial cash injections resulted in the UK government acquiring two thirds of Royal Bank of Scotland and just under half of the newly formed Lloyds/HBOS group.

EPIC began the period with holdings in Barclays and Lloyds. Lloyds' medium term potential of having a dominant position in the UK mortgage market was eclipsed by the somewhat awkward position of the UK government as a major shareholder and the entire holding was sold. Barclays' determination to avoid

government funding initially won praise but some management credibility was lost when substantial sums were raised on highly dilutive terms from Middle Eastern investors without giving existing shareholders their normal pre-emption rights. Despite this disappointment the Barclays holding was retained for its ability to reward shareholders when the markets recover.

Two portfolio companies failed during the period. Automotive body parts manufacturer Wagon and retailer Woolworths were both highly geared and operating in difficult markets when their bankers lost patience with them.

Conditions in the building supplies markets continued to deteriorate on both sides of the Atlantic to the detriment of trading performance at Heywood Williams and Lupus Capital. Heywood Williams' bankers continue to be supportive and for that reason EPIC increased its holding to 16.6% of the company. If the company survives 2009 there is considerable gearing to even a modest upturn in UK and US housing markets. Lupus is less exposed directly to housing markets and derives around a quarter of its profits from offshore oil services supplier Gall Thomson. Like other portfolio holdings Diploma and Electrocomponents its earnings benefit on translation from the weakness of Sterling.

On the other hand, Lupus does have a large exposure to US Dollar debt which will impact unfavourably on its year end balance sheet.

Aurum Mining should have been producing gold and copper from its low cost Andash mine in Kyrgyzstan by the end of 2008. However, an impossible business climate in this FSU republic prevented this. The company is seeking court permission to return the bulk of its substantial cash assets of up to £19.5 million (40 pence per share) to shareholders. This should occur in spring 2009.

Specialist Funds

The Specialist Funds portfolio represents 30.3% of the total Fund. Percentages appear to be higher than normal because of the general decline in the equity market. This decline is also reflected in the decline in the Sterling assets in this portfolio. Within this portfolio Sterling assets represent 5.3% of the total Fund; Euro investments total 4.3% of the Fund; and US Dollar investments represent 16.8% of the Fund. This portfolio is targeted at achieving non-correlated returns – diverse from the main body of the Fund – in excess of the Company's Libor + 3% per annum performance benchmark. We were caught by the record fall in the value of the Pound against the Dollar and to a lesser extent the Euro as we were hedged in both currencies.

The largest holdings are:

Jupiter Hyde Park Hedge Fund Limited (\$6.7 million), 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.

EEA Life Settlement Fund (\$3.8 million), a Guernsey domiciled fund listed on the Channel Island Stock Exchange. 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 8% and 10% per annum.

CCD Leisure Investments (\$3.2 million), which was set up to invest in prestige holiday developments in emerging destinations such as Granada.

CCFM Bristol & Stone Baltic Property Limited (€2.8 million), an Isle of Man Fund which invests in real estate in the Baltic States of Estonia, Latvia and Lithuania. Whilst the portfolio was secured at attractive levels through the availability of “off-market” opportunities at prices that offered some insulation against the inevitable slowing of economic growth in the region, following the financial crisis affecting the region’s neighbours and trading partners we have marked down the value of our investment by ca.25%.

King & Shaxson (£1.2 million), a hedge fund which invests in ordinary shares in the King & Shaxson Master Fund. The current stance is a weighting towards large international companies rather than UK domestics.

EPE Special Opportunities plc (£0.8 million) is a closed-end Fund listed on AIM, focused on the control and ownership of distressed assets. The Fund’s largest investment is in Past Times, a niche retailer of historically inspired jewellery, gifts, books and house-wares which was acquired at the end of December 2005, which is growing strongly following the initial restructuring period. The most recent investment by the Fund was the acquisition of Whittard of Chelsea, the tea and coffee specialist which was previously owned by Baugur.

Avarae Global Coins plc (£0.7 million) is an AIM listed specialist investment company which is in the process of purchasing an impressive portfolio of high quality rare coins which will be held for the long term. Delivery of the shares has been delayed as they were caught in the freeze on the assets of Landsbanki in the UK we are presently seeking to resolve this issue but it appears likely to be prolonged.

Strategic Investments

The share price of Syndicate Asset Management PLC continues to trade at low levels. However, as mentioned in previous newsletters, the majority of the Funds’ consideration from the sale of EPIC Investments Partners at the end of 2006 is retained in Loan Notes which paid a 6% coupon during the period under review.

Over the last quarter, Strand Partners, while continuing to see high levels of general client enquiries, suffered from the uncertainty that such deals can be completed in the current market conditions. As a result of this and a general de-rating of financial investments in the quoted sector, the Managers have written down the valuation of this shareholding.

Private Equity

The Private Equity portfolio held by EPIC Investments LLP and EPIC Investments 2 LLP has performed robustly over the last six months, managing well through the downturn.

The portfolio has performed such that no write-downs have had to be made at the interim stage. The investments continue to be valued upon a consistent basis, with no write-ups having been made in the last two years. Given the current market uncertainty, it is unlikely that any holding values will be increased until such market uncertainty has passed however at present there are no expectations that any write-downs will be necessary.

One investment was made in the last six months, with the acquisition in October 2008 of an additional 13.8% equity in Pinnacle for £2.85m. The Manager is starting to see very good opportunities due to the current lack of liquidity, although it is currently very difficult to leverage such investments. The focus over the next 6-12 months will be on bolt-on acquisitions to the existing portfolio.

Investment Manager's Report (cont.)

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. Sales have grown at 30% pa for the last six years at Pharmacy2U, and continue to grow at a similar rate. Recent profitability has been ahead of expectations.

Ryness, the electrical retailer and wholesaler, is performing relatively well given the downturn, with the online division in particular growing very strongly. Sales are generally slightly down on budget, particularly in the wholesale channel, but profits have been on budget.

Nexus, the electrical distributor, is performing ahead of expectations, with profitability 7% above budget for 2008. Such profitability has continued into 2009, and the business is seeing a number of new sales opportunities in order to grow in the coming year.

Palatinate Schools, the London-based schools group, reports solid pupil numbers and strong profitability. Recent sales have been ahead of budget, driven by better than expected nurseries performance, although profit has been slightly behind budget.

Pinnacle-psg, the social housing management company, has a promising pipeline of new business, although profitability in recent months has been behind expectations. Profit performance is expected to improve in the next 12 months

Indicia, the marketing services group, are performing to expectations and continue to grow despite the downturn. Entire, the most recent acquisition, is performing well, and recently renewed its key contract, providing a platform for further growth in the coming year.

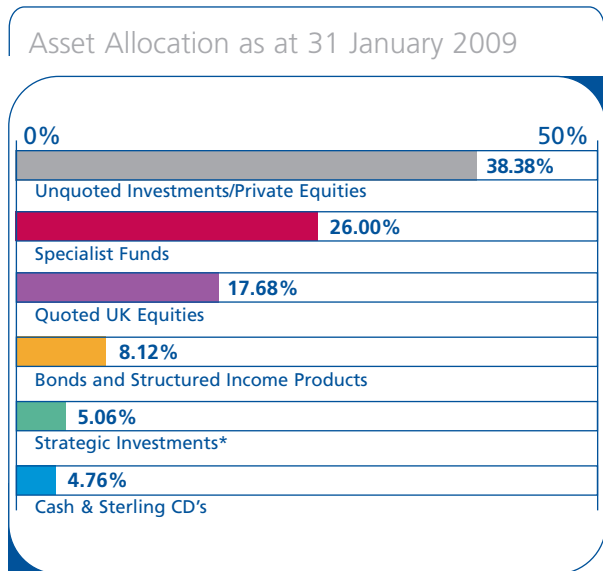
Bighead, the specialist engineering company, is performing strongly, with good profit growth in the last few months. Some customer weakness is expected going forward, but the sign up of new distributors is expected to compensate for this slowness in demand.

Driver Require, the driver recruitment business, has seen a downturn in trading due to the difficult market conditions, but remains profitable.

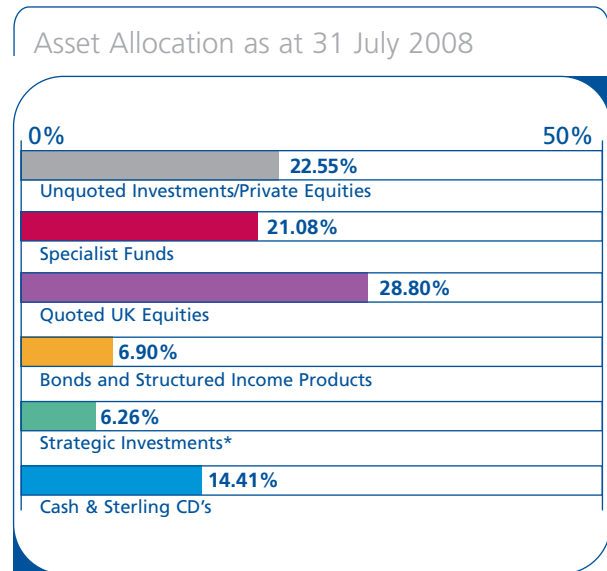
Evolving Media, the digital marketing agency, is performing well with rapid growth continuing with new client wins. It recently beat some of the top UK digital agencies in order to win a couple of large accounts, with increasing credibility driving sales growth.

Asset Allocation

As at 31 January 2008



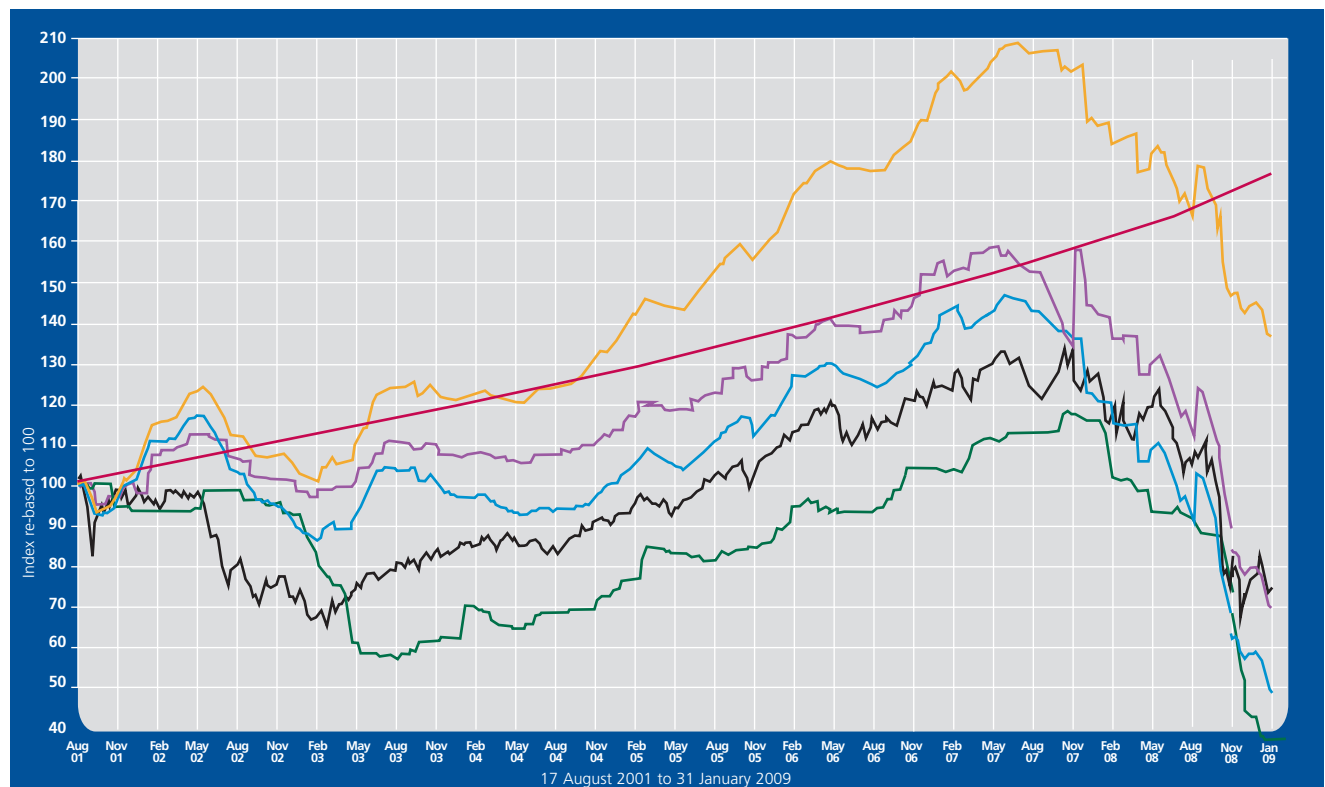
* Syndicate Asset Management PLC, Strand Partners Limited
Note: figures do not include the exposure to EPIC Securities PLC



* 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 2009 - re-based to 100)



Source: Bloomberg

- Capital Share Price
- Benchmark (Liber + 3%)
- NAV + Inc Nav (Div Reinvested)
- Capital Share NAV
- FTSE All Share Index
- NAV (Cap and Cumulative Div)

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

27 March 2009

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 report for the six months ended 31 January 2009, which comprises the consolidated income statement, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows 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

Douglas
Isle of Man
27 March 2009

Consolidated Income Statement

For the period from 1 August 2008 to 31 January 2009

Notes	1 August 2008 to 31 January 2009 (Unaudited) £000's	1 August 2007 to 31 January 2008 (Unaudited) £000's	1 August 2007 to 31 July 2008 (Audited) £000's
Income			
	1,317	383	2,229
	708	416	1,107
	120	737	614
	40	29	16
	2,185	1,565	3,966
Expenses			
	530	511	976
	159	115	378
	266	275	515
	-	293	273
	6	7	18
	65	82	145
	38	30	67
	-	4	(6)
	22	44	67
	1,086	1,361	2,433
	1,099	204	1,533
(Losses)/gains on investments			
	(334)	(5,988)	(8,261)
	(559)	(633)	(617)
	(2,723)	-	(509)
	246	54	700
6	(9,733)	(13,455)	(9,212)
	(13,103)	(10,022)	(17,899)
4	(1,295)	(1,233)	(2,466)
	(752)	(705)	(1,410)
	(14,051)	(11,756)	(20,242)
5	(34.86p)	(29.17p)	(50.22p)

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

The accompanying notes on pages 14 to 15 are an integral part of the consolidated financial statements.

Consolidated Balance Sheet

As at 31 January 2009

Notes	31/01/2009 (Unaudited) £000's	31/01/2008 (Unaudited) £000's	31/07/2008 (Audited) £000's	
6	Financial assets measured at fair value through profit or loss	59,901	81,729	71,848
	Current assets			
	Cash and cash equivalents	3,030	3,295	5,109
	Trade debtors & other receivables	4,287	2,798	3,113
	Total assets	67,218	87,822	80,070
	Current liabilities			
	Trade creditors & other payables	2,030	1,702	1,686
	Non-current liabilities			
	Zero Dividend Preference Shares	23,385	21,843	22,562
	Income Shares	20,703	20,640	20,671
	Total liabilities	46,118	44,185	44,919
	Net assets	21,100	43,637	35,151
	Shareholders' Equity			
7	Share capital	4,030	4,030	4,030
	Share premium	35,410	35,410	35,410
	Reserves	(18,340)	4,197	(4,289)
	Shareholders' Equity	21,100	43,637	35,151
		Pence	Pence	Pence
8	Net asset value per Capital Share (pence) - (basic and diluted)	52.35	108.27	87.21

The financial statements were approved by the Board of Directors on 27 March 2009 by:

Philip Scales
Director

Martin Richardson
Director

The accompanying notes on pages 14 to 15 are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 August 2008 to 31 January 2009

	31/01/2009 (Unaudited) £000's	31/01/2008 (Unaudited) £000's	31/07/2008 (Audited) £000's
Shareholder's Equity at the beginning of period/year	35,151	55,393	55,393
Loss for the period/year	(14,051)	(11,756)	(20,242)
Shareholders' Equity at the end of the period/year	21,100	43,637	35,151

The accompanying notes on pages 14 to 15 are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the period 1 August 2008 to 31 January 2009

	1 August 2008 to 31 January 2009 (Unaudited) £000's	1 August 2007 to 31 January 2008 (Unaudited) £000's	1 August 2007 to 31 July 2008 (Audited) £000's
Operating activities			
Dividends received	749	703	1,079
Bond interest received	1,355	230	2,066
Bank interest received	120	456	621
Other income received	40	-	16
Expenses paid	(980)	(1,289)	(2,805)
Net cash inflow from operating activities	1,284	100	977
Investing activities			
Purchase of investments	(19,581)	(39,184)	(75,378)
Proceeds on sale of investments	20,596	37,828	76,422
Project costs paid	-	-	(39)
Settlement of forward foreign exchange contracts	(2,723)	-	(509)
Deferred consideration	89	-	-
Security deposit	(590)	-	-
Net cash (outflow)/inflow from investing activities	(2,209)	(1,356)	496
Financing activities			
Dividends paid on Income Shares	(1,264)	(1,210)	(2,444)
Issue cost of ZDP Shares	-	-	(214)
Net cash outflow from financing activities	(1,264)	(1,210)	(2,658)
Decrease in cash and cash equivalents	(2,189)	(2,466)	(1,185)
Effects of foreign exchange fluctuations on cash and cash equivalents	110	54	587
Cash and cash equivalents at start of the period/year	5,109	5,707	5,707
Cash and cash equivalents at end of the period/year	3,030	3,295	5,109

The accompanying notes on pages 14 to 15 are an integral part of the consolidated financial statements.

Notes to the Financial Statements

For the period from 1 August 2008 to 31 January 2009

1 The Company

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.

2 Statement of Accounting Policies

The interim consolidated financial statements of the Company for the period ended 31 January 2009 comprise the Company and its subsidiaries (together referred to as the "Group"). The interim consolidated financial statements are unaudited.

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 consolidated financial statements have been prepared on the historical cost basis except for financial instruments at fair value through profit or loss which are measured at fair value.

These interim consolidated financial statements are presented in British pounds.

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 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. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies is included in the following balance: Financial assets at fair value through profit or loss.

2.2 Investments

All investments are classified as "at fair value through profit or loss". Investments are initially recognised at cost, being the fair value of the consideration given.

After initial recognition, investments are measured at fair value, with unrealised gains and losses on investments recognised in the Consolidated Income Statement. Realised gains and losses on investments sold are calculated as the difference between sales proceeds and cost. The Group applies the First-In First-Out basis for the purposes of determining the historical cost in calculating all realised gains and losses arising throughout the year.

For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date.

Unlisted investments are valued at the Directors' estimate of their fair value in accordance with the requirements of IAS 39 'Financial Instruments: Recognition and Measurement' and guidelines issued by the International Private Equity and Venture Capital Association.

Where it proves impossible to obtain a market price, the Directors decide to value investments at fair value. The Directors will use their discretion and awareness of market conditions to evaluate the fair value of such investments.

3 Segmental Reporting

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

4 Dividends on Income Shares

Dividend date	Rate (pence)	31/01/09 £000's	31/01/08 £000's
1st interim dividend	3.1216 (2008 : 2.9730)	647	616
2nd interim dividend	3.1216 (2009 : 2.9730)	648	617
		1,295	1,233

5 Basic and diluted loss per Capital Share

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

	31/01/2009	31/01/2008	31/07/2008
Loss for the period/year (£'000)	(14,051)	(11,756)	(20,242)
Weighted average number of Capital Shares for basic earnings per share	40,304,312	40,304,312	40,304,312
Weighted average number of Capital Shares for diluted earnings per share	40,304,312	40,304,312	40,304,312

For the periods ended 31 January 2009 and 2008 there is no difference between basic and fully diluted loss per Capital Share.

6 Financial assets at fair value through profit or loss

	Cash Based Funds £000's	*Strategic Investments £000's	*Unquoted Investments £000's	Quoted UK Equities £000's	Specialist Funds £000's	Bonds & Structured Products £000's	Others £000's	Totals £000's
Closing book cost at 31 January 2009	808	5,586	25,751	29,512	19,184	3,961	500	85,302
Unrealised (loss)/gain on revaluation	-	(2,456)	(2,022)	(18,584)	(2,901)	1,062	(500)	(25,401)
Fair Value as at 31 January 2009	808	3,130	23,729	10,928	16,283	5,023	-	59,901
As at 31 July 2008	4,343	5,083	20,384	20,344	15,551	5,877	266	71,848

* Unquoted investments at Directors' valuation. Included in the specialist funds and structured products are unquoted holdings at Directors' valuation of £4,760,574 (2008: £2,260,067) and £4,444,246 (2008: £3,938,248) respectively.

7 Share Capital

	31/01/09		31/01/08		31/07/08	
	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	40,304,312	4,030	40,304,312	4,030
	40,304,312	4,030	40,304,312	4,030	40,304,312	4,030

8 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 £21,100,164 (31/07/2008: £35,151,000 and 31/01/2008: £43,637,000) divided by 40,304,312 (31/07/2008: 40,304,312 and 31/01/2008: 40,304,312) shares in issue at the end of the period/year.

Portfolio Analysis

Largest Investments as at 31 January 2009	Cost	Fair Value	% of total investments
Pinnacle - Psg	4,920,717	4,921,008	8.22%
Nexus Industries Limited	7,398,925	4,748,446	7.93%
Jupiter Hyde Park Hedge Fund	2,000,000	4,597,027	7.67%
Alpha Real Estate GmbH 8pct 11 Feb 2010	3,446,137	4,444,246	7.42%
Indicia Limited	4,236,538	4,428,538	7.39%
Palatinate Schools Limited	4,250,007	4,250,007	7.10%
EEA Life Settlement Fund	1,579,268	2,670,046	4.46%
CCFM Bristol and Stone Limited	2,816,822	2,561,781	4.28%
SAM PLC-EPIC Loan Notes 6% 31 Dec 2010	2,502,450	2,502,450	4.18%
Diploma Plc	1,771,901	2,204,715	3.68%
CCD Leisure Investments Limited	1,613,833	2,198,793	3.67%
Evolving Media	1,987,408	1,745,116	2.91%
Aurum Mining Plc	2,997,914	1,428,825	2.38%
Bighead Limited	1,374,775	1,374,775	2.30%
King and Shaxson Premier Fund	1,000,000	1,215,475	2.02%
Total of Largest 15 Holdings	43,896,695	45,291,248	75.61%
Other investments	40,597,216	13,801,236	23.04%
Cash based funds	808,463	808,463	1.35%
Total investments	85,302,374	59,900,947	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		EPIC Private Equity LLP 22 Billiter Street London EC3M 2RY
Administrator and Registrar:	IOMA Fund and Investment Management Limited IOMA House Hope Street Douglas, Isle of Man IM1 1AP	Stockbroker:	Numis Securities Limited 10 Paternoster Square London EC4M 7LT
Custodian:	BNP Paribas Security Services Royal Bank House Victoria Street Douglas, Isle of Man IM99 2PG	UK Solicitors:	Latham & Watkins 99 Bishopsgate London EC2M 3XF
		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

