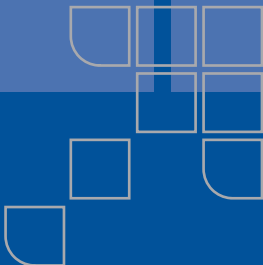




The Equity Partnership
Investment Company PLC

Interim Report & Unaudited Financial Statements

31 January 2007



The concept of partnership permeates our approach to servicing clients. We forge successful partnerships with both our clients and intermediaries in order to be in a position to provide imaginative and bespoke solutions.



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Chairman's Statement

The six months ended 31 January 2007 has been an excellent period for the Company. The Capital Share NAV has made further progress, rising 14.92% since the end of July 2006 with useful contributions from all three main areas of investment - UK Equity, Specialist Funds and Private Equity. This compares favourably with the Company's LIBOR + 3% per annum benchmark return over the period of 3.98% and a 6.9% rise in the All Share Index (ex income). We were particularly encouraged to see a profitable realisation of Independent Living, our care home investment for people with learning disabilities, which was sold to Hermes Private Equity in December for a 2.6x multiple on the equity investment and an IRR of 76%.

The Company's UK Equity portfolio continues to generate returns in excess of the All Share Index with an uplift over the six months of 22.1% against an Index

return of 8.3% (including income). This in turn was due to some well-timed tactical trading opportunities and continuing good performance from some of our core positions such as Diploma and DTZ. The performance of the Specialist Funds was greatly enhanced by the very significant move in the share price of Climate Exchange PLC in January.

During the period we also realised the Company's investment in our Fund Manager, EPIC Investment Partners Limited ("EIP"). EIP has been purchased by AIM listed Syndicate Asset Management PLC ("SAM") and the consideration took the form of a combination of cash, shares in SAM, deferred consideration and a 6% yielding loan note. As previously indicated, while the price paid was in line with the Directors' valuation at which the shares were held in the portfolio, the sale has removed an element of uncertainty in terms of the value of a significant



shareholding. The proceeds will be recommitted in line with the Company's current asset allocation strategy.

Income shareholders received their full entitlement of 5.63675p over the half year. A significant exposure within the Private Equity portfolio to high yield mezzanine investments has helped the Company to continue growing the income reserve. Undistributed income over and above that payable to Income Shareholders accrues for the benefit of Capital Shareholders and provides comfort both to Income Shareholders that their future dividend entitlements are increasingly well covered and to Capital Shareholders that the allocation of assets can continue to provide the optimum total return without distorting the Fund's structure to generate additional income.

Moving on to asset allocation, the Company continues to hold a relatively

high proportion of cash and CD's. However, this disguises the high level of activity during the half year and realisations from the Private Equity portfolio which have yet to be recommitted. As a result, the percentage of the Company's assets committed to Private Equity has fallen over the half year from approximately 23% to just over 16%. We would expect this percentage to increase over the coming months as opportunities present themselves.

Manager's Report

In the six months to 31 January 2007, the UK witnessed a sharp rebound in economic activity underpinned by growth in both the domestic and external sectors. As before, consumer spending continued to be lifted by gains in house prices as well as above inflation wage growth. However, more notable was the strong performance in manufacturing and export activity which was buoyed by the recovery in the broader Eurozone. In consequence, the rise in growth and inflation to a pace of 3% y/y came as no surprise, and with inflation advancing to an eleven year high, the Bank of England responded swiftly with a series of interest hikes that raised the UK Base Rate from 4.50% to 5.25% which took UK Gilt yields significantly higher. The rise in shorter dated Gilt yields was particularly pronounced mirroring the acceleration of market interest rate expectations. Although having predicted these risks earlier, the decision to continue underweight in bonds was rewarded as the returns from cash exceeded those from sterling denominated bond investments. Following the sell-off, fixed income

securities appeared to represent much better value. This prompted us to invest some of the cash in a seven month sterling CD to capitalise on the sharp rise in yields at the short end of the yield curve. However, we still do not believe that the upside risks to inflation have dissipated. This is largely justified by the rise in capacity pressures as measured by a number of large business surveys, including that of the Bank of England's Agents which is referred to in the Bank's inflation report. Therefore, whilst the fall in global oil prices may help headline inflation to moderate, it is not clear that core inflation pressures will do the same given existing growth momentum. As such, until evidence of a peak in housing market and labour market conditions emerges, we expect the Bank to err on the side of caution and remain open to further monetary tightening should the need arise to contain longer term inflation expectations. Against this backdrop, a defensive approach remains appropriate, as it is unlikely that bonds will achieve returns that would exceed the Fund's benchmark over the near term.



UK Equity markets recovered their poise after the summer concerns about interest rates. The FTSE All Share Index rose by 6.9% (ex income) during the period. EPIC now views prospects for equity returns more cautiously than in the recent past and so at the end of the period had 37% of gross assets invested in UK equities compared to an average exposure of 45% for the corresponding period last year.

Several holdings enjoyed excellent share price movements during the period. UK Coal doubled in value allowing a profitable realisation, and the large holdings in Luminar and Uniq were sold for modest profits following corporate activity. Amstrad was sold following a substantial cash distribution. Core holdings Diploma, DTZ, Heywood Williams, Hunting and Lupus Capital all made good progress in the period. New holdings were added, including British Airways, Matchtech, Prudential, Reed and Rentokil.

Within the **Specialist Funds** portfolio there was a particularly strong performance

from Climate Exchange PLC against a background of international discussions relating to global warming and the further limitation of carbon and sulphur emissions. Some profits were taken in these shares although a significant holding is retained. In the medium term we expect to continue building the Company's exposure to funds that have low correlations with equity markets.

The **Private Equity** portfolio held by EPIC Investments LLP has performed strongly over the past six months and continues to provide a high and stable yield as well as significant capital appreciation on exiting investments

One new investment was made and the focus has remained on exiting the mature investments within the portfolio.

New Deals

The Manager continues to see a large number of investment opportunities. The goal has remained to develop strong equity and mezzanine positions supported by steady historic cash flows and assets, and to invest in commercially attractive sectors or niches. While the focus has been mainly on exits, one new deal has been completed. There are three attractive deals in the immediate pipeline, and several more of interest which are at an early stage of investigation.

The deal completed this year was the leveraged management buy-in of Marketing Databasics Limited, an Edinburgh based database management specialist. EPIC have backed David Perkins (formerly CEO of Wegener, an £800 million turnover group in a similar sector) to run the company along with the existing management team. The strategy is a buy and build, with the aim of creating a business with a complete marketing and customer relationship management proposition over the next 3 to

5 years. A second acquisition has already been completed and the enlarged business is performing strongly.

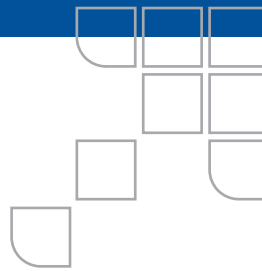
The cash-generative nature of the business allowed a leveraged structure, and EPIC invested £1.0 million in high yielding Mezzanine and Shareholder Loans, as well as Equity.

Current Portfolio
(held by EPIC Investments LLP)

Pharmacy2U, the online pharmacy, is trading profitably and growing in line with expectations.

Ryness, the electrical retailer, is performing well following refinancing and a change of leadership in the first half of the year.

Blueheath, the stockless grocery wholesaler, has successfully raised additional funds from investors to accelerate the new management's strategy. The focus remains on increasing profitability through cost



control in addition to the top line growth which is proving slower than anticipated.

Nexus, the electrical wholesaler, continues to grow sales ahead of budget and a new factory is being built in China to allow a more competitive cost of manufacturing. After a difficult 2005 and 2006, prospects for 2007 look more positive.

Kilgour, the Saville Row tailor, continues to perform in line with expectations, with sales ahead of 2005. The company expects to increase its retail space on Saville Row in July.

Palatinat Schools, the London-based schools group, reports solid pupil numbers, many improvements to services/facilities and financial performance in line with budget.

Pinnacle-psg, the social housing management company, continues to benefit from government investment in the sector

and is performing in line with expectations with a promising pipeline of new business.

Bighead, the specialist engineering company, is stable although performance is improving more slowly than anticipated partly due to weakness in some customer sectors. Process improvements which have now been delivered, and new product ranges launched, are expected to boost profits over time.

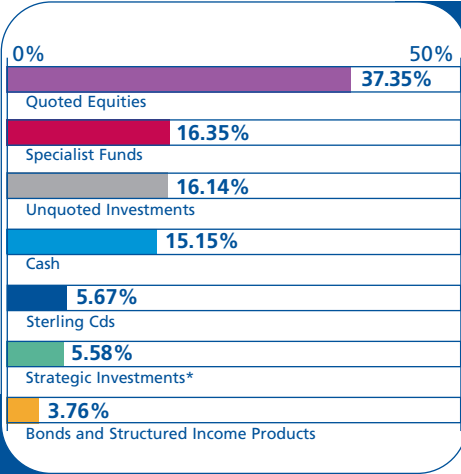
Exits

EPIC LLP's investment in the Independent Living Group, the learning disabilities care homes business, was sold in December for a 2.6x multiple on the equity investment after 2.5 years' ownership and a number of successful acquisitions.

Asset Allocation

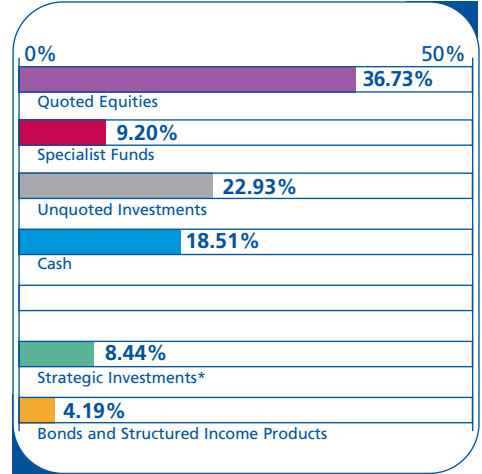
As at 31 January 2007

31/01/2007



* Syndicate Asset Management PLC, Strand Partners Limited

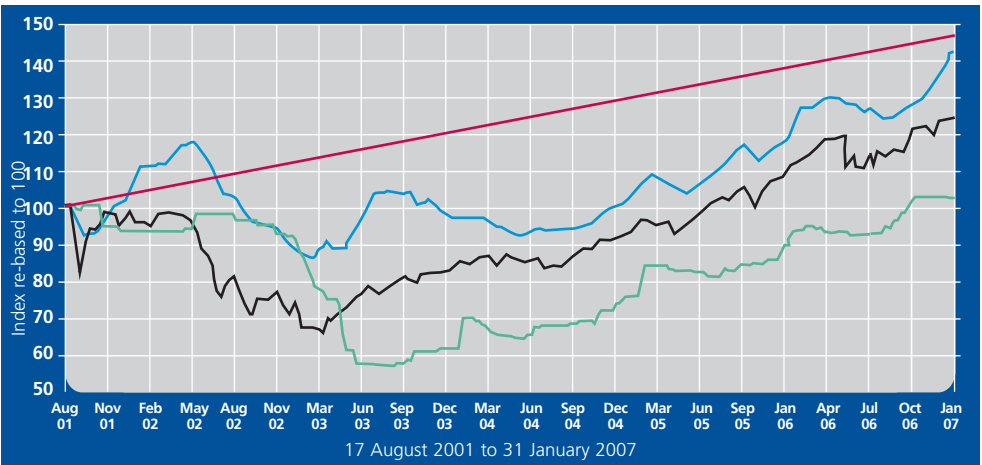
31/07/2006



* EPIC Investment Partners, Strand Partners Limited

Capital Share Price and NAV Performance vs Benchmark

(from 17 August 2001 to 31 January 2007 - re-based to 100)



Source: Bloomberg

- Capital Share Price
- Benchmark (Libor + 3%)
- Capital Share NAV
- FTSE All Share Index

Consolidated Statement of Operations

For the period 1 August 2006 to 31 January 2007

| Notes | Six months ended 31/01/2007 (Unaudited) £000's | Six months ended 31/01/2006 (Unaudited) £000's | Year ended 31/07/2006 (Audited) £000's |
|-----------------------------|--|--|---|
| Income | | | |
| | 793 | 820 | 1,362 |
| | 1,000 | 1,009 | 2,056 |
| | 341 | 48 | 256 |
| | 124 | - | 306 |
| | 2,258 | 1,877 | 3,980 |
| Expenses | | | |
| 3 | 639 | 397 | 933 |
| 3 | 85 | 57 | 124 |
| | 37 | 21 | 36 |
| | 22 | 21 | 43 |
| | 45 | 31 | 79 |
| | - | 464 | 1,420 |
| 3 | 801 | 109 | 158 |
| | 1,001 | 202 | 370 |
| | 2,630 | 1,302 | 3,163 |
| | (372) | 575 | 817 |
| Gains on investments | | | |
| | 9,893 | 2,760 | 8,714 |
| | (2) | - | 324 |
| | (1,451) | 3,725 | (2,334) |
| | 8,440 | 6,485 | 6,704 |
| 4 | (1,188) | (1,150) | (2,300) |
| | (703) | (33) | (403) |
| | 6,177 | 5,877 | 4,818 |
| | 17.87p | 17.00p | 13.94p |
| | 14.89p | 17.00p | 11.62p |

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

Consolidated Balance Sheet

As at 31 January 2007

| Notes | 31/01/2007 (Unaudited) £000's | 31/01/2006 (Unaudited) £000's | 31/07/2006 (Audited) £000's |
|--|-------------------------------------|-------------------------------------|-----------------------------------|
| Financial assets measured at fair value through profit or loss | 83,777 | 75,038 | 75,566 |
| Current assets | | | |
| Cash and cash equivalents | 4,412 | 5,007 | 5,871 |
| Trade debtors & other receivables | 3,364 | 1,240 | 1,867 |
| Total assets | 91,553 | 81,285 | 83,304 |
| Current liabilities | | | |
| Trade creditors & other payables | 2,894 | 1,268 | 1,569 |
| Non-current liabilities | | | |
| Loan interest | - | 3,306 | - |
| Bank loan | - | 13,750 | - |
| Interest rate swap liability | - | 449 | - |
| Zero Dividend Preference Shares | 20,515 | - | 19,801 |
| 6 Income Shares | 20,575 | 20,510 | 20,542 |
| Total liabilities | 43,984 | 39,283 | 41,912 |
| Net assets | 47,569 | 42,002 | 41,392 |
| Shareholders' Equity | | | |
| 7 Share capital | 3,456 | 3,456 | 3,456 |
| Share premium | 30,240 | 30,240 | 30,240 |
| 8 Reserves | 13,873 | 8,306 | 7,696 |
| Shareholders' Equity | 47,569 | 42,002 | 41,392 |
| | Pence | Pence | Pence |
| Net asset value per Capital Share (pence) - basic | 137.64p | 121.53p | 119.76p |
| Net asset value per Capital Share (pence) - diluted | 131.58p | 117.94p | 116.47p |

Approved by the Board of Directors on 20 April 2007.

The accompanying notes on pages 14 to 19 are an integral part of the financial statements.

Company Balance Sheet

As at 31 January 2007

| Notes | 31/01/2007 (Unaudited) £000's | 31/01/2006 (Unaudited) £000's | 31/07/2006 (Audited) £000's |
|--|-------------------------------------|-------------------------------------|-----------------------------------|
| Financial assets measured at fair value through profit or loss | 69,545 | 74,885 | 56,896 |
| Current assets | | | |
| Cash and cash equivalents | 4,412 | 5,007 | 5,871 |
| Trade debtors & other receivables | 15,812 | 1,394 | 20,820 |
| Total assets | 89,769 | 81,286 | 83,587 |
| Current liabilities | | | |
| Trade creditors & other payables | 2,517 | 1,269 | 2,079 |
| Non-current liabilities | | | |
| Loan interest | - | 3,306 | - |
| Bank loan | - | 13,750 | - |
| Interest rate swap liability | - | 449 | - |
| Zero Dividend Preference Shares | 20,515 | - | 19,801 |
| 6 Income Shares | 20,575 | 20,510 | 20,542 |
| Total liabilities | 43,607 | 39,284 | 42,422 |
| Net assets | 46,162 | 42,002 | 41,165 |
| Shareholders' Equity | | | |
| 7 Share capital | 3,456 | 3,456 | 3,456 |
| Share premium | 30,240 | 30,240 | 30,240 |
| 8 Reserves | 12,466 | 8,306 | 7,469 |
| Shareholders' Equity | 46,162 | 42,002 | 41,165 |

Approved by the Board of Directors on 20 April 2007.

The accompanying notes on pages 14 to 19 are an integral part of the financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For the period 1 August 2006 to 31 January 2007

| | 31/01/2007 (Unaudited) £000's | 31/01/2006 (Unaudited) £000's | 31/07/2006 (Audited) £000's |
|---|-------------------------------------|-------------------------------------|-----------------------------------|
| Net assets b/fwd | 41,392 | 36,219 | 36,219 |
| Net profit for the period | 6,177 | 5,877 | 4,818 |
| | 47,569 | 42,096 | 41,037 |
| Movement in cash flow hedge reserve | | | |
| Movement in net unrealised (loss)/profit on revaluation of cash flow hedges | - | (94) | 355 |
| Shareholders' Equity as at 31 January 2007 | 47,569 | 42,002 | 41,392 |

The accompanying notes on pages 14 to 19 are an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the period 1 August 2006 to 31 January 2007

| | 31/01/2007 (Unaudited) £000's | 31/01/2006 (Unaudited) £000's | 31/07/2006 (Audited) £000's |
|--|-------------------------------------|-------------------------------------|-----------------------------------|
| Operating activities | | | |
| Dividends received | 823 | 775 | 1,900 |
| Bond interest received | 882 | 715 | 755 |
| Bank interest and commission received | 324 | 73 | 222 |
| Expenses paid | (1,671) | (777) | (1,623) |
| Net cash inflow from operating activities | 358 | 786 | 1,254 |
| Investing activities | | | |
| Purchase of investments | (54,495) | (23,197) | (59,188) |
| Proceeds on sale of investments | 53,846 | 27,269 | 63,318 |
| Net cash (outflow)/inflow from investing activities | (649) | 4,072 | 4,130 |
| Financing activities | | | |
| Dividends paid on Income Shares | (1,168) | (1,134) | (2,284) |
| Issue of ZDP Shares | - | - | 20,000 |
| Payments under interest rate swap agreement | - | - | (231) |
| Payment of ZDP formation costs | - | - | (537) |
| Repayment of loan and interest | - | - | (17,744) |
| Net cash outflow from financing activities | (1,168) | (1,134) | (796) |
| (Decrease)/increase in cash | (1,459) | 3,724 | 4,588 |
| Cash and cash equivalents at start of period | 5,871 | 1,283 | 1,283 |
| Cash and cash equivalents at 31 January 2007 | 4,412 | 5,007 | 5,871 |

The accompanying notes on pages 14 to 19 are an integral part of the financial statements.

The Equity Partnership Investment Company PLC

Notes to the Financial Statements

1 Accounting Policies

The interim financial statements have been prepared using accounting policies set out in the Company's 2006 annual reports and accounts and in accordance with International Financial Reporting Standards.

These condensed financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34, Interim Financial Reporting.

2 Operations

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.

3 Management, administration and performance fees

| | Six months ended 31/01/2007 | Six months ended 31/01/2006 | Year ended 31/07/2006 |
|--------------------|--------------------------------|--------------------------------|--------------------------|
| | 000's | 000's | 000's |
| Management fee | 639 | 397 | 933 |
| Administration fee | 85 | 57 | 124 |
| Performance fee | 801 | 109 | 158 |
| | <u>1,525</u> | <u>563</u> | <u>1,215</u> |

Management fee

On 14 August 2001 the Group entered into an agreement with EPIC Investment Partners for the provision of investment management services. Investment management fees are paid quarterly in arrears at the rate of 1.00% per annum of the Total Assets valued at the close of business on the last business day of each quarter. The Investment Management Agreement is fixed for an initial period of 2 years and thereafter is terminable by either of the parties giving not less than 12 months notice.

Under the Investment Management Agreement arrangements are in place to ensure that where investments are made by the Group in a vehicle managed or advised by EPIC Investment Partners adjustments will be made to avoid double charging. The Directors have considered such situations that have arisen during the current financial

year and are of the opinion that, although there has been an element of double charging it is not material. The Directors will continue to review investments made by the Group in vehicles managed or advised by EPIC Investment Partners for the forthcoming year.

On 15 January 2007, the Directors of Equity Partnership Investment Company PLC agreed a deed of novation in respect of the change in investment manager from EPIC Investment Partners Limited to EPIC Specialist Investments Limited.

Under the terms of the Limited Liability Partnership Member's Agreement for the investment in EPIC Investments Limited Liability Partnership (EPIC LLP) dated 27 April 2006, EPIC Private Equity LLP was appointed as investment advisor to the Partnership.

The investment advisor is entitled to receive a fee which shall be an amount equal to 0.5 percent per annum of the net assets (and, for these purposes, the amount of any loans made to the partnership by its members shall not be taken into account in calculating the net assets), subject to an annual minimum of £100,000. Included in the Group accounts are management fees of £639,434 for the period ended 31 January 2007, of which £296,321 remains outstanding at the period end.

Performance fees

EPIC PLC

The agreement above also provides for the provision of a performance-related fee in respect of any financial year where the growth in the NAV of the Group exceeds a benchmark annual return of 12 month Libor plus 3%. The performance fee is payable at 10% of any out performance of the benchmark, and is only provided when the NAV of the Group at the year-end in question exceeds the highest NAV at the end of the previous year or the NAV immediately following completion of the placing.

EPIC Investments LLP

As disclosed in the Members Agreement the Net Income, Net Income Losses, the Capital Gains and the Capital Losses shall be allocated between the Members' respective Profit Accounts as follows:

The Equity Partnership Investment Company PLC

Notes to the Financial Statements (cont)

3 Management, administration and performance fees (cont)

EPIC Investments LLP (cont)

(a) prior to the Hurdle Payment Date, being the date when the loan from The Equity Partnership Investment Company PLC has been repaid, all Relevant Sums shall be allocated to the Equity Members in the following Proportions:

(i) as to Non-Mezzanine Relevant Sums:

EPIC PLC 99.999%

EPIC Carry LLP 0.001%

(ii) as to Mezzanine Relevant Sums:

EPIC PLC 100%

(b) On the hurdle payment date 20% of the Non-Mezzanine Relevant Sums previously allocated to The Equity Partnership Investment Company PLC will be transferred to EPIC Carry LLP.

(c) after the Hurdle Payment Date, Relevant Sums shall be allocated to the Equity Members in the following proportions:

(i) as to Non-Mezzanine Relevant Sums:

EPIC PLC 80%

EPIC Carry LLP 20%

(ii) as to Mezzanine Relevant Sums:

EPIC PLC 100%

Distributions shall be allocated in accordance with the Member's Agreement in the following order of priority:

(a) a payment of the Priority Profit Share

(b) in repaying member loans

(c) in paying the members a return, (the hurdle) being 7% compounded annually on the balance of their loans

(d) follow the repayment of the hurdle, various other distribution priorities are contained within the Members' Agreement.

Administration fee

On 14 August 2001 the Group entered into an agreement with Northern Trust International Fund Administration Services (Isle of Man) Limited (NTIOM), for the provision of administration, registration and secretarial services. The fee is payable at a rate of 0.20% per annum on the first £50,000,000 of the average of the monthly Net Asset Value ("NAV") of the Group and 0.15% on any excess of such average NAV of the Group over £50,000,000 subject to a maximum fee of £150,000 per annum or pro-rata for any period less than one year. The fee is subject to an annual review.

4 Dividends on Income Shares

| Dividend date | Rate (pence) | 2007 £000's | 2006 £000's |
|-----------------|--------------------------|----------------|----------------|
| 31 October 2006 | 2.86410p (2006: 2.77265) | 594 | 575 |
| 31 January 2007 | 2.86410p (2006: 2.77265) | 594 | 575 |
| | | 1,188 | 1,150 |

A dividend was declared at 2.86410p per income share on 24 January 2007. This was paid on 24 February 2007 to shareholders on the register as at 2 February 2007. The ex dividend date was 31 January 2007.

5 Investment in subsidiaries

| Name | Holding | Type Held | Country of | Activity |
|------------------------------|---------|----------------------|----------------|--------------------|
| EPIC Finance Company Limited | 100% | Ordinary Shares | Isle of man | Investment Holding |
| EPIC Securities Plc | 100% | Ordinary Shares | Isle of man | Investment Holding |
| EPIC Investments LLP | 100% | Partnership interest | United Kingdom | Investment Holding |

6 Income Shares

| | 31/01/2007 £000's | 31/01/2006 £000's | 31/07/2006 £000's |
|---|----------------------|----------------------|----------------------|
| At start of period | 20,542 | 20,478 | 20,478 |
| Amortisation of income shares issue costs | 33 | 32 | 64 |
| At close of period | 20,575 | 20,510 | 20,542 |

The Equity Partnership Investment Company PLC

Notes to the Financial Statements (cont)

On 17 August 2001, the Company issued 20,736,333 Income Shares at 100p each. Each Share has a par value of 10p and is redeemable on 31 July 2011 for 100p provided that the assets of the Company provide sufficient cover.

7 Share Capital

| | | 2007 | | 2006 |
|------------------------------|-------------------|--------------|-------------------|--------------|
| | Number of Shares | £000's | Number of Shares | £000's |
| Authorised | | | | |
| Capital Shares | 75,000,000 | 7,500 | 75,000,000 | 7,500 |
| Warrants | 15,000,000 | 1,500 | 15,000,000 | 1,500 |
| | 90,000,000 | 9,000 | 90,000,000 | 9,000 |
| Issued and fully paid | | | | |
| Capital Shares | 34,561,666 | 3,456 | 34,561,666 | 3,456 |
| Warrants | 6,912,333 | - | 6,912,333 | - |
| | 41,473,999 | 3,456 | 41,473,999 | 3,456 |

Voting and other rights

Holders of Capital Shares are entitled to one vote for each share held.

Dividends

Dividends are payable only to Income shareholders.

Winding up

On a winding up, the holders of the Capital Shares shall be entitled, pro rata to their holdings, to all the assets of the Group available for distribution to shareholders after satisfaction of the entitlement of the holders of the Income Shares.

Warrants

Each Capital shareholder who subscribed under the Placing was issued Warrants (on the basis of 1 Warrant for every 5 Capital Shares subscribed) entitling the Warrant holder to subscribe for Capital Shares on any Subscription Date at a subscription price

of 100p per Capital Share. All warrants can be exercised up to 28 days after the issue of the annual financial statements of the Company for the year ended 31 July 2006.

Capital History

In accordance with International Financial Reporting Standards, the Income Shares are treated as liabilities as described under accounting policies in note 2(j) in the Company's 2006 annual report.

Capital shareholders who subscribed under the placing were issued with warrants on the basis of one warrant for every five capital shares subscribed.

At 31 January 2007 there were 6,912,333 warrants in issue. The warrants have the right to convert into capital shares at the price of £1 per share on 30 November in any of the years 2002 to 2006 inclusive.

On 5 March 2007 5,742,646 new capital shares of 10p have been issued at a subscription price of 100p each, following the final exercise of warrants. The new capital shares rank pari passu with the existing issued capital shares. Following this exercise, there are 40,304,312 capital shares in issue. The remaining 1,169,687 warrants have lapsed.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to Capital shareholders by the weighted average number of Capital Shares outstanding during the year adjusted for the effect of the dilutive Warrants. The diluted NAV calculation on the Statement of Operations and Changes in Net Assets assumes that all warrant holders convert their shares at £1 each.

8 Group & company reserves

| | Group | Company |
|-----------------------------|--------|---------|
| | £000's | £000's |
| Reserves at 1 August 2006 | 7,696 | 7,469 |
| Net profit for the period | 6,177 | 4,997 |
| Reserves at 31 January 2007 | 13,873 | 12,466 |

Portfolio Analysis

| Largest Investments | Cost | Fair Value | 31/01/2007 | 31/07/2006 |
|--|-------------------|-------------------|------------------------|---------------|
| | | | % of total investments | |
| EPIC Investment Partners Limited | - | - | - | 6.61 |
| A&L | 5,000,000 | 5,000,000 | 5.97 | - |
| Diploma Ord GBP | 2,215,073 | 4,422,105 | 5.28 | 5.10 |
| Communitas Limited | - | - | - | 4.67 |
| Lupus Capital Plc | 3,233,366 | 3,819,000 | 4.56 | - |
| Alpha Real Estate GmbH 8% 11/02/2010 | 3,446,137 | 3,319,327 | 3.96 | 4.52 |
| Palatinate Limited DDB 'A' (Mezz) 10% 31/12/12 | 3,000,000 | 3,000,000 | 3.58 | 5.62 |
| DTZ Holdings plc | 801,215 | 2,983,950 | 3.56 | 4.00 |
| Jupiter Hyde Park Hedge Fund | 2,000,000 | 2,683,262 | 3.20 | 3.41 |
| Syndicate Asset Loan Note | 2,502,450 | 2,502,450 | 2.99 | - |
| Nexus Industries Limited DDB Series A 31/12/04 | 2,451,405 | 2,451,405 | 2.93 | 4.13 |
| Pinnacle-psg Limited | 2,066,717 | 2,400,000 | 2.87 | 3.17 |
| Hunting Capital Limited | 283,086 | 2,240,000 | 2.67 | 3.15 |
| Matchtech Group Plord GBP | 1,781,949 | 2,049,812 | 2.45 | - |
| Heywood Williams Group Plc | 2,433,113 | 2,049,457 | 2.45 | 2.62 |
| Prudential Corporation | 1,911,759 | 2,042,765 | 2.44 | - |
| Strand Partners Limited | 2,512,500 | 1,804,481 | 2.15 | 2.39 |
| Uniq PLC | - | - | - | 2.32 |
| Wagon | - | - | - | 2.32 |
| Amstrad | - | - | - | 2.24 |
| Total of 15 largest investments | 35,638,770 | 42,768,013 | 51.05 | 56.27 |
| Other investments | 29,397,012 | 32,063,104 | 38.27 | 31.56 |
| BGI Sterling Liquidity First Fund | 8,942,576 | 8,945,681 | 10.68 | 12.17 |
| Total investments | 73,978,358 | 83,776,798 | 100.00 | 100.00 |

Group Information

Directors

Dr C McPhail, Chairman
DL Adamson
DC McCrickard
M Richardson
P Keltie
PP Scales

Secretary

J Middleton

Registered Office

PO Box 174
St James' Chambers
Athol Street
Douglas
Isle of Man IM99 1PP

Administrator and Registrar

Northern Trust International
Fund Administration Services
(Isle of Man) Limited
PO Box 174
St James' Chambers
Athol Street
Douglas
Isle of Man IM99 1PP

Auditors

Ernst & Young
Rose House
51-59 Circular Road
Douglas
Isle of Man IM1 1AZ

Investment Manager

EPIC Specialist Investment Limited
22 Billiter Street
London EC3M 2RY

Stockbroker

Teather and Greenwood Limited
Beaufort House
15 St Botolph Street
London EC3A 7QR

UK Solicitors

Latham and Watkins
99 Bishopsgate
London EC2M 3XF

Isle of Man Advocates

Cains Advocates Limited
15-19 Athol Street
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Isle of Man IM1 1LB

Bankers

Barclays Bank PLC
54 Lombard Street
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The Equity Partnership Investment Company PLC

Registered in The Isle of Man number 103447C. The Equity Partnership Investment Company PLC is listed on the London Stock Exchange and is managed by EPIC Specialist Investment Limited