EPE Special Opportunities plc

Report & Accounts | January 2013

Audited Report and Accounts for
the Year Ended 31 January 2013

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Biographies of the Directors

Geoffrey Vero FCA

Geoffrey Vero qualified as a chartered accountant with Ernst & Young and then worked for Savills, chartered surveyors, and The Diners Club Limited. He has been active in venture capital since 1985, initially with Lazard Development Capital Limited and then from 1987 to 2002 as a director of Causeway Capital Limited which became ABN Amro Capital Limited. In 2002, he set up The Vero Consultancy specializing in corporate advisory services and recovery situations. He has considerable experience in evaluating investment opportunities and dealing with corporate recovery. While at Causeway Capital, Mr Vero was a founder director of Causeway Invoice Discounting Company Limited, which was subsequently sold to NM Rothschild. He is also a non-executive director of Numis Corporation plc and Chairman of Albion Development VCT plc.

Clive Spears

Clive Spears retired from the Royal Bank of Scotland International Limited in December 2003 as Deputy Director of Jersey after 32 years' service. His main activities prior to retirement included Product Development, Corporate Finance, Trust and Offshore Company Services and he was Head of Joint Venture Fund Administration with Rawlinson & Hunter. Mr Spears is an Associate of the Chartered Institute of Bankers and a Member of the Chartered Institute for Securities & Investment. He has accumulated a well spread portfolio of directorships centring on private equity, property infrastructure and corporate debt. His appointments currently include being Chairman of Nordic Capital Limited and sitting on the board of Jersey Finance Limited.

Robert Quayle

Robert Quayle qualified as an English solicitor at Linklaters & Paines in 1974 after reading law at Selwyn College, Cambridge. He subsequently practiced in London and the Isle of Man as a partner in Travers Smith Braithwaite. He served as Clerk of Tynwald (the Isle of Man's parliament) for periods totalling 12 years and holds a number of public and private appointments, and is active in the voluntary sector. Mr. Quayle is Chairman of Isle of Man Steam Packet Co Limited and AXA Isle of Man Limited. His directorships include companies in the financial services sector. He is also a Commissioner of the Northern Lighthouse Board.

Nicholas Wilson

Nicholas Wilson has over 35 years experience in hedge funds, derivatives and global asset management. He has run offshore branch operations for MeesPierson Derivatives Limited, ADM Investor Services International Limited and several other London based financial services companies. He is chairman of Qatar Investment Fund Plc, a premium listed company, and chairman of Alternative Investment Strategies Limited, the longest running quoted fund of hedge funds and a FTSE all share constituent. In addition, he sits on the boards of several other public companies. He is resident in the Isle of Man.

Profile of Investment Advisor

EPIC Private Equity LLP ("EPE") was founded in June 2001 and is independently owned by its Partners. EPE focuses on niche investment opportunities throughout the UK with a focus on special situations, distressed, growth and buyout transactions.

Giles Brand is the founder of EPE. He is currently a non-executive director of a number of portfolio companies: Nexus Industries, an electrical and wiring accessories business; Pharmacy2U, an online pharmacy business; and Palatinate Schools, a group of private nurseries, pre-prep and preparatory schools. Before joining EPE he spent five years working in Mergers and Acquisitions at Baring Brothers in both Paris and London. Giles read History at Bristol University.

James Henderson worked in the Investment Banking division at Deutsche Bank before joining EPE. Whilst at Deutsche Bank he worked on a number of M&A transactions and IPOs in the energy, property, retail and gaming sectors, as well as providing corporate broking advice to mandated clients. He manages the Company's investments in Indicia and Pharmacy2U. He is currently a non-executive director of Indicia, an integrated marketing services provider and digital marketing agency. James read Modern History at Oxford University and Medicine at Nottingham University.

Alex Leslie worked in Healthcare Investment Banking at Piper Jaffray before joining EPE. Whilst at Piper Jaffray he worked on a number of M&A transactions and equity fundraisings within the Biotechnology, Specialty Pharmaceutical and Medical Technology sectors. Alex read Human Biological and Social Sciences at Oxford University and obtained an MPhil in Management from the Judge Business School at Cambridge University.

Robert Fulford worked at Barclaycard Consumer Europe before joining EPE LLP. Whilst at Barclaycard, Robert was the Senior Manager for Strategic Insight and was responsible for identifying, analysing and responding to competitive forces. Prior to Barclaycard, Robert spent four years as a strategy consultant at Oliver Wyman Financial Services, where he worked with a range of major retail banking and institutional clients in the UK, mainland Europe, Middle East and Africa, specialising in strategy and risk modelling. Robert read Engineering at Cambridge University.

Dan Roddick has over ten years experience in corporate finance, private equity and strategy consulting; most recently as a consultant and trusted advisor to a number of London-based private equity firms. Prior to EPE, Dan was a Vice President at Campbell Lutyens where he and led the marketing of funds across the Nordic region and assisted in raising private equity funds and on the sale and restructuring of private equity assets. Before Campbell Lutyens, he was at McKinsey & Co., working across London, Munich and Amsterdam in the Corporate Finance and Strategy Practice. Dan read Engineering, Economics and Management at Oxford University and is a CFA charter holder.

Joe Wilson worked as a Strategy and Business Development Manager at Betfair before joining EPE. Whilst at Betfair he led global planning and forecasting for sports, identifying opportunities for growth in customer segments, geographical regions and new sport categories. Prior to Betfair, Joe worked as a Business Analyst at McKinsey & Co., where he worked across a wide range of industries on strategic and operational projects. He manages the Company's investments in Evolving, Past Times and Whittard of Chelsea. Joe read Economics and Management at Oxford University.

Chairman's Statement

The twelve months to January 2013 continued to present challenging economic conditions for the Company. The UK economy contracted in the first half of 2012, officially sending the UK into a double dip recession, before unexpectedly bouncing back somewhat in the third quarter, perhaps buoyed by the London Olympics. However, UK domestic trends remain poor. Although on the one hand unemployment has been decreasing all year, exports have increased and so has discretionary income; on the other hand, weak business and consumer lending figures, alongside muted investment trends, indicate the positive third quarter is unlikely to be sustained. The UK's exposure to the international markets, through its strong financial and services sectors, means that any future growth will be correlated with international expansion. Unfortunately however, uncertainty around the Eurozone continues to worry the markets, and until there is a satisfactory solution to this crisis, it is unlikely that there will be any significant positive improvement in UK growth figures and in consequence the sovereign rating has recently reduced.

Given these unattractive economic conditions, the Company has not pursued any new transactions in 2012. However, these conditions could yet provide opportunities in the coming year in terms of special and distressed situations, two areas of the Company's investment strategy. The portfolio has performed and held up well, despite the economic environment, with the majority of companies trading in line or ahead of budget.

It has been an encouraging and strong year for the Company's two largest investments, Nexus Industries and Whittard of Chelsea. Nexus finished the year comfortably ahead of budget and has continued to leverage its wholly-owned manufacturing facility to win new business and improve margins. Looking ahead to 2013, Nexus is budgeting significant double-digit organic sales and EBITDA growth which could be augmented by its acquisition strategy. Whittard of Chelsea performed strongly in the year to 31 December 2012 and is expecting its premium positioning strategy, international and wholesale to support the delivery of significantly improved margins in 2013. It is likely that best value for both of these investments can be achieved by holding them for the medium-to-long term to give both the Investment Advisor and the respective management teams time to capitalise on the strong platforms they have created to date.

Your Board remain cautious of the prospects for the UK economy in 2013, but optimistic that the Company's portfolio will continue to perform.

The Company has continued to repurchase Convertible Loan Notes ("CLNs") ahead of the redemption date on 31 December 2015. Accordingly, there are currently 6,062,490 CLNs remaining in issue excluding the bought in CLNs now held in treasury. On this basis the 31 January 2013 Net Asset Valuation of 102.92 pence implies Gross Cover of the CLNs has moved from 4.5x to 9.7x. The Directors of the Company view the early redemption of the CLNs and the increased implied asset cover as a positive event.

The total capital increase in net assets was £2 million, which translated to a net asset value per share as at 31 January 2013 for the Group of 102.92 pence, an increase of 15.4 per cent. on the net asset value of per share of 89.19 pence as at 31 January 2012.

As in past years the Board do not recommend a dividend for the year ended 31 January 2013 in order to preserve liquidity in view of the volatile economic and market environment and to retain the necessary cash reserves to fully take on well-priced investment opportunities as they arise.

I would like to extend my thanks to the Investment Advisor, EPIC Private Equity LLP ("EPE"), as well as my fellow Directors and professional advisors, for their concerted efforts over the last twelve months. I look forward to once again updating you on developments at the half year point.

Geoffrey Vero
Chairman
8 March 2013

Investment Advisor's Report

In the twelve month period since 31 January 2012, the Investment Advisor has focused on maintaining and creating value from within the existing portfolios held by the Company and the Fund, whilst at the same time seeking out new opportunities by way of platform or bolt-on investment opportunities. Structurally, any new investments will be made via ESO Investments 2 LP, in which the Company is the sole investor. In addition, the Investment Advisor continues to undertake cost saving and revenue improvement measures in investee companies to increase the value of the current portfolio. It also actively engages in bringing quality management to businesses to add value and improve performance.

The underlying portfolio has performed broadly in line with expectations since January 2012, with a number of companies finishing their financial years to 31 December 2012 ahead of budget. Nexus finished the year ahead of budget, thanks in part to its 250,000 sq.ft factory in China and strong export and retail sales, despite challenging retail conditions. Meanwhile, Indicia performed below budget in 2012, although the sales pipeline for 2013 is encouraging, with transformational clients, including the Co-op. ITV have recently appointed Indicia as its lead agency on a three year contract. In January 2013, Indicia completed the acquisition of Evolving, an existing investment, which will be fully integrated to form one enlarged company. The strategic and commercial rationale for the acquisition is strong and the expectation is that the combined business will be significantly more attractive. Elsewhere, Palatinate Schools completed the refinancing of ESO 1 LP's £3.6 million mezzanine loans. This business will continue to seek growth via increased capacity and pupil numbers. Bighead and Process Components have both delivered below budget sales, with Bighead also delivering below budget EBITDA, but Process Components delivering above budget EBITDA figures in the most recently completed financial years to 31 December 2012 and 30 June 2012 respectively. Both businesses will continue to invest in sales initiatives moving forward.

Whittard of Chelsea has made significant progress since January 2012. Retail like-for-like sales are flat compared to 2011 but on significantly stronger gross margins as the strategy to cease discounting and drive the premium position of the brand begins to gain traction. Growth in web and UK wholesale activities continues, with gross margins in web also up on 2011. Moving forward, the company will continue to focus on diversifying its UK retail operation with the planned expansion of its international and wholesale operations.

The net asset value per share as at 31 January 2013 for the Company was 102.92 pence, calculated on the basis of 28.2 million ordinary shares. Investment highlights from the inception of the Company (16 September 2003) to date include:

- deployed £65 million of capital and returned over £46 million to the Company in capital and income;
- generated gross income of £16 million;
- paid dividends of £5 million;
- the underlying portfolio, as at 31 January 2013, is valued at a gross 2.5x money multiple.

The UK economy remains depressed. Domestically, although the housing and mortgage market is marginally improving, any boost to consumption will be subdued by the lack of growth in unsecured lending to households. Inflation, one of the few positive economic indicators for the better part of 2012, reached a low in September before increasing again, driven by higher food prices, rising energy bills and tuition fee increases. Given the poor outlook currently, it is accepted that until there is a successful joint effort from the government and the private sector, growth will remain muted. The Company therefore continues to focus on consolidation with a view to preserving value in its core investments.

Whilst current economic conditions remain demanding for the Company's underlying portfolio, they may provide opportunities to acquire high quality assets at relatively low price points and opportunities continue to be assessed.

Investment Strategy

The Investment Advisor believes that the current economic environment continues to create a wide range of investment opportunities. As a result, the Investment Advisor continues to use proprietary deal sourcing approaches to source these opportunities, as well as engaging actively with the wider restructuring and advisory community to communicate the Company's investment strategy. The Company seeks to target growth and buyout opportunities, as well as special situations and distressed transactions, making investments where it believes pricing to be attractive and the potential for value creation strong. The Company will continue to target the following types of investments:

- Growth, Buyout and Pre-IPO opportunities: leveraging the Investment Advisor's investment experience, contacts and ability. The Company is particularly focussed on making investments in sectors where the opportunity exists to create a unique asset via the consolidation of a number of smaller companies, taking advantage of the lack of liquidity in the SME market and the attraction to secondary buyers of larger operations.

- Special Situations: investment opportunities where the Investment Advisor believes that assets are undervalued due to specific, event-driven circumstances and where asset-backing may be available and the opportunity exists for recovery and significant upside. Target companies may or may not be distressed as a result of the situation. The Investment Advisor will aim to use its restructuring and refinancing expertise to resolve the situation and achieve a controlling position in the target company. The Company seeks to acquire distressed debt, undervalued equity or the assets of target businesses in solvent or insolvent situations.

- Private Investment in Public Equities (PIPEs): the Company may consider making investments in a number of smaller quoted companies, primarily ones whose shares are admitted to AIM. The Company will either seek to acquire and de-list the target company or make an investment in the ordinary equity of a quoted target company. The Company may offer ordinary shares in the Company as all or part of the consideration for such investments.

- Secondary portfolios / LP positions (Secondary or Primary) / EPE Funds: the Company is able, through EPE's Placement business, to invest as a limited partner in various Private Equity funds on substantially improved terms. On occasion, the Company will seek to take advantage of these commitments. The EPE skill-set and experience is well suited to the requirements of co-investing in funds.

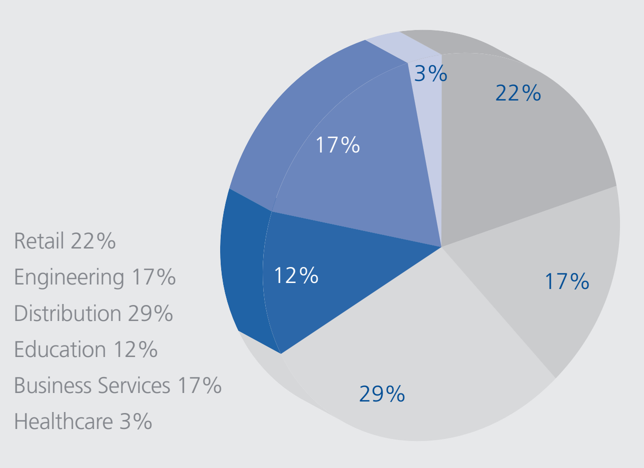
The Company will consider most industry sectors, including consumer, retail, manufacturing, financial services, healthcare, support services and media industries. The Company partners with management and entrepreneurs to maximise value by combining financial and operational expertise in each investment.

The Company will seek to invest between £2 million and £10 million in a range of debt and equity instruments with a view to generating returns through both yield and capital gain. Whilst in general the Company aims to take controlling equity positions, it may seek to develop companies as a minority investor. Occasionally the Board may authorise investments of less than £2 million. For investments larger than £5 million, the Company may seek co-investment from third parties.

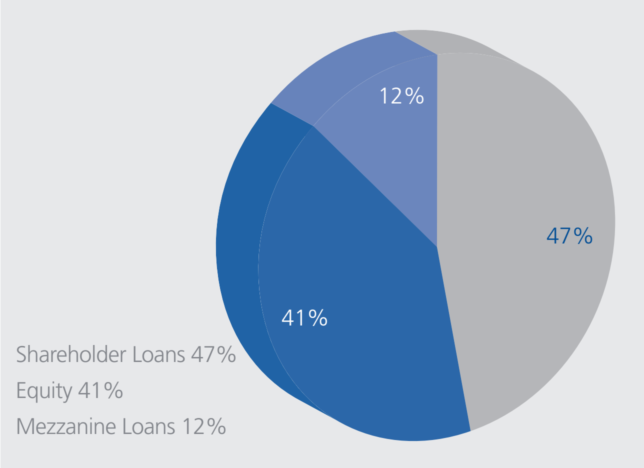
Portfolio Diversification

The Company's current portfolio, as at 31 January 2013, is diversified by sector and instrument as follows:

Sector Diversification



Instrument Diversification



Current Portfolio: ESO Investments (PC) LLP

Process Components

Process Components is an engineering parts and equipment supplier to the powder processing industries, primarily food, agriculture and pharmaceuticals. The business was formed in June 2009 and since then has demonstrated substantial year-on-year growth, doubling EBITDA in that time. A programme of investment in new product development, sales and marketing is expected to drive further growth over the short to medium term. Customers are blue chip global manufacturers, and the business has been growing its international supply operations, seeking to expand its infrastructure from the US and Europe into Asia with the opening of a new office in the region. The business is also seeking to grow via acquisition and targeting suppliers of adjacent products.

Current Portfolio: ESO Investments 1 LP

Nexus Industries

Nexus Industries ("Nexus") is a manufacturer and distributor of electrical accessories in the UK, operating under the brand names Masterplug and British General, supplying both the retail and wholesale markets. The business had a strong 2012, despite the current market conditions, with substantial year-on-year growth driven by the retail and international divisions. Organic sales growth and margin improvements are expected to be driven by the wholly-owned production facility located in mainland China. International expansion is a major focus for the business, with penetration growing in the US, China and Australasia. Nexus is also working on acquiring complementary businesses in both adjacent product categories and new geographies. The Investment Advisor is of the view that maximum value will be achieved from Nexus by holding for the medium to long term, giving the management team the opportunity to implement the organic and acquisition-led growth strategies.

Palatinate Schools

Palatinate Schools ("Palatinate") operates a group of private preparatory, pre-preparatory and nursery schools based in Central London. The schools have good prestige value and pupil growth is anticipated to remain robust, which is expected to sustain profitability. The business completed the financial year to 31 August 2012 on budget, and is forecasting good growth in 2013. The focus remains to drive organic growth via improved branding and advertising, and to retain pupils up to the age of 13. During the course of 2012, Palatinate completed the redemption of its senior debt and mezzanine facilities, repaying a £14.8 million bank mortgage debt and ESO 1 LP's mezzanine loans of £3.6 million.

Indicia

Indicia is a direct marketing business focussed on database and multi-channel analytics. Indicia was formed through the acquisition and consolidation of three separate businesses and is currently initiating a partnership with a larger US agency. Although the business completed the year to December 2012 behind budget, the sales pipeline for 2013 is encouraging, with transformational clients, including the Co-op. ITV has recently appointed Indicia as its lead agency on a three year contract. In January, Indicia completed the acquisition of Evolving, which will be fully integrated to form one enlarged company.

Whittard of Chelsea

Whittard of Chelsea is a specialist retailer of tea and coffee. The Investment Advisor has focussed on developing the Whittard of Chelsea brand by growing the online, wholesale and franchise channels. The strategy has driven a very strong turnaround in profitability since the date of investment. The cessation of discounting and focus on the premium positioning of the brand this year has achieved a significant improvement in gross margins. The Investment Advisor is of the view that maximum value will be achieved from Whittard of Chelsea by holding for the medium to long term, giving the management team the opportunity to build on the platform created by the successful turnaround and achieve significant growth in both turnover and profitability.

Bighead Bonding Fasteners

Bighead Bonding Fasteners ("Bighead") is a specialist engineering business manufacturing specialist load-spreading fasteners and fixings for composites, plastics and traditional materials. Trading in 2011 grew significantly from 2010 in both sales and EBITDA. 2012 has seen maintained sales and profitability. The Company continues to invest in sales and process engineering to secure and support future growth, particularly focussed on the Automotive sector. The Investment Advisor, over the long-term, aims to replicate Bighead's local success in high-end niche applications by establishing an international network of distributors for the Company's products and to focus resources on the growth in lightweight technologies. The Company continues to seek new distribution and technology partners to facilitate growth.

Pharmacy2U

Pharmacy2U is an online pharmacy business, delivering National Health Service and private prescriptions direct to the home using an innovative, in-house developed technology, Electronic Prescription Service ("EPSr2").

Valuation Methodology

The Company values its investments with reference to the BVCA guidelines which state that portfolio companies should be valued on an EBITDA multiple basis using publicly quoted comparables and/or transaction comparables, then discounting the equity value by an appropriate percentage to account for marketability considerations. Cost may be considered as fair value in some cases but assets will always be held at fair value, whether this is at, above or below cost, and the value of such assets is reviewed periodically to ensure that such is the case.

The Investment Advisor intends to announce an estimated net asset value per ordinary share on a monthly basis following a review of the valuation of the Company's investments. The Company continues to endeavour to comply with industry standards and the Fund is now applying the International Private Equity and Venture Capital Valuation Guidelines. For consistency the Board will consider adopting these guidelines going forward where appropriate. The Company believes that there is unlikely to be any material effect on the valuation process as a result of such a change. The Investment Advisor adopts a conservative approach to valuation with reference to the aforementioned methodology but also having regard for ongoing volatile market conditions, particularly in the UK retail sector, and credit restraints.

Report of the Directors

Principal activity

The Company was incorporated in the Isle of Man as an AIM listed public company limited by shares under the Laws with registered number 108834C on 25 July 2003. During the year the Company re-registered under the Isle of Man Companies Act 2006, with registration number 008597V.

The principal activity of the Company and its subsidiaries (together "the Group") and its associate is to arrange income yielding financing for growth, buyout and special situations and holding the investments with a view to exiting in due course at a profit.

Incorporation

The Company was incorporated on 25 July 2003. The Company's registered office is:

IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP, British Isles.

Details of subsidiaries are provided in note 24.

Results of the financial year

Results for the year are set out in the Consolidated Statements of Comprehensive Income on page 15 and in the Consolidated and Company Statements of Changes in Equity on page 18 and 19.

Dividends

The Board does not recommend a dividend in relation to the current year (see note 9 for further details).

Corporate Governance Principles

As an Isle of Man registered company and under the AIM rules for companies, the Company is not required to comply with the UK Corporate Governance Code published by the Financial Reporting Council ("Code"). The Directors, however, place a high degree of importance on ensuring that the Company maintains high standards of Corporate Governance and have therefore adopted the spirit of the Code to the extent that they consider appropriate, taking into account the size of the Company and nature of its operations. This includes a periodic internal evaluation of board performance.

The Board holds at least four meetings annually and has established audit and investment committees. The Board does not intend to establish remuneration and nomination committees given the current composition of the Board and the nature of the Company's operations. The Board reviews annually the remuneration of the Directors and agrees on the level of Directors' fees.

Composition of the Board

The Board currently comprises four non-executive members all of whom are independent non-executive directors. Geoffrey Vero is Chairman of the Company, Clive Spears is the Chairman of the Risk and Audit Committee and Nicholas Wilson is Chairman of the Investment Committee.

Risk and Audit Committee

The activities of the Risk and Audit Committee continued, members of which are Clive Spears (Chairman of the Committee) and all the other Directors. The Risk and Audit Committee provides a forum through which the Company's external auditors report to the Board.

The Risk and Audit Committee meets twice a year, at a minimum, and is responsible for considering the appointment and fee of the external auditors and for agreeing the scope of the audit and reviewing its findings. It is responsible for monitoring compliance with accounting and legal requirements, ensuring that an effective system of internal controls in maintained and for reviewing annual and interim financial statements of the Company before their submission for approval by the Board. The Risk and Audit Committee has adopted and complied with the extended terms of reference implemented on the Company's readmission in August 2010.

The Board is satisfied that the Risk and Audit Committee contains members with sufficient recent and relevant financial experience.

Investment Committee

The Board established an Investment Committee, which comprises Nicholas Wilson (Chairman of the Committee) and all the other Directors. The purpose of this committee is to review the portfolio of the Company and evaluate the performance of the Investment Advisor.

The Board is satisfied that the Investment Committee contains members with sufficient recent and relevant financial experience.

Significant holdings

Significant shareholdings are analysed on page 38. The Directors are not aware of any other holdings greater than 3% of issued shares.

Directors

The Directors of the Company holding office during the financial year and to date are:
Mr. G.O. Vero (Chairman)
Mr. R.B.M. Quayle
Mr. C.L. Spears
Mr. N.V. Wilson

Secretary

The secretary of the Company holding office for the financial year ended 31 January 2013 was Mr. P.P. Scales.

Staff

At 31 January 2013 the Group employed no staff (2012: none).

Auditors

Our Auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office.

On behalf of the Board

Nicholas Wilson
Director
8 March 2013

Statement of Directors' Responsibilities

in respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards, as adopted by the EU.

The financial statements are required to give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with International Financial Reporting Standards, as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time its financial position. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Report of the Independent Auditors, KPMG Audit LLC, to members of EPE Special Opportunities plc

We have audited the financial statements of EPE Special Opportunities plc for the year ended 31 January 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Assets and Liabilities, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the EU.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 13, the Directors are responsible for the preparation of financial statements that give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 31 January 2013 and of the Group's and Parent Company's profit for the year then ended; and
- have been properly prepared in accordance with IFRSs, as adopted by the EU.

KPMG Audit LLC
Chartered Accountants
Heritage Court, 41 Athol Street, Douglas
Isle of Man IM99 1HN
8 March 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 January 2013

Note		Revenue £	Capital £	31 January 2013 Total £	31 January 2012 Total £
	Income				
	Rental income	(12,243)	–	(12,243)	63,800
4	Interest income	3,157	–	3,157	–
	Total income	**(9,086)**	**–**	**(9,086)**	**63,800**
	Expenses				
5	Investment advisor's fees	(216,667)	–	(216,667)	–
5	Administration fees	(54,133)	–	(54,133)	(40,628)
6	Directors' fees	(126,500)	–	(126,500)	(102,500)
	Directors' and Officers' insurance	(7,412)	–	(7,412)	(7,590)
	Professional fees	(52,443)	–	(52,443)	(62,990)
	Board meeting and travel expenses	(6,490)	–	(6,490)	(10,136)
	Auditors' remuneration	(32,952)	–	(32,952)	(27,730)
	Bank charges	(960)	–	(960)	(347)
	Irrecoverable VAT	(100,863)	–	(100,863)	(124,288)
7	Share based payment expense	(14,092)	–	(14,092)	–
	Sundry expenses	(11,256)	–	(11,256)	(40,232)
	Nominated advisor and broker fees	(40,357)	–	(40,357)	(26,257)
	Total expenses	**(664,125)**	**–**	**(664,125)**	**(442,698)**
	Net income/(expense)	**(673,211)**	**–**	**(673,211)**	**(378,898)**
	Gains/(losses) on investments				
	Share of profit of equity accounted investees	–	4,013,103	4,013,103	3,398,565
16	Gain on buy–back of convertible loan notes	–	135,879	135,879	638,779
	Revaluation of investment property	–	(27,840)	(27,840)	(15,302)
	Gain for the year on investments	**–**	**4,121,142**	**4,121,142**	**4,022,042**
	Finance charges				
	Interest on mortgage loan	(16,869)	–	(16,869)	(26,595)
16	Interest on convertible loan note instruments	(504,819)	–	(504,819)	(704,566)
	Profit/(loss) for the year before taxation	**(1,194,899)**	**4,121,142**	**2,926,243**	**2,911,983**
8	**Taxation**	**–**	**–**	**–**	**(8,453)**
	Profit/(loss) for the year	**(1,194,899)**	**4,121,142**	**2,926,243**	**2,903,530**
	Other comprehensive income	–	–	–	–
	Total comprehensive income/(loss)	**(1,194,899)**	**4,121,142**	**2,926,243**	**2,903,530**
18	**Basic earnings/(loss) per ordinary share (pence)**	**(4.06)**	**14.02**	**9.95**	**9.44**
18	**Diluted earnings/(loss) per ordinary share (pence)**	**(4.02)**	**13.87**	**9.85**	**9.77**

The total column of this statement represents the Group Statement of Comprehensive Income, prepared in accordance with IFRSs. The Supplementary revenue and capital return columns are prepared in accordance with the Board of Directors' agreed principles. All items derive from continuing activities.

The notes on pages 21 to 37 form an integral part of these financial statements.

Consolidated Statement of Assets and Liabilities

At 31 January 2013

Note		31 January 2013 £	31 January 2012 £
	Non-current assets		
10	Investment property	–	455,416
10	Investments in equity accounted investees	28,736,582	28,405,400
10,14	Loans to equity accounted investees and related companies	1,854,227	2,117,929
		30,590,809	**30,978,745**
	Current assets		
13	Cash and cash equivalents	4,417,775	5,894,547
	Trade and other receivables	66,486	97,028
		4,484,261	**5,991,575**
	Current liabilities		
15	Trade and other payables	(53,074)	(2,019,308)
		(53,074)	**(2,019,308)**
	Net current assets	**4,431,187**	**3,972,267**
	Non-current liabilities		
16	Convertible loan note instruments	(5,977,377)	(7,335,342)
10	Bank loan	–	(455,416)
		(5,977,377)	**(7,790,758)**
	Net assets	**29,044,619**	**27,160,254**
	Equity		
17	Share capital	1,540,146	1,540,146
17	Share premium	1,815,385	1,815,385
	Capital reserve	(4,265,892)	(8,387,034)
	Revenue reserve	29,950,543	32,187,320
	Capital redemption reserve	4,437	4,437
	Total equity	**29,044,619**	**27,160,254**
19	**Net asset value per share (pence)**	**102.92**	**89.19**

The financial statements were approved by the Board of Directors on 8 March 2013 and signed on its behalf by:

Clive Spears
Director

Nicholas Wilson
Director

The notes on pages 21 to 37 form an integral part of these financial statements.

Company Statement of Assets and Liabilities

At 31 January 2013

Note		31 January 2013 £	31 January 2012 £
	Non-current assets		
10,11	Investments in equity accounted investees	28,736,582	28,405,400
11	Investment in subsidiary at fair value through profit or loss	–	670
12	Loan to subsidiary	65,316	45,655
14	Loans to equity accounted investees and related companies	1,854,227	2,117,929
		30,656,125	**30,569,654**
	Current assets		
13	Cash and cash equivalents	4,411,069	5,879,231
	Trade and other receivables	69,045	55,210
		4,480,114	**5,934,441**
	Current liabilities		
15	Trade and other payables	(44,671)	(2,008,499)
		(44,671)	**(2,008,499)**
	Net current assets	**4,435,443**	**3,925,942**
	Non-current liabilities		
10	Investment in subsidiary at fair value through profit or loss	(69,572)	–
16	Convertible loan note instruments	(5,977,377)	(7,335,342)
		(6,046,949)	**(7,335,342)**
	Net assets	**29,044,619**	**27,160,254**
	Equity		
17	Share capital	1,540,146	1,540,146
17	Share premium	1,815,385	1,815,385
	Capital reserve	(4,915,598)	(8,994,388)
	Revenue reserve	30,600,249	32,794,674
	Capital redemption reserve	4,437	4,437
	Total equity	**29,044,619**	**27,160,254**

The financial statements were approved by the Board of Directors on 8 March 2013 and signed on its behalf by:

Clive Spears
Director

Nicholas Wilson
Director

The notes on pages 21 to 37 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 January 2013

		Year ended 31 January 2013					
		Share Capital	Share premium	Capital redemption reserve	Capital reserve	Revenue reserve	Total
Note		£	£	£	£	£	£
	Balance at 1 February 2012	1,540,146	1,815,385	4,437	(8,387,034)	32,187,320	27,160,254
	Total comprehensive income for the year	–	–	–	4,121,142	(1,194,899)	2,926,243
	Contributions by and distributions to owners						
7	Share based payment charge	–	–	–	–	14,092	14,092
	Cash received from JSOP participants	–	–	–	–	17,671	17,671
17	Purchase of treasury shares	–	–	–	–	(1,073,641)	(1,073,641)
	Total transactions with owners	**–**	**–**	**–**	**–**	**(1,041,878)**	**(1,041,878)**
	Balance at 31 January 2013	**1,540,146**	**1,815,385**	**4,437**	**(4,265,892)**	**29,950,543**	**29,044,619**

		Year ended 31 January 2012					
		Share Capital	Share premium	Capital redemption reserve	Capital reserve	Revenue reserve	Total
Note		£	£	£	£	£	£
	Balance at 1 February 2011	1,544,583	1,815,385	–	(12,409,076)	33,449,457	24,400,349
	Total comprehensive income for the year	–	–	–	4,022,042	(1,118,512)	2,903,530
	Contributions by and distributions to owners						
	Cancellation of treasury shares	(4,437)	–	4,437	–	–	–
17	Purchase of treasury shares	–	–	–	–	(143,625)	(143,625)
	Total transactions with owners	**(4,437)**	**–**	**4,437**	**–**	**(143,625)**	**(143,625)**
	Balance at 31 January 2012	**1,540,146**	**1,815,385**	**4,437**	**(8,387,034)**	**32,187,320**	**27,160,254**

The notes on pages 21 to 37 form an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 January 2013

Note		Share Capital £	Share premium £	Capital redemption reserve £	Capital reserve £	Revenue reserve £	Total £
				Year ended 31 January 2013			
	Balance at 1 February 2012	1,540,146	1,815,385	4,437	(8,994,388)	32,794,674	27,160,254
	Total comprehensive income for the year	–	–		4,078,790	(1,152,547)	2,926,243
	Contributions by and distributions to owners						
7	Share based payment charge	–	–	–	–	14,092	14,092
	Cash received from JSOP participants	–	–	–	–	17,671	17,671
17	Purchase of treasury shares	–	–	–	–	(1,073,641)	(1,073,641)
	Total transactions with owners	**–**	**–**	**–**	**–**	**(1,041,878)**	**(1,041,878)**
	Balance at 31 January 2013	**1,540,146**	**1,815,385**	**4,437**	**(4,915,598)**	**30,600,249**	**29,044,619**

Note		Share Capital £	Share premium £	Capital redemption reserve £	Capital reserve £	Revenue reserve £	Total £
				Year ended 31 January 2012			
	Balance at 1 February 2011	1,544,583	1,815,385		(13,039,533)	34,079,914	24,400,349
	Total comprehensive income for the year	–	–		4,045,145	(1,141,615)	2,903,530
	Contributions by and distributions to owners						
	Cancellation of treasury shares	(4,437)	–	4,437	–		–
17	Purchase of treasury shares	–	–	–	–	(143,625)	(143,625)
	Total transactions with owners	**(4,437)**	**–**	**4,437**	**–**	**(143,625)**	**(143,625)**
	Balance at 31 January 2012	**1,540,146**	**1,815,385**	**4,437**	**(8,994,388)**	**32,794,674**	**27,160,254**

The notes on pages 21 to 37 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 January 2013

Note		31 January 2013 £	31 January 2012 £
	Operating activities		
	Rental income received	33,750	53,167
	Interest income received	3,157	–
	Expenses paid	(732,225)	(620,981)
20	**Net cash used in operating activities**	**(695,318)**	**(567,814)**
	Investing activities		
	Receipts on disposal of equipment	–	20,000
	Loan repayments from investee companies	117,273	–
	Portfolio acquisition costs paid	–	(443,265)
	Receipts from associates and related companies	–	751,759
10	Capital distribution from associate	3,681,921	3,780,000
	Net cash generated from investing activities	**3,799,194**	**4,108,494**
	Financing activities		
	Mortgage loan interest paid	(24,709)	(26,595)
	Part payment of mortgage loan	–	(15,302)
	Convertible loan note interest paid	(505,067)	(963,422)
	Convertible loan note repurchases	(2,994,902)	–
17	Purchase of treasury shares	(1,073,641)	(143,625)
	Share ownership scheme participation	17,671	–
	Net cash used in financing activities	**(4,580,648)**	**(1,148,944)**
	(Decrease)/increase in cash and cash equivalents	(1,476,772)	2,391,736
	Cash and cash equivalents at start of year	5,894,547	3,502,811
13	**Cash and cash equivalents at end of year**	**4,417,775**	**5,894,547**

The notes on pages 21 to 37 form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 January 2013

1 Operations

The Company was incorporated in the Isle of Man as an AIM listed public company limited by shares under the Laws with registered number 108834C on 25 July 2003. During the year the Company re-registered under the Isle of Man Companies Act 2006, with registration number 008597V. The Company raised £30 million by a placing of ordinary shares at 100 pence per share. In 2009 the Company raised an additional £5 million by a placing of ordinary shares at 5 pence per share. During the year ended 31 January 2011 the Company issued a further £2.4 million in share capital.

The Company has two wholly owned subsidiary companies and has interests in two partnerships that are accounted for as associates. The partnerships comprise one limited liability partnership and one limited partnership. The Company also has an interest in a third partnership, ESO Investments 2 LP, through which new investments will be made. As at 31 January 2013, ESO Investments 2 LP had made no investments.

The principal activity of the Company and its subsidiaries (together "the Group") and its associates is to arrange income yielding financing for growth, buyout and special situations and holding the investments and its associates with a view to exiting in due course at a profit.

The consolidated financial statements comprise the results of the Company and its subsidiaries (the "Group") and its associates (see Notes 3(a) and 24).

The Company has no employees.

2 Basis of Preparation

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations as adopted by the European Union ("EU") and applicable legal and regulatory requirements of Isle of Man law and reflect the following policies, which have been adopted and applied consistently.

The Company has early adopted the amendments to IFRS 10 Investment Entities (issued October 2012) along with the consolidation suite of standards, namely: IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (revised) and IAS 28 (revised). The amendments to IFRS 10 require investment entities to state controlled portfolio entities at fair value under IAS 39 instead of consolidating such subsidiaries.

The Company reports in accordance with IFRS as adopted by the EU, as required by the AIM rules. The amendments to IFRS 10 have not yet been endorsed by the EU. However, the Company has received a derogation from AIM to enable it to early adopt the amendments. This early adoption has had no effect on the results or net asset position of the Group for the current and preceding years.

The consolidated financial statements were authorised for issue by the Board of Directors on 8 March 2013.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment property which is measured at fair value. As from 16 January 2013 the subsidiary controlled by the Company, EPIC Reconstruction Property Company II Limited, which owned the investment property, was deconsolidated.

c. Functional and presentation currency

These consolidated financial statements are presented in Sterling, which is the Company's functional currency. All financial information presented in Sterling has been rounded to the nearest pound.

2 Basis of Preparation continued

d. Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires Directors and the Investment Advisor to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated 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. The Directors have, to the best of their ability given the continuing uncertainty in the global economy, provided as true and fair a view as is possible under the circumstances. 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 period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by Directors and the Investment Advisor in the application of IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustments in the next year relate to impairment provisioning in connection with secured loans and valuations of unquoted equity investments held by associates. Due to the current market conditions, the level of estimation required in the valuation of unquoted equity investments and impairment provisions is increased due to a lack of reliable quoted market comparables and recent transaction comparables (Notes 10 and 21).

3 Significant accounting policies

a. Basis of consolidation

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Company holds interests in ESO Investments 1 LP and ESO Investments (PC) LLP, which are managed and controlled by EPIC Private Equity LLP for the benefit of the Company and the other members. The Company has the power to appoint members to the investment committee of ESO Investments 1 LP and ESO Investments (PC) LLP but does not have the ability to direct the activities of ESO Investments 1 LP and ESO Investments (PC) LLP. The Directors consider that ESO Investments 1 LP and ESO Investments (PC) LLP do not meet the definition of subsidiaries. These entities are instead treated as associates.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Associates

Associates are those enterprises over which the Company has significant influence, and which are neither subsidiaries nor an interest in a joint venture. Significant influence is exerted when the Company has the power to participate in the financial and operating policy decision of the investee, but is not in control or joint control over those policies.

The Company applies the equity method in accounting for associates. The investment is initially measured at cost and the carrying amount is increased or decreased to recognise the Company's share of the associate's profit or loss. Accounting policies of associates are aligned with those of the Group.

b. Segmental reporting

The Directors are of the opinion that the Group is engaged in a single segment of business and geographic area being arranging financing for growth, buyout and special situations in the United Kingdom. Information presented to the Board of Directors for the purpose of decision making is based on this single segment.

c. Income

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is accounted for when the right to receive such income is established.

d. Expenses

All expenses are accounted for on an accruals basis.

e. Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purposes of meeting short-term cash commitments rather than for investments or other purposes.

f. Investments

i. Classification

Equity and preference share investments, including those held by associates, have been designated at fair value through profit and loss.

Financial assets that are designated as loans and receivables comprise loans and accrued interest and other receivables.

ii. Recognition

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

iii. Measurement

Equity and preference share investments, including those held by associates, are stated at fair value. Loans and receivables are stated at amortised cost less any impairment losses.

The Investment Advisor determines asset values using BVCA guidelines and other valuation methods with reference to the valuation principles of *IAS 39*. As all investments are unquoted, the valuation principles adopted are classified as Level 3 in the IFRS 7 fair value heirachy. BVCA guidelines recommend the use of comparable quoted company metrics and comparable transaction metrics to determine an appropriate enterprise value, to which a marketability discount is applied given the illiquid nature of private equity investments. The Investment Advisor also seeks to confirm value using discounted cash flow and other methods of valuation, and by applying a range approach. The Investment Advisor then seeks to determine whether holding the investment at cost is appropriate given the implied value, or whether an adjustment should be made to achieve fair value: whether this be in the form of an impairment or a write-up.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. *IAS 39* provides a hierarchy to be used in determining the fair value for a financial instrument.

Quoted market prices in an active market are the best evidence of fair value and should be used, where they exist, to measure the financial instrument. If a market for a financial instrument is not active, an entity establishes fair value by using a valuation technique that makes maximum use of market inputs and includes recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, and option pricing models. An acceptable valuation technique incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. If there is no active market for an equity instrument and the range of reasonable fair values is significant and these estimates cannot be made reliably, then an entity must measure the equity instrument at cost less impairment.

3 Significant accounting policies continued

Amortised cost is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability. Financial assets that are not carried at fair value though profit and loss are subject to an impairment test for loans to portfolio companies the impairment test is undertaken as part of the assessment of the fair value of the enterprise value of the related business, as described above. If expected life cannot be determined reliably, then the contractual life is used.

In the Company Statement of Assets and Liabilities the investments in subsidiaries and associates are stated at fair value, based on the net assets of the subsidiaries and associates respectively.

iv. Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the profit or loss.

v. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with *IAS 39*.

The Company uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

g. Investment property

Investment property was stated at fair value determined annually by the Directors. Any gain or loss arising from a change in fair value was recognised in the profit or loss. Rental income from investment property was accounted for on an accruals basis. Property interests held under operating leases for investment purposes are classified and accounted for as investment property. During the year the investment property was disposed of.

h. Share capital

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

i. **Compound financial instruments**

Compound financial instruments issued by the Group comprise convertible loan note instruments that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest, dividends, losses and gains in relation to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised in equity net of any tax benefits.

j. **EPIC Private Equity Employee Benefit Trust ("EBT Trust")**

As the Company is deemed to have control of its EBT Trust, it is treated as a subsidiary and consolidated for the purposes of the Group accounts. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Group financial statements. The EBT's investment in the Company's shares is deducted from shareholders' funds in the Group balance sheet as if they were treasury shares (see note 7).

Share Based Payments

Certain employees (including directors) of the Group receive remuneration in the form of equity settled share-based payment transactions, through a Joint Share Ownership Plan ("JSOP").

Equity-settled share-based payments are measured at fair value at the date of grant .The fair value is determined based on the share price of the equity instrument at the grant date. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest. The instruments are subject to a three year service vesting condition from the grant date, and their fair value is recognised as an employee benefit expense with a corresponding increase in retained earnings within equity over the vesting period.

Contributions received from employees as part of the JSOP arrangement are recognised directly in equity.

3 Significant accounting policies continued

k. Future changes in accounting policies

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

New/Revised International Financial Reporting Standards (IAS/IFRS)	**European Union Effective Date** (accounting periods commencing on or after)
IAS 1 Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented (*June 2011*)	1 July 2012
IAS 19 Employee Benefits – Amendment resulting from the Post-Employment Benefits and Termination Benefits projects (*as amended in June 2011*)	1 January 2013
IAS 27 Consolidated and Separate Financial Statements – Reissued as IAS 27 *Separate Financial Statements* (*as amended in May 2011*)	1 January 2013
IAS 28 Investments in Associates – Reissued as IAS 28 *Investments in Associates and Joint Ventures* (*as amended in May 2011*)	1 January 2013
IAS 32 Financial Instruments Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities (*December 2011*)	1 January 2014
IFRS 7 Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (*December 2011*)	1 January 2013
IFRS 7 Financial Instruments: Disclosures – Amendments requiring disclosures about the initial applicable of IFRS 9 (*December 2011*)	1 January 2015
IFRS 9 Financial Instruments – Classification and measurement of financial assets (*as amended in December 2011*)	1 January 2015
IFRS 9 Financial Instruments – Accounting for financial liabilities and derecognition (*as amended in December 2011*)	1 January 2015
IFRS 10 Consolidated Financial Statements (*May 2011*)	1 January 2013
IFRS 11 Joint Arrangements (*May 2011*)	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities (*May 2011*)	1 January 2013
IFRS 13 Fair Value Measurement (*May 2011*)	1 January 2013

The Directors are currently considering the impact that the application of IFRS 13, *Fair Value Measurement*, will have on the financial statements. They currently believe its application will impact disclosures in the financial statements but not the carrying value of investments. It is likely that greater detail will be required regarding the valuation methodologies for unquoted investments, held by associates.

The Directors do not expect the adoption of the other standards and interpretations to have a material impact on the Group's financial statements in the period of initial application.

4 Interest Income

	2013 £	**2012** £
Cash balances	3,157	–
Total	**3,157**	**–**

5 Investment advisory, administration and performance fees

Investment advisory fees

EPE Special Opportunities plc

The investment advisory fee payable to EPIC Private Equity LLP was, until 31 August 2010, calculated at 2% of the Group's Net Asset Value ("NAV"), with a minimum of £325,000 payable per annum. On 31 August 2010, the Investment Advisor agreed to waive the fee from the Company for a period of two years in return for a priority profit share paid from ESO Investments 1 LP, as detailed below. Consequently the payment of fees has resumed at a rate of 2% per annum of the Company's NAV (including its share of the Fund) plus VAT. The charge for the current year was £216,667 (2012: £nil).

ESO Investments 1 LP

On the completion of the creation of ESO Investments 1 LP ("the partnership" on 31 August 2010, the Investment Advisor agreed to waive entitlement to management fees from the Company and ESO Investments LLP in exchange for a fixed priority profit share paid by the partnership of £800,000 per annum for the first two years (a year being calculated as ending on 31 August), £500,000 for the third year and £350,000 for the fourth and fifth years, thereafter in any subsequent period of the Partnership, such amount as may be agreed between the Partners.

ESO Investments LLP

On 31 August 2010 the Investment Advisor agreed to waive the fee from ESO Investments LLP in return for a priority profit share paid from the partnership as detailed above.

Administration fees

On 30 November 2007 the Group entered into an agreement with IOMA Fund and Investment Management Limited ("IOMA"), for the provision of administration, registration and secretarial services. IOMA delegated the provision of accounting services to EHM International Limited. The fee is payable at a rate of 0.15% per annum of the Group's NAV.

Performance fees

EPE Special Opportunities plc

The Investment Advisory Agreement, with EPIC Private Equity LLP above also provides for the provision of a performance fee. The fee is payable if the Total Return (taken as NAV plus dividends distributed) is equal to at least 8% per annum from the date of admission of the Company's shares to AIM, based on the funds raised through the placing of shares and compounded annually. No performance fee has accrued for the year ended 31 January 2013 (2012: £nil).

Carried interest in ESO Investments 1 LP

The distribution policy of ESO Investments 1 LP includes a carried interest portion retained for the Investment Advisor such that, for each investor where a hurdle of 8% per annum has been achieved, the carry vehicle of the Investment Advisor is entitled to receive 20% of the increase in that investor's investment. For the period ended 31 January 2013 £1,315,264 (2012: £465,388) has been credited to the carry account of the Investment Advisor in the records of ESO Investments 1 LP.

Carried interest in ESO Investments (PC) LLP

The Investment Advisor is entitled to receive 20% of the profits ESO Investments (PC) LLP where a hurdle of 8% has been achieved over the initial value of the investment. For the period ended 31 January 2013 £2,722 (2012: £749,103) has been credited to the Investment Advisor.

6 Directors' fees

	2013	2012
	£	£
G.O. Vero (*Chairman*)	32,000	25,000
R.B.M. Quayle	30,000	25,000
C.L. Spears	32,000	25,000
N.V. Wilson	30,000	25,000
Sub-total	**124,000**	**100,000**
P. Scales	2,500	2,500
Total	**126,500**	**102,500**

Note: P. Scales is Company Secretary and a director of EPIC Reconstruction Property Company II Ltd.

7 Share based payment expense

The cost of equity settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined based on the share price of the equity instrument at the grant date.

The EBT Trust was created to award shares to eligible employees as part of the Joint Share Ownership Plan ("JSOP"). Participants are awarded a certain number of shares ("Matching Shares") which vest after 3 years of service. In order to receive their Matching Share allocation participants are required to purchase shares in the Company on the open market ("Bought Shares"). The participant will then be entitled to acquire a joint ownership interest in the Matching Shares for the payment of a nominal amount, on the basis of one joint ownership interest in one Matching Share for every Bought Share they acquire in the relevant award period.

The EBT Trust holds the Matching Shares jointly with the participant until the award vests.

During the year, 301,041 number of Bought Shares were acquired by eligible participants under the JSOP. The same number of Matching Shares was also acquired by the EBT Trust and are held in the EBT Trust at year end.

The amount expensed in the income statement has been calculated by reference to the grant date fair value of the equity instrument and the estimated number of equity instruments to be issued after the vesting period, less the nominal amount paid for the joint ownership interest in the Matching Shares. The total expense recognised on the share based payments during the year amounts to £14,092 (2012: nil).

8 Taxation

The Company is Isle of Man tax resident. The Company is subject to 0% income tax (2012: 0%).

EPIC Reconstruction Property Company II Limited is resident in England and Wales and subject to corporation tax at the standard UK corporation tax rate of 20% (2012: 20%).

The limited liability partnerships and Limited Partnerships are transparent for tax purposes and tax is paid by the partners.

9 Dividends paid and proposed

No dividends were paid or proposed for the year ended 31 January 2013 (2012: £nil).

10 Non-current assets

	2013 Group £	2013 Company £	2012 Group £	2012 Company £
Investment property	–	–	455,416	–
Financial assets				
Investment in subsidiary	–	–	–	670
Investments in equity accounted investees	28,736,582	28,736,582	28,405,400	28,405,400
Loans to associates and related companies (note 13)	1,854,227	1,854,227	2,117,929	2,117,929
Loan to subsidiary	–	65,316	–	45,655
	30,590,809	**30,656,125**	**30,978,745**	**30,569,654**

Investment in equity accounted investees/associates

The Investment Advisor has applied appropriate valuation methods with reference to BVCA guidelines and the valuation principles of *IAS 39 Financial Instruments: Recognition and Measurement*, with regard to the underlying investments held by the equity accounted investees.

Investments in equity accounted investees comprise the investment in ESO Investments 1 LP and ESO Investments (PC) LLP (formerly ESO Investments 2 LLP) which are stated at cost plus the share of remaining profit and loss to date. The equity accounted investees have accounted for their equity investments at fair value.

During the year, the Company received £3,681,921 (2012: £3,780,000) from ESO Investments 1 LP. The movements in the equity accounted investees during the year are as follows:

	ESO Investments 1 LP £	ESO Investments (PC) LLP £	Total £
Investment in equity accounted investees			
Opening balance	25,275,510	3,129,890	28,405,400
Share of profit from equity accounted investees	3,945,791	67,312	4,013,103
Distribution from equity accounted investee	(3,681,921)	–	(3,681,921)
	25,539,380	**3,197,202**	**28,736,582**

10 Non-current assets continued

Summary financial information for equity accounted investees as at 31 January 2013 is as follows:

	31 January 2013			31 January 2012		
	ESO Investments (PC) LLP	**ESO Investments 1 LP**	**Total**	**ESO Investments (PC) LLP**	**ESO Investments 1 LP**	**Total**
31 January 2011	£	£	£	£	£	£
Non-current assets	4,500,000	38,058,325	42,558,325	4,500,000	35,522,074	40,022,074
Current assets	100	5,053,476	5,053,576	100	7,648,418	7,648,518
Total assets	**4,500,100**	**43,111,801**	**47,611,901**	**4,500,100**	**43,170,492**	**47,670,592**
Current liabilities	(550,972)	(1,313,485)	(1,864,457)	(621,007)	(2,104,093)	(2,725,100)
Total liabilities	**(550,972)**	**(1,313,485)**	**(1,864,457)**	**(621,007)**	**(2,104,093)**	**(2,725,100)**
Group's share of net assets	**3,197,202**	**25,539,380**	**28,736,582**	**3,129,890**	**25,275,510**	**28,405,400**
Income	26,149	2,330,911	2,357,060	225,493	3,247,728	3,473,221
Gains on investments	55,144	5,160,596	5,215,740	2,528,750	105,484	2,634,234
Expenses	(11,258)	(240,238)	(251,496)	(2,484)	(226,560)	(229,044)
Profit	**70,035**	**7,251,269**	**7,321,304**	**2,751,759**	**3,126,652**	**5,878,411**
Group's share of profit	**67,312**	**3,945,791**	**4,013,103**	**2,002,656**	**1,395,909**	**3,398,565**

The Company also has control over the following underlying investee companies but these companies have not been consolidated on the basis of the early adoption of the amendments to IFRS 10.

	Country of incorporation	**Equity percentage held at year end**
Whittard of Chelsea	UK	85.3%
Past Times Web	UK	100.0%
Process Components	UK	85.0%
Make it Rain	UK	50.1%

Key terms of LP Agreement for ESO Investments 1 LP

Profits or losses are credited or debited to each Member's account to reflect the distributions payable to each Member were the LP to be liquidated at its statement of financial position value.

Prior to the First Hurdle Point (being the point at which each member has received repayment of the loans advanced and a Hurdle amount being 8% per annum on the loan balances) distributions shall be made as;

- 37% to DES Holdings IV(A) LLC
- 63% to EPE Special Opportunities plc

At the First Hurdle Point for an investor an amount equal to 25% of the Hurdle shall be credited from that investor to EPE Carry LP. After the First Hurdle Point distributions shall be as stated above less 20% which shall be credited to EPE Carry LP until the Second Hurdle Point.

At the Second Hurdle Point, (being the point at which DES Holdings IV(A) LLC has received 1.5 times its loans advanced) distributions shall be made as;

- 25% to DES Holdings IV(A) LLC
- 75% to EPE Special Opportunities plc

Subject to a 20% allocation to EPE Carry LP in the event that the First Hurdle Point has been reached.

At the Third Hurdle Point, (being the point at which DES Holdings IV(A) LLC has received 2 times its loans advanced) distributions shall be made as;

- 18% to DES Holdings IV(A) LLC
- 82% to EPE Special Opportunities plc

Subject to a 20% allocation to EPE Carry LP in the event that the Second Hurdle Point has been reached.

11 Financial assets and liabilities

	2013 Group £	2013 Company £	2012 Group £	2012 Company £
Assets				
Financial assets at fair value through profit or loss - designated on initial recognition				
Investment in subsidiary at fair value	–	–	–	670
Investments in equity accounted investees	28,736,582	28,736,582	28,405,400	28,405,400
Financial assets at amortised cost				
Loans and receivables and cash balances	6,338,488	6,399,657	8,109,504	8,098,025
Total financial assets	**35,075,070**	**35,136,239**	**36,514,904**	**36,504,095**
Liabilities				
Financial liabilities measured at amortised cost				
Other financial liabilities	(53,074)	(44,671)	(2,474,724)	(2,008,499)
Convertible loan note instruments	(5,977,377)	(5,977,377)	(7,335,342)	(7,335,342)
Financial liabilities at fair value through profit or loss - designated on initial recognition				
Investments in subsidiaries at fair value	–	(69,572)	–	–
Total financial liabilities	**(6,030,451)**	**(6,091,620)**	**(9,810,066)**	**(9,343,841)**

12 Loan to subsidiary

	2013 £	2012 £
EPIC Reconstruction Property Company II Limited	65,316	45,655
	65,316	**45,655**

The loan to the subsidiary is unsecured, interest free and not subject to any fixed repayment terms.

13 Cash and cash equivalents

	2013 Group £	2013 Company £	2012 Group £	2012 Company £
Current and call accounts	4,417,775	4,411,069	5,894,547	5,879,231
	4,417,775	**4,411,069**	**5,894,547**	**5,879,231**

The current and call accounts have been classified as cash and cash equivalents in the Consolidated Statement of Cash Flows.

14 Loans to equity accounted investees and related parties

	2013 Group £	2012 Group £	2013 Company £	2012 Company £
ESO Investments (PC) LLP	549,172	621,007	549,172	621,007
ESO Investments 1 LP	805,055	938,381	805,055	938,381
EPIC Structured Finance Limited	500,000	558,541	500,000	558,541
	1,854,227	**2,117,929**	**1,854,227**	**2,117,929**

The loans to equity accounted investees and related companies are unsecured, interest free and not subject to any fixed repayment terms.

15 Trade and other payables

	2013 Group £	2013 Company £	2012 Group £	2012 Company £
Accrued administration fee	18,000	18,000	5,006	5,006
Accrued audit fee	16,589	12,040	21,070	18,320
Accrued professional fee	5,592	1,738	16,319	8,260
Convertible loan note buy-back (note 16)	1,977	1,977	1,955,246	1,955,246
Accrued Directors' fees	10,916	10,916	21,667	21,667
Total	**53,074**	**44,671**	**2,019,308**	**2,008,499**

16 Non-current liabilities

Convertible loan note instruments were issued on 31 August 2010 to The Equity Partnership Investment Company plc. The amount issued, net of issue costs was £9,870,304. The notes carry interest at 7.5% per annum and are convertible at the option of the holder at a price of 170 pence per ordinary share. The convertible shares fall under the definition of compound financial instruments within IAS 32 Financial Instruments: Presentation. On issue of the loan notes, the Directors were required to assess the elements of equity and liability contained with the compound instrument. The Directors consider that the instrument has no equity element and therefore the whole instrument was treated as a liability.

Issue costs of £129,696 were offset against the value of the convertible loan note instruments and are being amortised over the life of the instrument at an effective interest rate of 0.24% per annum. A total of £36,652 was expensed in the year ended 31 January 2013 (2012: £48,937).

The convertible loan notes are repayable on 31 December 2015 unless the shareholders of the Company pass a resolution on or before 30 September 2015 for the continuation of the Company beyond 31 December 2016, in which case the final repayment date shall be 31 December 2016, but each Noteholder has the right to require the redemption of some or all of his notes on 31 December 2015 by providing the Company written notice up to the close of business on 30 November 2015. On 19 September 2012 the Company repurchased £1,343,485 of the convertible loan note instrument for a total consideration of £1,039,656 giving rise to a gain recognised in the statement of comprehensive income of £135,879. After this transaction there are £6,062,490 convertible loan notes in issue. The total interest expensed on the convertible loan notes for the year is £504,819 (2012: £704,566). This includes the amortisation of the issue costs.

17 Share capital

	2013 Number	2013 £	2012 Number	2012 £
Authorised share capital				
Ordinary shares of 5p each	33,000,000	1,650,000	33,000,000	1,650,000
Called up, allotted and fully paid				
Ordinary shares of 5p each	30,802,911	1,540,146	30,802,911	1,540,146
Ordinary shares of 5p each held in treasury	(2,583,551)	–	(351,271)	–
	28,219,360	**1,540,146**	**30,451,640**	**1,540,146**

During the year ended 31 January 2013 the Company purchased 2,232,280 (2012: 351,271) shares at a weighted average price of 48.10 pence per share (2012: 40.89).

At the year end 1,022,720 of the above treasury shares were held by the EBT Trust (note 7) (2012: nil).

Share premium

The share premium arose on the issue of the ordinary shares and represented the difference between the price at which the shares were issued and the par value (5 pence).

18 Basic and diluted earnings/(loss) per share (pence)

Basic earnings per share is calculated by dividing the profit for the Group and Company for the year attributable to the ordinary shareholders of £2,926,243 (2012: £2,903,530) divided by the weighted average number of shares outstanding during the year of 29,403,897 after excluding treasury shares (2012: 30,732,408 shares).

Diluted earnings per share is calculated by dividing the profit for the Group and Company for the year attributable to ordinary shareholders of £2,926,243 (2012: £2,903,530) divided by the weighted average number of ordinary shares outstanding during the year, as adjusted for the effects of all dilutive potential ordinary shares of 29,704,938 after excluding treasury shares (2012: 30,451,640 shares).

19 Net asset value per share (pence)

The Group and Company net asset value per share of 101.84 pence, is based on the net assets of the Group and Company at the year end of £29,044,619 (2012: £27,160,254) divided by the shares in issue at the end of the year of 28,219,360 after excluding treasury shares (2012: 30,451,640). The Group and Company diluted net asset value per share is based on the net assets of the Group and the Company at the year end of £29,044,619 (2012: £27,160,254) divided by the shares in issue at the end of the year, as adjusted for the effects of dilutive potential ordinary shares of 28,520,401, after excluding treasury shares (2012: 30,451,640).

20 Net cash used in operating activities

Reconciliation of net investment income/expense to net cash used in operating activities:

	2013 £	2012 £
Net investment expense	(673,211)	(378,898)
Movement in trade and other receivables	30,542	(66,895)
Movement in trade and other payables	(52,649)	(122,021)
Net cash used in operating activities	**(695,318)**	**(567,814)**

21 Financial instruments

The Group's financial instruments comprise:

- Investments in unlisted companies held by associates, comprising equity and loans.
- Cash and cash equivalents, bank loan and convertible loan note instruments; and
- Accrued interest and trade and other receivables, accrued expenses and sundry creditors.

Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are liquidity risk, credit risk, market price risk and interest rate risk. None of those risks are hedged. These risks arise through directly held financial instruments and through the indirect exposures created by the underlying financial instruments in the associates. These risks are managed by the Directors in conjunction with the Investment Advisor. The Investment Advisor is responsible for day to day management.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's liquid assets comprise cash and cash equivalents and trade and other receivables, which are readily realisable and a term deposit account.

Residual contractual maturities of financial liabilities:

31 January 2013	Less than 1 month £	1-3 months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	No stated maturity £
Financial liabilities						
Trade and other payables	53,074	–	–	–	–	–
Convertible loan note instruments	–	–	–	5,977,377	–	–
Bank loan	–	–	–	–	–	–
Total	**53,074**	**–**	**–**	**5,977,377**	**–**	**–**

31 January 2012	Less than 1 month £	1-3 months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	No stated maturity £
Financial liabilities						
Trade and other payables	2,019,308	–	–	–	–	–
Convertible loan note instruments	–	–	–	7,335,342	–	–
Bank loan	–	–	–	–	455,416	–
Total	**2,019,308**	**–**	**–**	**7,335,342**	**455,416**	**–**

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

The Group, through its interests in associates, had advanced loans to a number of private companies which exposes the Group to significant credit risk. The loans are advanced to unquoted private companies, which have no credit risk rating. They are entered into as part of the investment strategy of the Group and its associates and credit risk is managed by taking security where available (typically a floating charge) and the Investment Advisor taking an active role in the management of the borrowing companies.

Although the Investment Advisor looks to set realistic repayment schedules, it does not necessarily view a portfolio company not repaying on time and in full as 'underperforming' and seeks to monitor each portfolio company on a case-by-case basis. However, in all cases the Investment Advisor reserves the right to exercise step in rights. In addition to the repayment of loans advanced, the Group and associates will often arrange additional preference share structures and take significant equity stakes so as to create shareholder value. It is the performance on the combination of all securities including third party debt that determines the Group's view of each investment.

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	2013	2012
	£	£
Cash and cash equivalents	4,417,775	5,894,547
Trade and other receivables	66,486	97,028
Loans to equity accounted investees and related companies	1,854,227	2,117,929
Total	**6,338,488**	**8,109,504**

Cash balances are placed with HSBC Bank plc and Barclays Bank plc.

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). The Group is exposed to a market price risk via its equity investments held via its interests in equity accounted investees, which are stated at fair value.

Market price risk sensitivity

The Group is exposed to market price risk with regard to its investment in the partnerships, which own equity interests in a number of unquoted companies which are stated at fair value.

Interest rate risk

The Group is exposed to interest rate risk through its investment in the equity accounted investees and on its cash balances. The equity accounted investees provide loans to portfolio companies. Most of the loans are at fixed rates. Cash balances earn interest at variable rates. The convertible loan note instruments carry fixed interest rates.

21 Financial instruments continued

The table below summarises the Group's exposure to interest rate risks. It includes the Group's financial assets and liabilities at the earlier of contractual re-pricing or maturity date, measured by the carrying values of assets and liabilities:

31 January 2013	Less than 1 month £	1-3 months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	Non-interest bearing £	Total £
Assets							
Loans and receivables							
Loans to equity accounted investees and related companies	–	–	–	–	–	1,854,227	1,854,227
Trade and other receivables	2,999	–	–	–	–	63,487	66,486
Cash and cash equivalents	4,417,775	–	–	–	–	–	4,417,775
Total financial assets	**4,420,774**	**–**	**–**	**–**	**–**	**1,917,714**	**6,338,488**
Liabilities							
Financial liabilities measured at amortised cost							
Trade and other payables	–	–	–	–	–	(53,074)	(53,074)
Convertible loan note instruments	–	–	–	(5,977,377)	–	–	(5,977,377)
Bank loan	–	–	–	–	–	–	–
Total financial liabilities	**–**	**–**	**–**	**(5,977,377)**	**–**	**(53,074)**	**(6,030,451)**
Total interest rate sensitivity gap	**4,420,774**	**–**	**–**	**(5,977,377)**	**–**	**–**	**–**

31 January 2012	Less than 1 month £	1-3 months £	3 months to 1 year £	1 - 5 years £	Over 5 years £	Non-interest bearing £	Total £
Assets							
Loans and receivables							
Loans to equity accounted investees and related companies	–	–	–	–	–	2,117,929	2,117,929
Trade and other receivables	15,893	–	–	–	–	81,135	97,028
Cash and cash equivalents	5,894,547	–	–	–	–	–	5,894,547
Total financial assets	**5,910,440**	**–**	**–**	**–**	**–**	**2,199,064**	**8,109,504**
Liabilities							
Financial liabilities measured at amortised cost							
Trade and other payables	–	–	–	–	–	(2,019,308)	(2,019,308)
Convertible loan note instruments	–	–	–	(7,335,342)	–	–	(7,335,342)
Bank loan	–	–	–	–	(455,416)	–	(455,416)
Total financial liabilities	**–**	**–**	**–**	**(7,335,342)**	**(455,416)**	**(2,019,308)**	**(9,810,066)**
Total interest rate sensitivity gap	**5,910,440**	**–**	**–**	**(7,335,342)**	**(455,416)**	**–**	**–**

Interest rate sensitivity

The Group is exposed to market interest rate risk only via its cash balances. A sensitivity analysis has not been provided as it is not considered significant to Group performance.

Currency risk

The Group has no exposure to currency risk as it has no non-sterling assets or liabilities.

Fair values

Financial instruments are considered to be stated at fair value.

22 Directors' interests

Four of the Directors have interests in the shares of the Company as at 31 January 2013 (2012: two). Geoffrey Vero holds 60,620 ordinary shares (2012: 40,000). Nicholas Wilson holds 50,931 ordinary shares (2012: 20,000). Robert Quayle holds 30,612 ordinary shares (2012: nil). Clive Spears holds 30,612 ordinary shares (2012: nil).

23 Related parties

Mr Geoffrey Vero is a non-executive Director of Numis Corporation plc and a former non-executive Director of Numis Securities Limited, the Nominated Advisors, Brokers and Placing Agent to the Company. Broker fees of £40,357 (2012: £26,257) were payable to Numis Securities Limited.

24 Subsidiary companies

On 30 December 2004, the Company incorporated EPIC Reconstruction Property Company II Limited in England and Wales, with paid up share capital of £1. On 16 January 2013 the Group lost control of this subsidiary and it was deconsolidated from this date.

On 29 October 2005, the Company incorporated EPIC Reconstruction Property Company (IOM) Limited, in the Isle of Man.

25 Financial commitments and guarantees

Under the terms of the limited partnership agreement the Company is committed to provide a maximum of £2.0 million additional investment to ESO Investments 1 LP.

26 Subsequent events

There were no significant subsequent events.

Schedule of shareholders holding over 3% of issued shares

	Percentage holding
Giles Brand	20.42%
The Corporation of Lloyds	10.42%
Nortrust Nominees Limited	7.36%
Societe Generale	5.49%
Hoares Bank	4.92%
Bank of New York Nominees Limited	4.91%
Henderson Global Investors	3.99%
Joint Share Ownership Plan	3.50%
Renaissance Capital Partners Limited	3.42%
Total over 3% holding	**64.43%**

For your notes

For your notes

Group Information

Directors:	G.O. Vero (*Chairman*) R.B.M. Quayle C.L. Spears N.V. Wilson
Secretary:	P.P. Scales
Registrar and Registered Office:	*IOMA Fund and Investment Management Limited* IOMA House Hope Street Douglas Isle of Man IM1 1AP
Nominated Advisor and Broker:	*Numis Securities Limited* 10 Paternoster Square London EC4M 7LT
Bankers:	*Barclays Bank PLC* 1 Churchhill Place Canary Wharf London E14 5HP
Investment Advisor:	*EPIC Private Equity LLP* Audrey House 16-20 Ely Place London EC1N 6SN
Auditors and Reporting Accountants:	*KPMG Audit LLC* Heritage Court 41 Athol Street Douglas Isle of Man IM99 1HN
Crest Providers:	*Computershare Investor Services (CI) Limited* Ordnance House 31 Pier Road St Helier Jersey JE4 8PW