EPE Special Opportunities plc.

Interim Report | **July 2013**

Interim Report & Unaudited Financial Statements
For the six months ended 31 July 2013

Contents

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.

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.

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, infrastructure and corporate debt. His appointments currently include being Chairman of Nordic Capital Limited and sitting on the board of Jersey Finance Limited.

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: Whittard, Nexus Industries, and Pharmacy2U. 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. He manages the Company's investments in Process Components and Bighead, both of which he is currently a non-executive director for. 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. He manages the Company's investments in Nexus Industries and Whittard. He is currently a non-executive director of Whittard. 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 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.

Camille Rougie worked in investment banking at Rothschild before joining EPE LLP. Whilst at Rothschild, she worked on a number of M&A transactions within the Emerging Markets and the Generalist teams in Paris, covering a large range of sectors, including consumer and retail, energy, TMT, financial services and healthcare. Camille obtained an MSc in Finance and Strategy from Sciences Po Paris and read Linguistics at Oxford University

Chairman's Statement

The six months to July 2013 showed a slightly improving economic outlook, with a GDP increase in Q2 2013 and strong employment figures, seemingly marking the beginning of the recovery for the UK economy. However, a number of indicators remain weak, which could continue to negatively impact the Company's economic environment. Whilst domestic demand increased moderately during 2013, this was largely offset by a pronounced fall in exports, and the weakness of productivity suggests that the financial crisis may still be weighing on the current effective supply capacity of the economy as well as on demand. Given the UK's international exposure, particularly through its financial and services sectors, its near and medium term growth will also depend on the outlook of those international markets. The Eurozone is in the process of recovering and has recently shown more stability than over the last few years. However, it is not expected to fully recover from recession until 2014 at the earliest.

The Company has not pursued any new transactions so far in 2013 as a result of these uncertain economic conditions. However, these conditions may yet yield investment opportunities during the remainder of the year, particularly with regards to special and distressed situations, two areas of the Company's investment strategy. The Company continues to actively source deals and deal flows remain strong.

This year has so far proven encouraging for the portfolio, most notably the Company's two largest investments, Nexus Industries and Whittard of Chelsea. As of July 2013, Nexus is trading ahead of budget and is continuing to expand and increase margins, supported by its wholly-owned manufacturing facility based in China. For the remainder of 2013, Nexus is budgeting significant double-digit organic sales and EBITDA growth. Whittard of Chelsea continued to perform strongly in the six months to 31 July 2013 and is expecting to support the delivery of significantly improved margins by the end of 2013 via its premium positioning strategy, international and wholesale. Your Board are optimistic that economic indicators appear to be improving and that the Company's portfolio will continue to perform well.

On 11 June 2013, the Company exited its investment in Palatinate Schools Holdings Limited ("Palatinate") to Minerva Education Finance Limited, generating a total return to ESO Investments 1 LP ("ESO 1 LP") since September 2010 of 2.4x Money Multiple and a 43.3% IRR.

Your Board was pleased with the overwhelming shareholder support at the AGM to extend the life of the Company to December 2020, with 5 year extensions thereafter. The revised structure of the Company creates a framework for longevity, providing the opportunity to maximise value within the current portfolio and in new transactions. The Board believes that the increased duration of the Company is a significant step in maximising capital gain in the medium and long term for the benefit of shareholders.

The Board and the Investment Advisor are investigating the possibility of raising additional funds for the Company using senior debt, mezzanine or bond. Should the Company decide to raise funds by way of debt or debt-like instruments it would anticipate that those instruments and any existing Convertible Loan Notes in aggregate would be more than 3.0x covered by the Gross Assets of the Company. Any new funds raised would be used, *inter alia*, to retire existing Convertible Loan Notes in light of the December 2015 end date, buy-in minorities in the existing investments and support new investments.

The 31 July 2013 Net Asset Valuation of 109.15 pence per share represents an increase of 6.1 per cent on the Net Asset Value of per share of 102.92 pence as at 31 January 2013.

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 six months. I look forward to once again updating you on continued success over the remainder of the year.

Geoffrey Vero
Chairman
13 September 2013

Investment Advisor's Report

In the six month period since 31 January 2013, the Investment Advisor has focused on maintaining and creating value from within the existing portfolios held by the Company and the Fund. The Investment Advisor continues to undertake cost saving and revenue improvement measures in investee companies to increase the value of the current portfolio. These initiatives remain important given the challenging current economic climate. At the same time, the Investment Advisor has endeavoured to find new opportunities by way of platform or bolt-on investment opportunities. All new investments will be made via ESO Investments 2 LP, in which the Company is the sole investor.

The underlying portfolio has performed well since January 2013, with a number of companies finishing their half years to 31 July 2013 ahead of budget. Nexus finished the half year ahead of budget, despite a challenging retail environment, thanks in part to strong export and retail sales, as well as strong supply chain margins delivered by its 250,000 square foot factory in China. Whittard of Chelsea delivered a strong first half in 2013, with an increase in retail like-for-like sales compared to 2012 and strong gross margins showing a significant gain from last year. This reflects the continued success of the pricing strategy initiated in 2012 to cease discounting and drive the premium position of the brand. The business continues to show solid growth in web and UK wholesale activities, both at the sales and gross margin level compared to the previous year. Key performance drivers include channel growth in online and wholesale, gross margin improvements and continued investment in the product offering. Indicia performed below budget in the first six months of 2013, and its management has engaged a recovery plan focussing on delivering additional sales by fully converting its strong sales pipeline, as well as increasing profitability on existing customers. Indicia has recently had some transformational client wins including ITV, who have appointed Indicia as its lead agency on a three year contract. Bighead performed above budget both at sales and EBITDA level, underscored by a strong new business pipeline for the second half of 2013. Process Components, however, underperformed in the first half of 2013, offering lower than expected sales and EBITDA, predominantly driven by poor trading performance in the US. However the sales infrastructure has been restructured and there has already been an improvement in prospect levels and quotation conversion, setting an optimistic trend for this coming year.

On 11 June 2013, the Company disposed of its residual investment in Palatinate to Minerva Education Finance Limited. The disposal returned £6.9 million in total to ESO 1 LP at the exit date, £6.8 million as cash and £0.1 million as warranty retention, and a total of £11.4 million since the acquisition in September 2010 via income, repayment of loans in October 2012 and the disposal proceeds. The total return to ESO 1 LP since September 2010 equates to a 2.4x Money Multiple and 43.3% IRR. The disposal has a positive impact on the Fund and was completed at a 31.4% premium to Palatinate's prevailing holding value of £5.2 million, resulting in a NAV uplift of 3.79 pence per share between May and June 2013.

The Net Asset Value per share as at 31 July 2013 for the Company was 109.15 pence, calculated on the basis of 27.8 million ordinary shares. On the basis of this Net Asset Value, the outstanding £6.0m of Convertible Loan Notes ("CLNs") and £3.8m of Net Cash, Gross Asset Cover of the CLNs has moved to 6.1x and Cash Interest Cover to 19.6x. Liquidity in cash and facilities at ESO plc and ESO Investments 1 LP remains high at £10.6m. The Company continues to allocate capital prudently having returned to stakeholders a combined c.£7.0m of par value of CLNs and ordinary shares at a cost of £4.7m since September 2010.

The Company maintains a low third party debt position of 1.7x EBITDA across its portfolio, whilst arithmetic average Net Debt to EBITDA across the portfolio is 2.3x. The portfolio remains conservatively valued with a weighted average Enterprise Value to EBITDA multiple of 5.4x.

Investment highlights from the inception of the Company (16 September 2003) to date include: deployed £65 million of capital and returned over £53 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 July 2013, is valued at a gross 2.7x money multiple and 27% internal rate of return.

The UK's economic outlook is improving slowly. Consumer spending figures are showing some upward momentum, mainly due to a rise in real income, reflecting stronger employment growth and an easing in inflation expected later in the year. However, despite the improving economic environment, the recovery of the UK economy remains timid. UK exports and imports remain weak, and trading conditions in the retail sector, which concerns several portfolio investments of the Company, remain poor. Lending growth, particularly to businesses, has shown little upward momentum. Furthermore, any real boost in growth is tied to the full recovery of international markets including the Eurozone, which is not expected until the end of 2014. The Company therefore continues to focus on consolidation with a view to preserving value in its core investments.

Whilst current economic conditions remain challenging 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.

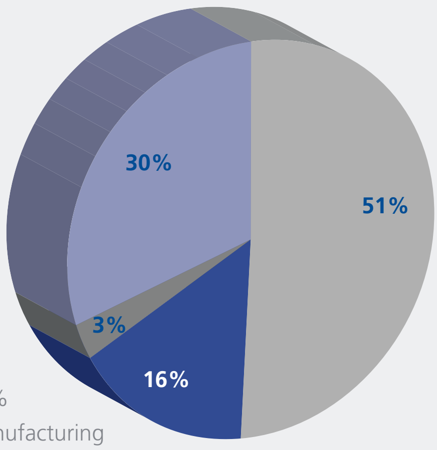
The Company will seek to invest between £2 million and £10 million in a range of debt and equity instruments with a view to generating returns through both yield and capital gain. Whilst in general the Company aims to take controlling equity positions, it may seek to develop companies as a minority investor. 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.

Investment Advisor's Report
(continued)

Portfolio Diversification

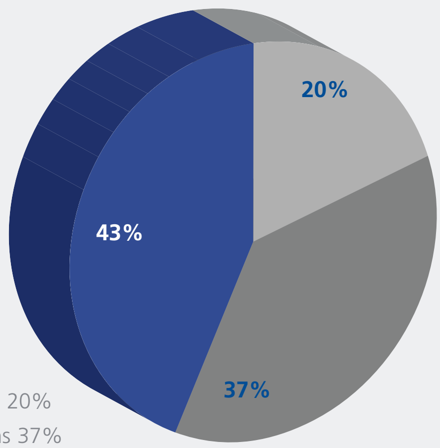
The Company's current portfolio, as at 31 July 2013, is diversified by sector and instrument as follows:

Sector Diversification



Business Services 16%
Healthcare 3%
Retail/FMCG 30%
Engineering, Manufacturing and Distribution 51%

Instrument Diversification



Mezzanine Loans 20%
Shareholder Loans 37%
Equity 43%

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. However, trading to the year ending June 2013 has been challenging, driven by poor trading in the US with new product lines taking longer to achieve recognition. Nevertheless, a programme of investment in new product development, sales and marketing is already driving 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 first half of 2013, 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 strategically suitable locations. 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.

Investment Advisor's Report
(continued)

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. The business has underperformed against budget in the first half of 2013, leading Indicia's senior management to implement a plan focussed on driving additional sales out of existing clients and accelerating the conversion of pipeline clients. This plan is expected to underpin the full year forecast and support future growth. Despite this weaker performance, Indicia's strategy of investing in its commercial team continues to generate a strong pipeline of potential new clients.

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. 2013 so far has seen strong trading at sales and EBITDA level. The new business pipeline is very strong, with significant new business potential in the automotive sector. 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 Company 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 applies the International Private Equity and Venture Capital Valuation Guidelines. The Company believes that there is unlikely to be any material effect on the valuation process as a result of this process. The Investment Advisor adopts a conservative approach to valuation with reference to the aforementioned methodology having regard for on-going volatile market conditions, particularly in the UK retail sector, and credit restraints.

Review report by KPMG Audit LLC
to EPE Special Opportunities plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 July 2013, which comprises the consolidated statement of comprehensive income, the consolidated statement of assets and liabilities, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

The annual financial statements of the Group are prepared in accordance with IFRSs, as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 31 July 2013 is not prepared, in all material respects, in accordance with IAS 34 and the AIM Rules.

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

13 September 2013

Consolidated Statement of Comprehensive Income

For the six months ended 31 July 2013

Note		1 Feb 2013 to 31 Jul 2013 Revenue (unaudited) £	Capital (unaudited) £	Total (unaudited) £	1 Feb 2012 to 31 Jul 2012 Total (unaudited) £	1 Feb 2012 to 31 Jan 2013 Total (audited) £
	Income					
	Rental income	–	–	–	11,979	(12,243)
	Interest income	1,680	–	1,680	681	3,157
	Total income	**1,680**	**–**	**1,680**	**12,660**	**(9,086)**
	Expenses					
5	Investment advisor's fees	(266,165)	–	(266,165)	–	(216,667)
	Administration fees	(34,150)	–	(34,150)	(21,596)	(54,133)
	Directors' fees	(62,000)	–	(62,000)	(53,918)	(126,500)
	Directors' and Officers' insurance	(2,062)	–	(2,062)	(2,000)	(7,412)
	Professional fees	(17,388)	–	(17,388)	(50,104)	(32,811)
	Board meeting and travel expenses	(6,207)	–	(6,207)	(3,976)	(6,490)
	Auditors' remuneration	(19,766)	–	(19,766)	(18,002)	(32,952)
	Bank charges	(349)	–	(349)	(252)	(960)
	Irrecoverable VAT	(97,382)	–	(97,382)	(39,639)	(100,863)
	Share based payment expense	(72,453)	–	(72,453)	–	(14,092)
	Sundry expenses	(14,817)	–	(14,817)	(11,171)	(11,256)
	Listing fees	(9,589)	–	(9,589)	(8,689)	(19,632)
	Nominated advisor and broker fees	(32,147)	–	(32,147)	(15,000)	(40,357)
	Total expenses	**(634,475)**	**–**	**(634,475)**	**(224,347)**	**(664,125)**
	Net income/(expense)	**(632,795)**	**–**	**(632,795)**	**(211,687)**	**(673,211)**
	Gains on investments					
6	Share of profit of equity accounted investees	–	2,375,921	2,375,921	201,558	4,013,103
	Deconsolidation of subsidiary	–	(9,003)	(9,003)	–	–
	Amounts due from equity accounted investees written off	–	–	–	(167,750)	(167,750)
	Revaluation of investment property	–	–	–	(7,840)	(27,840)
	Gain on buy-back of convertible loan notes	–	–	–	–	303,629
	Gain for the period/year on investments	**–**	**2,366,918**	**2,366,918**	**25,968**	**4,121,142**
	Finance charges					
11	Interest on mortgage loan	–	–	–	(13,395)	(16,869)
11	Interest on convertible loan note instruments	(241,222)	–	(241,222)	(265,294)	(504,819)
	Profit/(loss) for the period/year before taxation	**(874,017)**	**2,366,918**	**1,492,901**	**(464,408)**	**2,926,243**
	Taxation	–	–	–	–	–
	Profit/(loss) for the period/year	**(874,017)**	**2,366,918**	**1,492,901**	**(464,408)**	**2,926,243**
	Other comprehensive income	–	–	–	–	–
	Total comprehensive income/(loss) for the period/year	**(874,017)**	**2,366,918**	**1,492,901**	**(464,408)**	**2,926,243**
9	**Basic earnings/(loss) per ordinary share (pence)**	**(3.11)**	**8.42**	**5.31**	**(1.57)**	**9.95**
9	**Diluted earnings/(loss) per ordinary share (pence)**	**(3.11)**	**8.22**	**5.19**	**(1.57)**	**9.85**

The total column of this statement represents the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with IFRS. The supplementary revenue return and capital return columns are both prepared under Board approved guidelines in relation to the allocation between revenue and capital. All items in the above statement derive from continuing activities.

The notes on pages 14 to 18 form an integral part of these financial statements

Consolidated Statement of Assets and Liabilities

As at 31 July 2013

Note		31 July 2013 (unaudited) £	31 July 2012 (unaudited) £	31 January 2013 (audited) £
	Non-current assets			
6	Investment property	–	447,575	–
6	Investment in equity accounted investees	25,972,474	27,209,829	28,736,582
6,7	Loans to equity accounted investees and related companies	1,495,027	1,834,406	1,854,227
		27,467,501	**29,491,810**	**30,590,809**
	Current assets			
	Cash and cash equivalents	8,824,502	4,275,247	4,417,775
	Trade and other receivables	98,696	212,046	66,486
		8,923,198	**4,487,293**	**4,484,261**
	Current liabilities			
	Trade and other payables	(44,985)	(22,485)	(53,074)
		(44,985)	**(22,485)**	**(53,074)**
	Net current assets	**8,878,213**	**4,464,808**	**4,431,187**
	Non-current liabilities			
11	Convertible loan note instruments	(5,991,256)	(7,322,889)	(5,977,377)
11	Bank loan	–	(447,575)	–
		(5,991,256)	**(7,770,464)**	**(5,977,377)**
	Net assets	**30,354,458**	**26,186,154**	**29,044,619**
	Equity			
8	Share capital	1,540,146	1,540,146	1,540,146
	Share premium	1,815,385	1,815,385	1,815,385
	Capital reserve	(1,898,974)	(8,361,066)	(4,265,892)
	Revenue reserve	28,897,901	31,187,252	29,950,543
	Capital redemption reserve	–	4,437	4,437
	Total equity	**30,354,458**	**26,186,154**	**29,044,619**
10	**Net asset value per share (pence)**	**109.15**	**89.20**	**102.92**

The notes on pages 14 to 18 form an integral part of these financial statements

Consolidated Statement of Changes in Equity

For the six months ended 31 July 2013

	Six months ended 31 July 2013 (Unaudited)					
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Revenue reserve	Total
	£	£	£	£	£	£
Balance at 1 February 2013	**1,540,146**	**1,815,385**	**4,437**	**(4,265,892)**	**29,950,543**	**29,044,619**
Total comprehensive income for the period	–	–	–	2,366,918	(874,017)	1,492,901
Contributions by and distributions to owners						
Share based payment charge	–	–	–	–	47,453	47,453
Cash received from JSOP participants	–	–	–	–	17,599	17,599
Purchase of treasury shares	–	–	–	–	(248,114)	(248,114)
Removal of capital redemption reserve	–	–	(4,437)	–	4,437	–
Total transactions with owners	**–**	**–**	**(4,437)**	**–**	**(178,625)**	**(183,062)**
Balance at 31 July 2013	**1,540,146**	**1,815,385**	**–**	**(1,898,974)**	**28,897,901**	**30,354,458**

	Six months ended 31 July 2012 (Unaudited)					
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Revenue reserve	Total
	£	£	£	£	£	£
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 period	–	–	–	25,968	(490,376)	(464,408)
Contributions by and distributions to owners						
Purchase of treasury shares	–	–	–	–	(509,692)	(509,692)
Total transactions with owners	**–**	**–**	**–**	**–**	**(509,692)**	**(509,692)**
Balance at 31 July 2012	**1,540,146**	**1,815,385**	**4,437**	**(8,361,066)**	**31,187,252**	**26,186,154**

	Year ended 31 January 2013 (Audited)					
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Revenue reserve	Total
	£	£	£	£	£	£
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						
Share based payment charge	–	–	–	–	14,092	14,092
Cash received from JSOP participants	–	–	–	–	17,671	17,671
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**

The notes on pages 14 to 18 form an integral part of these financial statements

Consolidated Statement of Cash Flows

For the six months ended 31 July 2013

	1 Feb 2013 to 31 July 2013 (unaudited) £	1 Feb 2012 to 31 July 2012 (unaudited) £	1 Feb 2012 to 31 Jan 2013 (audited) £
Operating activities			
Rental income received	–	–	33,750
Interest income received	1,680	681	3,157
Expenses paid	(643,389)	(271,712)	(732,225)
Net cash used in operating activities	**(641,709)**	**(271,031)**	**(695,318)**
Investing activities			
Loan repayments from investee companies	80,000	–	117,273
Net receipts from associate and related companies	5,433,000	1,512,904	3,681,921
Deconsolidation of ERPC II Limited	(6,706)	–	–
Net cash generated from investing activities	**5,506,294**	**1,512,904**	**3,799,194**
Financing activities			
Mortgage loan interest paid	–	(13,395)	(24,709)
Part payment of mortgage loan	–	(7,840)	–
Convertible loan note interest paid	(227,343)	(375,000)	(505,067)
Convertible loan note repurchases	–	(1,955,246)	(2,994,902)
Purchase of treasury shares	(248,114)	(509,692)	(1,073,641)
Share ownership scheme participation	17,599	–	17,671
Net cash used in financing activities	**(457,858)**	**(2,861,173)**	**(4,580,648)**
Increase/(decrease) in cash and cash equivalents	4,406,727	(1,619,300)	(1,476,772)
Cash and cash equivalents at start of period/year	4,417,775	5,894,547	5,894,547
Cash and cash equivalents at end of period/year	**8,824,502**	**4,275,247**	**4,417,775**

The notes on pages 14 to 18 form an integral part of these financial statements

Notes to the Unaudited Interim Financial Statements

For the six months ended 31 July 2013

1 The Company

The Company was incorporated with limited liability in the Isle of Man on 25 July 2003. The Company then re-registered under the Isle of Man Companies Act 2006, with registration number 008597V. The Company's ordinary shares are listed on the Alternative Investment Market ("AIM") and the ICAP Securities and Derivatives Exchange ("ICAP").

The interim consolidated financial statements as at and for the six months ended 31 July 2013 comprise the Company and its subsidiaries (together "the Group"). The interim consolidated financial statements are unaudited.

The consolidated financial statements of the Group as at and for the year ended 31 January 2013 are available upon request from the Company's registered office at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP, or at www.epicpe.com.

The Company has two wholly owned subsidiary companies. EPIC Reconstruction Property Company (IOM) Limited, a company incorporated on 29 October 2005 in the Isle of Man and Corvina Limited, a company incorporated on 16 November 2012 in the Isle of Man. The Group lost control of EPIC Reconstruction Property Company II Limited and as from 1 February 2013 was deconsolidated from the Group accounts.

The Company also has interests in two partnerships that are accounted for as associates. The partnerships comprise one limited liability partnership, ESO Investments (PC) LLP, and one limited partnership, ESO Investments 1 LP. The Company also has an interest in a third partnership, ESO Investments 2 LP, through which new investments will be made. As at 31 July 2013, ESO Investments 2 LP had made no investments.

Following the approval of the Share Matching Plan at the Annual General Meeting on 20 July 2012, the Company has established an employee benefit trust located in the Isle of Man to administer the scheme.

2 Statement of compliance

These interim consolidated and company financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 January 2013.

The interim consolidated financial statements were approved by the Board of Directors on 16 September 2013.

3 Significant accounting policies

The accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group as at and for the year ended 31 January 2013, except as described below.

The following changes are also expected to be reflected in the Group's consolidated financial statements as at and for the year ended 31 January 2014.

The Group has adopted the following new standard with a date of initial application of 1 February 2013.

- IFRS 13: Fair Value Measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by IFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants at the measurement date. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively in valuation of unquoted investments held by the partnerships. The change has no significant impact on the measurements of the Group's assets and liabilities.

The Company holds interests in ESO Investments 1 LP, ESO Investments 2 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, ESO Investments 2 LP and ESO Investments (PC) LLP but does not have the ability to direct the activities of ESO Investments 1 LP, ESO Investments 2 LP and ESO Investments (PC) LLP. The Directors consider that ESO Investments 1 LP, ESO Investments 2 LP and ESO Investments (PC) LLP do not meet the definition of subsidiaries. These entities are instead treated as associates.

4 Financial risk management

The Group financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 January 2013.

5 Investment advisory fees

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. 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 period was £266,165 (period ended 31 July 2012: £nil, year ended 31 January 2013: £216,667).

6 Non-current assets

	31 July 2013	31 July 2012	31 January 2013
	Group	**Group**	**Group**
	£	£	£
Investment property	–	447,575	–
Financial assets			
Investments in equity accounted investee/associate	25,972,474	27,209,829	28,736,582
Loans to equity accounted investees and related companies	1,495,027	1,834,406	1,854,227
	27,467,501	**29,491,810**	**30,590,809**

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*. Underlying investments in the equity accounted investees are valued using these principles.

Investment in equity accounted associates

Investments in equity accounted associates 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 profit and loss to date. The equity accounted associates have accounted for their equity investments at fair value.

During the period, the Company received £5,140,000 (year ended 31 January 2013: £3,681,921) from ESO Investments 1 LP.

6 Non-current assets (continued)

Summary of financial information of equity accounted investees as at 31 July 2013 is as follows:

	31 July 2013			31 January 2013		
	ESO Investments (PC) LLP	ESO Investments 1 LP	Total	ESO Investments (PC) LLP	ESO Investments 1 LP	Total
	£	£	£	£	£	£
Non-current assets	4,500,000	37,203,734	41,703,734	4,500,000	38,058,325	42,558,325
Current assets	100	2,676,905	2,677,005	100	5,053,476	5,053,576
Total assets	**4,500,100**	**39,880,639**	**44,380,739**	**4,500,100**	**43,111,801**	**47,611,901**
Current liabilities	(482,972)	(2,381,432)	(2,864,404)	(550,972)	(1,313,485)	(1,864,457)
Total liabilities	**(482,972)**	**(2,381,432)**	**(2,864,404)**	**(550,972)**	**(1,313,485)**	**(1,864,457)**
Group's share of net assets	**3,257,320**	**22,715,154**	**25,972,474**	**3,197,202**	**25,539,380**	**28,736,582**
Income	80,000	1,151,963	1,231,963	26,149	2,330,911	2,357,060
Gains on investments	–	3,065,211	3,065,211	55,144	5,160,596	5,215,740
Expenses	(12,000)	(107,554)	(119,554)	(11,258)	(240,238)	(251,496)
Profit	**68,000**	**4,109,620**	**4,177,620**	**70,035**	**7,251,269**	**7,321,304**
Group's share of profit	**60,118**	**2,315,803**	**2,375,921**	**67,312**	**3,945,791**	**4,013,103**

Key terms of the ESO Investments 1 LP Partnership Agreement

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.

7 Loans to equity accounted investees and related companies

	31 July 2013 Group £	31 July 2012 Group £	31 January 2013 Group £
ESO Investments 1 LP	512,055	793,192	549,172
EPIC Structured Finance Limited	500,000	500,000	805,055
ESO Investments (PC) LLP	482,972	541,214	500,000
	1,495,027	**1,834,406**	**1,854,227**

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

8 Share capital

	31 July 2013		31 July 2012		31 January 2013	
	Number	£	**Number**	£	**Number**	£
Authorised share capital						
Ordinary shares of 5p each	33,000,000	1,650,000	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	30,802,911	1,540,146
Ordinary shares of 5p each held in treasury	(2,992,719)	–	(1,446,142)	–	(2,583,551)	–
	27,810,192	**1,540,146**	**29,356,769**	**1,540,146**	**28,219,360**	**1,540,146**

9 Basic and diluted earnings per ordinary share

The basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of shares outstanding during the period of 28,119,630 (six month period ended 31 July 2012: 29,581,304 after share consolidation, year ended 31 January 2013: 29,403,897).

The diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of shares outstanding during the period, as adjusted for the effects of all dilutive potential ordinary shares of 28,778,809 (six month period ended 31 July 2012: 29,581,304 after share consolidation, year ended 31 January 2013: 29,704,938).

10 Net asset value per share (pence)

The net asset value per share is based on the net assets at the period end of £30,354,458 divided by 27,810,192 ordinary shares in issue at the end of the period (31 July 2012: £26,186,154 and 29,356,769 ordinary shares, 31 January 2013: £29,044,619 and 28,219,360 ordinary shares).

The diluted net asset value per share of 106.62 pence, is based on the net assets of the Group and the Company at the year-end of £30,354,458 divided by the shares in issue at the end of the year, as adjusted for the effects of dilutive potential ordinary shares, of 28,469,371, after excluding treasury shares (31 July 2012: £26,186,154 and 29,356,769 ordinary shares, 31 January 2013: £29,044,619 and 28,520,401 ordinary shares).

Notes to the Unaudited Interim Financial Statements

(continued) For the six months ended 31 July 2013

11 Non-current liabilities

	31 July 2013 Group £	31 July 2012 Group £	31 January 2013 Group £
Convertible loan note instruments	5,991,256	7,322,889	5,977,377
Mortgage loan	–	447,575	–
	5,991,256	**7,770,464**	**5,977,377**

Convertible loan note instruments were issued on 31 August 2010 to The Equity Partnership Investment Company plc. 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. The Directors are required to assess the element of liability contained with the compound instrument. The Directors consider that the instrument has no equity element.

Issue costs of £129,696 have been 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.

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 their notes on 31 December 2015 by providing the Company with written notice up to the close of business on 30 November 2015.

12 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. To date no draw downs have been made.

The Company historically provided certain guarantees to Lloyds TSB Bank plc ("Lloyds") on the facilities that Lloyds provided to Past Times Trading Limited. In July of this year the administrators received the final balance of funds retained by Lloyds together with a confirmation that all such guarantees provided by the Company to Lloyds had been released. The administration is in its final stages and surplus funds received by the administrators from the administration process to date have been paid across to the Company.

13 Subsequent events

There were no significant subsequent events.

Company Information

Directors	GO Vero *(Chairman)* RBM Quayle CL Spears NV 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 Churchill 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

EPE Special Opportunities plc
Registered in the Isle of Man number 008597V. EPE Special Opportunities plc is listed on the Alternative Investment Market and the ICAP Securities and Derivatives Exchange and is advised by EPIC Private Equity LLP.