



HALF-YEARLY REPORT
for the six months ended 31 August 2013

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Financial Highlights

Period ended	31 August 2013	28 February 2013	31 August 2012
Net assets £'000:			
C Share	2,922	2,888	9,819
D Share	13,613	13,234	13,490
E Share	6,791	6,257	6,728
F Share	23,809	22,811	23,475
G Share	20,309	19,994	20,872
H Share	6,231	2,081	1,991
I Share	14,826	14,362	11,231
Net asset value per Share, p:			
C Share	31.30	30.74	74.68
D Share	71.00	69.02	70.36
E Share	69.28	63.82	68.64
F Share	81.04	77.64	79.89
G Share	84.42	83.12	86.68
H Share	89.98	92.95	92.17
I Share	94.03	91.09	92.26
Dividends per Share already paid in respect of the current financial year, p:			
C Share	-	40.00	-
D Share	-	-	-
E Share	-	-	-
F Share	-	-	-
G Share	-	-	-
H Share	3.50	-	-
I Share	-	-	-
Net asset value total return per Share, p:			
C Share	99.30	98.74	102.68
D Share	99.00	97.02	98.36
E Share	90.28	84.82	89.64
F Share	95.04	91.64	93.89
G Share	91.42	90.12	93.68
H Share	93.48	92.95	92.17
I Share	94.03	91.09	92.26

1 A 3.5p dividend was paid on 19 April 2013; consequently, the net asset value total return of any H Shares issued after that date is 89.98p.

Financial Highlights

Period ended	31 August 2013	28 February 2013	31 August 2012
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Share price at end of period, p:

C Share	27.50	31.50	66.50
D Share	59.00	70.00	77.00
E Share	63.50	69.00	77.00
F Share	77.50	80.00	86.00
G Share	83.00	86.00	93.00
H Share	88.00	100.00	100.00
I Share	91.50	100.00	100.00

Dividends per Share declared in respect of the current financial year but not yet paid, p:

C Share	-	-	-
D Share	-	7.00	-
E Share	-	7.00	-
F Share	-	7.00	-
G Share	-	7.00	-
H Share	3.50	-	-
I Share	-	-	-

Chairman's Statement

The highlights for the Company for the six months ended on 31 August 2013 included the following:

- The Company made VCT-qualifying investments amounting to £1.8 million in total, in three companies, all of them existing portfolio companies.
- A number of the companies in the Company's portfolio have returned positive results, with some of them starting to achieve growth, and with others taking significant steps towards achieving growth in the coming year.
- There has been positive growth over the period in every one of the Company's Share Funds.
- The Company has now commenced the process of looking to realise the majority of its investments in the D Share fund, with the aim of distributing the net proceeds of those realisations to D shareholders later this year.
- The Company paid the H shareholders a maiden dividend of 3.5p per H Share in April 2013, and has now declared a further dividend of 3.5p per H Share, to be paid on 2 May 2014.
- At the Company's annual general meeting in August, the shareholders approved payment of dividends of 7p per E Share, 7p per F Share, 7p per G Share and 7p per I Share, to be paid on 15 November 2013.
- The Company's second offer for subscription for its 'evergreen' H Share class closed, as a result of which applications for a total of 7 million H Shares have now been received by the Company.
- The Company undertook the preparatory work for its third offer of subscription for H Shares, with that offer due to be launched in November 2013.

New Investments

During the period, the Company invested a total of £1.8 million in VCT-qualifying investments. This brought the total amount invested in VCT-qualifying investments in the last 24 months to £45 million, in 32 companies. Details of these new investments can be found in the Investment Manager's review on pages 7 to 15.

Portfolio

The Company's VCT-qualifying portfolio spans a number of areas of the creative industries sector, including live entertainment, social media and social commerce, mobile application development, children's characters, book publishing, television production and digital marketing.

Overall, the creative industries sector has performed well, with industry analysts anticipating continued growth.

Within the Company's portfolio, that growth has already started to be seen in companies such as North Promotions and Working Partners. With other companies, such as MirriAd, the foundation stones have now been laid for growth in the coming year.

Intent HQ Limited (previously Global Dawn Limited) remains the Company's single largest investment. During the period, Intent HQ attracted investment from several other investors, and offers of investment from others which are currently proceeding towards completion. The company has not yet fully closed its fundraising round, but plans to do so within the next four to six weeks. That investment should provide Intent HQ with sufficient working capital to complete the roll-out of its technology.

More information on the portfolio is provided in the Investment Manager's review.

Performance

The net asset value total return as at 31 August 2013 (i.e. the net asset value as at 31 August 2013 plus dividends paid to that date) of each Share Fund has shown positive growth during the period:

Share Class	NAV Total Return as at 28 February 2013 (p)	NAV Total Return as at 31 August 2013 (p)	Change over Period (%)
C	98.74	99.30	0.56%
D	97.02	99.00	2.04%
E	84.82	90.28	6.44%
F	91.64	95.04	3.71%
G	90.12	91.42	1.44%
H	92.95	93.48	0.57%
I	91.09	94.03	3.23%

Realisation of D Share Fund Investments

With the D Share Fund having passed the end of the five year minimum holding period required under VCT rules, the Company is now embarking on realising those of the VCT-qualifying investments in the D Share portfolio which the Investment Manager feels are appropriate to be realised at this stage. The Company intends to pay out, later in 2013, the net proceeds of those realisations to D shareholders, and the Board expects this to result in a distribution to D shareholders of at least 30p per D Share; taken with the dividends of 28p per D Share already paid, a further distribution of 30p would mean that D shareholders will have recovered, cumulatively, 83% of their net cost of investment.

Following those realisations and distribution, the remaining D Share portfolio will be worth (based on the valuation as at 31 August 2013) some 41p per D Share, but with – in the Investment Manager's opinion – scope for growth in the value before those final investments are realised.

Dividends

With the declaration of further annual dividends to the E, F and G shareholders and of the maiden dividend to I shareholders, and the payment of the maiden dividend to H shareholders, the Company continues to demonstrate its ongoing commitment to distributing an annual income stream to shareholders.

In each of the C, D, E, F, G and I Share classes, the dividends paid or declared to date have represented a regular, annual, tax-free income which equates to an annual yield of 10% of an investor's net cost of investment.

In the case of the H Share class, the dividends paid or declared to date represent an annual yield of at least 5% of the investor's net cost of investment.

These payments bring the total dividends paid or declared since the Company began in 2006 to £32 million.

Share Class	Dividends paid or declared to date							Total
	2007	2008	2009	(p) 2010	2011	2012	2013	
Ordinary	6.0	7.0	72.0					85.0
C		7.0	7.0	7.0	7.0	40.0		68.0
D			7.0	7.0	7.0	7.0		28.0
E				7.0	7.0	7.0	7.0	28.0
F					7.0	7.0	7.0	21.0
G						7.0	7.0	14.0
H							3.5	3.5
I							7.0	7.0

Fundraising

The Company's second offer for subscription for its 'evergreen' H Shares opened in February 2013, and closed in June 2013; that offer, by the time it closed, resulted in a total of 7 million H Shares having been being issued.

The Board has decided that it would best serve the interest of the shareholders by launching a third offer for subscription for H Shares, with the target of achieving further scale. That third offer will open in November 2013.

Outlook

Despite the relative buoyancy of the creative industries sector, sources of growth capital for businesses in it are still scarce; this stems partly from the continuing difficulty in obtaining bank finance, and partly from a degree of wariness from potential investors who are not familiar with the sector. This means that a sector specialist investor such as Edge Performance is able to capitalise on a wide range of interesting investment opportunities. The Board and the Investment Manager consequently believe that the proceeds of the forthcoming offer for subscription for H Shares will be invested, within a reasonable time, in suitable businesses which meet the Company's investment criteria and strategy.

In relation to the Company's existing portfolio, the Board and the Investment Manager regard these as exciting times, with a number of the investee companies poised to deliver growth in investment value.

As ever, I would like to take this opportunity to thank you for your continued support.

Sir Robin Miller
Chairman

31 October 2013

Investment Manager's Review

Overall Strategy - Safeguarding your capital; working hard for your profit

The Company currently has seven separate investment pools under management – the C Share, D Share, E Share, F Share, G Share, H Share and I Share Funds.

C, D, E, F, G & I Share Funds

In relation to the Company's planned exit classes of Share (i.e. all classes, save for the H Share), the Investment Manager employs a "blended" investment strategy, under which each Share class's VCT-qualifying portfolio entails a mix of:

- investments in businesses with a high level of underpinning of the amount invested by the Company; and
- other investments in businesses which have the potential for much more significant growth.

With this strategy, the Investment Manager's looks to:

- facilitate the return to shareholders of as much of their net cost of investment as possible by shortly after the end of the five year minimum holding period under VCT rules; and
- work closely with the remaining companies in the portfolio, with the aim of delivering positive returns for shareholders.

H Share Fund

In relation to the H Share Fund, the Company is seeking to achieve growth, an annual yield for shareholders, risk reduction and liquidity. The Company will invest at least 70% of the H Share Fund in VCT-qualifying investments which the Company believes are capable of generating an appropriate level of growth or return, using risk reduction strategies wherever available. The intention is that the majority of any gain made from realisation of VCT-qualifying investments will be distributed to H shareholders, to maintain and improve the H shareholders' yield, and with the remaining proceeds of realisation being reinvested in further VCT-qualifying investments, in order to drive compound growth for the H shareholders. The Company is targeting building to a consistent tax-free annual dividend yield for H shareholders.

Initial Non-qualifying Investments

Each of the Share Funds is initially invested in a range of fixed income securities, cash and cash equivalent assets, offering a high degree of capital preservation. Up to 30% of each Share Fund will remain in such investments, while the balance will subsequently be realised to fund investments in portfolio businesses.

Co-investment by Share Funds

In instances where more than one of the Company's Share Funds invests in a given portfolio business, the Company will, where practicable and appropriate, arrange or rearrange the structure of the investment, so that each of the participating Share Funds holds, proportionately to the amount invested by it, the same investment instruments. This approach is intended to ensure that, where the value of a portfolio business changes, that change is reflected to the same extent across all of the participating Share Funds.

New VCT-qualifying Investments During the Period

During the six months ended 31 August 2013, the Company made VCT-qualifying investments totalling £1.33 million in three companies, all of them existing investee companies in the Company's portfolio, as follows:

North Promotions Limited:	£531,843
Intent HQ Limited:	£425,000
WP Acquisitions Limited:	£371,863

Further details of these investments are provided below.

As at 31 August 2013, the Company's VCT-qualifying portfolio was valued at £64.98 million in aggregate.

Non VCT-qualifying Investments

Non-treasury Investments

During the period, the Company also made non-qualifying investments, by way of short-term loans, of £150,000 to North Promotions Limited and £500,000 to WP Acquisitions Limited, to fund short-term working capital requirements.

As at 31 August 2013, the Company's non-qualifying investments in its portfolio investee companies were valued at £8.18 million in aggregate. It is the Company's intention to replace the majority, by value, of these non-qualifying investments with VCT-qualifying investments in the same portfolio companies, over the course of the next 12 months.

Treasury Investments

Up to 30% of each Share Fund will remain in a range of fixed income securities, cash and cash equivalent assets, with the aim of providing a high degree of capital preservation. Sums raised through Share offers are invested in such assets pending investment in portfolio businesses.

The non-qualifying portfolio is managed in conjunction with UBS and JP Morgan.

The portfolio of non-qualifying investments has provided an average overall annualised return in the period of 0.9%. The portfolio managers continue to adopt a cautious investment approach, looking to preserve capital while maintaining potential for income.

At 31 August 2013, the total value of such non-qualifying treasury investments was £13.14 million.

Portfolio Valuation

Valuation Policy

The Company's policy is that all investments are valued at cost for the first twelve months from the date of investment except where the investee company's performance against plan differs significantly from the expectations on which the investment was made, in which case an adjustment to the valuation is made as appropriate. For investments which are more than twelve months old, an appropriate basis of valuation will be used, in line with the IPEVC (International Private Equity and Venture Capital) Guidelines.

Diversification Guidelines

The Company and the Investment Manager apply internal diversification guidelines, under which the cost of investment in any single business by a Share Fund will not ordinarily exceed 15% of the net proceeds of offers for subscription for Shares in that particular class. However, distributions to shareholders and movements in portfolio valuations can give rise to the potential for the value of a given investment subsequently to exceed 15% of the relevant Share Fund's assets.

An overview of six of the Company's largest investments is provided below.

Intent HQ Limited (formerly Global Dawn Limited)

Cost of investment:	£14,481,375
Valuation of investment:	£18,292,249
Basis of valuation:	Third party/cost

Intent HQ creates technology which enables businesses to use social media to target customers. This innovative technology allows Intent's clients, such as media owners and retailers, fully to exploit a live, highly detailed user profile to transform the relationship they have with their customers. Its technology creates more purchases, fosters greater loyalty and wins new customers for its clients by using social data to provide a real-time interest fingerprint for each user and match that with what its clients offer.

During the period under review, the Company invested a further £425,000 in Intent HQ for secured loan notes; this investment was part of a larger fundraising round conducted by Intent HQ, described below. This investment brings the total amount invested by the Company in Intent HQ to £14.5 million, with that total investment valued at £18.3 million as at 31 August 2013.

Intent HQ represents the Company's largest investment, in which all of the Company's Share Funds, save the H Share Fund, participate to some extent. The Investment Manager recognises that this is a substantial commitment to a single business, but regards this investment - made entirely from the pool allocated by the Company for higher return (and consequently higher risk) investments - as one which has potential for significant returns, given the fast-growing nature of the sector in which Intent HQ operates.

All amounts invested by the Company in Intent HQ have been within the limits provided for in the Company's internal diversification guidelines. As outlined above, subsequent distributions to shareholders and portfolio valuation movements have resulted in the investment in Intent HQ representing approximately 20.67% of the Company's net assets as at 31 August 2013.

As at 31 August 2013, the Company held 44.36% of the issued ordinary share capital of Intent HQ, but has the benefit of a substantial proportion of the priority value in Intent HQ, through its holdings of preference shares and loan stock.

Over the course of the period, Intent HQ continued to progress its fundraising round, seeking total new investment of up to £8.6 million. As at 31 August 2013, Intent HQ had received investment of, or commitment to invest, £6.2 million of that overall target, plus further offers of investment which, if concluded, would bring the total raised in the round to beyond £8.6 million. Intent HQ is working towards the completion of that further investment within the coming few months. If the fundraising round is successfully completed, Intent HQ expects that it will not require any further investment in order to reach profitability. Conversely, if the balance of the fundraising round is not successfully completed, it would delay growth of Intent HQ's sales and necessitate a significant reduction in its running costs.

In common with the other investors in Intent HQ, the Investment Manager believes that the company has the capability of generating significant returns. This view must, however, be tempered with the risks associated with any venture capital investment of this nature.

Social networks such as Facebook and Twitter are daily destinations for millions of consumers. Increasingly, they offer the opportunity for brands to target consumers according to specific demographics, social connections, interests, and habits. As brands look across a fractured media landscape, where few digital properties offer any scale, social networks offer them an interesting proposition. Recent research suggests that, in the USA alone, advertising expenditure through the use of social media will jump to US \$11 billion by 2017, driven in particular by continuing increases in the use of mobile devices such as phones and tablets. As such, the Investment Manager believes that Intent HQ's technology has the potential to satisfy an increasingly important demand from brands in their efforts to utilise the internet for more effective reach.

Intent HQ has recently expanded its sales function, and has already garnered a very encouraging pipeline of established and high-profile businesses as potential customers. The focus of the business over the coming year, aside from concluding its fundraising round, will therefore be to consolidate and expand that pipeline.

The Company's valuation of its investment in Intent HQ as at 31 August 2013 is based on the assumption that the funding round will achieve a total of at least £7.6 million.

North Promotions Limited

Cost of investment:	£8,850,775
Valuation of investment:	£12,351,406
Basis of valuation:	Earnings multiple

In December 2011, North Promotions made a successful takeover offer to acquire the entire issued share capital of Coolabi plc ("Coolabi").

The business of the North Promotions group of companies (i.e. now including Coolabi) is that of creation, development and creative management of intellectual property assets, particularly in the field of character merchandising. Its principal characters include *Poppy Cat*, *Purple Ronnie*, *Bagpuss*, *The Clangers* and *Ivor the Engine*. The company has recently commenced production of the second television series of *Poppy Cat* (52 episodes), and, notably, of a brand new series of *The Clangers* (also 52 episodes). Agreements have been concluded with international television broadcasters and distributors, which will see these two new series being broadcast in numerous countries from 2014 onwards. Further productions are scheduled to commence over the next 12 months. The Investment Manager views these new productions as the cornerstone for future significant growth in the business.

North Promotions is also pursuing a renewed online strategy which is intended to extend the presence of its characters through an increasing number of online, mobile and other digital channels.

In the period under review, North Promotions repaid existing, non-qualifying, loans of approximately £520,000. The Company reinvested the proceeds of those repaid loans, including accrued interest, in North Promotions on a VCT-qualifying basis.

To date, the Company has invested a total of £8.24 million as VCT-qualifying investment in North Promotions, with the investment structured in part for ordinary shares, in part for preference shares and in part for secured loan stock. All of the Company's Share Funds have made VCT-qualifying investments in North Promotions. Additionally, the Company has invested £616,000 in North Promotions on a non-qualifying basis, principally by way of short-term loans.

As at 31 August 2013, the Company holds 50% of the issued ordinary share capital of North Promotions. Additionally, £5.4 million of the Company's investment is represented by secured loan stock and by preference shares in North Promotions; these holdings entitle the Company to a priority return on its investment before any return is made by holders of the ordinary share capital of North Promotions.

The fact that *Poppy Cat 2* and *The Clangers* are now in production gives rise to clear visibility of the significant – and committed – revenues which North Promotions will receive in 2014 and beyond. Consequently, the Company has valued its holding in North Promotions as at 31 August 2013 based on a multiple of North Promotions' projected earnings in 2014. This multiple is derived from relevant market data, but has been discounted by some 65% in order to reflect the size of North Promotions (i.e. relative to the size of those companies contributing to the market data), and also in order to reflect the fact that the forecast revenues for 2014 from productions other than *Poppy Cat 2* and *The Clangers* are not currently contractually committed. This has led to the valuation as at 31 August 2013 of the Company's holding in North Promotions at some 40% above the cost of investment.

WP Acquisitions Limited

Cost of investment:	£3,531,864
Valuation of investment:	£4,361,196
Basis of valuation:	EBITDA multiple

In July 2012, the Company invested a total of £2.66 million in WP Acquisitions ("WP"). WP then acquired 92.5% of the issued share capital of the Working Partners group, with an option to acquire the remaining 7.5%. In April 2013, the Company invested a further £371,863 in WP, and WP in turn acquired an additional 2.5% of Working Partners; the Company currently anticipates that the remaining 5% of Working Partners will be acquired during 2014.

In June 2013, the Company made a further non-qualifying investment in WP, by way of a secured short-term loan of £500,000, which the Company currently anticipates will be repaid within the next 6 to 9 months.

Working Partners creates and exploits children's intellectual property, with a focus on book series for children aged between five and fourteen, which it sells to publishers in the UK, the USA and more than thirty other territories around the world. To date, Working Partners has created 80 book series, comprising more than 1,000 titles, sold into more than 30 languages. Ten book series have sold more than one million copies each. Successful titles include *Seekers*, *Warriors* (the most recent issue of which entered the New York Times best sellers list at number 2), *Dinosaur Cove* and *Animal Ark*. Working Partners expects to launch at least ten new series in 2013 and additional series thereafter. Working Partners also has a rights agency, *Rights People*, representing the interests of intellectual property rights owners, and which has become the largest rights agency in the UK for children's literature. Also part of the Working Partners group is *Greenhouse*, a small literary agency subsidiary which represents authors.

The Company's VCT-qualifying investment in WP was made in part for secured loan notes and in part for ordinary shares in WP, resulting in the Company holding 50% of the issued share capital of WP.

As at 31 August 2013, the Company has revalued its investment from the cost of £3.53 million, to £4.36 million. This valuation is based on an appropriate market multiple (which the Company has discounted by 30% in order to reflect the size of WP relative to the market median) applied to WP's earnings before interest, taxation, depreciation and amortisation ('EBITDA') for the full year ended 31 December 2012. The consequent increase of nearly 24% in the valuation is principally driven by the strengthening of the market in this sector over the last 18 months, and supported by WP's financial performance over that period.

Beast Quest Acquisitions Limited

Cost of investment:	£2,400,000
Valuation of investment:	£2,963,556
Basis of valuation:	EBITDA multiple

In July 2012, the Company invested a total of £2.4 million in Beast Quest Acquisitions Limited, a newly-formed company, which utilised the investment to acquire 100% of the issued share capital of Beast Quest Limited.

Beast Quest creates children's intellectual property for sale to publishers under the Beast Quest and new Sea Quest brands. The Beast Quest series of books now runs to 60 titles in print in over 30 countries around the world, has been translated into 27 languages and has sold 11 million copies. Beast Quest has also developed games and a virtual online world to earn additional revenue and to support the book brand. Beast Quest intends to launch 18 new Beast Quest titles in the next few years; moreover, books in the new Sea Quest range are to be published over a period from March 2013 onwards. Beast Quest has also has an option agreement with Working Title/Universal Pictures to produce a Beast Quest feature film.

The Company's investment in Beast Quest was made partly for ordinary shares (with the Company's holding amounting to 50% of the issued share capital of Beast Quest) and partly for secured loan stock. The Company holds no non-qualifying investment in Beast Quest.

As at 31 August 2013, the Company has revalued its investment from the cost of £2.4 million, to £2.96 million. Again, this valuation is based on an appropriate – and significantly discounted - market multiple applied to Beast Quest's EBITDA in 2012.

MirriAd Limited

Cost of investment:	£2,000,000
Valuation of investment:	£2,000,000
Basis of valuation:	Third party

The Company invested £2 million in MirriAd, for ordinary shares. As at 31 August 2013, the Company held 10.9% of the issued share capital of MirriAd.

MirriAd's business generates new revenue opportunities for content owners, broadcasters and other content delivery platforms, and new marketing opportunities for brands. MirriAd is an innovative technology company targeting the US \$15 billion market for the placement of brands and advertising into television and other video content. MirriAd's unique proposition is a patented system to insert these marketing messages digitally at the point of transmission rather than at the point of production. This means that older content can be given a new commercial lease of life and brand placement can be targeted by territory and by channel in a way which would simply be uneconomic if it were done physically during the production of the programming.

In early 2013, MirriAd successfully closed a fundraising round of £3.8 million; the Investment Manager was instrumental in securing a strategic investment of £3 million of that round by Asia Today Limited, part of the Zee media group, the largest producer and broadcaster of programming in the Asia region. MirriAd is now working with Zee to roll out its platform across Zee's extensive television networks, which include more than 670 million viewers in 169 countries.

As at 31 August 2013, the Company's investment in MirriAd has been valued by reference to the value placed on MirriAd under its £3.8 million fundraising mentioned above. Consequently, the current valuation of the Company's investment in MirriAd represents no change from its original cost of investment.

Shortly before the publication of this report, MirriAd launched a new fundraising round of up to £4 million,

at a valuation which is some 25% higher than the valuation referred to above. Initial indications are that this fundraising round will be fully subscribed just from existing investors in MirriAd. If the fundraising round completes as anticipated, the Company will revalue its investment in MirriAd accordingly at the next appropriate date.

Handmade Mobile Entertainment Limited

Cost of investment:	£2,000,000
Valuation of investment:	£2,000,000
Basis of valuation:	Third party/net present value

Handmade Mobile Entertainment has two distinct business lines: it developed the flirting/dating application, Flirtomatic; more recently, the company has also developed a platform allowing celebrities and brands to have their own social media mobile applications where they earn revenue from interactions with their fan base.

Although profitable, Flirtomatic, has performed poorly relative to its budget; its revenues continue to be degraded by the decline in the number of WAP mobile phone users and the difficulty in attracting recruiting new smartphone (Android and iPhone) users in an increasingly competitive market. Consequently, the Flirtomatic business has undergone significant cost cutting. Handmade Mobile Entertainment is currently considering its options with regard to Flirtomatic, which could include the outright sale of that part of the business or a reinvigoration of the business, potentially via a strategic partnership.

The new part of the business is now mainly US-based and focusses on the exciting and emerging sector of "social commerce", with Handmade Mobile Entertainment having built a proprietary social media platform for web and mobile phones. This has entailed development of a new business model, whereby the company contracts with celebrities to attract users at no marketing cost, with those users then spending money on the service which is then shared with the celebrity partner. The business now has a number of celebrity partners, has launched six new apps and has generated encouraging levels of revenue from the celebrities' fan bases. Although this part of Handmade Mobile Entertainment's business is still relatively nascent, the Investment Manager believes that the results to date have proven the model and that the business is now capable of significant growth. The USA has seen a number of social media and social commerce businesses achieve very high valuations, given their mass market appeal and ability to grow very quickly. The Investment Manager believes that Handmade has the potential to be a fast growing and valuable businesses.

As at 31 August 2013, the Company's investment in Handmade Mobile Entertainment has been valued at £2 million. This valuation is derived from the value placed on the Flirtomatic business by third parties together with the net present value of the social media platform; the latter component of the value has been discounted significantly by the Investment Manager, in recognition of the early stage of that part of the business.

Performance

As is shown by the table in the Chairman's statement on page 4, all of the Company's Share classes have returned positive growth during the period.

Realisation of D Share Portfolio

The Company is now looking to realise a number of the VCT-qualifying investments held by the D Share Fund, given that it has passed the end of the minimum five year holding period required under VCT rules. Of the seven investments making up the D Share Fund's VCT-qualifying portfolio, the Investment Manager believes that the time is right for realisation of five, and that those five investments are capable of realisation within a short time frame; those more readily realisable investments, together with the liquid non-qualifying investments held by the D Share Fund, are expected to give rise to a distribution of at least 30p per D Share, with the intention that that distribution will be paid to holders of D Shares later this year. A dividend of 30p would bring the total distributions since inception to 58p per D Share, representing the cumulative recovery of 83% of D shareholders' net cost of investment (assuming initial income tax relief was obtained at 30% of the amount invested).

This will then leave in the D Share Fund portfolio, two VCT-qualifying investments, Intent HQ Limited and North Promotions Limited, accounting for a value of up to 41p per D Share (based on the valuations as at 31 August 2013). For the reasons given above, the view of the Investment Manager is that these two investments have not yet reached the optimal time for realisation, and there is potential for growth; consequently, the Investment Manager has decided that realisation of these two investments should not take place at this time, with the aim of maximising return for D shareholders.

Fundraising

In January 2013, the Company opened a further enhanced Share buy-back offer to holders of C Shares. That offer closed in April 2013 resulting in the repurchase by the Company of 2.4 million C Shares at 100% of the then net asset value, namely 34.31p per C Share, and a total reinvestment by the participating shareholders of £0.83 million.

The Company's second offer for subscription for H Shares opened in February 2013 and closed in June 2013; that offer has resulted in the increase in size of the H Share Fund to just under £7 million. As the H Share marked the expansion of the Company's business to include also "evergreen" funds, the outcome of the H Share offers is viewed as a very encouraging start in the light of the market conditions over the last year.

The Company is now launching a third offer for subscription for H Shares, to give more scale to the H Share Fund, whilst offering investors access to the existing portfolio held by it.

Outlook

As a result of greater connectivity, we are witnessing a dramatic shift in how people consume media. Five years ago, across the English-speaking world, just 23% of entertainment and media was consumed digitally. By last year, that figure had climbed to 44%, and it is forecast to reach 76% by 2017. With that increased proliferation of different digital means by which consumers access entertainment and media content comes increased demand from those consumers for new and more varied content. At the same time, content owners and brand owners are looking ever more at how they can reach the consumer over the 'noise' which the increasing supply of content causes.

The creative industries sector is, by its nature, particularly well-placed to capitalise on this digital revolution; this in turn leads to a vibrancy in the market which leads to many and varied opportunities for a specialist investor.

Most of the existing remaining money in the H Share fund which is available for VCT-qualifying investments has already been committed or earmarked for specific investments. The Investment Manager however believes that this vibrancy will mean that the proceeds of the forthcoming H Share offer can be invested in suitable businesses within a reasonably short timescale.

The Company's existing portfolio of VCT-qualifying investments spans a range of businesses which are able to benefit from this digital revolution: from content creation, to assisting other content and brand owners to reach their target audiences more effectively. Those businesses have either already started to see growth, or are poised to achieve growth. As such, the Investment Manager believes that the Company is moving into a phase over the next few years where opportunities to realise the investments and maximise returns to the Company's shareholders will be present.

In the face of the economic turmoil in 2008 onwards, the Investment Manager took the conscious decision at that time to slow down the rate of making investments, as a precautionary measure. Although this means that the realisation of the portfolio of some of the Company's earlier Share classes – notably the C Share, D Share and E Share Funds – will take place somewhat later than originally envisaged, the Investment Manager is firmly of the view that shareholders will ultimately receive a satisfactory return on their investment in the Company.

Edge Investments

Investment Manager

31 October 2013

Investment Portfolio Summary

as at 31 August 2013

C Share Portfolio	As at 31 August 2013			As at 28 February 2013		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
Intent HQ	1,286	2,808	96.1	1,447	2,809	97.3
North Promotions	172	241	8.3	172	172	6.0
Total qualifying investments	1,458	3,049	104.4	1,619	2,981	103.3
Non-qualifying investments						
Intent HQ	161	-	-			
North Promotions	1	1	-	1	1	-
Total non-qualifying investments	162	1	-	1	1	-
Total fixed asset investments	1,620	3,050	104.4	1,620	2,982	103.3
Net current assets		(128)	(4.4)		(94)	(3.3)
Net assets		2,922	100.0		2,888	100.0

D Share Portfolio	As at 31 August 2013			As at 28 February 2013		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
Challi Productions	1,825	1,613	11.8	1,825	1,483	11.2
HTM Promotions	2,000	1,809	13.3	2,000	1,606	12.2
Intent HQ	1,747	3,877	28.6	1,973	3,878	29.3
TRP 2009	1,000	888	6.5	1,000	911	6.9
Granon Entertainment	1,735	1,258	9.2	1,735	1,614	12.2
North Promotions	2,477	3,457	25.4	2,476	2,477	18.7
Rose Promotions	1,000	933	6.9	1,000	827	6.2
Total qualifying investments	11,784	13,835	101.7	12,009	12,796	96.7
Non-qualifying investments						
Intent HQ	225	-	-			
Rose Promotions	29	29	0.2	29	29	0.2
TRP 2009	28	28	0.2	28	28	0.2
Total non-qualifying investments	282	57	0.4	57	57	0.4
Total fixed asset investments	12,066	13,892	102.1	12,066	12,853	97.1
Net current assets		(279)	(2.1)		381	2.9
Net assets		13,613	100.0		13,234	100.0

E Share Portfolio	As at 31 August 2013			As at 28 February 2013		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
North Promotions	1,411	1,969	29.1	1,411	1,411	22.6
Rose Promotions	300	280	4.1	300	257	4.1
Chapman Entertainment (Pavilion)	390	-	-	390	-	-
Pepper Promotions	1,000	964	14.2	1,000	921	14.7
Lads on Tour	1,000	965	14.2	1,000	886	14.2
Cloudroom Music	1,000	962	14.2	1,000	973	15.6
Intent HQ	1,774	1,774	26.2	1,774	1,774	28.4
Total qualifying investments	6,875	6,914	102.0	6,875	6,222	99.5
Non-qualifying investments						
North Promotions	-	-	-	-	-	-
Pepper Promotions	23	23	0.3	23	23	0.4
Lads on Tour	24	24	0.3	24	24	0.4
Cloudroom Music	24	24	0.3	24	24	0.4
Total non-qualifying investments	71	71	0.9	71	71	1.2
Total fixed asset investments	6,946	6,985	102.9	6,946	6,293	100.7
Net current assets		(194)	(2.9)		(36)	(0.7)
Net assets		6,791	100.0		6,257	100.0

Investment Portfolio Summary
Continued

F Share Portfolio	As at 31 August 2013			As at 28 February 2013		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
Chapman Entertainment	285	-	-	285	-	-
North Promotions	2,951	4,119	17.3	2,951	2,951	12.9
Intent HQ	1,285	1,285	5.4	1,508	1,508	6.6
Clarksville Train	1,000	956	4.0	1,000	901	3.9
Daydream Believer	1,000	966	4.1	1,000	865	3.8
Black Dog Live	1,000	962	4.0	1,000	956	4.2
Aurora Rising	1,000	956	4.0	1,000	894	3.9
Closeto	1,000	945	4.0	1,000	993	4.4
Libra Live	1,000	963	4.0	1,000	977	4.3
Sweet Right Peg	1,000	964	4.1	1,000	975	4.3
Raphine	1,000	965	4.1	1,000	982	4.3
Motti & Porg	1,000	962	4.0	1,000	1,011	4.4
MirriAd	1,000	1,000	4.2	1,000	1,000	4.4
Handmade Mobile Entertainment	1,000	1,000	4.2	1,000	1,000	4.4
WP Acquisitions	784	967	4.1	688	702	3.1
Beast Quest Acquisitions	502	620	2.6	502	502	2.2
Total qualifying investments	16,807	17,630	74.1	16,934	16,217	71.1
Non-qualifying investments						
Intent HQ	3,315	3,315	13.9	3,092	3,092	13.6
Clarksville Train	23	23	0.1	23	23	0.1
Daydream Believer	23	23	0.1	23	23	0.1
Black Dog Live	24	24	0.1	24	24	0.1
Aurora Rising	23	23	0.1	23	23	0.1
Closeto	23	23	0.1	23	23	0.1
Libra Live	24	24	0.1	24	24	0.1
Sweet Right Peg	23	23	0.1	23	23	0.1
Raphine	24	24	0.1	24	24	0.1
Motti & Porg	24	24	0.1	24	24	0.1
Total non-qualifying investments	3,526	3,526	14.8	3,303	3,303	14.5
Total fixed asset investments	20,333	21,156	88.9	20,237	19,520	85.6
Net current assets		2,653	11.1		3,291	14.4
Net assets		23,809	100.0		22,811	100.0

G Share Portfolio	As at 31 August 2013			As at 28 February 2013		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
Intent HQ	425	425	2.1	425	425	2.1
Black Sheep Music	1,000	962	4.7	1,000	954	4.8
UltraNation	1,000	963	4.7	1,000	984	4.9
Grove Music	1,000	955	4.7	1,000	898	4.5
Ramble On	1,000	965	4.8	1,000	976	4.9
La Cage Productions	1,000	967	4.8	1,000	963	4.8
MM Promotions	1,000	965	4.8	1,000	949	4.7
Two Bridges Live	1,000	956	4.7	1,000	985	4.9
E7 Live	1,000	964	4.7	1,000	975	4.9
Handmade Mobile Entertainment	1,000	1,000	4.9	1,000	1,000	5.0
MirriAd	334	334	1.6	334	334	1.7
North Promotions	573	800	3.9	573	573	2.9
WP Acquisitions	1,299	1,604	7.9	1,140	1,163	5.8
Beast Quest Acquisitions	1,097	1,354	6.7	1,097	1,097	5.5
Total qualifying investments	12,728	13,214	65.0	12,569	12,276	61.4
Non-qualifying investments						
Intent HQ	2,810	2,810	14.0	2,810	2,810	14.2
Black Sheep Music	23	23	0.1	23	23	0.1
UltraNation	23	23	0.1	23	23	0.1
Grove Music	24	24	0.1	24	24	0.1
Ramble On	23	23	0.1	23	23	0.1
La Cage Productions	23	23	0.1	23	23	0.1
MM Promotions	24	24	0.1	24	24	0.1
Two Bridges Live	23	23	0.1	23	23	0.1
E7 Live	24	24	0.1	24	24	0.1
Total non-qualifying investments	2,997	2,997	14.8	2,997	2,997	15.0
Total fixed asset investments	15,725	16,211	79.8	15,566	15,273	76.4
Net current assets		4,098	20.2		4,721	23.6
Net assets		20,309	100.0		19,994	100.0

Investment Portfolio Summary
Continued

H Share Portfolio	As at 31 August 2013			As at 28 February 2013		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
MirriAd	287	287	4.6	286	286	13.8
WP Acquisitions	174	285	4.6	153	156	7.5
Beast Quest Acquisitions	147	181	2.9	147	147	7.1
North Promotions	76	107	1.7	45	45	2.1
Total qualifying investments	684	860	13.8	631	634	30.5
Non-qualifying investments						
WP Acquisitions	300	300	4.8	25	25	1.2
Total non-qualifying investments	300	300	4.8	25	25	1.2
Total fixed asset investments	984	1,160	18.6	656	659	31.7
Net current assets		5,071	81.4		1,422	68.3
Net assets		6,231	100.0		2,081	100.0

I Share Portfolio	As at 31 August 2013			As at 28 February 2013		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
WP Acquisitions	775	905	6.2	680	694	4.9
Alchemy Live	1,000	985	6.6	1,000	1,000	6.9
Axis Live Entertainment	1,000	985	6.6	1,000	1,000	6.9
Real Gone Gigs	1,000	985	6.6	1,000	1,000	6.9
SEL Live Entertainment	1,000	989	6.6	1,000	1,000	6.9
Done & Dusted Live	750	707	4.8	750	750	5.3
North Promotions	573	1,143	7.7	70	70	0.5
Beast Quest Acquisitions	654	808	5.4	654	654	4.6
Intent HQ	1,389	1,998	13.6	1,028	1,572	10.9
MirriAd	380	380	2.6	380	380	2.6
Total qualifying investments	8,521	9,885	66.7	7,562	8,120	56.3
Non-qualifying investments						
North Promotions	615	615	4.1	9	9	0.1
WP Acquisitions	200	200	1.4	-	-	-
Intent HQ	64	-	-	-	-	-
Total non-qualifying investments	879	815	5.5	9	9	0.1
Total fixed asset investments	9,400	10,700	72.2	7,571	8,129	56.4
Net current assets		4,126	27.8		6,233	43.6
Net assets		14,826	100.0		14,362	100.0

Responsibility Statement of the Directors in respect of the Half-yearly Financial Report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board
- The Chairman's Statement (constituting the interim management report) includes a fair review of the information required by DTR 4.2.7R of the "Disclosure and Transparency Rules", being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements
- The "Statement of Principal Risks and Uncertainties" on page 23 is a fair review of the information required by DTR 4.2.7R, being a description of the principal risks and uncertainties for the remaining six months of the year
- The financial statements include a fair review of the information required by DTR 4.2.8R of the "Disclosure and Transparency Rules", being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board

The City Partnership (UK) Limited

Company Secretary

31 October 2013

Statement of Principal Risks and Uncertainties

The Company's assets consist of equities and fixed interest investments, cash and liquid resources. Its principal risks are therefore market risk, interest rate risk, credit risk and liquidity risk. Other risks faced by the Company include economic, investment, financial and regulatory risks. These risks, and the way in which they are managed, are described in more detail in the Directors' report, the Statement of Corporate Governance and Note 18 to the Financial Statements in the Company's Annual Report & Financial Statements for the year ended 28 February 2013. The Company's principal risks and uncertainties have not changed materially since the date of that report.

Related Parties

Edge Investments (the "Investment Manager") has been appointed as the Company's investment manager and administrator. The Investment Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the C Shares, D Shares, E Shares, F Shares, G Shares and I Shares, in each case plus VAT (if applicable), (b) an annual management fee of 2.25% of the net asset value attributable to the H Shares plus VAT (if applicable), (c) a performance fee and (d) an annual administration fee of £275,000 plus VAT. The Investment Manager also bears any excess of the total annual operating expenses of the Company over a cap of 3.0% of the asset value of the Company. These arrangements are described in more detail in Note 3 to the Financial Statements in the Company's Annual Report & Financial Statements for the year ended 28 February 2013. During the period, the Company has incurred investment management fees of £714,810 (exclusive of VAT), a performance related incentive fee of £nil (exclusive of VAT), an administration fee of £129,194 (exclusive of VAT) and an offer fee of £164,124 (exclusive of VAT). The Investment Manager owes the Company £nil in respect of the cap on the Company's annual running costs.

Income Statement (Unaudited)

for the six months ended 31 August 2013

	Six months ended 31 August 2013			Six months ended 31 August 2012			Year ended 28 February 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	1,851	1,851	-	(427)	(427)	-	(3,808)	(3,808)
Income	2,559	-	2,559	2,373	-	2,373	4,285	-	4,285
Investment Manager's fees	(179)	(536)	(715)	(200)	(600)	(800)	(405)	(1,215)	(1,620)
Other expenses	(284)	(116)	(400)	(307)	(103)	(410)	(712)	(203)	(915)
Return on ordinary activities before tax	2,096	1,199	3,295	1,866	(1,130)	736	3,168	(5,226)	(2,058)
Taxation on ordinary activities	(957)	502	(455)	(454)	454	-	(634)	634	-
Return attributable to equity shareholders	1,139	1,701	2,840	1,412	(676)	736	2,534	(4,592)	(2,058)
Transfer to reserves	1,139	1,701	2,840	1,412	(676)	736	2,534	(4,592)	(2,058)

The total column of this statement represents the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits. The Company has no gains and losses other than those recognised in the Income Statement above, and has not therefore prepared a separate statement of total recognised gains and losses.

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Income Statement

for the six months ended 31 August 2013

	C Share Fund			D Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	68	68	-	310	310
Income	1	-	1	346	-	346
Investment Manager's fees	(5)	(17)	(22)	(28)	(84)	(112)
Other expenses	(15)	(3)	(18)	(32)	(18)	(50)
Return on ordinary activities before tax	(19)	48	29	286	208	494
Taxation on ordinary activities	(18)	39	21	(198)	83	(115)
Return attributable to equity shareholders	(37)	87	50	88	291	379
Transfer to reserves	(37)	87	50	88	291	379
Return per Share, p	(0.40)	0.94	0.54	0.46	1.52	1.98

	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	409	409	-	596	596
Income	283	-	283	869	-	869
Investment Manager's fees	(13)	(38)	(51)	(48)	(145)	(193)
Other expenses	(18)	(9)	(27)	(78)	(31)	(109)
Return on ordinary activities before tax	252	362	614	743	420	1,163
Taxation on ordinary activities	(121)	41	(80)	(302)	137	(165)
Return attributable to equity shareholders	131	403	534	441	557	998
Transfer to reserves	131	403	534	441	557	998
Return per Share, p	1.34	4.12	5.46	1.50	1.90	3.40

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Income Statement

for the six months ended 31 August 2013

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	(31)	(31)	-	104	104
Income	708	-	708	57	-	57
Investment Manager's fees	(41)	(125)	(166)	(13)	(38)	(51)
Other expenses	(75)	(27)	(102)	(21)	(8)	(29)
Return on ordinary activities before tax	592	(183)	409	23	58	81
Taxation on ordinary activities	(212)	117	(95)	1	18	19
Return attributable to equity shareholders	380	(66)	314	24	76	100
Transfer to reserves	380	(66)	314	24	76	100
Return per Share, p	1.58	(0.27)	1.31	0.41	1.34	1.75

	I Share Fund		
	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	394	394
Income	295	-	295
Investment Manager's fees	(29)	(89)	(118)
Other expenses	(45)	(20)	(65)
Return on ordinary activities before tax	221	285	506
Taxation on ordinary activities	(107)	65	(42)
Return attributable to equity shareholders	114	350	464
Transfer to reserves	114	350	464
Return per Share, p	0.71	2.23	2.94

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Income Statement

for the six months ended 31 August 2012

	C Share Fund			D Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	248	248	-	(125)	(125)
Income	226	-	226	537	-	537
Investment Manager's fees	(21)	(64)	(85)	(33)	(99)	(132)
Other expenses	(50)	(15)	(65)	(32)	(13)	(45)
Return on ordinary activities before tax	155	169	324	472	(237)	235
Taxation on ordinary activities	(38)	51	13	(115)	73	(42)
Return attributable to equity shareholders	117	220	337	357	(164)	193
Transfer to reserves	117	220	337	357	(164)	193
Return per Share, p	0.88	1.66	2.55	1.85	(0.85)	1.00
	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(395)	(395)	-	(253)	(253)
Income	390	-	390	673	-	673
Investment Manager's fees	(17)	(50)	(67)	(55)	(166)	(221)
Other expenses	(35)	(14)	(49)	(43)	(17)	(60)
Return on ordinary activities before tax	338	(459)	(121)	575	(436)	139
Taxation on ordinary activities	(82)	41	(41)	(140)	118	(22)
Return attributable to equity shareholders	256	(418)	(162)	435	(318)	117
Transfer to reserves	256	(418)	(162)	435	(318)	117
Return per Share, p	2.61	(4.26)	(1.65)	1.48	(1.08)	0.40

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Income Statement

for the six months ended 31 August 2012

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	88	88	-	3	3
Income	488	-	488	6	-	6
Investment Manager's fees	(48)	(145)	(193)	(5)	(14)	(19)
Other expenses	(66)	(17)	(83)	(34)	(13)	(47)
Return on ordinary activities before tax	374	(74)	300	(33)	(24)	(57)
Taxation on ordinary activities	(91)	105	14	8	17	25
Return attributable to equity shareholders	283	31	314	(25)	(7)	(32)
Transfer to reserves	283	31	314	(25)	(7)	(32)
Return per Share, p	1.17	0.13	1.30	(1.41)	(0.39)	(1.80)
				I Share Fund		
				Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments				-	7	7
Income				53	-	53
Investment Manager's fees				(21)	(62)	(83)
Other expenses				(47)	(14)	(61)
Return on ordinary activities before tax				(15)	(69)	(84)
Taxation on ordinary activities				4	49	53
Return attributable to equity shareholders				(11)	(20)	(31)
Transfer to reserves				(11)	(20)	(31)
Return per Share, p				(0.11)	(0.19)	(0.30)

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Income Statement

for the year ended 28 February 2013

	C Share Fund			D Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains/(losses) on investments	-	(137)	(137)	-	(530)	(530)
Income	347	-	347	892	-	892
Investment Manager's fees	(42)	(125)	(167)	(64)	(193)	(257)
Other expenses	(75)	(20)	(95)	(96)	(32)	(128)
Return on ordinary activities before tax	230	(282)	(52)	732	(755)	(23)
Tax on ordinary activities	(46)	65	19	(146)	100	(46)
Return attributable to equity shareholders	184	(217)	(33)	586	(655)	(69)
Transfer to reserves	184	(217)	(33)	586	(655)	(69)
Return per Share, p	1.54	(1.82)	(0.28)	3.04	(3.40)	(0.36)
	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains/(losses) on investments	-	(868)	(868)	-	(1,038)	(1,038)
Income	469	-	469	1,183	-	1,183
Investment Manager's fees	(33)	(99)	(132)	(111)	(334)	(445)
Other expenses	(66)	(17)	(83)	(187)	(56)	(243)
Return on ordinary activities before tax	370	(984)	(614)	885	(1,428)	(543)
Tax on ordinary activities	(74)	52	(22)	(177)	174	(3)
Return attributable to equity shareholders	296	(932)	(636)	708	(1,254)	(546)
Transfer to reserves	296	(932)	(636)	708	(1,254)	(546)
Return per Share, p	3.02	(9.50)	(6.48)	2.41	(4.27)	(1.86)

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Income Statement

for the year ended 28 February 2013

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	(834)	(834)	-	4	4
Income	880	-	880	25	-	25
Investment Manager's fees	(97)	(293)	(390)	(10)	(32)	(42)
Other expenses	(191)	(49)	(240)	(16)	(4)	(20)
Return on ordinary activities before tax	592	(1,176)	(584)	(1)	(32)	(33)
Taxation on ordinary activities	(118)	153	35	0	16	16
Return attributable to equity shareholders	474	(1,023)	(549)	(1)	(16)	(17)
Transfer to reserves	474	(1,023)	(549)	(1)	(16)	(17)
Return per Share, p	1.96	(4.24)	(2.28)	(0.05)	(0.78)	(0.83)

	I Share Fund		
	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	(405)	(405)
Income	489	-	489
Investment Manager's fees	(46)	(139)	(185)
Other expenses	(83)	(25)	(108)
Return on ordinary activities before tax	360	(569)	(209)
Taxation on ordinary activities	(72)	72	0
Return attributable to equity shareholders	288	(497)	(209)
Transfer to reserves	288	(497)	(209)
Return per Share, p	2.31	(3.98)	(1.67)

Balance Sheet (Unaudited)

as at 31 August 2013

	As at 31 August 2013 £'000	As at 31 August 2012 £'000	As at 28 February 2013 £'000
Fixed assets			
Investments	73,154	69,962	65,709
Current assets			
Debtors	1,994	6,484	4,340
Corporate bond & other liquidity funds	13,137	16,723	11,191
Cash at bank	371	457	1,446
	15,502	23,664	16,977
Creditors: amounts falling due within one year	(155)	(6,020)	(1,059)
Net current assets	15,347	17,644	15,918
Net assets	88,501	87,606	81,627
Capital and reserves			
Called up share capital	11,515	10,991	11,051
Share premium account	18,425	11,897	14,842
Special reserve	56,820	63,435	56,833
Capital redemption reserve	410	-	410
Capital reserve – realised	(3,259)	(2,024)	(3,107)
Capital reserve – unrealised	(635)	345	(2,488)
Revenue reserve	5,225	2,962	4,086
Equity shareholders' funds	88,501	87,606	81,627

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Balance Sheet

as at 31 August 2013

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
Fixed assets							
Investments	3,050	13,892	6,985	21,156	16,211	1,160	10,700
Current assets							
Debtors	8	(7)	45	562	775	197	414
Corporate bond & other liquidity funds	118	-	-	2,025	3,375	4,803	2,816
Cash at bank	(197)	(261)	(234)	99	(26)	77	913
	(71)	(268)	(189)	2,686	4,124	5,077	4,143
Creditors: amounts falling due within one year	(57)	(11)	(5)	(33)	(26)	(6)	(17)
Net current assets	(128)	(279)	(194)	2,653	4,098	5,071	4,126
Net assets	2,922	13,613	6,791	23,809	20,309	6,231	14,826
Capital and reserves							
Called up Share capital	935	1,917	980	2,938	2,406	692	1,647
Share premium account	2	45	-	-	-	5,454	12,924
Special reserve	1,259	10,771	6,112	20,373	18,305	-	-
Capital redemption reserve	410	-	-	-	-	-	-
Capital reserve – realised	(1,151)	(449)	(306)	(414)	(464)	(43)	(432)
Capital reserve – unrealised	796	199	(451)	(638)	(931)	104	286
Revenue reserve	671	1,130	456	1,550	993	24	401
Equity shareholders' funds	2,922	13,613	6,791	23,809	20,309	6,231	14,826
Net asset value per Share, p	31.30	71.00	69.28	81.04	84.42	89.98	94.03

Non-Statutory Analysis (Unaudited) between the C, D, E, F and G Share Funds Balance Sheet

as at 31 August 2012

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
Fixed assets							
Investments	8,745	13,245	6,309	19,211	15,307	658	6,487
Current assets							
Debtors	348	581	477	1,678	2,121	284	995
Corporate bond & other liquidity funds	667	752	822	4,584	5,600	1,331	2,967
Cash at bank	123	293	(177)	79	(451)	(172)	762
	1,138	1,626	1,122	6,341	7,270	1,443	4,724
Creditors: amounts falling due within one year	(64)	(1,381)	(703)	(2,077)	(1,705)	(110)	20
Net current assets	1,074	245	419	4,264	5,565	1,333	4,744
Net assets	9,819	13,490	6,728	23,475	20,872	1,991	11,231
Capital and reserves							
Called up share capital	1,315	1,917	980	2,938	2,408	216	1,217
Share premium account	-	45	-	-	-	1,807	10,045
Special reserve	7,868	10,766	6,111	20,375	18,315	-	-
Capital reserve – realised	(850)	(347)	(241)	(240)	(312)	(9)	(25)
Capital reserve – unrealised	845	297	(407)	(433)	36	2	5
Revenue reserve	641	812	285	835	425	(25)	(11)
Equity shareholders' funds	9,819	13,490	6,728	23,475	20,872	1,991	11,231
Net asset value per Share, p	74.68	70.36	68.64	79.89	86.68	92.17	92.26

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Balance Sheet

as at 28 February 2013

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
Fixed assets							
Investments	2,982	12,853	6,293	19,520	15,273	659	8,129
Current assets							
Debtors	434	279	58	756	919	141	1,753
Corporate bond & other liquidity funds	117	-	-	2,557	3,832	1,212	3,473
Cash at bank	(635)	117	(72)	41	27	926	1,042
	(84)	396	(14)	3,354	4,778	2,279	6,268
Creditors: amounts falling due within one year	(10)	(15)	(22)	(63)	(57)	(857)	(35)
Net current assets	(94)	381	(36)	3,291	4,721	1,422	6,233
Net assets	2,888	13,234	6,257	22,811	19,994	2,081	14,362
Capital and reserves							
Called up share capital	939	1,917	980	2,938	2,406	224	1,647
Share premium account	-	45	-	-	-	1,873	12,924
Special reserve	1,273	10,770	6,112	20,373	18,305	-	-
Capital redemption reserve	410	-	-	-	-	-	-
Capital reserve – realised	(1,170)	(429)	(301)	(375)	(428)	(15)	(388)
Capital reserve – unrealised	728	(112)	(860)	(1,234)	(902)	-	(108)
Revenue reserve	708	1,043	326	1,109	613	(1)	287
Equity shareholders' funds	2,888	13,234	6,257	22,811	19,994	2,081	14,362
Net asset value per Share, p	30.74	69.02	63.82	77.64	83.12	92.95	91.09

Reconciliation of Movements in Shareholders' Funds (Unaudited)

for the six months ended 31 August 2013

	Six months ended 31 August 2013 £'000	Six months ended 31 August 2012 £'000	Year ended 28 February 2013 £'000
Opening shareholders' funds	81,627	79,610	79,610
Capital per Share issue	5,338	13,917	17,855
Expenses of issue	(249)	(632)	(1,187)
Share buy-back	(824)	(242)	(3,068)
Return on ordinary activities after tax	2,840	736	(2,058)
Dividends	(229)	(5,783)	(9,525)
Closing shareholders' funds	88,501	87,606	81,627

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 August 2013

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
Opening shareholders' funds	2,888	13,234	6,257	22,811	19,994	2,081	14,362
Share capital subscribed for in the year	834	-	-	-	-	4,504	-
Expenses of issue	(25)	-	-	-	-	(225)	-
Share buy-back	(825)	-	-	-	-	-	-
Return on ordinary activities after tax	50	379	534	998	315	100	464
Dividend	-	-	-	-	-	(229)	-
Closing shareholders' funds	2,922	13,613	6,791	23,809	20,309	6,231	14,826

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 August 2012

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
Opening shareholders' funds	9,577	14,686	7,588	25,441	22,318	-	-
Share capital subscribed for in the year	-	-	-	-	-	2,088	11,829
Expenses of issue	-	-	-	-	-	(65)	(567)
Share buy-back	(95)	(43)	(10)	(25)	(69)	-	-
Return on ordinary activities after tax	337	193	(162)	117	314	(32)	(31)
Dividend	-	(1,346)	(688)	(2,058)	(1,691)	-	-
Closing shareholders' funds	9,819	13,490	6,728	23,475	20,872	1,991	11,231

Non-Statutory Analysis (Unaudited) between the C, D, E, F, G, H and I Share Funds Reconciliation of Movements in Shareholders' Funds

for the year ended 28 February 2013

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
Opening shareholders' funds	9,577	14,686	7,588	25,441	22,318	-	-
Share capital subscribed for in the year	-	-	-	-	-	2,239	15,616
Expenses of issue/buy-back	-	-	-	-	-	(141)	(1,046)
Share buy-back	(2,900)	(42)	(10)	(27)	(89)	-	-
Return for the year	(33)	(69)	(635)	(545)	(551)	(17)	(208)
Dividends	(3,756)	(1,341)	(686)	(2,058)	(1,684)	-	-
Closing shareholders' funds	2,888	13,234	6,257	22,811	19,994	2,081	14,362

Cash Flow Statement (Unaudited)

for the six months ended 31 August 2013

Period ended	31 August 2013		31 August 2012		28 February 2013	
	£'000	£'000	£'000	£'000	£'000	£'000
Operating activities						
Investment income received	-	-	-	-	-	-
Deposit and similar interest received	-	-	-	-	-	-
Investment Manager's fees paid	(715)	(798)	(798)	(1,617)	(1,617)	
Operating expenses (including administration and company secretarial fees paid)	(1,244)	(420)	(420)	(6,355)	(6,355)	
Cash paid to and on behalf of directors	(49)	(54)	(54)	(101)	(101)	
Other cash (payments)/inflows	1,712	(813)	(813)	400	400	
Net cash outflow from operating activities		(296)	(2,085)	(2,085)	(7,673)	(7,673)
Financial investment						
Purchase of unquoted investments	(2,409)	(16,224)	(16,224)	(17,063)	(17,063)	
Sales of unquoted investments	-	-	-	4,239	4,239	
Loans	-	(2,349)	(2,349)	(2,349)	(2,349)	
		(2,409)	(18,573)	(18,573)	(15,173)	(15,173)
Tax & dividends						
Tax	(455)	-	-	-	-	
Equity dividends paid	(229)	-	-	(9,525)	(9,525)	
Net cash outflow from tax & dividends		(684)	-	-	(9,525)	(9,525)
Net cash outflow before financing		(3,389)	(20,658)	(20,658)	(32,371)	(32,371)
Movement of liquid resources		(1,949)	5,763	5,763	11,608	11,608
Financing						
Shares to be issued	-	-	-	-	-	
Bonus issue of Shares	-	-	-	-	-	
Buy-back and cancellation of Shares	(825)	(242)	(242)	(3,068)	(3,068)	
New Share issues	5,338	7,617	7,617	17,855	17,855	
Share issue expenses	(250)	(632)	(632)	(1,187)	(1,187)	
Net cash inflow from financing		4,263	6,743	6,743	13,600	13,600
(Decrease)/increase in cash		(1,075)	(8,152)	(8,152)	(7,163)	(7,163)

1. Accounting Policies

The financial information for the six months ended 31 August 2013 has not been audited and comprises non-statutory accounts as defined in sections 434 to 436 of the Companies Act 2006.

The Company's auditor issued an unqualified opinion on the statutory accounts for the year ended 28 February 2013. This report is prepared on the basis of the accounting policies set out in the Company's statutory accounts for the year ended 28 February 2013. No statutory accounts in respect of any period after 28 February 2013 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

2. Going Concern

After making enquires, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date that these financial statements were approved. As at 31 August 2013, the Company held cash balances and current asset investments with a combined value of £15.5m. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both contractual expenditure and its discretionary expenses.

3. Return per Share

The return per Share has been calculated on a weighted average number of Shares in issue for the six months ended 31 August 2013 of:

Share class	Weighted average for the 6 months ended:		
	31 August 2013	31 August 2012	28 February 2013
C	9,379,903	13,222,053	10,614,427
D	19,172,500	19,225,470	19,172,500
E	9,801,652	9,813,028	9,801,652
F	29,379,532	29,409,855	29,062,659
G	24,056,803	24,158,730	24,062,659
H	5,735,782	1,788,510	2,209,629
I	15,766,414	10,367,083	14,590,312

4. Net Asset Value per Share

The net asset value per Share has been calculated based on the number of Shares in issue as at 31 August 2013:

Share class	31 August 2013	Number of shares in issue as at: 31 August 2012	28 February 2013
C	9,336,026	13,147,646	9,393,438
D	19,172,500	19,172,500	19,172,500
E	9,801,952	9,801,952	9,801,952
F	29,379,532	29,384,982	29,379,532
G	24,056,803	24,076,803	24,056,803
H	6,924,978	2,160,273	2,239,100
I	15,766,414	12,174,520	15,766,414

During the six months ended 31 August 2013, the Company bought back the following Shares:

Share class	Number of shares bought back	Price paid per share (p)
C	1,908,99	34.31
C	495,107	34.31

Printed copies of this half-yearly report will shortly be mailed to shareholders and will be available to the public at the Company's registered office.

A copy is now available on the Company's website, at www.edge.uk.com.

Corporate Information

as at 31 August 2013

Directors

Sir Robin Miller (Chairman)
Michael Eaton
David Glick
Frank Presland
Kevin Falconer
Lord Flight

All of
1 Marylebone High Street
London W1U 4LZ
which is the registered office of the Company

Investment Manager

Edge Investment Management Limited
trading as
Edge Investments
1 Marylebone High Street
London W1U 4LZ

(authorised and regulated by the Financial Conduct
Authority; registration number 455446)

Company Secretary

The City Partnership (UK) Limited
Thistle House
21 Thistle Street
Edinburgh EH2 1DF

Taxation advisers

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Bankers

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78 St. James's Street
London SW1A 1JB

Registrar

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Broker

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