



HALF-YEARLY REPORT
for the six months ended 31 August 2014

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Financial Highlights

Period ended	31 August 2014	28 February 2014	31 August 2013
Net assets (£'000)			
C Share	704	2,305	2,922
D Share	5,428	7,065	13,613
E Share	5,125	5,964	6,791
F Share	18,842	20,892	23,809
G Share	15,959	17,588	20,309
H Share	8,205	6,418	6,231
I Share	12,948	13,651	14,826
Total	67,209	73,884	88,501

Net asset value per Share (p)

C Share	7.55	24.71	31.30
D Share	28.31	36.85	71.00
E Share	52.29	60.85	69.28
F Share	64.13	71.11	81.04
G Share	66.34	73.11	84.42
H Share	86.60	92.68	89.98
I Share	82.12	86.58	94.03

Dividends per Share already paid in respect of the current financial year (p)

C Share	-	-	-
D Share	-	31.00	-
E Share	-	-	-
F Share	-	-	-
G Share	-	-	-
H Share	3.50	3.50	3.50
I Share	-	-	-

Net asset value total return per Share (p)

C Share	75.55	92.71	99.30
D Share	87.31	95.85	99.00
E Share	80.28	88.85	90.28
F Share	85.13	92.11	95.04
G Share	80.34	87.11	91.42
H Share	93.60	96.18	93.48
I Share	89.12	93.58	94.03

Financial Highlights

Period ended	31 August 2014	28 February 2014	31 August 2013
Share price at end of period (p)			
C Share	21.50	27.50	27.50
D Share	32.50	33.00	59.00
E Share	53.50	56.50	63.50
F Share	70.50	70.50	77.50
G Share	73.00	76.00	83.00
H Share	87.00	88.00	88.00
I Share	85.50	84.50	91.50
Dividends per Share declared in respect of the current financial year but not yet paid (p)			
C Share	-	-	-
D Share	-	-	-
E Share	-	-	-
F Share	-	7.00	-
G Share	-	7.00	-
H Share	-	-	3.50
I Share	-	7.00	-

Chairman's Statement

The key developments for the Company for the six months ended on 31 August 2014 included the following:

- £225,000 was invested in the portfolio, with a further £1.67 million invested or committed after the period end.
- At the Company's annual general meeting in August, the shareholders approved further dividends of 7p per F Share, 7p per G Share and 7p per I Share, to be paid on 7 November 2014.
- In June 2014, the Company paid a second dividend of 3.5p per H Share.
- The Investment Manager commenced the process of realising a number of portfolio holdings, notably in the E Share Fund.
- Some of the companies in the Company's portfolio have seen continued positive growth.
- Conversely, the Company has been required to revalue downwards its investment in Intent HQ
- The Company's third offer for subscription for its 'evergreen' H Share class closed in June 2014, bringing the total number of H Shares in issue to approaching 9.5 million.
- With most of available funds already raised now invested or earmarked for specific investments, the Company has undertaken the preparatory work for a fourth offer for subscription for H Shares, which will open in November 2014

New investments

Details of the new investments made or committed since the start of the current financial year can be found in the Investment Manager's review on pages 7 and 8.

In addition to follow-on investments made into two existing portfolio companies, the H Share Fund has invested in a new portfolio company, LeanForward, and has committed to investing in a second new portfolio company, deltaDNA. These are exciting new opportunities which complement the existing holdings in the H Share Fund, and broaden the scope of the portfolio.

Dividends

Including the declaration of further annual dividends to the F, G and I shareholders, and the payment of a second dividend to H shareholders, the Company continues its commitment to regular distributions to shareholders.

With the H Share dividend paid in June 2014 and the F, G and I Share dividends to be paid next month, the total amount distributed to shareholders since the Company began in 2006 is now in excess of £43 million:

Share class	Dividends per Share paid or declared								
	2007	2008	2009	2010	2011	2012	2013	2014	Total
Ordinary	6.0	7.0	72.0						85.00
C		7.0	7.0	7.0	7.0	40.0			68.00
D			7.0	7.0	7.0	7.0	31.00		59.00
E				7.0	7.0	7.0	7.0		28.00
F					7.0	7.0	7.0	7.0	28.00
G						7.0	7.0	7.0	21.00
H							3.5	3.5	7.00
I							7.0	7.0	14.00

Realisations

As the E Share Fund has now reached the end of the minimum holding period required under Venture Capital Trust rules, work has commenced on realising those investments held by the E Share Fund which the Investment Manager feels are appropriate to be realised at this time. The Company intends to pay the net proceeds of those realisations as a dividend to E shareholders later in 2014; following that dividend, the Company anticipates that E shareholders will have recovered, cumulatively, a significant proportion of their net cost of investment.¹

As covered in the Investment Manager's review on page 15, the Company envisages a broader programme of realisation of its portfolio from 2015, and the groundwork for this continued to be laid during the period under review.

Portfolio

With the new investments mentioned above, the Company's portfolio spans such areas of the creative industries sector, as live entertainment, social media, children's characters, book publishing, television production, interactive television/online entertainment, digital marketing and video games.

Details of the Company's largest portfolio holdings are contained in the Investment Manager's review on pages 8 to 14.

The Board and Investment Manager are particularly encouraged by the progress of Coolabi and Mirriad, both of which have seen significant developments during the period, and continuing.

As explained in the Investment Manager's review, the Company has been required to revalue downwards its investment in Intent HQ by a significant amount. Although this is naturally very disappointing, the positive outcome of Intent HQ's fundraising round which triggered the revaluation is that the company is now fully funded to its projected breakeven point, and continues to have the benefit of support and commitment from its major investors. With the imminent completion of the next phase of its technology and the traction

which it is starting to see on its sales side, it is to be hoped that Intent HQ will now be able to put a difficult period behind it and start to achieve revenue and growth.

Performance

Despite increases in some areas, the return over the period of all Shares Funds was negative, as shown in the table on page 1. The principal reason for this is the revaluation of the Company's investment in Intent HQ. Each of the Share Funds holds investment in Intent HQ, but the impact of the revaluation is most keenly felt by the C Share Fund, where the investment in Intent HQ represents a greater proportion of the remaining portfolio (i.e. after the portfolio realisations which have already been made) than for any other Share Fund; one consequence of this is that the Company will now have to give thought to a reduced target for the total return to C shareholders in particular.

Fundraising

The Company's second offer for subscription for its 'evergreen' H Shares opened in November 2013 and closed in June 2014; that offer, by the time it closed, resulted in a total of just under 9.5 million H Shares having been being issued.

Of the proportion of the H Share Fund which is to be invested in portfolio companies, most has now been invested or earmarked for specific investment opportunities. In the light of the continued level and quality of dealflow being seen by the Investment Manager, the Board has therefore decided that it would best serve the interest of the shareholders by launching a fourth offer for subscription for H Shares; that offer will open in November 2014.

Outlook

Analyses of the creative industries indicate ongoing growth in the sector for some years to come. At the same time, the sector is still suffering from the so-called "equity gap", with insufficient funds being available to invest in businesses in the sector. The Board and the Investment Manager are therefore confident that the proceeds of the forthcoming H Share offer will be invested in suitable new opportunities within a reasonable timeframe, which will give the H Share portfolio added breadth and scale.

In relation to the Company's existing portfolio, the emphasis continues to be on identifying exit opportunities for the Company, and working with the portfolio businesses so that they are best positioned to capitalise on those opportunities.

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

Sir Robin Miller

Chairman

31 October 2014

¹ Assuming that income tax relief was obtained at 30% of the amount invested for E Shares

Investment Manager's Review

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 Fund'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, unless required to meet the Company's running costs, 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 investments

Intent HQ Holdings Limited

During the six months to 31 August 2014, the Company invested £225,000 in Intent HQ Holdings Limited from the H Share Fund, by way of a non-qualifying loan, as part of the conclusion of the previous phase of Intent HQ's fundraising round which started in February 2014 and ended in May 2014.

As was explained in the Company's annual report for the year ended 28 February 2014, and covered further on pages 10 and 11 of this report, Intent HQ is undertaking a further phase of fundraising, as part of which the H Share Fund invested an additional £225,000 after the end of the period, also by way of a non-qualifying loan.

LeanForward Limited

In September 2014, after the end of the period, the Company invested £500,000 from the H Share Fund in LeanForward Limited, on a VCT-qualifying basis.

LeanForward is a new TV-based entertainment and "lite" betting service, with a strong online offering. Its service will include a digital TV channel on satellite, cable, Freeview, IPTV and mobile. It will be supported by a full service remote betting website and smartphone apps.

Over 56% of UK adults have participated in some form of gambling in the last year – excluding the National Lottery which would increase this figure to over 73%. 3.7 million individuals have bet online in the last year, of which 1.3 million did so at least once a month. The majority of this activity is currently through a combination of bricks and mortar and remote web-based businesses. Gambling is a £22 billion market in the UK and recent changes in gambling legislation have opened up the market.

LeanForward will use proven TV entertainment and interaction techniques to broaden the market for TV home-betting and importantly to offer the participants a fun, interactive game.

The CEO and founder of the business has a successful background in transactional television.

The Company's investment in Leanforward formed part of an overall fundraising round of £8 million, which included investment from the founder and a number of private investors, as well as from the Company.

As at the date of this report, Edge Performance holds 4.15% of the issued share capital of LeanForward. As the investment is recent, it has been valued at cost as at the date of this report, in accordance with the Company's valuation policy.

Mirriad Limited

Information on Mirriad can be found on pages 11 and 12 of this report. As part of the interim fundraising round undertaken by Mirriad, as described below, Edge Performance committed to making a follow-on investment in Mirriad of £192,832. That investment, which is attributable to the H Share Fund, completed in October 2014, after the period end.

GamesAnalytics Limited (trading as deltaDNA)

The video games industry is currently estimated to be worth £43 billion globally, and growing at 6.5% per annum. The traditional model of the industry, with games being sold to consumers for a one-off purchase price of up to £50 per game, is in the process of being superseded by the 'free-to-play' (F2P) model, where players pay little or nothing to acquire the game, but are then encouraged to pay small and frequent amounts in order to progress through the game or to improve the gaming experience (such as through 'in-app purchasing'). Under the F2P model, the commercial success of a game therefore relies upon retaining customers and encouraging them to continue to pay. A good example of a successful F2P game is *War Thunder*, a World War 2 aerial combat game published by Electronic Arts in which players can obtain better airplanes through in-app purchasing; *War Thunder* is presently generating in-app purchasing revenues of some £300,000 per day.

deltaDNA has developed a software platform which, when integrated into a video game, will provide the game developer with live reporting and analysis of players' activity; this allows the developer to make real-time changes to the game which improve player retention and thereby monetisation.

The collective experience of the founders of deltaDNA spans customer analysis and video game development. The business started in 2011 as a consultancy which secured work with some of the biggest names in the games industry. During that time, it also developed software which could provide the same range of analytical insights as a human consultant, but in real time, and crucially scalable in a way which a human-dependent analysis could never achieve. The software platform was launched at the Games Developer Conference in San Francisco in March 2014; since then, deltaDNA has contracted with in excess of 170 games developers for the use of the deltaDNA platform in games which will start to be released in late 2014 and into 2015.

In October 2014, after the period end, Edge Performance committed to investing £750,000 in deltaDNA, all of which will be met from the H Share Fund. Completion of the investment is conditional on the customary procedure of securing HMRC's prior confirmation that the investment will qualify under VCT rules; it is anticipated that completion will take place in November 2014. On completion of the investment, Edge Performance will hold 12.4% of the issued share capital of deltaDNA.

Portfolio and 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.

Portfolio overview

An overview of the Company's ten largest investments by value, representing 61.2% of the Company's net assets as at 31 August 2014, is provided below.

Coolabi Group Limited (previously North Promotions Limited)

Cash cost of investment (£'000) ^{[1][2]}	14,151
Valuation of investment (£'000)	27,443
Basis of valuation	EBITDA multiple

[1] The cash cost of investment shown above excludes £2.35 million of accrued interest and loan note redemption premium which was reinvested in the company in 2011 and 2013; the total cost of investment, including those reinvestments, is therefore £16.5 million.

[2] The cost of investment includes £500,000 invested in Coolabi Group Limited's wholly-owned subsidiary, WP Acquisitions Limited in June 2013.

Coolabi Group specialises in children's and family entertainment, with its business now spanning TV production, brand management and licensing, books and video games.

Significant levels of M & A activity in the children's and family entertainment sector in recent years have led to an absence of quality mid-sized businesses. The Investment Manager identified Coolabi as an opportunity to build a business to that level, thereby creating an attractive acquisition prospect for the larger sector players. When the Company first invested in Coolabi, it was listed on AIM, which imposed significant restraints on the business's ability to raise capital to pursue the very 'buy and build' strategy which the management team had been brought in to achieve. The Investment Manager viewed the management team as strong, based on long-standing working relationships with them; and the business as one which would fare much better in a private company environment, where its potential could be maximised without the pressure of shareholder demands for short-term results at the expense of longer-term growth. The Company therefore funded taking Coolabi private in late 2011, and has since backed the management team to build the business, through a combination of organic growth and acquisition.

The last 12 months have marked the most notable period of activity since Coolabi was taken private, and the Investment Manager and the Directors regard the business as now being poised to deliver significant growth.

In 2013, Coolabi Group announced that it was producing a second series of *Poppy Cat*, its pre-school animated series which has been broadcast in more than 100 countries.

This was followed by the announcement that the company was producing a brand new series of the iconic *Clangers*, the first new episodes to be produced since the 1970s; in September 2014, Coolabi Group announced that Michael Palin would be narrating the programme.

In June 2014, Coolabi Group reported that it was about to go into production of a further animated series, *Scream Street*, based on the successful books published by leading children's publisher, Walker Books.

Across these three productions, Coolabi Group has been able to establish very lucrative broadcast, distribution, publishing and merchandising relationships with the likes of the BBC, BBC Worldwide, PBS Sprout, ZDF, Penguin Books and Character Options.

In November 2013, Coolabi Group successfully acquired the Working Partners group of companies (through its parent company WP Acquisitions Limited) and the Beast Quest group of companies (through its parent company Beast Quest Acquisitions Limited). The Company held investments in both WP Acquisitions Limited and Beast Quest Acquisitions Limited, and Coolabi's purchase of the two groups resulted in additional preference shares and ordinary shares in Coolabi Group being issued to the Company in exchange for its holdings. Those transactions mean that Coolabi Group is now the largest investment in the Company's portfolio, and one in which all of the Share Funds participate.

Working Partners and Beast Quest specialise in the creation of serial fiction for children aged between 5 and 14, with more than 1,000 books in over 80 series now published in more than 35 languages around the world. Ten of the book series have achieved sales in excess of one million copies each, and sales of the Beast Quest books alone have topped 11 million copies. Other successful book series created by Working Partners include Seekers, Warriors, Survivors, Dinosaur Cove and Animal Ark. In Working Partners and Beast Quest, the Coolabi management team and the Investment Manager identified businesses which were already highly profitable but which crucially also offered meaningful opportunities to carry established and valuable children's brands into different media other than books; to that end, the combination of the Coolabi team's expertise and the Working Partners and Beast Quest brands is already seeing new avenues opening up in film, TV, merchandising and video games.

These developments for Coolabi Group over the last year mean that 2014 and 2015 will see a step change in the value of the business, with its profitability anticipated to increase substantially over the next 12 months.

As at 31 August 2014, the Company has valued its investment in Coolabi Group at £27.44 million. The investment has been valued on the basis of a multiple of Coolabi Group's projected earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ending 31 March 2015; the multiple which has been applied reflects the market norm for businesses of this type, but has then been discounted to reflect the fact that not all of the projected EBITDA for the current financial year has been earned. At £27.44 million, the current valuation represents a cumulative uplift of 94% from the Company's cash cost of investment.

Intent HQ Holdings Limited

Cash cost of investment (£'000) ^{[1] [2]}	14,236
Valuation of investment (£'000)	3,649
Basis of valuation	Third party

[1] The cost of investment shown above excludes £0.9 million of accrued interest and loan note redemption premium which was reinvested in the company in 2012 and 2013; the total cost of investment, including those reinvestments, is therefore £15.13 million.

[2] The cost of investment includes £6.13 million invested in Intent HQ Holdings Limited's wholly-owned subsidiary, Intent HQ Limited, between June 2011 and July 2012.

Intent HQ's technology seeks to provide an important missing link in online and mobile marketing and advertising – a highly predictive human profile of each visitor to a company's website. This means that Intent HQ's customers can enable one-to-one personalisation of their offers and content, and this information can be used to enhance the commercial value of the visitor through greater user engagement, more effective content marketing and higher value advertising.

Intent HQ's technology incorporates the next generation of artificial intelligence: starting with a visitor's social media data (such as from Facebook or Twitter), and augmenting that with the visitor's real-time mobile and web activity as well as history, Intent HQ's software creates a very detailed profile of that visitor. Using machine-learning, its unique technology can "understand" text in almost any language, accurately extract a person's interests and make human-like predictions on what will interest them. For each person who uses a site or an app which has Intent HQ's software installed, the software returns an always-current, highly granular, ranked and weighted set of that person's interests and affinities.

During the period under review, Intent HQ continued the development of additional functionality of its technology, and validated it through successful customer trials which demonstrated that Intent HQ's software achieved far better results than rival solutions.

Whilst Intent HQ has contracted several quality customers including Sky, leading UK technology media publisher IDG, The Telegraph Group and the Food Network in the UK and USA, and has also built a pipeline of customers including leading retail brands and publishers, the company still faces the challenge of successfully implementing a sales and marketing strategy to commercialise its technologies. Consequently, the company has not met its revenue forecast, and therefore continues to require additional funding.

Principally as a result of its revenues being behind forecast, Intent HQ was required to undertake a further, and urgent, phase of fundraising, of £3.5 million in total. That fundraising process started in August 2014 and continued past the end of the period under review. As at the date of this report, £975,000 of the target amount has already been invested by existing shareholders, including £225,000 from Edge Performance, and the company has received additional commitments from existing investors for the full balance of the £3.5 million.

In the latter stages of the negotiations for the fundraising round, it became apparent that the £3.5 million target would not be achieved without a significant reduction in price, even though the original price was one which the participants in the fundraising round had previously paid. Given that Edge Performance was constrained by VCT rules from participating in this fundraising round beyond the £225,000 noted above, the Investment Manager was therefore faced with the difficult choice of whether to agree to this reduction or alternatively run the very real risk that Intent HQ's available working capital would rapidly be entirely depleted.

The Investment Manager concluded that allowing further investment in Intent HQ at a reduced valuation was the preferable course.

This reduction in the valuation of Intent HQ for the purposes of its fundraising round has in turn required the Company to revalue its existing investment in Intent HQ. The Company's investment in Intent HQ has therefore been revalued as at 31 August 2014 at £3.65 million.

This represents a substantial reduction in the valuation compared with the valuation as at 28 February 2014, and one which impacts on all of the Company's Share classes to some extent; the C Share class is particularly affected by this given that, following the C Share portfolio realisations since 2012, most of the remaining C Share net asset value was represented by its holding in Intent HQ.

That said, the investment and commitments received by Intent HQ in this fundraising round demonstrate that the company enjoys the continued support of its principal institutional investors, and the total raise of £3.5 million means that the company will now have sufficient working capital to see it through to profitability, assuming that it now meets its revenue forecasts for the remainder of the current financial year. The progress made by Intent HQ since the end of the period under review towards converting its pipeline of opportunities to revenue-generating customer relationships has been encouraging, but this is an area on which the company will have to continue to focus.

Mirriad Limited

Cost of investment (£'000)	2,351
Valuation of investment (£'000)	3,272
Basis of valuation	Third party

Mirriad's proprietary technology enables advertisements, brands and products to be inserted into finished programming, including catalogue programmes, in such a way that it appears not to be advertising at all, but a part of the programme. It does this digitally, at scale at the point of transmission rather than when the programme is made. This allows the advertising to be targeted by geography or demographic, as it can be different in each transmission and changed as often as required. The market for such "native advertising" is predicted to grow rapidly as consumers increasingly skip conventional TV advertising.

In 2013, the Investment Manager was instrumental in securing a strategic investment in Mirriad by the Zee media group, the largest television producer and broadcaster in the Asia region. Mirriad is now working with Zee to roll out Mirriad's platform across Zee's extensive television networks, which include more than 670 million viewers in 169 countries.

Mirriad is also working with an increasing number of other national and international broadcasters, and now has customers in Australia, India, Europe and North and South America, with its technology being used in more than 100 television shows globally.

In May 2014, Mirriad announced its move into online programming, with a ground-breaking deal with digital music video platform Vevo, designed to unlock significant new revenues for content owners and recording artists. In September 2014, after the period end, Mirriad announced that it had concluded deals with Universal Music, the world's largest record company, and with French advertising agency, Havas, to use Mirriad's technology to incorporate brands in Universal's substantial catalogue of music videos.

Mirriad is working with many world-leading brands, including Coca Cola, LG, Unilever, Samsung, Levi's, Grand Marnier and Honda.

In September 2014, Mirriad launched an interim fundraising round, seeking new investment from its existing shareholders of £1.5 million in total; the round was over-subscribed, with commitments received totalling £1.8 million. As part of the round, the Company committed to investing £192,832 from the H Share Fund; that investment completed in October 2014, after the period end.

As at 31 August 2014, the Company has valued its investment in Mirriad at £3.27 million, representing an uplift of 39% from its cost of investment. This valuation is based on the subscription price paid by investors participating in two fundraising rounds in 2014. Following the completion of the Company's investment in the interim round described above, the Company's total cost of investment increased to £2.54 million, and the value of the Company's investment increased to £3.46 million.

Closeto Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	968
Basis of valuation	Net asset value

Closeto Limited was founded by Steven Howard, who has enjoyed a successful career spanning nearly 30 years in the music business including senior posts as Managing Director of Zomba Music Publishing and as a director of Jive Records (home to Britney Spears, Backstreet Boys and 'N Sync). Artists with whom he has enjoyed considerable success over the year include Bryan Ferry, The Thompson Twins, Edwyn Collins' Orange Juice, The Stray Cats, The Boomtown Rats, Billy Ocean, A Flock of Seagulls, Womack and Womack, Thomas Dolby and Joy Division. He was the founder of TCB Group, which currently manages Lulu, the ballerina Darcey Bussell and 2009's Britain's Got Talent winners, Diversity; TCB Group has also been involved in the creation and staging of a number of musical productions, including Viva La Diva (starring Darcey Bussell & Katherine Jenkins) and Here Come The Girls (starring Lulu, Anastacia, Chaka Khan, Gloria Gaynor & Heather Small).

Events promoted by Closeto in the last 12 months have included concerts by Rod Stewart, Gentleman's Dub Club and Matthew Morrison.

Grove Music Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	968
Basis of valuation	Net asset value

Grove Music Limited was founded by Hywel Davies, who started in the music industry in 1977 as a violinist and conductor, working in theatre, light music, television and film as well as with various chamber and symphony orchestras, including the BBC Welsh Symphony Orchestra. From 1979 to 1983, he played with the Philharmonia Orchestra, with whom he toured extensively internationally.

After completing an MBA at London Business School in 1985, he became general manager of the City of London Sinfonia, responsible for all aspects of its operations. From 1986 until 1991, he was UK General Manager and subsequently European Managing Director of Disctronics, one of the largest independent CD manufacturers in the world; in his time there, the European operations saw a threefold increase in turnover.

From 1991 to 1999, he was Managing Director of ASV Records, one of the UK's leading independent classical music labels, where he ultimately oversaw the sale of the company to Sanctuary Group; he remained with the Sanctuary Group after the sale, becoming Commercial Director, in which role his responsibilities spanned the Group's activities in the fields of music publishing, book publishing, records, sponsorship, merchandising, live agency and touring.

From 2004 to 2007, he worked as a non-executive director of the UK's recorded music trade association, the BPI, where his responsibilities included the staging of the annual Classical Brits awards show, and the negotiation of collective industry agreements with the Musicians' Union and Equity for the recording of classical music.

Since 2007, he has acted as consultant to a range of businesses in the music and entertainment field, including the London Chamber Orchestra and sports marketing agency, Essentially Group.

Concerts promoted by Grove Music recently included by Matt Corby and Lindsey Stirling, as well as Scandinavian dates of Leonard Cohen's European tour.

E7 Live Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	963
Basis of valuation	Net asset value

E7 Live Limited was founded by Seven Webster, who has managed the careers of many worldwide established name hit artists over the last 18 years across the spectrum of music, ranging in style from dance DJs Sasha & Digweed through to multi-million selling singer songwriter Dido and hit producers StoneBridge and BT. He currently handles worldwide management of Skindred – Voted Winner of the Best UK Live Act award at the 2012 Golden God Awards by readers of Metal Hammer Magazine. Aside from his role as an artist manager, he has also acted as a freelance festival booker and consultant, booking a large number of festivals, including the Hard Rock Hell Festival, Hammerfest, the New Musical Express's NME Weekender, and SFX weekender, a successful science fiction weekend festival and convention.

In 2013 and 2014, E7 Live promoted a number of concerts, including by Babyshambles, and also the German and Austrian dates of Justin Bieber's European tour.

Alchemy Live Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	960
Basis of valuation	Net asset value

Robert Horsfall, the founder of Alchemy Live Limited has been involved in the UK music industry for more than 30 years. Initially a solicitor at Theodore Goddard, and subsequently at specialist entertainment law firm, Lee and Thompson, he has represented a range of clients in the music sector, including independent record companies, music publishers, managers, promoters, agents, performers and writers. In the late 1980s, he became Director of Business Affairs at London Records and London Music, part of the PolyGram (now Universal Music) Group, where London's signed roster of acts included New Order, Happy Mondays, Shakespeare's Sister, All Saints and Fine Young Cannibals.

In 2006, he founded Sound Advice, providing legal, financial, management and live tour management services to clients; artists represented by Sound Advice have included Yusuf Islam (Cat Stevens) and James Morrison.

Events promoted by Alchemy Live during 2013 and 2014 have included concerts by The Specials and The Beards, and live shows by American comedy duo Jay & Silent Bob.

Axis Live Entertainment Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	960
Basis of valuation	Net asset value

Axis Live Entertainment Limited was founded by Jeremy Pearce, who has been involved in many aspects of the music industry, both in the UK and internationally, since 1975. He started as business affairs manager of United Artists, with responsibility for UA's record and music publishing companies. In 1977, he joined CBS Records International in Paris as Director, Business Affairs, Europe, overseeing CBS Records' affiliated offices and licensees across Europe. He was subsequently promoted to the position of Regional Vice President, CBS Songs International, with operational and profit responsibility for eight music publishing affiliates in Europe.

In 1983, he left CBS to become chief executive of Miles Copeland's group of companies, responsible for the overall policy and direction of the group of companies and administrator of all the music publishing interests of the Police and Sting.

In 1987, he returned to CBS Records (later Sony Music) as Vice President, where he oversaw all European business affairs and music publishing. In 1992, he established Sony Music's Licensed Repertoire Division, which entered into partnerships with independent record companies; as a result, Sony Music acquired rights to several of the most important independent acts of the time, including Suede, Oasis, Teenage Fanclub, Primal Scream and Gypsy Kings.

In 1996, he left Sony to establish V2 Music, the vehicle for Richard Branson's re-entry into the music business, establishing V2 as a major international independent company, with offices in the major record markets. Amongst the acts signed to V2 during his time there were Stereophonics, Tom Jones, Moby, Underworld and Mercury Rev.

Since leaving V2 in 2002, he has carried on business as an artist manager and independent music publisher.

Over the last 12 months, Axis Live has co-promoted concerts by J. Cole, Ramona Flowers and Sam Pepper.

Real Gone Gigs Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	960
Basis of valuation	Net asset value

Adam Hollywood, the founder of the Real Gone Gigs Limited, has spent his whole career in the UK entertainment industry. Starting in the early 1980s as a journalist at The Economist he then moved to The Sun/News of the World, where he was Entertainment Manager.

In 1986, he took up a marketing position at Epic Records, which at that time was label home to Michael Jackson, George Michael, Sade and Luther Vandross amongst many other globally established performers. In 1990, he moved into television marketing with the fledgling BSB TV, prior to being asked to join successful independent record label Telstar Records, as creative director.

In 2001, he joined Warner Bros Records, first as marketing director, and subsequently as General Manager, where was responsible for marketing and promotion campaigns for acts such as Madonna, Green Day, Muse and Michael Buble.

Since 2008, he has been worked at Smile Entertainment and Portobello Records, specialising in providing marketing, creative and live music services to customers.

Live events promoted by Real Gone Gigs since 2013 have included concerts by Rita Ora, Editors, Thomas Jack and The 1975.

Black Sheep Music Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	958
Basis of valuation	Net asset value

Grant Black, the founder of Black Sheep Music Limited, is a songwriter and music producer, who, over the last two decades, has written songs for artistes such as Sarah Brightman, Olly Murs, Holly Valance, Liberty X, Run DMC, Corrine Bailey Rae and JLS, and has worked with others such as Craig David, Bond and Heather Small (ex-M People).

Events promoted by Black Sheep Music since the beginning of 2013 have included by Parov Stellar and Justin Bieber's concerts in France, Switzerland and Italy.

Performance

Over the period, the net asset value total return of each class of Share has reduced. The principal contributor to these reductions has been the revaluation of the Company's investment in Intent HQ, as explained above; this has resulted in a disproportionate reduction in the C Share net asset value return, given that Intent HQ represents a greater proportion of the remaining investments in the C Share Fund compared with the other Share Funds.

Mention should also be made of the Company's investment in Handmade Mobile Entertainment. As explained in the Company's annual report for the year ended 28 February 2014, the Investment Manager and the Board took the step of reducing the valuation of the Company's holding in Handmade Mobile Entertainment to £100,000 in the light of its poor financial performance relative to its business plan. As the performance has not improved since then, the Investment Manager and the Board have now decided to write off that residual value entirely. The Investment Manager is, however, still hopeful that some value can be achieved from the investment.

Realisations

In July 2014, the Company realised its residual investment in Granon Entertainment Limited, bringing the total proceeds of realisation to £1.47 million, against a cost of investment of £1.74 million. This loss was primarily driven by disappointing initial ticket sales for the show *Forever Crazy* which Granon Entertainment promoted in 2012; despite much improved sales in the latter part of the show's run, Granon Entertainment was unable to recover its position.

In April 2014, a total of £468,740 in loans advanced to a number of the companies in the portfolio were repaid in full, together with interest.

As at the date of this report, the VCT-qualifying portfolio of the E Share Fund comprises investments in six companies, with the Company's investment in a seventh company, Rose Promotions Limited, having been realised in February 2014. The E Share Fund reached its fifth anniversary in 2014, as a consequence of which the focus has now turned to realisation of the E Share Fund's portfolio. The Investment Manager is in the process of realising the Company's investments in three of those companies, with a view to the proceeds being distributed to E shareholders towards the end of it is currently expected that that distribution will, taken with the 28p per E Share dividends already paid to date, result in E shareholders having received total cumulative cash payments representing the recovery of a majority of their original net cost of investment (assuming income tax relief was obtained at 30% of the amount invested). As with the C and D Share Funds, these initial realisations will result in a remaining portfolio comprising the E Share Fund's investments in Coolabi Group and Intent HQ.

As mentioned in the Company's annual report for the year ended 28 February 2014, the Investment Manager believes that a number of the companies in the portfolio in relation to which growth and higher returns are targeted have matured to the point where the Investment Manager can now actively consider exit opportunities. The Investment Manager therefore now anticipates a programme of realisation of these investments commencing in 2015.

Fundraising

In November 2013, the Company opened a third offer for subscription for H Shares. By the time the offer closed on 6 June 2014, applications had been received for a total of 2.55 million H Shares, resulting in gross funds of £2.4 million.

The Board has now approved a fourth offer for subscription for H Shares, which will open shortly.

Outlook

As at the date of this report, the H Share Fund still has money available to invest, and which is likely to account for one or two new investments. The Investment Manager is confident that the quality and volume of its dealflow will enable these funds to be invested in interesting businesses within a reasonable amount of time.

With the other Share Funds fully invested, the focus is on working with the investee companies in the portfolio, to work towards achieving growth and value whilst considering strategies and opportunities for exit.

Edge Investments

Investment Manager

31 October 2014

Investment portfolio summary

as at 31 August 2014

C Share Fund	As at 31 August 2014			As at 28 February 2014		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
Qualifying Investments						
Coolabi Group	173	337	47.9%	172	286	12.4%
Intent HQ Group	1,447	530	75.3%	1,447	2,155	93.5%
Total Qualifying Investments	1,620	867	123.2%	1,619	2,441	105.9%
Non-qualifying Investments						
Coolabi Group	1	1	0.1%	1	1	-
Total non-qualifying investments	1	1	0.1%	1	1	-
Total fixed asset investments	1,620	868	123.3%	1,620	2,442	105.9%
Net current assets		(164)	(23.3%)		(137)	(5.9%)
Net assets		704	100.0%		2,305	100.0%

D Share Fund	As at 31 August 2014			As at 28 February 2014		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
Qualifying Investments						
Coolabi Group	2,477	4,821	88.8%	2,476	4,087	57.8%
Granon Entertainment Limited	-	-	-	488	223	3.2%
Intent HQ Group	1,972	732	13.5%	1,973	2,976	42.1%
Total Qualifying Investments	4,449	5,553	102.3%	4,937	7,286	103.1%
Non-qualifying Investments						
Total non-qualifying investments	-	-	-	-	-	-
Total fixed asset investments	4,449	5,553	102.3%	4,937	7,286	103.1%
Net current assets		(125)	(2.3%)		(220)	(3.1%)
Net assets		5,428	100.0%		7,066	100.0%

Investment Portfolio Summary
Continued

E Share Fund	As at 31 August 2014			As at 28 February 2014		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net assets by value
Qualifying Investments						
Chapman Entertainment (Pavilion) Limited	-	-	-	391	-	-
Cloudroom Music Limited	1,000	841	16.4%	1,000	962	16.3%
Coolabi Group	1,411	2,746	53.6%	1,411	2,328	39.0%
Intent HQ Group	1,774	335	6.5%	1,774	1,362	22.8%
Lads On Tour Limited	1,000	839	16.4%	1,000	1,023	17.2%
Pepper Promotions Limited	1,000	840	16.4%	1,000	971	16.1%
Total Qualifying Investments	6,185	5,601	109.3%	6,576	6,646	111.4%
Non-qualifying Investments						
Coolabi Group	-	1	0.02%	-	-	-
Cloudroom Music Limited				24	24	0.4%
Lads On Tour Limited				24	24	0.4%
Pepper Promotions Limited				23	23	0.4%
Total non-qualifying investments	-	1	0.02%	71	71	1.2%
Total fixed asset investments	6,185	5,602	109.3%	6,647	6,717	112.6%
Net current assets		(477)	(9.3%)		(752)	(12.6%)
Net assets		5,125	100.0%		5,965	100.0%

F Share Fund	As at 31 August 2014			As at 28 February 2014		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net assets by value
Qualifying Investments						
Aurora Rising Limited	1,000	934	5.0%	1,000	962	4.6%
Black Dog Live Limited	1,000	954	5.1%	1,000	978	4.7%
Chapman Entertainment (Pavilion) Limited	-	-	-	285	-	-
Clarksville Train Limited	1,000	883	4.7%	1,000	912	4.4%
Closeto Limited	1,000	968	5.1%	1,000	993	4.8%
Coolabi Group	4,637	7,958	42.2%	4,637	6,745	32.3%
Daydream Believer Limited	1,000	952	5.1%	1,000	976	4.7%
Handmade Mobile Entertainment, Inc.	6	-	-	-	-	-
Handmade Mobile Entertainment Limited	994	-	-	1,000	50	0.2%
Intent HQ Group	1,285	243	1.3%	1,285	986	4.7%
Libra Live Limited	1,000	891	4.7%	1,000	916	4.4%
Mirriad Limited	1,000	1,437	7.6%	1,000	1,437	6.9%
Motti & Porg Limited	1,000	956	5.1%	1,000	978	4.7%
Raphine Limited	1,000	952	5.1%	1,000	977	4.7%
Sweet Right Peg Limited	1,000	939	5.0%	1,000	965	4.6%
Total Qualifying Investments	16,922	18,067	95.9%	17,207	17,875	85.7%
Non-qualifying Investments						
Aurora Rising Limited	-	-	-	23	23	0.1%
Black Dog Live Limited	-	-	-	24	24	0.1%
Clarksville Train Limited	-	-	-	23	23	0.1%
Closeto Limited	-	-	-	23	23	0.1%
Daydream Believer Limited	-	-	-	23	23	0.1%
Intent HQ Group	3,315	628	3.3%	3,315	2,545	12.2%
Libra Live Limited	-	-	-	24	24	0.1%
Motti & Porg Limited	-	-	-	24	24	0.1%
Raphine Limited	-	-	-	24	24	0.1%
Sweet Right Peg Limited	-	-	-	23	23	0.1%
Total non-qualifying investments	3,315	628	3.3%	3,526	2,756	13.1%
Total fixed asset investments	20,237	18,695	99.2%	20,733	20,631	98.8%
Net current assets		147	0.8%		263	1.2%
Net assets		18,842	100.0%		20,894	100.0%

Investment Portfolio Summary

Continued

G Share Fund	As at 31 August 2014			As at 28 February 2014		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net assets by value
Qualifying Investments						
Black Sheep Music Limited	1,000	958	6.0%	1,000	981	5.6%
Coolabi Group	3,732	5,242	32.8%	3,732	4,443	25.3%
E7 Live Limited	1,000	963	6.0%	1,000	993	5.7%
Grove Music Limited	1,000	968	6.1%	1,000	991	5.7%
Handmade Mobile Entertainment, Inc.	6	-	-	-	-	-
Handmade Mobile Entertainment Limited	994	-	-	1,000	50	0.3%
Intent HQ Group	425	80	0.5%	425	326	1.9%
La Cage Productions Limited	1,000	952	6.0%	1,000	975	5.6%
Mirriad Limited	334	479	3.0%	334	479	2.7%
MM Promotions Limited	1,000	941	5.9%	1,000	964	5.5%
Ramble On Limited	1,000	940	5.9%	1,000	964	5.5%
Two Bridges Live Limited	1,000	955	6.0%	1,000	974	5.5%
UltraNation Limited	1,000	952	6.0%	1,000	977	5.6%
Total Qualifying Investments	13,491	13,430	84.2%	13,491	13,117	74.9%
Non-qualifying Investments						
Black Sheep Music Limited	-	-	-	23	23	0.1%
E7 Live Limited	-	-	-	24	24	0.1%
Grove Music Limited	-	-	-	24	24	0.1%
Intent HQ Group	2,810	531	3.3%	2,810	2,157	12.3%
La Cage Productions Limited	-	-	-	23	23	0.1%
MM Promotions Limited	-	-	-	24	24	0.1%
Ramble On Limited	-	-	-	23	23	0.1%
Two Bridges Live Limited	-	-	-	23	23	0.1%
UltraNation Limited	-	-	-	23	23	0.1%
Total non-qualifying investments	2,810	531	3.3%	2,997	2,344	13.1%
Total fixed asset investments	16,301	13,962	87.5%	16,488	15,461	88.0%
Net current assets		1,997	12.5%		2,125	12.0%
Net assets		15,959	100.0%		17,586	100.0%

H Share Fund	As at 31 August 2014			As at 28 February 2014		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
Qualifying Investments						
Coolabi Group	500	919	11.1%	500	733	11.5%
Intent HQ Group	161	62	0.8%	161	123	1.9%
Mirriad Limited	637	810	9.9%	637	810	12.6%
Total Qualifying Investments	1,298	1,791	21.8%	1,298	1,666	26.0%
Non-qualifying Investments						
Coolabi Group	300	300	3.6%	300	300	4.7%
Intent HQ Group	225	80	1.0%	-	-	-
Total non-qualifying investments	525	380	4.6%	300	300	4.7%
Total fixed asset investments	1,823	2,171	26.4%	1,598	1,966	30.7%
Net current assets		6,034	73.6%		4,451	69.3%
Net assets		8,205	100%		6,417	100.0%

I Share Fund	As at 31 August 2014			As at 28 February 2014		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
Qualifying Investments						
Alchemy Live Limited	1,000	960	7.4%	1,000	946	6.9%
Axis Live Entertainment Limited	1,000	960	7.4%	1,000	953	7.0%
Coolabi Group	2,458	4,304	33.2%	2,458	3,311	24.3%
Done & Dusted Live Limited	750	711	5.5%	750	701	5.1%
Intent HQ Group	1,717	428	3.3%	1,514	1,530	11.3%
Mirriad Limited	380	546	4.2%	380	546	4.0%
Real Gone Gigs Limited	1,000	960	7.4%	1,000	952	7.0%
SEL Live Entertainment Limited	1,000	928	7.2%	1,000	948	7.0%
Total Qualifying Investments	9,305	9,797	75.7%	9,102	9,887	72.6%
Non-qualifying Investments						
Coolabi Group	815	815	6.3%	815	1,029	6.1%
Intent HQ Group	-	-	-	203	205	1.5%
Total non-qualifying investments	815	815	6.3%	1,018	1,234	9.1%
Total fixed asset investments	10,120	10,612	82.0%	10,120	11,121	81.7%
Net current assets		2,336	18.0%		2,530	18.3%
Net assets		12,948	100.0%		13,651	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 rule 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 rule 4.2.7R of the Disclosure and Transparency Rules, 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 rule 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 2014

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 2014. 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 2014. During the period, the Company has incurred investment management fees of £657,994 (exclusive of VAT), a performance related incentive fee of £nil (exclusive of VAT), an administration fee of £141,211 (exclusive of VAT) and an offer fee of £118,490 (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 2014

	Six months ended 31 August 2014			Six months ended 31 August 2013			Year ended 28 February 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(9,178)	(9,178)	-	1,851	1,851	-	(1,903)	(1,903)
Income	1,908	-	1,908	2,559	-	2,559	4,598	-	4,598
Manager's fees	(164)	(493)	(657)	(179)	(536)	(715)	(381)	(1,143)	(1,524)
Other expenses	(376)	(131)	(507)	(284)	(116)	(400)	(600)	(238)	(838)
Return on ordinary activities before tax	1,368	(9,802)	(8,434)	2,096	1,199	3,295	3,617	(3,284)	333
Taxation on ordinary activities	(292)	133	(159)	(957)	502	(455)	(1,299)	668	(631)
Return attributable to equity shareholders	1,076	(9,669)	(8,593)	1,139	1,701	2,840	2,318	(2,616)	(298)
Transfer to reserves	1,076	(9,669)	(8,593)	1,139	1,701	2,840	2,318	(2,616)	(298)

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 2014

	C Share Fund			D Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(1,590)	(1,590)	-	(1,755)	(1,755)
Income	17	-	17	246	-	246
Investment Manager's fees	(3)	(11)	(14)	(14)	(41)	(55)
Other expenses	(14)	(3)	(17)	(29)	(13)	(42)
Return on ordinary activities before tax	-	(1,604)	(1,604)	203	(1,809)	(1,606)
Taxation on ordinary activities	-	3	3	(44)	12	(32)
Return attributable to equity shareholders	-	(1,601)	(1,601)	159	(1,797)	(1,638)
Transfer to reserves	-	(1,601)	(1,601)	159	(1,797)	(1,638)
Return per Share (p)	(0.00)	(17.16)	(17.16)	0.83	(9.37)	(8.54)

	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(937)	(937)	-	(2,273)	(2,273)
Income	205	-	205	573	-	573
Investment Manager's fees	(13)	(37)	(50)	(44)	(132)	(176)
Other expenses	(20)	(11)	(31)	(77)	(39)	(116)
Return on ordinary activities before tax	172	(985)	(813)	452	(2,444)	(1,992)
Taxation on ordinary activities	(37)	10	(27)	(96)	36	(60)
Return attributable to equity shareholders	135	(975)	(840)	356	(2,408)	(2,052)
Transfer to reserves	135	(975)	(840)	356	(2,408)	(2,052)
Return per Share (p)	1.38	(9.95)	(8.57)	1.21	(8.20)	(6.98)

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 2014

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	(1,801)	(1,801)	-	(80)	(80)
Income	505	-	505	102	-	102
Investment Manager's fees	(36)	(109)	(145)	(25)	(76)	(101)
Other expenses	(110)	(30)	(140)	(55)	(12)	(67)
Return on ordinary activities before tax	359	(1,940)	(1,581)	22	(168)	(146)
Taxation on ordinary activities	(76)	30	(46)	(5)	19	14
Return attributable to equity shareholders	283	(1,910)	(1,627)	17	(149)	(132)
Transfer to reserves	283	(1,910)	(1,627)	17	(149)	(132)
Return per Share (p)	1.18	(7.94)	(6.76)	0.20	(1.69)	(1.50)

	I Share Fund		
	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	(742)	(742)
Income	260	-	260
Investment Manager's fees	(29)	(87)	(116)
Other expenses	(71)	(23)	(94)
Return on ordinary activities before tax	160	(852)	(692)
Taxation on ordinary activities	(34)	23	(11)
Return attributable to equity shareholders	126	(829)	(703)
Transfer to reserves	126	(829)	(703)
Return per Share (p)	0.80	(5.26)	(4.46)

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 year ended 28 February 2014

	C Share Fund			D Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains/(losses) on investments	-	(425)	(425)	-	(651)	(651)
Income	(112)	-	(112)	987	-	987
Investment Manager's fees	(13)	(38)	(51)	(58)	(174)	(232)
Other expenses	(24)	(8)	(32)	(69)	(37)	(106)
Return on ordinary activities before tax	(149)	(471)	(620)	860	(862)	(2)
Tax on ordinary activities	12	44	56	(329)	108	(221)
Return attributable to equity shareholders	(137)	(427)	(564)	531	(754)	(223)
Transfer to reserves	(137)	(427)	(564)	531	(754)	(223)
Return per Share (p)	(1.47)	(4.55)	(6.02)	2.76	(3.93)	(1.17)

	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains/(losses) on investments	-	102	102	-	(311)	(311)
Income	585	-	585	1,254	-	1,254
Investment Manager's fees	(28)	(82)	(110)	(100)	(299)	(399)
Other expenses	(36)	(18)	(54)	(165)	(64)	(229)
Return on ordinary activities before tax	521	2	523	989	(674)	315
Tax on ordinary activities	(181)	53	(128)	(357)	181	(176)
Return attributable to equity shareholders	340	55	395	632	(493)	139
Transfer to reserves	340	55	395	632	(493)	139
Return per Share (p)	3.46	0.56	4.02	2.14	(1.68)	0.46

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

for the year ended 28 February 2014

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	(1,111)	(1,111)	-	307	307
Income	1,053	-	1,053	155	-	155
Investment Manager's fees	(87)	(263)	(350)	(33)	(99)	(132)
Other expenses	(157)	(54)	(211)	(49)	(17)	(66)
Return on ordinary activities before tax	809	(1,428)	(619)	73	191	264
Taxation on ordinary activities	(261)	156	(105)	(11)	34	23
Return attributable to equity shareholders	548	(1,272)	(724)	62	225	287
Transfer to reserves	548	(1,272)	(724)	62	225	287
Return per Share (p)	2.28	(5.28)	(3.00)	0.99	3.56	4.55

	I Share Fund		
	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	186	186
Income	676	-	676
Investment Manager's fees	(62)	(188)	(250)
Other expenses	(100)	(40)	(140)
Return on ordinary activities before tax	514	(42)	472
Taxation on ordinary activities	(172)	92	(80)
Return attributable to equity shareholders	342	50	392
Transfer to reserves	342	50	392
Return per Share (p)	2.16	0.32	2.48

Balance Sheet (unaudited)

as at 31 August 2014

	As at 31 August 2014 £'000	As at 31 August 2013 £'000	As at 28 February 2014 £'000
Fixed assets			
Investments	57,463	73,154	65,626
Current assets			
Debtors	3,581	1,994	3,518
Corporate bond & other liquidity funds	7,464	13,137	7,060
Cash at bank	902	371	2,098
	11,947	15,502	12,676
Creditors: amounts falling due within one year	(2,199)	(155)	(4,418)
Net current assets	9,748	15,347	8,258
Net assets	67,211	88,501	73,884
Capital and reserves			
Called up share capital	11,697	11,515	11,513
Share premium account	1,978	18,425	1
Special reserve	63,261	56,820	63,502
Capital redemption reserve	675	410	675
Capital reserve – realised	(5,614)	(3,259)	(4,450)
Capital reserve – unrealised	(12,267)	(635)	(3,761)
Revenue reserve	7,481	5,225	6,404
Equity shareholders' funds	67,211	88,501	73,884

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

as at 31 August 2014

	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	868	5,553	5,602	18,695	13,962	2,171	10,612
Current assets							
Debtors	31	153	62	597	731	1,557	450
Corporate bond & other liquidity funds	-	-	-	250	1,347	4,009	1,858
Cash at bank	57	74	100	73	29	451	126
Creditors: amounts falling due within one year	(252)	(352)	(639)	(773)	(110)	17	(98)
Net current assets	(164)	(125)	(477)	147	1,997	6,034	2,336
Net assets	704	5,428	5,125	18,842	15,959	8,205	12,948
Capital and reserves							
Called up Share capital	933	1,917	980	2,938	2,405	947	1,577
Share premium account	1	-	-	-	-	1,907	70
Special reserve	994	4,871	5,426	18,317	16,621	5,212	11,820
Capital redemption reserve	675	-	-	-	-	-	-
Capital reserve – realised	(1,182)	(1,154)	(833)	(983)	(686)	(102)	(609)
Capital reserve – unrealised	(1,289)	(1,938)	(1,249)	(3,525)	(3,826)	396	(666)
Revenue reserve	572	1,732	801	2,095	1,445	80	756
Equity shareholders' funds	704	5,428	5,125	18,842	15,595	8,205	12,948
Net asset value per Share (p)	7.55	28.31	52.29	64.13	66.34	86.60	82.12

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 28 February 2014

	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	2,442	7,286	6,717	20,632	15,461	1,967	11,121
Current assets							
Debtors	-	111	681	412	521	1,489	304
Corporate bond & other liquidity funds	-	-	-	-	1,613	3,616	1,831
Cash at bank	167	(8)	(822)	597	46	1,642	476
	167	103	(141)	1,009	2,180	6,747	2,611
Creditors: amounts falling due within one year	(304)	(323)	(611)	(747)	(55)	(2,297)	(81)
Net current assets	(137)	(220)	(752)	262	2,125	4,450	2,530
Net assets	2,305	7,066	5,965	20,894	17,586	6,417	13,651
Capital and reserves							
Called up share capital	933	1,917	980	2,938	2,406	692	1,647
Share premium account	1	-	-	-	-	-	-
Special reserve	994	4,870	5,425	18,317	16,621	5,454	11,821
Capital redemption reserve	675	-	-	-	-	-	-
Capital reserve – realised	(1,171)	(1,111)	(405)	(566)	(578)	(97)	(522)
Capital reserve – unrealised	(302)	(185)	(700)	(1,533)	(2,027)	307	78
Revenue reserve	571	1,575	665	1,738	1,164	62	627
Equity shareholders' funds	2,305	7,066	5,965	20,894	17,586	6,417	13,651
Net asset value per Share (p)	24.71	36.85	60.85	71.11	73.11	92.68	86.58

Reconciliation of movements in shareholders' funds (unaudited)

for the six months ended 31 August 2014

	Six months ended 31 August 2014 £'000	Six months ended 31 August 2013 £'000	Year ended 28 February 2014 £'000
Opening shareholders' funds	73,884	81,627	81,627
Capital per Share issue	2,377	5,338	5,503
Expenses of issue	(125)	(249)	(335)
Share buy-back	-	(824)	(909)
Return on ordinary activities after tax	(8,593)	2,840	(298)
Dividends	(332)	(229)	(11,704)
Closing shareholders' funds	67,211	88,501	73,884

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 2014

	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	2,305	7,066	5,965	20,894	17,586	6,417	13,651
Share capital subscribed for in the year						2,377	
Expenses of issue						(125)	
Share buy-back							
Return on ordinary activities after tax	(1,601)	(1,638)	(840)	(2,052)	(1,627)	(132)	(703)
Dividend						(332)	
Closing shareholders' funds	704	5,428	5,125	18,842	15,959	8,205	12,948

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 year ended 28 February 2014

	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	913	-	-	-	-	4,590	-
Expenses of issue/buy-back	(23)	-	-	-	-	(312)	-
Share buy-back	(909)	-	-	-	-	-	-
Return for the year	(564)	(223)	395	139	(724)	287	392
Dividends	-	(5,945)	(687)	(2,056)	(1,684)	(229)	(1,103)
Closing shareholders' funds	2,305	7,066	5,965	20,894	17,586	6,417	13,651

Cash flow statement (unaudited)
for the six months ended 31 August 2014

	Six months to 31 August 2014		Six months to 31 August 2013		Six months to 28 February 2014	
	£'000	£'000	£'000	£'000	£'000	£'000
Operating activities						
Investment Manager's fees paid	(1,417)		(715)		(1,787)	
Company secretarial fees paid	(29)		(29)		(47)	
Cash paid to and on behalf of Directors	(41)		(49)		(100)	
Movement in working capital	104		497		3,375	
Net cash inflow/(outflow) from operating activities		(1,382)		(296)		1,441
Financial investment						
Purchase of unquoted investments	(225)		(2,409)		(10,326)	
Sale of unquoted investments	-		-		12,203	
Loans repaid	469		-		-	
Net cash inflow/(outflow) from financial investment		244		(2,409)		1,877
Tax paid		-		(455)		(119)
Net cash outflow from tax		-		(455)		(119)
Equity dividends paid	(332)		(229)		(11,704)	
Net cash outflow from dividends		(332)		(229)		(11,704)
Net cash outflow before financing		(1,470)		(3,389)		(8,505)
Movement of liquid resources		(404)		(1,949)		4,100
Financing						
Buy-back and cancellation of Shares	-		(825)		(909)	
Unpaid share capital paid down	75				-	
New Share issues	2,370		5,338		5,503	
Cash subscribed for shares yet to be allotted	(1,648)				798	
Share issue expenses	(118)		(250)		(335)	
Net cash inflow from financing		678		4,263		5,057
Increase/(decrease) in cash		(1,196)		(1,075)		652

1. Accounting Policies

The financial information for the six months ended 31 August 2014 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 2014. 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 2014. No statutory accounts in respect of any period after 28 February 2014 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 2014, the Company held cash balances and current asset investments with a combined value of £8.4 million. 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 2014 of:

Share class	Weighted average for the 6 months ended:		
	31 August 2014	31 August 2013	28 February 2014
C	9,330,098	9,379,903	9,340,975
D	19,172,500	19,172,500	19,172,500
E	9,801,952	9,801,652	9,801,952
F	29,379,532	29,379,532	29,379,532
G	24,056,803	24,056,803	24,056,803
H	8,887,441	5,735,782	6,325,493
I	15,766,414	15,766,414	15,766,414

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 2014:

Share class	31 August 2014	Number of shares in issue as at: 31 August 2013	28 February 2014
C	9,330,098	9,336,026	9,330,098
D	19,172,500	19,172,500	19,172,500
E	9,801,952	9,801,952	9,801,952
F	29,379,532	29,379,532	29,379,532
G	24,056,803	24,056,803	24,056,803
H	9,474,517	6,924,978	6,924,978
I	15,766,414	15,766,414	15,766,414

During the six months ended 31 August 2014, the Company did not buy back any Shares.

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 2014

Directors

Sir Robin Miller (Chairman)

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

VCT Taxation advisers

PricewaterhouseCoopers LLP

1 Embankment Place

London WC2N 6RH

Auditor

Grant Thornton UK LLP

30 Finsbury Square

London EC2P 2YU

Bankers

HSBC Private Bank (UK) Limited

78 St. James's Street

London SW1A 1JB

Registrar

The City Partnership (UK) Limited

Thistle House

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Broker

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