EDGE
PERFORMANCE VCT

ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2012

Incorporated in England and Wales
with registration number 5558025.

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2012

Year ended 29 February	2012 C	2012 D	2012 E	2012 F	2012 G	2012 Total
Net assets £'000	9,577	14,686	7,588	25,441	22,318	79,610
Net asset value per Share, p	72.04	76.38	77.30	86.50	92.40	n/a
Net asset value total return per Share, p	100.04	97.38	91.30	93.50	92.40	n/a
Investment income £'000	437	533	378	706	422	2,476
Return on ordinary activities before tax £'000						
- Revenue	315	354	209	450	178	1,506
- Capital	(528)	(887)	(232)	(305)	(375)	(2,327)
- Total	(213)	(533)	(23)	145	(197)	(821)
Return per Share, p						
- Revenue	1.89	1.47	1.69	1.22	0.62	n/a
- Capital	(3.61)	(4.30)	(1.90)	(0.76)	(1.35)	n/a
- Total	(1.72)	(2.83)	(0.21)	0.47	(0.73)	n/a
Dividend per Share recommended in respect of the year, p						
- Revenue	-	-	-	-	-	n/a
- Capital	-	7.00	7.00	7.00	7.00	n/a
- Total	-	7.00	7.00	7.00	7.00	n/a
Share price at end of year, p	73.00	77.00	77.00	85.00	95.00	n/a

2011

Year ended 28 February Restated	2011 C	2011 D	2011 E	2011 F	2011 G	2011 Total
Net assets £'000	10,762	16,577	8,294	27,362	n/a	62,995
Net asset value per Share, p	80.74	86.21	84.51	93.03	n/a	n/a
Net asset value total return per Share, p	101.74	100.21	91.51	93.03	n/a	n/a
Investment income £'000	333	583	109	406	n/a	1,431
Return on ordinary activities before tax £'000						
- Revenue	204	355	(20)	51	n/a	590
- Capital	1,445	1,184	(31)	(212)	n/a	2,386
- Total	1,649	1,539	(51)	(161)	n/a	2,976
Return per Share, p						
- Revenue	1.21	1.46	(0.16)	0.14	n/a	n/a
- Capital	10.99	6.33	(0.13)	(0.57)	n/a	n/a
- Total	12.20	7.79	(0.30)	(0.43)	n/a	n/a
Dividend per Share recommended in respect of the year, p						
- Revenue	-	-	-	-	n/a	n/a
- Capital	7.00	7.00	7.00	7.00	n/a	n/a
- Total	7.00	7.00	7.00	7.00	n/a	n/a
Share price at end of year, p	62.00	69.50	75.50	100.00	n/a	n/a

Investment Policy

Edge Performance VCT plc ("Edge Performance VCT" or the "Company") offers the opportunity to invest in the entertainment and media industry in a broad range of companies (thereby diversifying risk), and seeks to allow investors to take advantage of VCT tax reliefs while combining the features listed below.

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

Edge Performance VCT is seeking to achieve: high targeted returns, downside risk protection and liquidity.

The Company will balance Qualifying Investments with a high level of capital protection with other Qualifying Investments where the potential for significantly higher returns justifies a lower level of capital protection; the intention is that the investor's risk is thereby minimised, underpinning the return to the investor of up to 70p per Share (i.e. the investor's net cost of investment, assuming 30% income tax relief).

H Share Fund

Edge Performance VCT is seeking to achieve: growth, an annual yield for investors, risk reduction and liquidity.

Edge Performance VCT is targeting building to a consistent tax-free annual dividend yield for investors. To align the interests of the Company's investment manager, Edge Investment Management Limited (the "Investment Manager") with this objective, the Investment Manager's performance fee is payable only if cumulative Dividends are at least 7p per H Share per year on average (i.e. a yield of at least 10% of the investor's net cost of investment [1]) and the net asset value per H Share grows. In the early years of the H Share Fund, the Company is seeking to pay out annual dividends of 3.5p per H Share per year (a 5% yield), while the anticipated returns from Qualifying Investments start to grow.[1]

The Company will invest at least 70% of the H Share Fund in Qualifying Investments, using risk reduction strategies wherever available; the intention is that the majority of any gain made from realisation of Qualifying Investments will be distributed to H Shareholders, to maintain and improve the H Shareholders' yield, with the remaining proceeds of realisation being reinvested in further Qualifying Investments, in order to drive compound growth for the H Shareholders.

Asset Allocation

Each of the Share Funds will initially be 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 be realised to fund the making of Qualifying Investments.

In relation to the H Share Fund, the Company will seek to make Qualifying Investments which the Company believes are capable of generating an appropriate level of growth or return.

In relation to the C, D, E, F, G and I Share Funds, the Company will balance investments with a high level of capital protection, ideally with contractual revenues or capital guarantees from financially sound counter-parties, with other investments where lower capital protection offers significantly higher potential returns. Through the use of this blended investment strategy:

- the intention is that the Shareholder's risk is thereby minimised, underpinning the return to the Shareholder of up to 70p per Share (i.e. the Shareholder's net cost of investment, assuming 30% income tax relief); and
- the targeted tax-free return is 130p per 70p invested (assuming tax relief at 30%, equivalent to a return of 160p per 100p invested).

Qualifying Investments will normally be made up of ordinary shares or other eligible shares (as defined under VCT rules) in the investee company, together with, wherever practicable, loan stock or other loan finance and/or preference shares.

Risk Mitigation

Wherever possible, the portfolio investments will be made through loan finance as far as is permitted under VCT rules, which should provide additional capital protection.

Borrowings

It is not intended that the Company will incur borrowings to fund its operations, although the Company may, under its articles of association, borrow in aggregate an amount up to 50% of its Adjusted Capital and Reserves (as defined in the Company's articles of association, being the aggregate of the Company's paid up share capital and the amount standing to the credit of the consolidated capital and revenue reserves of the Company, after adjustments, including for tax and distributions, and such other adjustments as the Company's auditor may consider appropriate).

VCT Status and Maximum Exposures

The Company must be approved by HM Revenue and Customs in order to retain its venture capital trust status. The conditions which must be satisfied to retain such status include the restriction on the maximum exposure of the Company that not more than 15% by value of the Company's investments can be held in a single company or group (other than a VCT). The Company will not exceed this level even in the event of an increase in the limit imposed by VCT rules.

1 Assuming income tax relief at 30% on the cost of investment. There is no guarantee that this objective will be met and this statement does not represent a dividend or profit forecast, and none should be implied.

Chairman's Statement

The year ended 29 February 2012 was a busy and productive period across a number of areas of the Company. Notably, as covered below, the Company made more VCT-qualifying investments during the year than in any previous year, and significant progress was made towards completion of further VCT-qualifying investments which took place after the end of the year.

Investment Activity

As reported in my statement last year, the expectation for the year to 29 February 2012 was that the healthy pipeline of opportunities would result in a significant amount of investment activity, and this has transpired; a total of £22.7 million in VCT-qualifying investments were completed during the year, in 23 companies.

A particular investment highlight of the year was the completion of the Edge-funded management buyout of Coolabi plc, through a takeover offer made by North Promotions plc; this represented the successful culmination of some two years' work by the Investment Manager.

The Company also looked to capitalise on the opportunities created by the constantly-evolving technological landscape, through new investments in businesses such as Handmade Mobile Entertainment Limited and (after the year end) MirriAd Limited.

In the live event sector, the Company made a series of investments in event promotions businesses, with the Investment Manager assisting in securing deals for those businesses with suitable and established counterparties.

Details of all of these investments are provided in the Investment Manager's review on pages 8 to 13 and in the venture capital investments summary on pages 14 to 17 of this report.

Additionally, during the year, groundwork was done which has enabled VCT-qualifying investments totalling £5.75 million to be completed since the year end, and for the Company to commit to a further series of investments of £7.43 million in total.

As a consequence of this level of investment activity, the Company's E Share Fund has achieved full investment as required under venture capital trust regulations, the F Share Fund has now invested some two-thirds of the amounts required to be invested in qualifying investments and the G Share Fund has more than one-half of the amount required to be invested in qualifying investments.

Although I Shares were first issued after the end of the year, mention should also be made of the fact that the I Share Fund has already also invested some two-thirds of the amounts required to be invested in qualifying investments.

Portfolio

As at 29 February 2012, the Company's VCT-qualifying portfolio encompassed a total of 32 investee companies across all of the Share Funds, with a further six companies added after the year end. Those investee businesses span areas of the entertainment and media sector such as children's entertainment, live events promotion, digital marketing, social media and mobile application development.

Financial Performance

In line with the Company's investment policy, all qualifying portfolio holdings are valued at cost for the first twelve months following investment. After the end of that twelve month period, an appropriate valuation methodology, in line with the International Private Equity and Venture Capital Guidelines, will be selected for each investee business; however, the Company will always favour a conservative approach to valuing those investments, to avoid volatility in net asset value of each Share class from one period to the next. The consequence of these two factors is that the net asset value per Share in each class has not moved significantly over the year to 29 February 2012 after account is taken of dividend payments.

Although the VCT-qualifying portfolio encompasses more than 30 companies, it is worth noting here that a significant proportion of the value of the Company's overall portfolio is attributable to its investments in Global Dawn Limited and North Promotions plc, as is explained in greater detail in the Investment Manager's review. Under the Company's "blended" investment strategy, those investments form part of that higher risk related segment of the portfolio which the Investment Manager believes has the potential to generate significant returns for the Company and the Shareholders; both Global Dawn and North Promotions are at an early stage of their business development plans.

Dividends

Consistent with the Board's philosophy of paying out regular dividends to Shareholders, the Company paid dividends in November 2011 of 7p per C Share, 7p per D Share, 7p per E Share and 7p per F Share.

The Board is now recommending that the Shareholders approve, at this year's Annual General Meeting, further dividends of 7p per D Share, 7p per E Share, 7p per F Share and a maiden dividend of 7p per G Share, to be paid in November 2012. If these dividends are approved and paid, cumulative *tax-free* dividends per Share will be 28p per D Share, 21p per E Share, 14p per F Share and 7p per G Share, providing the Shareholder with an attractive consistent *tax-free* dividend yield.

The anticipated dividends to be paid in respect of C Shares are covered below, and in the Investment Manager's review.

Fundraising

In October 2010, Edge Performance VCT launched an offer of subscription for up to 10 million G Shares. Demand resulted in the extension of the offer and, by the time the offer closed in June 2011, applications for a total of 23.6 million G Shares had been received, making Edge Performance VCT one of the most successful VCTs in the 2010/11 fundraising market. Notably, during the course of the G Share offer, Edge Performance VCT reached the significant milestone of having raised in excess of £100 million since the Company's inception in 2006.

In November 2011, Edge Performance VCT launched two offers for Shares: the I Share offer, which replicated previous years' "planned exit" share offers; and the H Share offer, which represented Edge Performance VCT's first foray into an "evergreen" share class. The 2011/12 fundraising market proved to be a difficult one, in particular with heightened competition from fundraising offers under the Enterprise Investment Scheme. As at 5 April 2012, applications had been received for a total of 12.1 million I Shares and 2 million H Shares. Although these levels were significantly down on the previous two years, the results are considered satisfactory in the context of the overall market; in the case of the "evergreen" H Share Fund, this initial fundraising provides a suitable platform from which to grow through further fundraising efforts.

Enhanced Buy-back of C Shares

In May 2012, Edge Performance VCT announced its intention to offer C Shareholders the opportunity to sell their C Shares back to the Company, with the proceeds resulting in new I Shares for the Shareholders who elect to participate. This offer, which is expected to open in June 2012, is intended to encourage the reinvestment in Edge Performance VCT of funds which would otherwise not be available to the Company in the future.

Realisation of C Share Portfolio

The Company is now looking to commence the process of realising the investments held by the C Share Fund, with the intention that:

- that proportion of those net proceeds which relates to the C Shareholders who elect to participate in the enhanced share buy-back will be reinvested in new VCT-qualifying investments, to be held by the I Share Fund and
- that proportion of those net proceeds which relates to the C Shareholders who elect *not* to participate in the enhanced share buy-back will be distributed to those C Shareholders as dividends.

Whilst it is not yet possible to provide a firm indication of timing and amount of the dividends to be paid to the C Shareholders, the Company's expectation is that the majority of the value of the C Share Fund will be distributed in the Autumn of 2012. The balance of the value of the C Share Fund will be distributed once the remaining investments reach the optimal time for realisation, as explained in the Investment Manager's review.

Legislative Backdrop

Over the Summer and Autumn of 2011, the Company and the Investment Manager were actively involved in the process of consultation with HM Treasury and HM Revenue & Customs over the Government's intention to make further changes to the VCT rules. That consultation process culminated in the Finance Bill, published in March 2012, and which, as at the date of this report, is awaiting Royal Assent.

The European Commission has now approved changes to the VCT rules which now enable investments of up to £5 million (previously £2 million) to be made, and in larger businesses than previously permitted.

The net effect of these rule changes is to bring a measure of balance to the VCT sector, and to open up to the Company a range of potential opportunities which the Company was not able to consider before now.

The Board

I am pleased to report that, during the year, Lord Flight joined the Board of the Company. Howard has more than 40 years' experience in the investment sector, and his expertise and abilities have strengthened the Edge team still further.

Outlook

With the further growth of the Company's funds under management and of its portfolio, the depth and breadth of experience of the Edge team and the continued quality of the Company's deal flow, I believe that the Company is well positioned to drive value for Shareholders.

I thank you for your continued support of the Company.

Sir Robin Miller
Chairman

27 June 2012

The Directors and Investment Manager

The collective experience of the Directors and the Investment Manager's team - which covers VCT fund management, venture capital, investment banking, live event promotion, corporate finance, private equity, artist management, legal and business affairs, accountancy, tax and deal structuring skills - will be employed in the selection and management of the Company's investments.

As at the date of this report, the Company had the following directors, all non-executive, who are responsible for overseeing investment policy and will have overall responsibility for the Company's activities. The Directors are, with the exception of David Glick, independent of the Investment Manager.

Directors

Sir Robin Miller
(Chairman of Edge Performance VCT)

Robin Miller was formerly Chief Executive (1985-98 and 2001-03) and Chairman (1998-2001) of Emap plc, one of the UK's leading media groups with businesses, including consumer and trade publishing, commercial radio and music TV channels and events.

In 2003, Robin became senior media adviser to HgCapital, and was involved in the successful disposal of Boosey & Hawkes and Clarion Events Limited. He was previously a non-executive director of Channel 4 Television (1999-2006), and was Chairman of their New Business Board, was Non-Executive Chairman of the HMV Group (2004-2005), Senior Non-Executive Director at Mecom Group plc (2005-2009), Chairman of Entertainment Rights plc (2008-2009) and Setanta Sports Holdings Limited in 2009.

Robin is currently also a non-executive director of The Racing Post and Time Out Group, Chairman of IBIS Media VCT plc, Getmemedia.com Limited, Golf Club Network, Crash Media Group and a director of Bikesportnews.com and a Trustee of the Golf Foundation and Riders for Health.

Kevin Falconer

Kevin Falconer has spent most of his professional life as a senior private banker specialising in the entertainment and media sector. Until 2005, he was the head of HSBC Private Bank's global media practice. Since leaving the banking industry, he has devoted his time to providing strategic advice to a small group of highly successful media entrepreneurs, including Chris Blackwell (founder of Island Records) and Pete Waterman. He is currently a non-executive director of Pete Waterman Entertainment and Audiotube.

Michael Eaton

Michael Eaton is a qualified (non-practising) solicitor and was a partner at City law firm Stephenson Harwood. In 1977, he joined the Dick James Music Organisation where he was responsible for the legal and administrative aspects of its publishing, recording and management activities. In 1979, he formed Eaton & Co. (subsequently re-named Eaton & Burley), a firm of solicitors specialising in the music industry, and in 1990 he was a co-founder of Eatons, a leading music and entertainment law firm, with David Glick.

In 2000, he founded MusicLore, which has provided business, management and legal advice to some of the world's leading recording and performing artists.

He has throughout his career acted for numerous highly successful popular music artists, including Eric Clapton, the Bee Gees, the Police, Enya and Frankie Goes to Hollywood, in North America as well as Europe. He has also represented a number of successful businesses in the entertainment and media sector, such as Northern Songs, the Beatles' music publishing company. More recently, he has represented Eric Clapton in relation to his world-wide touring activities and was one of the main organisers of the Crossroads Guitar Festivals in Dallas in 2004 and in Chicago in 2007 and 2010. He is currently chief executive officer of Bushbranch Limited, a music management company providing management services to Eric Clapton.

Frank Presland

Frank Presland practised as a solicitor for 25 years, specialising in music and copyright. He advised numerous musicians including The Beatles, Dusty Springfield, The Troggs, Terence Trent D'Arby and Elton John; as well as music publishing companies, including BMG Music Publishing Limited, and record companies, including RCA Records. He became senior partner of law firm Frere Cholmeley Bischoff and later became joint chairman of the national law firm, Eversheds.

In 1999, he established Twenty-First Artists, a music management company, of which he was Chief Executive Officer until 2010. From May 2006 to April 2008, he was Chief Executive Officer of The Sanctuary Group plc, in which role he brokered the sale of the Group to Universal Music in 2007. He is currently Chairman of the Rocket Music Entertainment Group, which provides management services to Elton John, Lily Allen, James Blunt and a number of other artists.

Investment Manager

David Glick

David Glick is an experienced venture capital investor in the entertainment and media sector, who has specialised in various aspects of the industry, and who has been involved in the sale and purchase of multi-million pound entertainment and media assets, with a particular emphasis on music, television, film, sport, theatre and fashion.

Previously a practising solicitor, he co-founded Eatons, a leading music and entertainment law firm, in 1990. In 2000 Eatons merged with law firm Mishcon de Reya, where he became head of the entertainment and media group. In 2004, he formed the Edge group of companies as a specialist investment and advisory business for the entertainment and media sector. At Edge, he has brokered and advised clients on the sale and purchase of a range of entertainment and media related assets and businesses. He has also been both an executive and a non-executive director of Entertainment Rights, the UK media business which was quoted on the Official List. He is the founder of Edge Performance VCT, and is married to Kate Glick, who is employed by Edge Investment Management Limited, the Investment Manager.

Lord Flight

Lord Flight has worked in the financial services industry for 40 years and co-founded Guinness Flight Global Asset Management. In 1998, upon Guinness Flight's acquisition by Investec, he became Joint Chairman of Investec Asset Management. He was the MP for Arundel and South Downs from 1997 to 2005, and was Shadow Chief Secretary to the Treasury between 2000 and 2004. He was appointed to the House of Lords in January 2011. He is Chairman of the EIS Association, Arden Partners plc and CIM Investment Management Limited and is a director of Metro Bank plc, Marechale Capital Limited, Investec Asset Management Limited and of a number of other companies in the financial services sector. He is also a Commissioner of the Guernsey Financial Services Commission.

Gordon Power

(Chairman of Edge Investment Management)

Gordon Power has 27 years of venture capital and private equity experience and is chairman of Edge Investment Management and a private equity investor in his own right. Prior to this he founded the private equity business ProVen Private Equity (now re-named Beringea) and led its buy-out from Guinness Mahon in 1997. As CEO of ProVen from 1984 until 2004, he spearheaded the creation and marketing of funds and the investment and exit of deals as head of the investment committee. By 2002 ProVen, which specialised in media and intellectual property rights investments, had funds under management of £185 million including Guinness Flight VCT (now re-named Ortus VCT), ProVen VCT and ProVen Media VCT (now re-named ProVen Growth and Income VCT).

Harvey Goldsmith CBE

Harvey Goldsmith is one of the UK's best known music industry impresarios, having since the 1960s produced and promoted shows with leading artists such as The Rolling Stones, The Who, Bruce Springsteen, The Eagles, Led Zeppelin and Sting. He formed Artiste Management Productions in 1973 to produce and manage music artists, and Harvey Goldsmith Entertainments Limited in 1976, which became the UK's leading promoter of concerts and events. He became involved in the Prince's Trust in 1982, producing the first Prince's Trust Rock Gala, and joining the Trust's board. In 1985, he produced the Live Aid concert with Sir Bob Geldof, raising £140 million for famine relief in Africa and the more recent Live 8 concert in 2005. He has also produced major operatic productions and was the worldwide tour producer for Pavarotti. He is responsible for the annual Cirque du Soleil shows in the UK, is the co-producer of Merchants of Bollywood and was the instigator and producer of the Led Zeppelin reunion concert at the O2 Arena in London in December 2007. Since 2008, he has managed Grammy award-winning guitarist, Jeff Beck.

David Glick

See above.

Alasdair George

Alasdair George is a former solicitor who has extensive experience of legal, strategic, commercial and operational management in the entertainment industry, having been Senior Vice President of Legal & Business Affairs at Sony Music UK & Ireland, sitting on its management board, and on the Council of the UK record trade association, the BPI. He handled the merger of Sony Music and Warner Music's distribution businesses, the UK and Irish aspects of Sony Music's global merger with Bertelsmann's BMG, and the Sony-Michael Jackson joint venture (which created Sony/ATV Music Publishing). He has been a director of Edge Investment Management since 2007.

Kate Glick ACA, CTA, ASI

Kate Glick qualified as a chartered accountant and chartered tax adviser with Arthur Andersen, where she worked from 1991 until 2002, and is also a member of the Securities & Investment Institute. Her experience at Arthur Andersen spanned insolvency and turnaround advice and tax advice on areas including capital gains tax, trust and other personal tax matters. She is the Company Secretary of Edge Investment Management. She holds a BA in Economics from Cambridge University and is married to David Glick.

Investment Manager's Review

Investment Overview

The year ended 29 February 2012 saw the most active period of investment for the Company since its inception. 27 VCT qualifying investments were made in 23 companies, at a total cost during the year of £22.7 million. The year also saw the realisation of qualifying investments in two companies, for £3.37 million in total.

At the end of the year, the Company's venture capital portfolio therefore included qualifying investments in a total of 32 companies, across all of the Share Funds.

The new investments made during the year mean that the E Share Fund has met the requirement to have at least 70% of its investments in qualifying holdings, and is therefore treated as fully invested. Similarly, substantial progress has been made towards that 70% threshold in respect of the F and G Share Funds, with the investment of the remaining amounts required to be invested from those funds expected to be completed during the year to 28 February 2013.

The Investment Manager reviewed investment opportunities in a range of different entertainment and media businesses over the year, encompassing opportunities in character and brand licensing, digital marketing, television production, live ticketing, recorded music, music publishing, radio, magazines, social networking, festivals, exhibitions, gaming, and sports events, amongst others.

Portfolio Performance

As at 29 February 2012, the NAV total return of each of the share funds stood at:

C Share Fund:	100.04p per Share (102.42p per Share as at 28 February 2011)
D Share Fund:	97.38p per Share (100.46p per Share as at 28 February 2011)
E Share Fund:	91.30p per Share (91.13p per Share as at 28 February 2011)
F Share Fund:	93.50p per Share (92.69p per Share as at 28 February 2011)
G Share Fund:	92.40p per Share (2011: not applicable)

As explained on page 43, the Company's valuation policy requires unlisted qualifying investments to be valued at cost for the first twelve months following the date of making the investment, and with an appropriate valuation approach to be taken to any investment more than twelve months old, in order to reflect the fair value of that investment.

Investment Strategy

For each of the C Share, D Share, E Share, F Share, G Share and I Share Funds, Edge Performance VCT employs a "blended" investment strategy, entailing a proportion of funds being invested in qualifying investments with a high degree of capital protection, coupled with a further proportion of funds being invested in businesses where the Investment Manager believes there is potential for significantly higher returns.

With the H Share Fund, the Company looks to make investments, using risk reduction strategies wherever available, in businesses which the Investment Manager believes have the potential to generate appropriate returns, with a view to achieving growth and an annual yield for H Shareholders.

Qualifying Investments made during the Year

Live Events Companies

In line with its investment strategy, Edge Performance VCT invested a total of £20 million during the year in a series of live events promotions businesses, with those investments being made from the E, F and G Share Funds. Subsequent to the completion of those investments, each of the businesses subsequently secured the benefit of events licensing arrangements with an established counterparty, and with that counterparty in each case providing contractual guarantees so as to underpin a substantial proportion of the amount invested by Edge Performance VCT. Details of those companies can be found in the venture capital investments summary on page 22 of this report.

North Promotions plc

Prior to the year, Edge Performance VCT had already invested a total of £2 million, in two tranches in North Promotions, for a mix of loan stock and equity, and resulting in Edge Performance VCT holding 50% of the issued ordinary share capital of the company.

In November 2011, North Promotions made a takeover offer, to acquire the entire issued share capital of Coolabi plc, by way of a funded management buy-out. Immediately prior to the offer being made, Edge Performance VCT made a further qualifying investment in North Promotions of £1 million, and made, or committed to making, a series of non-qualifying investments of a further £2.1 million. Those investments formed part of Edge Performance VCT's overall commitment to funding the buy-out, and to providing the business, following completion of the acquisition, with growth capital.

Coolabi plc was at the time listed on AIM, with a strong management team known to Edge Performance VCT and the Investment Manager. Its business is that of the acquisition and exploitation of a range of different intellectual property portfolios, particularly in the children's sector. Its key property is currently *Poppy Cat,* the first series of which has been broadcast in numerous countries, including on Nick Junior in the UK (upgraded on ITV1 in May 2012) and Sprout in the USA (upgrading to NBC Kids, taking the show to more than 110 million households in the USA). Other properties within the company's portfolio include *Purple Ronnie*, *Scarlett & Crimson*, *Dead Gorgeous* and *The Large Family*. Recent years have seen a measure of expansion and growth, with the acquisition of rights to the Ambler, Innes and Creasey literary estates, and the extension of distribution agreements for *Bagpuss*, *Clangers* & *Ivor the Engine*. Prior to the takeover offer by North Promotions, Edge Performance VCT had already invested £1.18 million in Coolabi, for ordinary shares and convertible loan stock.

The takeover offer of Coolabi by North Promotions gave Coolabi shareholders the opportunity to sell their shares for cash, or alternatively to accept shares in North Promotions in exchange for their Coolabi shares. On 5 December 2011, North Promotions announced that the offer had been accepted by shareholders holding in total more than 90% of the issued share capital of Coolabi. In January 2012, North Promotions exercised its right under the Companies Act compulsorily to purchase the remaining shares in Coolabi, with the result that, by the end of the period, Coolabi was a wholly-owned subsidiary of North Promotions.

In accepting the takeover offer in respect of its shares in Coolabi, Edge Performance VCT elected to be issued with new shares in North Promotions, in addition to the shares which were already held in North. As a consequence, Edge Performance VCT's holding in North represents some 92% of the total economic value of North Promotions.

Chapman Entertainment (Pavilion) Limited

Chapman Entertainment (Pavilion) was established in 2008 as a new independent children's TV production company founded by the originator of *Bob The Builder*, Keith Chapman. Chapman Entertainment specialises in the creation, production and management of original, quality children's and family entertainment properties.

Chapman Entertainment has four brands currently in the marketplace – *Fifi and the Flowertots*, *Roary the Racing Car*, *Little Charley Bear* and *Raa Raa the Noisy Lion.* All are currently being broadcast around the globe. Chapman properties have been watched and loved by tens of millions of children in 185 different territories with new audiences discovering them every day.

In August 2011, Edge Performance VCT invested £675,888 in Chapman Entertainment (Pavilion), all for convertible loan notes. In November 2011, Edge Performance VCT converted 30% of that loan stock to ordinary shares in Chapman Entertainment (Pavilion), resulting in an equity holding in the company of just under 17%. Were the remaining loan stock to be converted, Edge Performance VCT's equity holding in the company would increase to 27.6%.

Handmade Mobile Entertainment Limited

Handmade Mobile Entertainment is a leading player in consumer mobile applications; it is headquartered in London, but with offices also in California.

The company developed the flirting/dating application, *Flirtomatic*, which over its lifetime to date has had over 4 million subscribers in the UK, USA and other markets in Europe. In any one month, *Flirtomatic* has several hundred thousand unique users; the company earns revenues from users sending virtual gifts and messages, and from advertising. The company has built its technical platform to be highly scalable, modular and with the ability to be used by multiple social networks, either integrated with similar features or completely separate with a dedicated database of users and unique features. A second social network was launched during the fourth quarter of 2011 in partnership with Freemantle Media and ITV, and was based on the successful game show *Take Me Out*.

Handmade is in the process of launching a new range of entertainment-driven consumer applications and services. These will often be in conjunction with existing entertainment brands, with Handmade providing the platform for the user-generated content and social interactions.

In December 2011, Edge Performance VCT invested £1 million in Handmade Mobile Entertainment, with a commitment made at the time to invest a further £1 million as soon as that investment can be made on a qualifying basis under venture capital trust rules. The initial investment was made for a mix of ordinary shares and preference shares, with the second investment to follow the same structure. As at the year end, Edge Performance VCT held 7.5% of the issued share capital of Handmade Mobile Entertainment, which will increase to 14% on completion of the second investment.

Qualifying Investments Realised during the Year

Coolabi plc

Over the course of November and December 2011, Edge Performance VCT converted the loan stock held in Coolabi into further ordinary shares, resulting in the Company's shareholding in Coolabi increasing to 27.6%. In accepting the takeover offer made by North Promotions, as described above, Edge Performance VCT elected to sell its shareholding in Coolabi in exchange for the issue of new shares in North Promotions. Based on price per share under the takeover offer, Edge Performance VCT's investment in Coolabi was therefore realised in December 2011 for a total of £1.37 million, against an original investment cost of £1.18 million.

South Productions

Edge Performance VCT first invested in 2010 in South Productions, which provides consultancy and advisory services, particularly in relation to the licensing of intellectual property rights. In February 20012, Edge Performance VCT sold the ordinary shares and loan stock held in South Productions, to Global Dawn Limited, in exchange for the issue of new ordinary shares and loan stock in Global Dawn. The realised value of that investment was £2 million, representing recovery of the full cost of Edge Performance VCT's investment in South Productions.

The acquisition of South Productions by Global Dawn enabled Global Dawn to repay £1.4 million of loans previously advanced by Edge Performance VCT.

Significant Qualifying Investments

It is appropriate for this review to touch on two of Edge Performance VCT's investee businesses, as they represent the two largest investments made by the Company.

Global Dawn Limited

Global Dawn's trade is the creation of technology platforms and formats which enable businesses to connect with consumers, using content, gaming and social media.

Edge Performance VCT first invested in Global Dawn in August 2010, when the company acquired the business of Enrich Social Productions Limited, a previous investee of the Company.

As at the year end, Edge Performance VCT had invested a total of £4.95 million in Global Dawn on a VCT-qualifying basis, and had additionally provided Global Dawn with short-term loans totalling £5.72 million (net of the £1.4m repayment referred to above). Further non-qualifying loans of £1.45 million were advanced after the year end.

As at 29 February 2012, the £10.67 million invested in Global Dawn was valued at £14.77 million; that uplift in valuation was first reflected in February 2011 and is derived from the equity component of Edge Performance VCT's investment in Global Dawn and the value placed on the company by third party investors.

During the year, Global Dawn completed development of its technical platform, which the Investment Manager believes places Global Dawn in a unique position to capitalise on opportunities for the extension of its customers' brands through social media. With the development phase completed, Global Dawn's activities are now focussed on delivering on its attractive pipeline of potential sales.

As the costs of developing the core platform have been reflected fully in Global Dawn's financial results to date, the transition to a sales-ready stage is expected to result in Global Dawn becoming profitable within the next 24 months.

As at the year end, Edge Performance VCT's overall investments in Global Dawn represented 41.1% of net value of the C Share Fund, 26.4% of the D Share Fund, 20.3% of the E Share Fund, 13.3% of the F Share Fund and 9.1% of the G Share Fund.

North Promotions plc

As explained above, Edge Performance VCT had invested a total of £3 million in North Promotions prior to the company's takeover offer of Coolabi plc, and a further £2.1 million by the year end. With Edge Performance VCT's total investment of £1.18 million now represented by further shares in North Promotions which were issued under the takeover, this brings the total cost of Edge Performance VCT's investment in North Promotions to £6.3 million. Given the amount invested during the year, and the fact that the takeover was completed in the latter part of the year, the valuation of Edge Performance VCT's investment in North Promotions has not been uplifted.

With the Coolabi management team now in place at North Promotions, and with Coolabi now as a wholly-owned subsidiary of North Promotions, the Investment Manager believes that the team and the business will be able to fulfil its potential to an extent which was not achievable whilst Coolabi remained on AIM. A key aspect of North Promotions' strategy is to identify assets and/or businesses, particularly in the children's sector, suitable for acquisition; Edge Performance VCT has therefore committed to providing or securing further investment in North Promotions for that purpose. The Investment Manager believes that North Promotions therefore has significantly potential to grow substantially, both organically and through those acquisitions.

As at the year end, Edge Performance VCT's investments in North Promotions represented 2.5% of net value of the C Share Fund, 16.9% of the D Share Fund, 18.6% of the E Share Fund and 9.3% of the F Share Fund.

Qualifying Investments after the Year End

In Edge Performance VCT's prospectus for its I Share offer, the Company stated its intention to complete, before 6 April 2012, all of the higher-underpinned investments to be made by the I Share Fund. In line with that, Edge Performance VCT invested a total of £4.75m in five live events promotions companies, each of which will have the benefit of events licensing arrangements with, and capital guarantees from, suitable counterparties in the live events sector.

Also following the year end, Edge Performance VCT invested £1 million in MirriAd Limited, with a commitment to invest a further £1 million over the course of the year. MirriAd is an innovative technology business which has developed a fully integrated system enabling the digital placement of products and advertising into TV programming and video, and is therefore ideally positioned to capitalise on the recent relaxation of product placement restrictions in UK and other European-originated television programming. MirriAd has also already been working with broadcasters and television production companies in countries outside of Europe. On completion of its second £1 million investment, Edge Performance VCT will hold just under 14% of the issued share capital of MirriAd.

Including the follow-on investments in Handmade Mobile Entertainment and MirriAd referred to above, Edge Performance VCT has already committed to investing a further total of £7.43 million in a number of businesses, with those investments to be completed in the coming months.

Non-qualifying Investments

Initially, the net proceeds of each of Edge Performance VCT's Share offers are invested in various fixed income securities, cash and cash equivalent assets, offering a high degree of capital preservation. Whilst a suitable level of return is sought, the Investment Manager has regarded, and will continue to regard capital preservation as an important consideration. Subsequently, up to 30% of each Share Fund will be maintained in such investments whilst the balance is reinvested in VCT-qualifying investments.

The non-qualifying portfolios are currently managed in conjunction with Rothschild (for the C Share Fund), UBS (for the D, E and G Share Funds), and (for the F & G Share Funds) Heartwood and JP Morgan. During the year, the return on all of these funds averaged 1.8%, reflecting the prevailing conditions in the European money markets.

As at 29 February 2012, the value of the non-qualifying portfolio was as follows:

Manager	Share Pool Fund	Value (£'000)
Rothschild	C	666
UBS	D	801
UBS	E	894
Heartwood	F	2,385
JP Morgan	F	6,336
UBS	G	3,474
Heartwood	G	1,215
JP Morgan	G	6,492
		22,263

Additionally, as at 29 February 2012, the Company held the following non-qualifying investments in the portfolio companies:

Share Fund	Investee	Nature of Investment	Value £
C	North Promotions plc	Ordinary shares	232
		Preference shares	543
			775
E	Global Dawn Limited	Short-term loans	599,670
F	Global Dawn Limited	Short-term loans	3,359,588
	North Promotions plc	Loan stock	1,760,000
		Short-term loans	339,064
			5,458,652
G	Global Dawn Limited	Short-term loans	2,052,000

Realisation of C Share Fund

The end of May 2012 saw the C Share Fund reach its fifth anniversary, meaning that the Investment Manager's and the Board's focus for that Fund has now turned to the realisation of the investments held by it.

In relation to monies raised by the Company between 2007 and 2009, significant changes in the economic landscape at that time called for a careful appraisal of the Company's approach to its investment programme; a cautious approach to the stewardship of the Company's funds resulted in investments being made more slowly than might otherwise have been the case. The Investment Manager believes that this will ultimately benefit Shareholders in terms of achievable returns, given that slowing the pace of investing helped avoid investing in any businesses which collapsed in the financial crisis that pervaded at that time, and also allowed for improvements in the terms on which investments could be made; the corollary, however, is that the businesses in which those investments were made at a later stage of the relevant Fund's life cycle are unlikely to reach the optimal stage for realisation until the latter stages of the indicated five to seven year investment horizon.

The Company's intention is that the portfolio will start to be realised in the Summer of 2012. The Investment Manager believes that the majority by value of the portfolio can be realised over a relatively short period of time, by virtue of the manner in which those investments were originally structured. The Investment Manager, however, for the reasons explained above, does not believe that it would be in the best interests of the C Shareholders to realise a couple of the C Share Fund's investments at this point.

As at 29 February 2012, those investments which the Investment Manager feels would benefit from a later realisation represented approximately 31p of the net asset value per C Share. Deferring realisation for a time will, in the Investment Manager's opinion, provide an opportunity for further growth in the value of those investments.

As mentioned in the Chairman's statement on page 4, the Company is intending to offer C Shareholders the opportunity of an enhanced share buy-back, whereby those Shareholders will be able to sell their C Shares back to the Company, on condition that the proceeds of that sale are applied in subscribing for new Shares in the Company. Details of this offer will be sent to C Shareholders shortly, which will explain the options open to C Shareholders, and illustrate the result of each of those options.

For those C Shareholders who elect to participate in the enhanced share buy-back, it is intended that the proceeds of the initial realisations referred to above will be reinvested in new VCT-qualifying investments in the I Share Fund.

For those C Shareholders who do not elect to participate in the enhanced buy-back, the Company's current intention is that the net proceeds of those realisations will be distributed to C Shareholders during the Autumn of 2012. This should result in those C Shareholders having recovered in cash all, or almost all, of their initial net of tax cost of investment (assuming income tax relief was obtained at 30%), and continuing to hold C Shares then worth – based on the 29 February 2012 valuation – some 31p per C Share, but with potential for growth in the value of those investments prior to their eventual realisation.

Outlook

The Investment Manager continues to receive regular approaches for potential investments in the entertainment and media sector. Additionally, dealflow is stimulated through the Investment Manager's and the Board's extensive network of contacts in the sector.

The ongoing economic backdrop, with businesses still struggling to secure funding from other sources, such as banks, provides opportunity for the Investment Manager to identify interesting and attractive opportunities.

Furthermore, the changes in the rules on VCT investments introduced in 2011, together with those new rule changes referred to in the Chairman's Statement, mean that a larger range of possible investments are becoming available to the Company for the first time.

The Investment Manager believes that the outlook for the Company is therefore both exciting and positive.

Investment Portfolios
as at 29 February 2012

C Share Portfolio	2012 Cost £	2012 Valuation £	2012 % of net assets by value	2011 Cost £	2011 Valuation £	2011 % of net assets by value Restated
Qualifying investments						
MK Ultrasound	2,007,658	1,739,796	18.2	2,007,658	1,823,000	16.9
Saravid Promotions	2,007,050	1,432,403	15.0	2,007,050	1,489,200	13.8
B&W Events	1,004,025	1,152,143	12.0	1,004,025	1,085,000	10.1
Global Dawn	2,025,301	3,930,789	41.0	1,474,014	3,301,197	30.7
South Productions	n/a	n/a	-	553,000	553,000	5.1
Coolabi	n/a	n/a	-	250,825	235,125	2.2
North Promotions	242,188	242,188	2.5	-	-	-
Total qualifying investments	7,286,222	8,497,319	88.8	7,296,572	8,486,522	78.8
North Promotions	775	775	0.0			
Total non-qualifying investments	775	775	0.0			
Total fixed asset investments	7,286,997	8,498,094	88.7	7,296,572	8,486,522	78.8
Net current assets		1,079,508	11.3		2,275,385	21.2
Net assets		9,577,600	100.0		10,761,907	100.0

D Share Portfolio	2012 Cost £	2012 Valuation £	2012 % of net assets by value	2011 Cost £	2011 Valuation £	2011 % of net assets by value Restated
Qualifying investments						
Challi Productions	2,000,000	1,709,729	11.6	2,000,000	1,799,600	10.9
HTM Promotions	2,000,000	1,721,255	11.7	2,000,000	1,777,140	10.7
Global Dawn	1,972,301	3,877,789	26.4	1,474,014	3,301,197	19.9
Coolabi	n/a	n/a	-	369,312	461,640	2.8
TRP 2009	1,000,000	928,904	6.3	1,000,000	953,100	5.7
Granon Entertainment	1,735,000	1,652,293	11.3	1,735,000	1,735,000	10.5
North Promotions	2,477,028	2,477,028	16.9	2,000,000	2,000,000	12.1
South Productions	n/a	n/a	-	500,000	500,000	3.0
Rose Productions	1,000,000	948,122	6.5	1,000,000	1,000,000	6.0
Total qualifying investments	12,184,329	13,315,120	90.7	12,078,326	13,527,677	81.6
Total fixed asset investments	12,184,329	13,315,120	90.7	12,078,326	13,527,677	81.6
Net current assets		1,371,401	9.3		3,049,051	18.4
Net assets		14,686,521	100.0		16,576,728	100.0

E Share Portfolio	Cost £ (2012)	Valuation £ (2012)	% of net assets by value (2012)	Cost £ (2011)	Valuation £ (2011)	% of net assets by value Restated (2011)
Qualifying investments						
North Promotions	1,410,791	1,410,791	18.6	n/a	n/a	n/a
South Productions	n/a	n/a	-	947,000	947,000	11.4
Rose Productions	300,000	284,436	3.7	300,000	300,000	3.6
Chapman Entertainment	390,783	390,783	5.2	n/a	n/a	n/a
Pepper Promotions	1,000,000	1,000,000	13.2	n/a	n/a	n/a
Lads on Tour	1,000,000	1,000,000	13.2	n/a	n/a	n/a
Cloudroom Music	1,000,000	1,000,000	13.2	n/a	n/a	n/a
Global Dawn	947,000	947,000	12.4			
Total qualifying investments	6,048,574	6,033,010	79.4	1,247,000	1,247,000	15.0
Global Dawn	531,147	599,670	7.9			
Total non-qualifying investments	531,147	599,670	7.9			
Total fixed asset investments	6,579,721	6,632,680	87.4	1,247,000	1,247,000	15.0
Net current assets		953,801	12.6		7,046,841	85.0
Net assets		7,586,481	100.0		8,293,841	100.0

F Share Portfolio	2012 Cost £	2012 Valuation £	2012 % of net assets by value	2011 Cost £	2011 Valuation £	2011 % of net assets by value Restated
Qualifying investments						
Chapman Entertainment	285,105	285,105	1.2	-	-	-
North Promotions	238,445	238,45	0.9	-	-	-
Clarksville Train	1,000,000	1,000,000	3.9	-	-	-
Daydream Believer	1,000,000	1,000,000	3.9	-	-	-
Black Dog Live	1,000,000	1,000,000	3.9	-	-	-
Aurora Rising	1,000,000	1,000,000	3.9	-	-	-
Closeto	1,000,000	1,000,000	3.9	-	-	-
Libra Live	1,000,000	1,000,000	3.9	-	-	-
Sweet Right Peg	1,000,000	1,000,000	3.9	-	-	-
Raphine	1,000,000	1,000,000	3.9	-	-	-
Motti & Porg	1,000,000	1,000,000	3.9	-	-	-
Handmade Mobile	1,000,000	1,000,000	3.9	-	-	-
Total qualifying investments	10,523,550	10,523,550	41.1	n/a	n/a	-
North Promotions	2,099,064	2,099,064	8.4	-	-	-
Global Dawn	3,136,103	3,359,588	13.3	n/a	n/a	-
Total non-qualifying investments	5,235,167	5,458,652	21.7	n/a	n/a	-
Total fixed asset investments	15,758,717	15,982,202	62.8	n/a	n/a	-
Net current assets		9,458,976	37.2		27,261,048	100.0
Net assets		25,441,178	100.0		27,261,048	100.0

G Share Portfolio	2012 Cost £	2012 Valuation £	2012 % of net assets by value	2011 Cost £	2011 Valuation £	2011 % of net assets by value Restated
Qualifying investments						
Black Sheep Music	1,000,000	1,000,000	4.5	-	-	-
UltraNation	1,000,000	1,000,000	4.5	-	-	-
Grove Music	1,000,000	1,000,000	4.5	-	-	-
Ramble On	1,000,000	1,000,000	4.5	-	-	-
La Cage Productions	1,000,000	1,000,000	4.5	-	-	-
MM Promotions	1,000,000	1,000,000	4.5	-	-	-
Two Bridges Live	1,000,000	1,000,000	4.5	-	-	-
E7 Live	1,000,000	1,000,000	4.5	-	-	-
Total qualifying investments	8,000,000	8,000,000	36	n/a	n/a	-
Global Dawn	2,052,000	2,052,000	9.1	n/a	n/a	-
Total non-qualifying investments	2,052,000	2,052,000	9.1	n/a	n/a	-
Total fixed asset investments	10,052,000	10,052,000	45.1	n/a	n/a	n/a
Net current assets		12,266,252	54.9		n/a	n/a
Net assets		22,318,252	100.0		n/a	n/a

Venture Capital Investments

as at 29 February 2012

Global Dawn Limited

Cost:	£10,663,852
Valuation:	£14,766,836
Basis of valuation:	Third party/cost of short term loans and loan stock
Equity holding:	44.36%

Global Dawn's trade is the creation of technology platforms and formats, which enable businesses to connect with consumers using content, gaming and social media.

In the year to 29 February 2012, the company completed the build of its 'Social Business Engine', an enterprise software solution that enables businesses to increase their average revenue per user.

The Social Business Engine uses social data to build profiles of prospects and users, which are updated in real time and used to personalise both the content and the functionality which a user sees. This content is controlled by a behavioural processor which determines the content that will help the user to take the next step, for example, to sign up for an account, or purchase an item. The Social Business Engine successfully completed live beta testing during 2011 and has generated significant interest in the market.

In the period to 30 June 2011, Global Dawn recognised a pre-tax loss of £6.3m driven by the cost of completing the platform. With the platform complete, the company has launched the product, is receiving positive feedback from customers and has a strong pipeline of potential customers.

North Promotions plc

Cost:	£6,468,290
Valuation:	£6,468,290
Basis of valuation:	Cost
Equity holding:	50% of voting rights

North Promotions plc's trade is the acquisition, development and creative management of intellectual property assets, particularly in the field of character merchandising. The company completed its first acquisition in February 2012, acquiring the entire issued share capital of Coolabi plc, whose principal characters include *Poppy Cat*, *Purple Ronnie*, *Dead Gorgeous*, *Bagpuss*, *Clangers* and *Ivor the Engine*. Prior to the acquisition, Coolabi was listed on AIM, but has since delisted. At 29 February 2011, Edge Performance VCT plc held 50% of the voting rights of North Promotions.

In the six months ended 30 June 2011, the date of the company's half year report, Coolabi recognised revenue of £0.61 million and an adjusted EBITDA loss of £0.3 million. However, 2011 saw the successful television launch of Coolabi's signature new series, *Poppy Cat*, which continues to be well received and offers the opportunity to generate significant licensing and merchandising revenues. Alongside its established assets, Coolabi has a strong development slate from which to build the catalogue's programming in the future.

North Promotions continues to look for acquisition opportunities in order to build its portfolio of assets and capitalise on the company's strong management team.

MK Ultrasound Limited

Cost:	£2,007,658
Valuation:	£1,739,796
Basis of valuation:	Net asset value
Equity holding:	49.5%

David Dorrell, the founding director and shareholder of MK Ultrasound, has been in the music industry for 30 years: as a journalist at the New Musical Express in the early 1980s, where he championed The Smiths and Sade; as a performer, he was responsible for the dance music anthem 'Pump Up The Volume' in 1987; as a producer and remixer, he worked with U2, Janet Jackson and Tina Turner in the 1990s; as a manager he has represented acts such as Pet Shop Boys and Bush.

Following the success of the TNA Wrestling event co-promoted in 2010, the company co-promoted the January 2011 TNA Events in Glasgow, Manchester and London. The tour returned a small profit of £12k. The company is in negotiations over suitable events for the coming year.

The company's audited accounts, covering the period from 1 September 2010 to 31 August 2011, showed a gross profit of £12,110 on turnover of £338,099, and an operating loss on ordinary activities of £73,578.

HTM Promotions Limited

Cost:	£2,000,000
Valuation:	£1,721,255
Basis of valuation:	Net asset value
Equity holding:	49.5%

HTM Promotions' founding director, Paul Crockford, is an established figure in the UK music business, having been both a promoter and an artist manager since the 1970s. As a promoter, he has worked with acts such as The Damned, Elton John, Police, Eric Clapton, Tears For Fears and Dire Straits. He managed Level 42 at the height of their career, when they became one of the most popular British acts of the 1980s, selling in excess of 20 million albums. He is currently managing former Dire Straits frontman, Mark Knopfler.

HTM Promotions has the benefit of an events licensing arrangement with AEG Live.

The company's audited accounts, covering the period from 1 May 2010 to 30 April 2011, showed a gross profit of £23,924 on turnover of £647,848, and an operating loss on ordinary activities of £84,044.

Challi Productions Limited

Cost:	£2,000,000
Valuation:	£1,709,729
Basis of valuation:	Net asset value
Equity holding:	49.5%

Challi Productions Limited's founding director, Jeff Golembo has spent over 25 years in the music and entertainment business and was formerly Managing Director of MCA Records in the UK, having held senior business and commercial roles at CBS Records in Paris, New York and London and Phonogram Records in the UK. He is currently on the Board of Entertainment Media Research, a leading online music research company, and consults for a number of media clients in the UK and Africa.

With the benefit of an events licensing arrangement with AEG Live, in 2011 Challi Productions successfully promoted-international rock superstars Bon Jovi.

The company's audited accounts, covering the period from 1 April 2010 to 31 March 2011, showed a gross profit of £35,560 on turnover of £1,071,120, and an operating loss on ordinary activities of £73,482.

Granon Entertainment Limited

Cost:	£1,735,000
Valuation:	£1,652,293
Basis of valuation:	Net asset value
Equity holding:	50%

Granon Entertainment was founded by Adam Driscoll, who was also the co-founder of MAMA Group plc, and its CEO until its sale to HMV in early 2010. Under Adam, MAMA Group expanded its business to include artist management, music publishing, live venue ownership, event ownership and event promotion and grew to a business with a market cap of £50m by the time of its sale.

After considering a number of opportunities in the music and live events sector Granon Entertainment is co-promoting the inaugural London run of the iconic Parisian cabaret show, Crazy Horse, in the Autumn of 2012.

The company's first audited accounts, covering the period from 25 March 2010 (the company's date of incorporation) to 31 March 2011, showed a gross loss of £21,449 and an operating loss on ordinary activities of £188,448.

Saravid Promotions Limited

Cost:	£2,007,050
Valuation:	£1,432,403
Basis of valuation:	Net asset value
Equity holding:	49.5%

Daniel Lycett is the founding director and shareholder of Saravid Promotions. Having been in the music industry since the late 1980s. He has worked in a range of roles for some of the most notable companies in the industry's independent sector, including PWL Records (home to the 'Hit Factory' production trio Stock Aitken & Waterman) and the UK office of German independent label Edel Records.

The company is in discussions to co-promote the upcoming New Kids On The Block and Back Street Boys tours.

Unaudited management accounts for the six months to 31 August 2011 show a gross profit of £36,296, and a loss on ordinary activities, before interest and taxation, of £17,128.

Rose Promotions Limited

Cost:	£1,300,000
Valuation:	£1,232,558
Basis of valuation:	Net asset value
Equity holding:	50%

Rose Promotions' founder, Richard Rowe, was a senior executive at CBS Records UK during its heyday in the 1980s, before becoming global president of Sony/ATV Music Publishing in the early 1990s where he oversaw the expansion of the business, including through its joint venture with Michael Jackson. In 2004, he left Sony, to establish a new independent music publishing business, R2M Management, with offices in the UK and the USA.

The company concluded an events licensing arrangement in March 2012, which will afford the company access to promotion opportunities.

The company's first audited accounts, covering the period from 17 March 2010 (the company's date of incorporation) to 31 March 2011, showed an operating loss on ordinary activities of £20,389.

B & W Events Limited

Cost:	£1,004,025
Valuation:	£1,152,143
Basis of valuation:	Net asset value
Equity holding:	49%

The company's trade is the promotion and organisation of tours, concerts and concert tours, exhibitions and other events before live audiences.

In 2011 B&W co-promoted, alongside SJM Ltd, dates with four bands including Elbow's concert at Nottingham arena in March. Up and coming indie bands Friendly Fires and Mercury Rev played dates in May while rock stalwarts Primal Scream played in June marking 20 years since the release of Screamadelica. All dates returned a profit.

The company's audited accounts, covering the period from 1 August 2010 to 31 July 2011, showed a gross profit of £353 on turnover of £221,865, and an operating loss on ordinary activities of £19,835. Based on unaudited interim accounts for the period to 31 January 2012 the company's cumulative operating profit on ordinary activities since incorporation was £105,726.

TRP 2009 Limited

Cost:	£1,000,000
Valuation:	£928,904
Basis of valuation:	Net asset value
Equity holding:	50%

Paul Burger, who is the founding director and shareholder of the company, has more than 30 years' experience within the music industry, including as Chairman of Sony Music Canada, Chairman of Sony Music UK, President of Sony Music Europe and, most recently, as founder of Soho Artists, a boutique artist management company representing both mainstream and world music artists.

TRP 2009's trade is that of promotion of live events. The company concluded an events licensing arrangement in March 2012, which will afford the company access to promotion opportunities.

Unaudited management accounts for the twelve months to 31 December 2011 show a loss on ordinary activities, before interest and taxation, of £19,242.

Handmade Mobile Entertainment Limited

Cost:	£1,000,000
Valuation:	£1,000,000
Basis of valuation:	Cost
Equity holding:	7.5%

Handmade Mobile Entertainment is a leading player in consumer mobile applications specialising in products that allow social interaction between its customers. Its first application was Flirtomatic, a dating service which over its lifetime has had over 4 million subscribers in the UK, USA and other markets in Europe. Its revenues are earned from advertising and user revenue through the purchase of credits to send messages and buy other users virtual gifts.

The company has yet to publish its accounts to 31 December 2011. The last available published accounts for the company are for the year ended 31 December 2010 and show a loss for the year of £2.7 million, driven by the costs of developing the platform. Since this time, the company has seen its revenue streams develop and is forecast to reach profitability in 2013. Edge Performance VCT plc invested £1 million in December 2011.

Chapman Entertainment (Pavilion) Limited

Cost:	675,888
Valuation:	675,888
Basis of valuation:	Cost
Equity holding:	27.6% if fully converted

Chapman Entertainment (Pavilion) Limited is an independent children's TV production company founded by the originator of *Bob The Builder* - Keith Chapman. Chapman specialises in the creation, production and IP management of original, quality children's and family entertainment properties. Its assets include the series *Fifi and the Flowertots* and *Roary the Racing Car*, which launched in 2005 and 2007 respectively and are well known to children's audiences in the UK and around the world.

The company's consolidated accounts to 30 June 2010, the last available published accounts, reported a profit for the year of £194,985 but the company encountered challenging trading conditions and embarked upon a restructuring and refinancing. Edge Performance VCT plc invested £675,888 in Summer 2011 as part of a £1.3m rights issue undertaken to close a funding gap in the development of its two new properties *Little Charley Bear* and *Raa Raa the Noisy Lion.*

Both properties completed production in the year on time and budget and were launched in the UK to a warm reception on the hugely influential CBeebies.

In the year ended 29 February 2012, the Company invested £1 million in each of 20 companies specialising in live events promotion.

	Cost	Valuation	Basis of valuation	Equity holding
Aurora Rising Limited	£1,000,000	£1,000,000	Cost	49.97%
Black Dog Live Limited	£1,000,000	£1,000,000	Cost	49.95%
Black Sheep Music Limited	£1,000,000	£1,000,000	Cost	49.95%
Clarksville Train Limited	£1,000,000	£1,000,000	Cost	49.97%
Closeto Limited	£1,000,000	£1,000,000	Cost	49.97%
Cloudroom Music Limited	£1,000,000	£1,000,000	Cost	49.95%
Daydream Believer Limited	£1,000,000	£1,000,000	Cost	49.97%
E7 Live Limited	£1,000,000	£1,000,000	Cost	49.97%
Grove Music Limited	£1,000,000	£1,000,000	Cost	50%
La Cage Productions Limited	£1,000,000	£1,000,000	Cost	49.97%
Lads On Tour Limited	£1,000,000	£1,000,000	Cost	50%
Libra Live Limited	£1,000,000	£1,000,000	Cost	49.95%
MM Promotions Limited	£1,000,000	£1,000,000	Cost	49.97%
Motti & Porg Limited	£1,000,000	£1,000,000	Cost	49.95%
Pepper Promotions Limited	£1,000,000	£1,000,000	Cost	49.95%
Ramble On Limited	£1,000,000	£1,000,000	Cost	49.97%
Raphine Limited	£1,000,000	£1,000,000	Cost	49.97%
Sweet Right Peg Limited	£1,000,000	£1,000,000	Cost	49.95%
Two Bridges Live Limited	£1,000,000	£1,000,000	Cost	49.97%
UltraNation Limited	£1,000,000	£1,000,000	Cost	49.97%

Directors' Report

The Directors present the financial statements of the Company (incorporated in England and Wales with registration number 5558025) for the year ended 29 February 2012 and their report on its affairs.

Business and Principal Activities

Edge Performance VCT has pioneered an approach which was designed to address the key issues which the Directors believe have in the past deterred some individuals from investing in VCTs, namely the ability to exit from the VCT once the investment has been held for five years, and the perceived level of risk of the underlying investments. Edge, using the skills of the Directors and the investment team of the Investment Manager who collectively have a depth of sector experience in the entertainment industry, seeks to allow investors to take advantage of VCT tax reliefs whilst combining:

- high targeted returns;
- downside risk protection; and
- liquidity.

Edge's structure aims to minimise the risk to the investor, whilst still permitting the investor to benefit from attractive returns by utilising arrangements that seek to combine high targeted returns with reduced downside risk and enhanced liquidity. The majority of the portfolio investments will be made through loan finance which should provide additional capital protection.

Further detail of the Company's investment policy is given on page 3.

The Directors do not foresee any major changes in the activity undertaken by the Company in the foreseeable future.

VCT Status

The Company has been approved as a venture capital trust by HM Revenue & Customs under section 274 of the Income Tax Act 2007. The Directors intend to continue to manage the affairs of the Company in compliance with this section.

Business Review

This business review has been prepared in accordance with the requirements of Section 417 of the Companies Act 2006 and best practice. A detailed review of the Company's development and performance during the year and consideration of its future prospects may be obtained by reference to this Report, the Chairman's Statement (pages 4 and 5) and the Investment Manager's Review (pages 8 to 13). Details of the venture capital investments made by the Company are given in the Investment Portfolios (pages 14 to 17) and the Venture Capital Investments report (pages 18 to 22). A summary of the Company's key financial measures is given on page 1. Details of important events occurring after the balance sheet date can be found in note 20 to the financial statements on page 57.

The Board is responsible to Shareholders for the proper management of the Company and for determining the Company's investment policy. Investment and divestment opportunities are originated, negotiated and decided on by the Investment Manager. Company secretarial services and accounting services are provided to the Company by, respectively, The City Partnership (UK) Limited and HW Fisher & Company.

In reviewing the work of the Investment Manager, the Board looks to be satisfied that:

- the Company's investment policy is being followed;
- each investment or divestment decision is subjected to rigorous due diligence;
- risk is further mitigated by investing across a sufficiently diverse range of businesses and by maintaining a balance between equity and loan stock exposure; and
- the portfolio will meet the HMRC VCT conditions.

In consideration of the Company's financial performance, the Board, taking account of the comparatively long term nature of the Company's investments, pays particular attention to net asset value total return per Share, total expense ratio and performance against the FT All Share Media Index (which is considered to be the most appropriate broad equity market index for comparative purposes).

Net Asset Value Total Return per Share

The net asset value total return per Share comprises the net asset value per Share plus cumulative dividends paid per Share. Net asset value is calculated at least quarterly with investments valued in accordance with the International Private Equity and Venture Capital Valuation Guidelines. During the year under review, the Company's net asset value total returns per Share changed as follows:

	1 March 2011 Pence	29 February 2012 Pence
Net asset value total return per C Share	102.42	100.04
Net asset value total return per D Share	100.46	97.38
Net asset value total return per E Share	91.13	91.30
Net asset value total return per F Share	92.69	93.50
Net asset value total return per G Share	-	92.40

Over the same period, the FT All Share Media Index rose by 0.02%. Graphs comparing, for each of the Company's Share classes, the Share price total return, the net asset value total return per Share and the total return from a notional investment of 100p in the FT All Share Media Index over the period from 5 April 2007 to 29 February 2012 are presented on page 30.

Results and Dividends

As shown in the Company's Income Statement on page 36 of the financial statements, the Company's returns per share in the year ended 29 February 2012 were:

	C Share Fund	D Share Fund	E Share Fund	F Share Fund	G Share Fund
Revenue return per Share, pence	1.89	1.47	1.69	1.22	0.62
Capital return per Share, pence	(3.61)	(4.30)	(1.90)	(0.76)	(1.35)
Total return per Share, pence	(1.72)	(2.83)	(0.21)	0.47	(0.73)

Final dividends as undernoted in respect of the year ended 28 February 2011 were paid during the year ended 29 February 2012:

7.0 p per C Share

7.0 p per D Share

7.0 p per E Share

7.0 p per F Share

The Board recommends the payment of the following final dividends in respect of the year ended 29 February 2012:

7.0p per D Share

7.0p per E Share

7.0p per F Share

7.0p per G Share

The Balance Sheet on page 39 of the financial statements shows that the Company's net assets have increased over the year, primarily as a result of the injection of capital through the G Share offer for subscription.

Total Expense Ratio

The total expense ratio, calculated as the year's expenses (as disclosed in the profit & loss account) divided by the average net asset value across the year, was 2.71%. Under the terms of the investment management agreement, the running costs of the Company (excluding the Investment Manager's performance related incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.0% of the net asset value of the Company. Any excess will be paid by the Investment Manager. For the year ended 29 February 2012, the relevant running costs were 2.45% of the Company's average net asset value, and no excess was therefore payable in respect of the year.

Future Developments

The Company's priorities over the next three years are (i) satisfying, in respect of its F, G, H and I Share Funds, the condition under VCT rules of having at least 70% by value of its investments in shares or securities comprised in VCT-qualifying holdings and (ii) closely monitoring the performance of the investment portfolios with the aim of maximising their performance.

Risk Management

The Board has adopted a risk management programme whereby it continually identifies the principal risks faced by the Company and reviews both the nature and effectiveness of the internal controls adopted to protect the Company from such risks as far as is possible.

The Board believes that the principal risks to which the Company is exposed are:

- economic risk – events such as a downturn in the media sector or a tightening of credit facilities may adversely affect the Company's investee companies and make successful divestments less likely;
- investment risk – the adoption of inappropriate investment policies, sourcing too few investment opportunities of the required standard, and taking investment decisions without having undertaken sufficiently robust due diligence;
- financial risk – poor financial controls which may lead to the misappropriation of assets or inappropriate financial decisions and breaches of regulations through deficient financial reporting; and
- regulatory – failure to comply with any of the rules and regulations to which the Company is subject which include the provisions of the Companies Act 2006 the UKLA Listing Rules, applicable Accounting Standards and VCT rules.

Further information about the Company's internal controls is given in the Statement of Corporate Governance on pages 31 to 33.

Directors' Interests

The interests of the current Directors and their connected persons in the C Shares, D Shares, E Shares, F Shares, G Shares, H Shares and I Shares of the Company as at the date of this report are shown below.

	No of C ordinary Shares as at 29 February and 27 June 2012	Percentage holding %	No of D ordinary Shares as at 29 February and 27 June 2012	Percentage holding %	No of E ordinary Shares as at 29 February and 27 June 2012
Sir Robin Miller	-	-	53,000	0.28	-
Michael Eaton	-	-	-	-	-
David Glick	101,500	0.77	21,200	0.11	1,000
Frank Presland	10,300	0.08	10,600	0.06	10,500
Kevin Falconer	-	-	-	-	-
Lord Flight	-	-	-	-	-

The G Shares shown above as held by Lord Flight include 20,800 G Shares held by his wife, Lady Flight, and 10,400 G Shares held by his daughter, Miss C Flight

The H Shares shown above as held by Lord Flight include 10,800 I Shares held by his wife, Lady Flight, and 10,800 I Shares held by his daughter, Miss C Flight

No options over Shares in the capital of the Company have been granted to the Directors.

An ordinary resolution to approve the Directors' Remuneration Report (presented on pages 29 and 30) will be put to the Company's 2012 Annual General Meeting.

Corporate Information

Directors

The Directors who have served throughout the year under review and who continue to serve are Sir Robin Miller, Michael Eaton, David Glick, Frank Presland and Kevin Falconer. Lord Flight was appointed to the Board in September 2011.

Sir Robin Miller will retire by rotation at the Company's 2012 Annual General Meeting and will stand for re-appointment. As he has acted in the interests of the Company throughout the period of his appointment and demonstrated commitment to his role, the Board recommends he be re-elected at the Annual General Meeting. Lord Flight will stand for election at the 2012 Annual General Meeting, being the first Annual General Meeting following his appointment as a director. David Glick is a director of the Investment Manager, and is therefore required by the Listing Rules to submit himself for re-election, on an annual basis, by the Shareholders; the Company's 2012 Annual General Meeting will therefore consider a proposal for his re-election.

Brief biographical details of the current directors are given on pages 6 and 7.

Companies Act 2006 Disclosures

The Board recognises the requirement under Section 417(5) of the Act to detail information about environmental matters (including the impact of the Company's business on the environment), any Company employees and social and community issue; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply.

Investment Management Agreement

On 24 November 2011 the existing investment management agreement between the Company and the Investment Manager was replaced with a new agreement continuing for an initial period ending five years from the date of first admission of the H and I Shares and which may be terminated by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

In respect of the C Shares, D Shares, E Shares, F Shares, G Shares, and I Shares, the Investment Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable, as at the end of the immediately preceding financial year, to the C Shares, D Shares, E Shares, F Shares, G Shares, and I Shares in each case plus VAT (if applicable) and (b) a performance fee which is outlined in more detail below.

In respect of the H Shares, the Investment Manager will receive: (a) an annual management fee of 2.25% of the net asset value attributable, as at the end of the immediately preceding financial year, to the H

Percentage holding %	No of F ordinary Shares as at 29 February and 27 June 2012	Percentage holding %	No of G ordinary Shares as at 29 February and 27 June 2012	Percentage holding %	No of H ordinary Shares as at 29 February and 27 June 2012	Percentage holding %	No of I ordinary Shares as at 29 February and 27 June 2012	Percentage holding %
-	-	-	16,050	0.07	-	-	10,300	0.09
-	-	-	-	-	-	-	-	-
0.01	1,000	0.01	21,600	0.09	26,125	1.21	26,500	0.22
0.11	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	57,200	0.24	-	-	32,400	0.27

Shares plus VAT (if applicable) and (b) a performance fee which is outlined in more detail below.

The Investment Manager will be responsible for external costs, such as legal and accounting fees, incurred in relation to the negotiation and, if applicable, completion of all VCT-qualifying investments. The Investment Manager retains the right to charge arrangement, monitoring, syndication, exit and directors' fees to the businesses in which the Company invests. Such charges are in line with industry practice and typically amount to between 1% and 3% of the amount of each investment plus VAT (if applicable). The Investment Manager will normally nominate one of its directors to act as a director of each Events Company.

The Remuneration Committee has reviewed the appointment of the Investment Manager and it is the Board's opinion that the continuing appointment of Edge Investment Management Limited on the terms agreed is in the best interests of the Shareholders as a whole.

The Board believes that the knowledge and experience accumulated by the Investment Manager in the period since the launch of the Company is reflected in processes which are designed to find, manage and realise good quality investments.

Performance Related Incentive Fee

In respect of the C Shares, D Shares, E Shares, F Shares, G Shares and I Shares the Investment Manager will receive a fee equal to 19% of the cumulative cash (prior to calculation of the performance fee) returned to C Shareholders, D Shareholders, E Shareholders, F Shareholders, G Shareholders and I Shareholders by the Company of between 100p and 120p per C Share, D Share, E Share, F Share, G Share and I Share respectively and a fee equal to 29% of the cumulative cash (prior to calculation of the performance fee) returned to C Shareholders, D Shareholders, E Shareholders F Shareholders, G Shareholders and I Shareholders by the Company in excess of 120p per C Share, D Share, E Share, F Share, G Share and I Share respectively. This fee is to be paid in cash and can be assigned by the Investment Manager to some or all of the investment team.

In respect of the H Shares the Investment Manager will receive a fee equal to 19% of the amount by which the H Share Net Asset Value per H Share, as at either 28 February or 31 August (but excluding the amount of any distributions declared but not paid as at that date), exceeds 100p if and to the extent that, as at the date the Board approves either an annual report or half-yearly report, total distributions per H Share equal or exceed an averaged amount of 7p per annum, calculated from 5 April 2012; and a fee equal to 29% of the amount by which the H Share Net Asset Value per H Share, as at either 28 February or 31 August (but excluding the amount of any distributions declared but not paid as at that date), exceeds 100p if and to the extent that, as at the date the Board approves either an annual report or half-yearly report, total distributions per H Share equal or exceed an averaged amount of 14p per annum, calculated from 5 April 2012.

Administrative Services Agreement

On 24 November 2011, the Company entered into an agreement with the Investment Manager, under which the Investment Manager has agreed to provide administrative services to the Company. Under this agreement, the Investment Manager will receive a fixed fee of £225,000 per annum (plus VAT, if applicable), such fee to be adjusted annually by reference to the movement in the Retail Prices Index. This agreement is for an initial period ending 5 years from the date of first admission of the H and I Shares and may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

Annual Running Costs

Annual running costs of the Company will include, inter alia, the management and administration fees described above (excluding the performance fee), Directors' remuneration, company secretarial and accounting fees, audit fees, taxation advisory fees, sponsor's and registrar's fees and the costs of communicating with the Company's Shareholders.

Total annual operating expenses of the Company (excluding the Investment Manager's performance incentive fee, irrecoverable VAT and costs of any significant corporate activity) have been capped at 3.0% of the net asset value of the Company with any excess being borne by the Investment Manager.

Share Capital

On 8 August 2011 33,902 C Shares of 10p each were bought back by the Company for a total consideration of £24,845 and cancelled.

On 20 March, 5 April and 23 May, a total of 2,170,273 H Shares were allotted and issued for cash to various subscribers who submitted valid applications under the offers for subscription made through a prospectus dated November 2011. On 20 March, 2 April, 5 April and 23 May 2012, a total of 12,174,520 I Shares were allotted and issued for cash to various subscribers who submitted valid applications under the offers for subscription made through a prospectus dated November 2011.

At a general meeting of the Company held on 22 December 2011, it was resolved that the Directors be authorised to allot and issue, without regard to statutory pre-emption rights, up to 33,000,000 H Shares and 33,000,000 I Shares of 10p each having the rights and being subject to the restrictions set out in the new Articles of Association; and (b) the new Articles of Association be adopted.

The Company operates a policy of buying back Shares for cancellation. During the year 33,902 C Shares were bought back at a price of 73.28p per C Share.

As at 29 February 2012, 13,294,697 C Shares of 10p each, 19,228,838 D Shares of 10p each, 9,813,732 E Shares of 10p each, 29,411,437 F Shares of 10p each and 24,153,303 G Shares of 10p of the Company were in issue.

Substantial Shareholdings

As at 29 February 2012 and at the date of this report, the Company was aware of the undernoted individual shareholdings exceeding 3% of the issued Share capital in each of its Share classes.

Name	Shares held as at 29 February 2012	% of Share class as at 29 February 2012	Shares held as at the date of this report	% of Share class as at the date of this report
C Shares				
UBS Private Banking Nominees Limited	652,500	4.95%	652,500	4.95%
D Shares				
UBS Private Banking Nominees Limited	621,100	3.23%	621,100	3.23%
Chase Nominees Limited	2,112,600	10.99%	2,112,600	10.99%
E Shares				
UBS Private Banking Nominees Limited	469,000	4.78%	469,000	4.78%
Chase Nominees Limited	526,000	5.36%	526,000	5.36%
F Shares				
UBS Private Banking Nominees Limited	2,142,370	7.28%	2,142,370	7.28%
Chase Nominees Limited	1,230,000	4.18%	1,230,000	4.18%
Forest Nominees Limited	1,878,812	6.39%	1,878,812	6.39%
G Shares				
UBS Private Banking Nominees Limited	1,886,069	7.81%	1,886,069	7.81%
Chase Nominees Limited	2,593,400	10.74%	2,593,400	10.74%
Forest Nominees Limited	993,550	4.11%	993,550	4.11%
H Shares				
Mr Mark Summerods	-	-	104,750	4.85%
Mr Rodney Bradley	-	-	101,750	4.71%
Mrs Maureen Bradley	-	-	101,750	4.71%
Mr Denis Ferry	-	-	86,912	4.02%
I Shares				
UBS Private Banking Nominees Limited	-	-	1,472,545	12.10%
Chase Nominees Limited	-	-	1,717,400	14.11%
Forest Nominees Limited	-	-	622,830	5.12%

Authority to make Market Purchases of Shares

By a special resolution of the Company passed at the Annual General Meeting of the Company held on 24 August 2011, the Company was generally and unconditionally authorised (in accordance with section 701 of the Companies Act) to make market purchases of up to 14.99% of the issued C Share capital, 14.99% of the issued D Share capital, 14.99% of the issued E Share capital, 14.99% of the issued F Share capital and 14.99% of the issued G Share capital. The price paid must not be less than 10p per Share nor more than 5 per cent above the average of the middle market quotations for a Share as derived from the Official List of the London Stock Exchange for the five business days immediately preceding the date on which the Shares are purchased.

The authority expires at the conclusion of the Company's 2012 Annual General Meeting but renewal of the authority will be sought at that meeting.

Cancellation of Share Premium Account

At an extraordinary general meeting of the Company held on 24 November 2010, it was resolved that, subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the G Shares be cancelled. Such High Court approval was granted in October 2011 and the share premium account was cancelled.

The cancellation of the share premium account created a special reserve that can be used, amongst other things, to fund buy-backs of the Company's Shares when the Board considers that it is in the best interests of the Company to do so.

At a general meeting of the Company held on 22 December 2011, it was resolved that, subject to the approval of the High Court Justice, the share premium account of the Company in respect of the H Shares and I Shares be cancelled.

It is intended that High Court Approval be sought once the H Share and I Share offers for subscription have closed.

Creditor Payment Policy

The Company's policy is to pay all suppliers' invoices in accordance with agreed terms. There were two trade creditors as at 29 February 2012.

Independent auditor

Following the resignation of Scott Moncrieff during the year under review, the Board appointed Grant Thornton UK LLP as the Company's auditor. Grant Thornton UK LLP have expressed the willingness to continue in office as auditor to the Company and a resolution proposing the reappointment and authorising the Directors to determine the remuneration for the ensuing year will be put to Shareholders at the forthcoming Annual General Meeting.

Annual General Meeting

The Company's 2012 Annual General Meeting will be held in the Summer, and notice of the meeting will be sent to Shareholders shortly.

Corporate Governance

The statement on pages 31 to 33 form part of this Directors' Report

By Order of the Board,

The City Partnership (UK) Limited
Company Secretary

27 June 2012

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and The Large and Medium sized Company and Groups (Accounts and Reports) Regulations 2008. A resolution to receive the report will be proposed at the Company's 2012 Annual General Meeting.

The Company's Auditors, Grant Thornton, are required to give their opinion on certain information included in this report. The disclosures which have been audited are indicated as such. Their report is set out on page 35.

Remuneration Committee

During the year under review, the members of the Company's remuneration committee, a fully constituted board committee, were Sir Robin Miller and Michael Eaton. The committee's primary function is to determine each Directors' remuneration.

The committee did not meet in the year ended 29 February 2012.

The committee has not received any advice or services from any person in respect of the Directors' remuneration during the period.

Directors' Remuneration Policy

The remuneration committee considers that directors' fees should reflect the time commitment required and the high level of responsibility borne by directors, and should be broadly comparable to the fees paid by similar companies.

At a general meeting held on 24 November 2010, it was resolved that the maximum aggregate amount which may be paid out of the funds of the Company as fees to directors of the Company who are not managing or executive directors is:

(i) in respect of the Company's financial year ending 28 February 2011, £110,000 (exclusive of VAT); and

(ii) in respect of each subsequent accounting period of the Company, the maximum amount applicable to the immediately preceding accounting period of the Company, increased by the percentage increase (if any) during such preceding accounting period in the general index of retail prices for all the items (RP02) published by the Office for National Statistics (exclusive of VAT).

Prior to this resolution, the Company's Articles of Association had placed an overall annual limit of £75,000 on the Directors' remuneration.

None of the Directors is eligible for pension benefits, share options, bonuses or other benefits in respect of their services as non-executive directors of the Company.

The Company operates a performance related incentive scheme from which two Directors Sir Robin Miller and David Glick, may benefit. For details of the scheme, please refer to the Directors' Report on page 26.

Under the scheme, the performance fee payable to the Investment Manager is to be paid in cash and can be assigned by the Investment Manager to some or all of the Investment Manager's investment team. David Glick will benefit through his shareholding in the Investment Manager.

Under his letter of appointment, Sir Robin Miller is entitled, in respect of the C, D, E, F, G, H and I Share Funds, to receive a performance fee of 1% (calculated on the same basis as the Investment Manager's performance fee).

Directors' Fees (Audited)

The fees payable to individual Directors in respect of the period ended 29 February 2012 are shown in the table below. Sir Robin Miller's, Michael Eaton's and David Glick's fees were paid to RMC Limited, MusicLore Limited and Edge Media Services Limited respectively in consideration for their services.

Director	Fee for year ended 29 February 2012 £	Annual fee £	Fee for year ended 28 February 2011 £	Annual fee £
Sir Robin Miller	22,406	20,000	20,000	20,000
Michael Eaton	16,805	15,000	15,000	15,000
Frank Presland	15,305	15,000	15,000	15,000
David Glick	15,305	15,000	15,000	15,000
Kevin Falconer	18,523	17,500	1,685	15,000
Lord Flight (wef 18 October 2011)	8,254	15,000	-	-

Terms of Appointment

The Articles of Association provide that the Directors shall retire and be subject to re-election at least every three years. None of the Directors has a service contract with the Company. On being appointed, Directors receive a letter from the Company setting out the terms of their appointment and their specific duties and responsibilities. A Director's appointment may be terminated by the Director or by the Company on the expiry of six months' notice in writing given by the Director or the Company as the case may be.

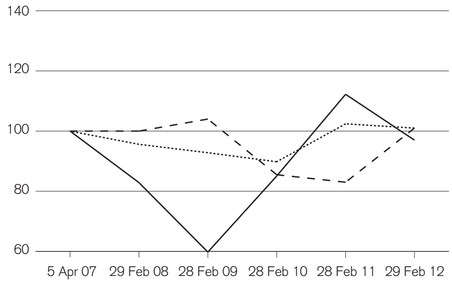
Company Performance

The graphs below compare the Share price total returns for the C, D, E, F and G Shares and the net asset value total returns per Share for the C, D, E, F and G Shares with the total returns from a notional investment of 100p in the FT All Share Media Index over the same periods. This index is considered to be the most appropriate broad equity market index for comparative purposes.

The Share price total return and net asset value total return per Share comprise the Share price and net asset value per Share respectively together with the cumulative dividends paid.

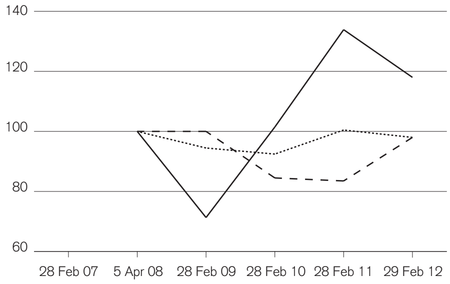
C Shares

Period from 5 April 2007
to 29 February 2012



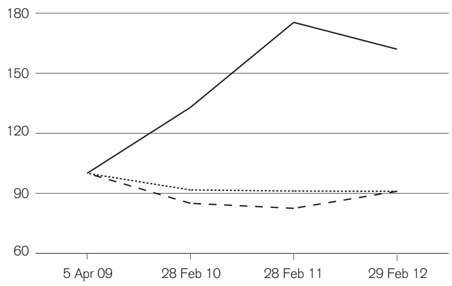
D Shares

Period from 5 April 2008
to 29 February 2012



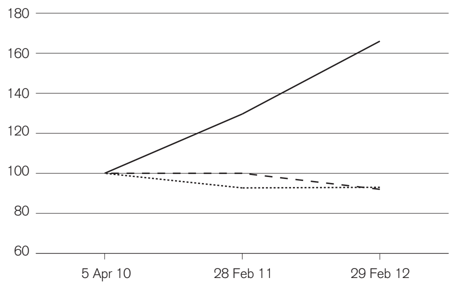
E Shares

Period from 5 April 2009
to 29 February 2012



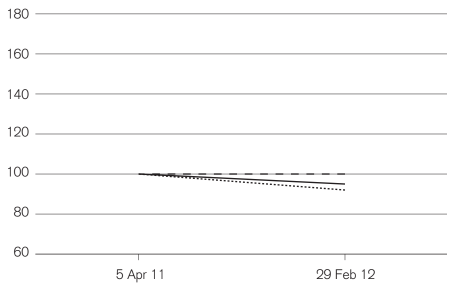
F Shares

Period from 5 April 2010
to 29 February 2012



G Shares

Period from 5 April 2011
to 29 February 2012



— Index
...... NAV total return per share
-- Share price total return

By order of the Board,

The City Partnership (UK) Limited
Company Secretary
27 June 2012

Statement of Corporate Governance

This statement forms part of the Directors' Report

Statement of Compliance

The Directors confirm that the Company has taken appropriate action to enable it to comply with the Principles of the UK Corporate Governance Code (the "Code").

As a venture capital trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the Company. Apart from the matters referred to in the following paragraphs, the requirements of the Code were complied with throughout the year ended 29 February 2012.

In view of its non-executive nature and the requirements of the Company's Articles of Association that all Directors retire by rotation at the Annual General Meeting, the Board considers that the Directors need not be appointed for a specific term as recommended by the Code. All Directors have rolling term appointments with a six months' notice period. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as necessary. In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Edge Investment Management Limited and the company secretary, the Company has not appointed a chief executive, deputy chairman or a senior independent non-executive director. There is no formal induction programme for Directors.

Board of Directors

The Company has a board of six non-executive directors, five of whom are considered to be independent. The remaining Director, David Glick, is also a director of the Investment Manager, Edge Investment Management Limited. The Company has no staff.

Four of the non-executive Directors have signed letters confirming the terms of their appointment as non-executive Directors with effect from 18 January 2006; one non-executive director has signed such a letter with effect from 19 January 2011; the sixth non-executive director has signed such a letter with effect from 18 October 2011.

At each Annual General Meeting of the Company, at least one-third of the Directors shall retire from office by rotation. A retiring Director is eligible for re-election.

Directors are provided with key information on the Company's activities including regulatory and statutory requirements and internal controls by the Company's solicitors, the Company's VCT status adviser, the company secretary and the Investment Manager. The Board has direct access to corporate governance advice and compliance services through the company secretary, who is responsible for ensuring that board procedures are followed and compliance requirements are met.

All Directors may take independent professional advice in furtherance of their duties as necessary. Any newly appointed Director will be given a comprehensive introduction to the Company's business including meeting the Company's advisers.

When Directors have concerns that cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in a board minute. On resignation, a Director who has any such concerns is encouraged to provide a written statement to the Chairman, for circulation to the Board.

The Board is responsible to Shareholders for the proper management of the Company and aims to meet at least quarterly. It has formally adopted a schedule of matters which must be brought to it for decision, thus ensuring that it maintains full and effective control over appropriate strategic, financial, operational and compliance issues. The Chairman together with the company secretary establishes the agenda for each board meeting and all necessary papers are distributed in advance of the meetings. The Board considers all matters not included within the remits of the board committees.

All the Directors are equally responsible for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that the policies and operations are in the best interests of the Shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

The Board believes that it has the right balance of independence, skills, experience and knowledge for the effective governance of the company. The Board considers any skills gaps in existence and takes action to remedy these where necessary. The Board also undertakes a rigorous annual evaluation of its committees.

Board Committees

There are three board committees: an audit committee, a remuneration committee and a nomination committee. Copies of their terms of reference are available from the company secretary.

Audit Committee

The Audit Committee shall comprise of at least two independent Directors. The members of the committee are Michael Eaton, Lord Flight and Kevin Falconer (chairman). In accordance with the code, at least one member of the Audit Committee has recent and relevant financial experience. A quorum shall be two members.

Written terms of reference have been constituted for the audit committee and include the following key duties:

- to monitor the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the company's internal financial controls and, unless expressly addressed by a separate board risk committee composed of independent directors, or by the board itself, to review the company's internal control and risk management systems;
- to make recommendations to the board, for it to put to the Shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements

Attendance at Board and Committee Meetings

The Directors' attendance at the board meetings convened to consider general business and at committee meetings is noted below.

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Robin Miller	5/5		No meeting in year	1/1
Michael Eaton	5/5	1/2	No meeting in year	1/1
David Glick	5/5			
Frank Presland	3/5			
Kevin Falconer	5/5	2/2		
Lord Flight	1/2	1/1		

During the year under review, the Committee discharged the responsibilities described above. Its activities included:

- formally reviewing the final Annual Report and Financial Statements, the Half-yearly Report, the interim Management Statements and the associated announcements, with particular focus on the main areas requiring judgement and on critical accounting policies;
- reviewing the effectiveness of the internal controls system and examination of the Internal Controls Report produced by the Investment Manager;
- meeting with the external Auditors and reviewing their findings; and
- reviewing the performance of the Investment Manager and making recommendations to the Board.

Remuneration Committee

This is a fully constituted board committee established primarily to determine each Director's remuneration.

The committee shall comprise at least two independent Directors. The members of the committee are Michael Eaton and Sir Robin Miller.

A quorum shall be two members.

Nomination Committee

This is a fully constituted board committee established primarily to identify and nominate, for the approval of the Board, candidates to fill board vacancies as and when they arise and to monitor and review the effectiveness and performance of individual Directors.

In considering appointments to the Board, the Nomination Committee takes into account the on-going requirements of the Company and the need to have a balance of skill and experience within the Board. The Nomination Committee also considers the annual re-election of Directors.

The committee shall comprise at least two members, no less than one of whom shall be an independent Director. The members of the committee are Michael Eaton and Sir Robin Miller.

A quorum shall be two members.

During the year ended 29 February 2012, there were:

- five board meetings convened to consider general business (and several other board meetings convened to consider business specific to the offers for subscription made by the Company during the period under review);
- two meetings of the audit committee;
- no meeting of the remuneration committee; and
- one meeting of the nomination committee.

Internal Control

The Board has established an ongoing process for the identification, evaluation and management of the significant risks faced by the Company. The Board acknowledges that it is responsible for the Company's internal control systems and for reviewing their effectiveness. Internal controls are designed to manage the particular needs of the Company and the risks to which it is exposed. The internal control systems aim to ensure the maintenance of proper accounting records, the reliability of the financial information on which business decisions are made and which is used for publication, and that the assets of the Company are safeguarded. They can by their nature provide only reasonable and not absolute assurance against material misstatement or loss. The financial controls operated by the Board include regular reviews of both the financial results and investment performance.

The Board has delegated to third parties the provision of: investment management services; legal and VCT status advisory services; day-to-day accounting, company secretarial and administration services; and share registration services.

Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered. The Board receives and considers regular reports from the Investment Manager. Ad hoc reports and information are supplied to the Board as required. The Board keeps under review the terms of the agreement with the Investment Manager.

Review of Internal Control

The process adopted by the Board for identifying, evaluating and managing the risks faced by the Company includes an annual review of the control systems. The review covers a consideration of the significant risks in each of five areas: statutory and regulatory compliance, financial reporting, investment strategy, investment performance and reputation.

Each risk is considered with regard to; the likelihood of occurrence, the probable impact on the Company and the controls exercised at source, through reporting and at Board level.

The Board is satisfied with the effectiveness of the Company's controls.

Relations with Shareholders

The Board welcomes the views of Shareholders and puts a premium on effective communication with the Company's members.

All written communication with Shareholders is reviewed by the Board to ensure that Shareholder enquiries are promptly and adequately resolved.

Shareholders are encouraged to attend the Company's general meetings where the Directors and representatives of the Company's advisers will be available to answer any questions members may have.

The Board also communicates with Shareholders through half-yearly and annual reports which include a chairman's statement and the Investment Manager's review, both of which are reviewed and approved by the Board to ensure that they present a fair assessment of the Company's position and future prospects.

Accountability and Audit

The statement of the Directors' responsibility in respect of the financial statements and the report of the independent auditor are presented on pages 34 and 35 respectively of this report.

Internal Audit

The Company does not have an independent internal audit function. Such a function is thought by the Board to be unnecessary at this time given the size of the Company and the nature of its business. However, the audit committee considers annually whether an independent internal audit function should be introduced and reports its conclusions to the Board.

Going Concern

After making enquiries, 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 operation 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. As at the 29 February 2012 the Company held cash balances, corporate bonds and other liquidity funds' with a combined value of £31m. Cash flow projections have also been prepared and monitored and show that the Company has sufficient funds available.

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether all applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with these requirements.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report (including Business Review), Directors' Remuneration Report and Statement of Corporate Governance that complies with law and those regulations.

In the case of each of the persons who are directors of the Company at the date of approval of this report:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by Grant Thornton UK LLP as independent auditor of the Company does not involve consideration of the maintenance and integrity of the website and accordingly they accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the Director's Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

Sir Robin Miller
Chairman
27 June 2012

Independent Auditor's Report
to the Members of Edge Performance VCT plc

We have audited the financial statements of Edge Performance VCT plc for the year ended 29 February 2012 which comprise the income statement, the balance sheet, the reconciliation of movements in Shareholders' funds, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 34, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 February 2012 and of its net returns for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following:

The Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 32, in relation to going concern;
- the part of the Statement of Corporate Governance on pages 31 to 33 relating to the Company's compliance with the nine provisions of the June 2010 UK Corporate Governance Code specified for our review; and
- certain elements of the report to Shareholders by the Board on Directors' remuneration.

Julian Bartlett
Senior Statutory Auditor
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor,
Chartered Accountants
London

27 June 2012

Income Statement
for the year ended 29 February 2012

	Note	Year ended 29 February 2012 Revenue £'000	Capital £'000	Total £'000	Year ended 28 February 2011 Revenue £'000	Capital £'000	Total Restated £'000
Losses/gains on valuation of investments at fair value through profit or loss movements on investments		-	(1,062)	(1,062)	-	3,192	3,192
Income	2	2,476	-	2,476	1,432	-	1,432
Investment manager's fees	3	(368)	(1,107)	(1,475)	(269)	(806)	(1,075)
Other expenses	4	(602)	(158)	(760)	(573)	-	(573)
Return on ordinary activities before tax		1,506	(2,327)	(821)	590	2,386	2,976
Tax on ordinary activities	6	(302)	302	-	(124)	124	-
Return attributable to equity Shareholders		1,204	(2,025)	(821)	466	2,510	2,976
Transfer to reserves		1,204	(2,025)	(821)	466	2,510	2,976
Return per Share							
Return per C Share	8	1.89p	(3.61)p	(1.72)p	1.21p	10.99p	12.20p
Return per D Share	8	1.47p	(4.30)p	(2.83)p	1.46p	6.33p	7.79p
Return per E Share	8	1.69p	(1.90)p	(0.21)p	(0.16)p	(0.13)p	(0.30)p
Return per F Share	8	1.22p	(0.76)p	0.47p	0.14p	(0.57)p	(0.43)p
Return per G Share	8	0.62p	(1.35)p	(0.73)p	n/a	n/a	n/a

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 recognised gains and losses.

The accompanying notes on pages 43 to 58 are an integral part of the financial statements.

Income Statement
for the year ended 29 February 2012

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

	C Share Fund Revenue £'000	C Share Fund Capital £'000	C Share Fund Total £'000	D Share Fund Revenue £'000	D Share Fund Capital £'000	D Share Fund Total £'000
Losses/gains on valuation of investments at fair value through profit or loss movements on investments	-	(331)	(331)	-	(639)	(639)
Income	437	-	437	533	-	533
Investment manager's fees	(57)	(172)	(229)	(72)	(217)	(289)
Other expenses	(65)	(25)	(90)	(107)	(31)	(138)
Return on ordinary activities before tax	315	(528)	(213)	354	(887)	(533)
Tax on ordinary activities	(63)	47	(16)	(71)	59	(12)
Return attributable to equity Shareholders	252	(481)	(229)	283	(828)	(545)
Transfer to reserves	252	(481)	(229)	283	(828)	(545)
Return per share	1.89	(3.61)	(1.72)	1.47	(4.30)	(2.83)

	E Share Fund Revenue £'000	E Share Fund Capital £'000	E Share Fund Total £'000	F Share Fund Revenue £'000	F Share Fund Capital £'000	F Share Fund Total £'000
Losses/gains on valuation of investments at fair value through profit or loss movements on investments	-	(44)	(44)	-	42	42
Income	378	-	378	706	-	706
Investment manager's fees	(55)	(165)	(220)	(101)	(305)	(406)
Other expenses	(114)	(23)	(137)	(155)	(42)	(197)
Return on ordinary activities before tax	209	(232)	(23)	450	(305)	145
Tax on ordinary activities	(42)	46	4	(91)	83	(8)
Return attributable to equity Shareholders	167	(186)	(19)	359	(222)	137
Transfer to reserves	167	(186)	(19)	359	(222)	137
Return per Share	1.69	(1.90)	(0.21)	1.22	(0.76)	0.47

Income Statement
for the year ended 29 February 2012

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

	Revenue £'000	Capital £'000	G Share fund Total £'000
Losses/gains on valuation of investments at fair value through profit or loss movements on investments	-	(90)	(90)
Income	422	-	422
Investment manager's fees	(83)	(248)	(331)
Other expenses	(161)	(37)	(198)
Return on ordinary activities before tax	178	(375)	(197)
Tax on ordinary activities	(35)	67	32
Return attributable to equity Shareholders	143	(308)	(165)
Transfer to reserves	143	(308)	(165)
Return per Share	0.62	(1.35)	(0.73)

Balance Sheet

as at 29 February 2012

	Note	As at 29 February 2012 £'000	As at 28 February 2011 Restated £'000
Fixed assets			
Investments at fair value through profit or loss	1 & 10	54,481	23,261
Current assets			
Debtors	12	885	2,359
Corporate bond & other liquidity funds	1	22,263	36,541
Cash at bank		8,609	3,269
		31,757	42,169
Creditors: amounts falling due within one year	13	(6,628)	(2,435)
Net current assets		25,129	39,734
Net assets		79,610	62,995
Capital and reserves			
Called up share capital	14	9,590	7,178
Share premium account	15	45	45
Special reserve	15	69,426	54,402
Realised capital reserve	15	(1,848)	(997)
Unrealised capital reserve	15	845	2,019
Revenue reserves	15	1,552	348
		79,610	62,995
Net asset value per C Share, pence	16	72.04	80.74
Net asset value per D Share, pence	16	76.38	86.21
Net asset value per E Share, pence	16	77.30	84.51
Net asset value per F Share, pence	16	86.50	93.03
Net asset value per G Share, pence	16	92.40	n/a

The accompanying notes on pages 43 to 58 are an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 27 June 2012 and signed on their behalf by:

Sir Robin Miller
Director

David Glick
Director

Balance Sheet

for the year ended 29 Februatry 2012

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

as at 29 February 2012

Company Registration No: 05558025 (England and Wales):

Restated	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 at fair value through profit or loss	8,498	13,315	6,634	15,982	10,052	-	-
Current assets							
Debtors	(5)	(61)	62	440	387	31	31
Corporate bond & other liquidity funds	666	800	895	8,721	11,181	-	-
Cash at bank	471	698	32	363	756	1,127	5,162
	1,132	1,437	989	9,524	12,324	1,158	5,193
Creditors: amounts falling due within one year	(53)	(66)	(35)	(65)	(58)	(1,158)	(5,193)
Net current assets	1,079	1,371	954	9,459	12,266	-	-
Net assets	9,577	14,686	7,588	25,441	22,318	-	-
Capital and reserves							
Called up share capital	1,330	1,923	981	2,941	2,415	-	-
Share premium account	-	45	-	-	-	-	-
Special reserve	7,948	12,149	6,806	22,455	20,068	-	-
Realised capital reserve	(827)	(309)	(224)	(182)	(306)	-	-
Unrealised capital reserve	601	423	(6)	(171)	(2)	-	-
Revenue reserves	525	455	31	398	143	-	-
	9,577	14,686	7,588	25,441	22,318	-	-
Net asset value per C Share, pence	72.04						
Net asset value per D Share, pence		76.38					
Net asset value per E Share, pence			77.30				
Net asset value per F Share, pence				86.50			
Net asset value per G Share, pence					92.40		
Net asset value per H Share, pence						n/a	
Net asset value per I Share, pence							n/a

Reconciliation of Movements in Shareholders' Funds

for the year ended 29 February 2012

	2012 £'000	2011 £'000
Total net assets attributable at 28 February 2011	62,995	35,531
Capital per share issues	23,792	29,240
Expenses of issue	(1,309)	(1,608)
Expenses of share premium cancellation	-	(10)
C Share buy-back (2011: F Share buy-back)	(25)	(168)
Return for the year	(821)	2,976
Dividends	(5,022)	(2,966)
Closing Shareholders' funds at 29 February 2012	79,610	62,995

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

for the year ended 29 February 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 as previously reported	10,853	16,625	8,256	27,261	-	-	-
Prior year adjustment	(91)	(48)	38	101	-	-	-
Opening Shareholders' funds as restated	10,762	16,577	8,294	27,362	-	-	-
Share capital subscribed for in the year	-	-	-	-	23,792	-	-
Expenses of issue	-	-	-	-	(1,309)	-	-
C Share buy-back	(25)	-	-	-	-	-	-
Return for the year	(229)	(545)	(19)	137	(165)	-	-
Dividends	(931)	(1,346)	(687)	(2,058)	-	-	-
Closing Shareholders' funds at 29 February 2012	9,577	14,686	7,588	25,441	22,318	-	-

Cash Flow Statement
for the year ended 29 February 2012

	Note	Year ended 29 February 2012 £'000	Year ended 29 February 2012 £'000	Year ended 28 February 2011 restated £'000	Year ended 28 February 2011 restated £'000
Operating activities					
Investment income received		-		11	
Deposit and similar interest received		7		5	
Investment manager's fees paid		(1,468)		(1,075)	
Company secretarial fees paid		(36)		(68)	
Administration fees paid		(474)		(106)	
Cash paid to and on behalf of directors		(97)		(99)	
Other cash payments		(220)		(151)	
Net cash outflow from operating activities	17		(2,288)		(1,483)
Financial investment					
Purchase of unquoted investments		(28,466)		(688)	
Sale of unquoted investments		3,125		-	
Loans		(3,906)		(2,196)	
Net cash outflow from financial investment			(29,247)		(22,635)
Equity dividends paid		(5,022)		(2,966)	
Net cash outflow from dividends			(5,022)		(2,966)
Net cash outflow before financing			(36,557)		(27,084)
Movement of liquid resources			15,304		(19,751)
Financing					
Expense of cancellation of share premium accounts		-		(10)	
Shares to be issued		6,352		2,217	
Buy-back and cancellation of Shares		(25)		(168)	
New Share issues		21,575		28,943	
Share issue expenses		(1,309)		(1,424)	
Net cash inflow from financing			26,593		29,558
Increase in cash			5,340		2,474
Reconciliation of net cash flow to movement in net cash					
Increase in cash			5,340		2,474
Opening cash position			3,269		795
Closing cash position			8,609		3,269

The accompanying notes on pages 43 to 58 are an integral part of the financial statements.

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

a) Basis of Accounting

The accounts have been prepared in accordance with applicable Accounting Standards and with the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ("SORP"), revised in January 2009.

b) Fixed Asset Investments

The Company's investments are a portfolio of financial assets that is managed and has its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the board of directors of the Company.

The Company did not hold any listed investments at any time during the period under review. In accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), investments in unlisted companies, other than those traded on AIM/PLUS, are valued at fair value by the Directors. Upon initial recognition investments are designated by the Company as 'at fair value through profit or loss' and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the income statement). Subsequently, the investments are valued at 'fair value' which is measured as follows:

- Investments which have been made within the last twelve months are valued at cost except where the company's performance against plan is significantly below the expectations on which the investment was made, in which case a reduction in valuation is made as appropriate
- Where a company is in the early stage of development, it will normally continue to be valued at cost on the basis described above
- Where a company is well established after one year from the date of investment the shares may be valued by applying a suitable price-earnings ratio to that company's historical post tax earnings. The ratio used is based on a comparable listed company or sector but discounted to reflect lack of marketability. Alternative methods of valuation will include cost, valuing below cost or net asset value where such factors apply that make one of these methods more appropriate.
- Fixed asset loan note investments are initially recognised at their fair value. The initial fair value is determined on the basis of the expected future cash flows, discounted at Company's weighted cost of capital.
- Income from fixed asset loan notes is recognised to reflect the effective interest rate, provided there is no reasonable doubt that, other than those discussed in note 9, payment will be received in due course.

Alternatively, where a value is indicated by a material arm's-length transaction by a third party in the shares of a company, the valuation will normally be based on this.

Investments in companies traded on AIM will be valued at their bid prices as appropriate.

Surpluses and deficits on the disposal of investments and reduction below cost are taken to the capital reserve, as are investment holding gains and losses on the revaluation of investments.

It is not the Company's policy to exercise control or significant influence over investee companies. Therefore, in accordance with the exemptions under FRS 9 'Associates and Joint Ventures', those undertakings in which the Company holds more than 20 per cent, but less than or equal to 50 per cent, of the equity of an investment company. and the investment company, are not regarded as associates.

c) Current Asset Investments

These investments are classified as current asset investments as they are investments held for the short term. In accordance with FRS 26 investments in corporate bonds or similar liquidity funds used for cash management are classified as held for trading and included at their fair value.

d) Income

Dividends receivable on listed equity shares are brought into account on the ex-dividend date. Dividends receivable on unlisted equity shares are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on non-equity shares and debt securities are recognised so as to reflect the effective interest rate, provided there is no reasonable doubt that payment will be received in due course.

e) Expenses

All expenses (inclusive of VAT where appropriate) are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are included within the cost of the investment or deducted from the disposal proceeds as appropriate, and with the exception that 75% of the fees payable to Edge Investment Management Limited are charged against capital.

f) Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Due to the Company's status as a Venture Capital Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising in the revaluation or disposal of investments.

g) Financial Instruments

The Company's financial instruments comprise its investment portfolio and cash balances. The Company holds financial assets that comprise investments in corporate bonds. The fair value is not materially different from the carrying value for all financial assets and liabilities.

2. Income

	2012 £'000	2011 Restated £'000
Interest receivable		
- from cash and corporate bonds or other liquidity investments	1,042	787
from fixed asset investment loan notes	1,434	645
	2,476	1,432

3. Investment Manager's Fees

	2012 £'000	2011 £'000
Edge Investment Management	1,475	1,075

The Company entered into an agreement dated 3 February 2006 with the Investment Manager, which has responsibility for the management of the Company's portfolio of investments. The agreement has been amended and replaced with each new Share class issue. On 24 November 2011, the agreement was again replaced with a new agreement continuing for an initial period ending 5 years from Admission of the H and I Shares and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

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), and (c) a performance fee which is outlined in more detail below. Annual running costs of the Company will include, inter alia, the management fees described above (excluding the performance fee), Directors' remuneration, company secretarial and accounting fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with the Shareholders.

The Investment Manager will be responsible for external costs, such as legal and accounting fees, incurred on all transactions that do not proceed to completion. The Investment Manager retains the right to charge arrangement, monitoring, syndication, exit and directors' fees to the businesses in which the Company invests. Such charges are in line with industry practice and typically amount to between 1% and 3% of the amount of each investment plus VAT (if applicable). The Investment Manager will normally nominate one of its directors to act as a director of each Company.

Total annual operating expenses of the Company (excluding the Investment Manager's performance incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) have been capped at 3.0% of the net asset value of the Company with any excess being borne by the Investment Manager.

Performance related incentive fee

In respect of each class of Shares separately (save the H Shares), once total paid or declared dividends have reached £1.00 per C Share, D Share, E Share, F Share, G Share or I Share (as the case may be) all further amounts which, in the opinion of the Board are available to be distributed as dividends, will be paid as to 80% as a dividend to C Shareholders, D Shareholders, E Shareholders, F Shareholders, G Shareholders or I Shareholders (as the case may be), and 19% to the Investment Manager by way of performance fee. Once total paid or declared dividends have reached £1.20 per C Share, D Share, E Share, F Share, G Share or I Share (as the case may be) all further amounts which, in the opinion of the Board are available to be distributed as dividends, will be paid as to 70% as a dividend to C Shareholders, D Shareholders, E Shareholders, F Shareholders, G Shareholders or I Shareholders (as the case may be), and 29% to the Investment Manager by way of performance fee.

In respect of the H Shares, once and for so long as cumulative dividends paid or declared equal or exceed an average of 7p per H Share per annum, the Investment Manager will receive a performance fee equal to 19% of the net asset value per H Share in excess of £1.00. Once and for so long as cumulative dividends paid or declared equal or exceed an average of 14p per H Share per annum, the Investment Manager will receive a performance fee equal to 29% of the net asset value per H Share in excess of £1.00. That calculation will be made on a six-monthly basis, by reference to the Company's published annual report and financial statements and the Company's published half-yearly financial statements.

The performance fees described above are to be paid in cash and can be assigned by the Investment Manager to some or all of the investment team.

4. Other Expenses

	2012 £'000	2011 £'000
Directors' remuneration	97	90
Company secretarial & accountancy fees	36	60
Administration fees (payable to the Investment Manager)	175	125
Audit fees – for audit services	19	11
VCT status adviser fees	8	6
Printing & stationery	10	15
Other costs	347	214
Irrecoverable VAT	68	52
	760	573

The Company has no employees.

5. Directors' Fees

	2012 £'000	2011 £'000
Frank Presland	15.3	15.1
Amounts paid and payable to third parties for the services of:		
Sir Robin Miller	22.4	20.3
*Julian Paul	-	22.8
Michael Eaton	16.8	15.1
David Glick	15.3	15.1
Kevin Falconer	18.5	1.7
Lord Flight	8.3	-
	96.6	90.1

No pension scheme contributions or other retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all of the fee-earning Directors are non-executive, the other disclosures required by the Listing Rules are not relevant.

*The amount paid and payable to Julian Paul in 2011 comprises a consultancy fee of £5,000 and a director's fee of £17,500 (which included £2,500 in respect of his role as Chairman of the audit committee). Julian Paul passed away on 17 March 2011.

6. Tax on Ordinary Activities

a) Analysis of tax charge

	2012 £'000	2011 Restated £'000
Revenue charge	(302)	(124)
Credited to capital return	302	124
Current and total tax charge (note (b))	-	-

b) Factors affecting tax charge for the year

	2012 £'000	2011 Restated £'000
Total return on ordinary activities before tax	(821)	2,976
Add: unrealised losses/(gains)	1,173	(2,621)
Add: non-taxable realised losses/(gains)	(111)	(571)
Add: transaction costs and investment management expense charged to capital	1,264	806
Revenue return on ordinary activities before taxation	1,506	590
Corporation tax at 20.08% (2011: 21.00%)	(302)	(124)
Taxation on revenue return	302	124
Allowable expenditure charged to capital return	1,264	806
Taxation on allowable expenditure charged to capital return at 20.08%	(254)	(169)
Relieved/unrelieved expenses	(48)	45
Credited to capital return	302	124
Tax charge for year (note (a))	-	-

Tax relief relating to investment management fees is allocated between revenue and capital where such relief can be utilised.

No asset or liability has been recognised for deferred tax in relation to capital gains or losses on revaluing investments as the Company is exempt from corporation tax in relation to capital gains or losses as a result of qualifying as a venture capital trust.

There is no potential liability to deferred tax (2011: nil). There is an unrecognised deferred tax asset of £40,805 (2011: £93,316). The deferred tax asset relates to unutilised expenses.

7. Dividends Paid and Proposed

	2012 £'000	2011 £'000
Amounts recognised as distributions to equity holders in the year	5,022	2,966

The final dividends per C, D, E and F Shares in respect of the year ended 28 February 2011 were approved at the Annual General Meeting held on 24 August 2011. The record and payment dates for the dividends were 7 October 2011 and 21 October 2011.

The Directors recommend final dividends of 7p per D Share, 7p per E Share, 7p per F Share and 7p per G Share to be paid on 8 November 2012 to all D Shareholders, E Shareholders, F Shareholders and G Shareholders respectively on the register as at close of business on 26 October 2012. The proposed dividends are subject to approval by the Shareholders at the Company's 2012 Annual General Meeting and have not been included as a liability in these financial statements.

The total dividend payable in respect of the financial year is set out below.

	2012 £'000	2011 £'000
Proposed final dividend - nil per C Share (2011: 7p)	-	933
Proposed final dividend - 7p per D Share (2011: 7p)	1,346	1,346
Proposed final dividend - 7p per E Share (2011: 7p)	687	687
Proposed final dividend - 7p per F Share (2011: 7p)	2,058	2,073
Proposed final dividend - 7p per G Share (2011: nil)	1,691	-
Totals	5,782	5,039

8. Return per Share

	Revenue	Capital	2012 Total	Revenue	Capital	2011 Total Restated
Return per C Share	1.89p	(3.61)p	(1.72)p	1.21p	10.99p	12.20p
Return per D Share	1.47p	(4.30)p	(2.83)p	1.46p	6.33p	7.79p
Return per E Share	1.69p	(1.90)p	(0.21)p	(0.16)p	(0.13)p	(0.30)p
Return per F Share	1.22p	(0.76)p	0.47p	0.14p	(0.57)p	(0.43)p
Return per G Share	0.62p	(1.35)p	(0.73)p	n/a	n/a	n/a

Basic revenue return per C Share is based on the net revenue profit (2011: loss) from ordinary activities after taxation of £251,381 (2011: £161,595) and on 13,309,518 C Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012. Basic capital return per C Share is based on the net capital loss (2011: profit) after taxation of £(480,213) (2010: £1,465,084) and on 13,309,518 C Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012.

8. Return per Share (continued)

Basic revenue return per D Share is based on the net revenue profit (2011: profit) from ordinary activities after taxation of £283,362 (2011: £280,794) and on 19,228,838 D Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012. Basic capital return per D Share is based on the net capital loss (2011: profit) after taxation of £(827,551) (2011: £1,217,009) and on 19,228,838 D Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012.

Basic revenue return per E Share is based on the net revenue profit from ordinary activities after taxation of £165,674 (2011: £(16,188)) and on 9,813,732 E Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012. Basic capital return per E Share is based on the net capital loss after taxation of £(186,072) (2011: (£(13,105)) and on 9,813,732 E Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012.

Basic revenue return per F Share is based on the net revenue profit from ordinary activities after taxation of £360,169 (2011: £39,792) and on 29,411,437 F Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012. Basic capital return per F Share is based on the net capital loss after taxation of £(222,636) (2011: £(159,434)) and on 29,411,437 F Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012.

Basic revenue return per G Share is based on the net revenue profit from ordinary activities after taxation of £141,603 (2011: n/a) and on 22,754,323 G Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012. Basic capital return per G Share is based on the net capital loss after taxation of £(307,164) (2011: n/a) and on 22,754,323 G Shares, being the weighted average number of Shares in issue during the period from 1 March 2011 to 29 February 2012.

9. Prior Year Adjustments

The Company has recognised two prior year adjustments.

The first relates to its accounting for interest receivable in loan notes and fixed income securities.

Income on current asset fixed income securities was recognised on an accruals basis, which was not in accordance with the Company's accounting policy to recognise income based on the securities' effective interest rates.

Income on fixed asset investment loan notes was not previously recognised. This should also have been recognised using the effective interest rate method.

The effect of this adjustment is that the revenue reserve at 28 February 2011 was understated, and capital reserves overstated by £443,193. The opening reserves were also adjusted by £247,895. There was no effect on the profit after tax of the Company.

Secondly, the balance sheet for the year ended 28 February 2011 has also been restated to include a cash balance related to the G Share fund. This balance had been received prior to the year-end but no shares had been allotted at that date.

10. Investments

Movements in investments during the period are summarised as follows:

	Venture capital Level 3 - unquoted £'000	Venture capital Level 1 - quoted £'000	Total £'000
Book cost at 28 February 2011	20,002	620	20,622
Unrealised gains at 28 February 2011	2,562	77	2,639
Valuation at 28 February 2011	22,564	697	23,261
Movements in the year:			
- Short term loans reclassified from other debtors	1,814	-	1,814
- Purchases at cost	31,810	562	32,372
- Disposals - proceeds	(1,759)	(1,365)	(3,125)
- Net realised gains/(losses)	-	183	183
- Capitalised interest	293	-	293
Accured interest	766	-	766
Movement in unrealised gains/(losses)	(1,006)	(77)	(1,083)
Valuation at 29 February 2012	54,481	-	54,481
Comprising:			
- Book cost at 29 February 2012	51,866	-	51,866
- Unrealised gains/(losses) at 29 February 2012	1,556	-	1,556
Capitalised interest	295	-	293
Accured interest	766	-	766

Movements in investments during the year ended 28 February 2011 are summarised as follows:

	Venture capital - unquoted £'000	Venture capital - quoted £'000	Total £'000
Book cost at 28 February 2010	11,523	250	11,773
Unrealised gains/(losses) at 28 February 2010	(656)	(39)	(695)
Valuation at 28 February 2010	10,867	211	11,078
Movements in the year:			
- Purchases at cost	9,983	370	10,353
- Disposals - proceeds	(1,504)	-	(1,504)
- Net realised gains/(losses)	-	-	-
Movement in unrealised gains/(losses)	3,218	116	3,334
Valuation at 28 February 2011	22,564	697	23,261
Comprising:			
- Book cost at 28 February 2011	20,002	620	20,622
- Unrealised gains/(losses) at 28 February 2011	2,562	77	2,639

10. Investments (continued)

During the year, the Company incurred disposal transaction costs of £nil (2011: £nil).

As at 29 February 2012, the Company had no intention to dispose of any of its holdings.

Movements in corporate bonds and other liquidity funds during the period are summarised as follows

	Venture capital Level 1 - quoted £'000
Book cost at 28 February 2011	33,890
Unrealised gains at 28 February 2011	(276)
Valuation at 28 February 2011	36,541
Movements in the year:	
- Purchases at cost	24,839
- Disposals - proceeds	(39,833)
- Net realised gains/(losses)	(71)
- Interest Received	1,298
- Purchased income	(311)
- Fees Paid	(107)
Movement in unrealised gains/(losses)	(93)
Valuation at 29 February 2012	22,263
Comprising:	
- Book cost at 29 February 2012	22,615
- Unrealised gains/(losses) at 29 February 2012	128

The Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of inputs, using a three-level hierarchy:

Quoted market prices in active markets – "Level 1"

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company currently has no investments classified in this category.

Valued using models with significant observable market parameters – "Level 2"

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has no investments classified in this category.

Valued using models with significant unobservable market parameters – "Level 3"

Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. The Company's unquoted equities and loan stock are classified within this category. As explained in Note 1, unquoted investments are valued in accordance with the International Private Equity and Venture Capital Association guidelines.

11. Significant interests

As at 29 February 2012, the Company held significant investments, amounting to 3% or more of the equity capital, in the following companies:

Company	Equity investment (ordinary shares) £	Equity investment (preference shares) £	Percentage of investee company's total equity, %
B&W Events Limited	300,000	-	49.0
Challi Productions Limited	600,000	-	49.5
HTM Promotions Limited	600,000	-	49.5
MK Ultrasound Limited	600,000	-	50.0
Saravid Promotions Limited	600,000	-	49.5
TRP 2009 Limited	300,000	-	50.0
Granon Entertainment Limited	520,500	-	50.0
North Promotions Limited	2,265,380	700,000	50.0
Rose Productions Limited	390,000	-	50.0
Global Dawn Limited			
B Shares	50,704	118,302	
D Shares	1,330,879	1,594,438	
	1,381,583	1,712,740	44.36
Chapman Entertainment (Pavilion)	202,767	-	27.6
Pepper Promotions Limited	300,000	-	49.9
Lads on Tour Limited	300,000	-	50.0
Cloudroom Music Limited	300,000	-	49.9
Clarksville Train Limited	300,000	-	49.9
Daydream Believer Limited	300,000	-	49.9
Black Sheep Music Limited	300,000	-	49.9
Black Dog Live Limited	300,000	-	49.9
UltraNation Limited	300,000	-	49.9
Grove Music Limited	300,000	-	50.0
Aurora Rising Limited	300,000	-	49.9
Closeto Limited	300,000	-	49.9
Libra Live Limited	300,000	-	49.9
Ramble On Limited	300,000	-	49.9
La Cage Productions Limited	300,000	-	49.9
MM Productions Limited	300,000	-	49.9
Sweet Right Peg Limited	300,000	-	49.9

11. Significant interests (continued)

Company	Equity investment (ordinary shares) £	Equity investment (preference shares) £	Percentage of investee company's total equity, %
Raphine Limited	300,000	-	49.9
Two Bridges Live Limited	300,000	-	49.9
Motti & Porg Limited	300,000	-	49.9
E7 Live Limited	300,000	-	49.9
Handmade Mobile	300,000	700,000	19.1

12. Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year:		
Accrued interest and other accrued income	514	382
Amounts due from the Investment Manager	29	4
Prepayments and other debtors	342	1,973
	885	2,359

13. Creditors: Amounts Falling Due Within One Year

	2012 £	2011 Restated £
Other creditors and accruals	6,628	2,435
	6,628	2,435

14. Called-up Share Capital

Allotted, called-up and fully paid:

	2012 (£'000)	2011 (£'000)
13,294,697 C Shares of 10p each (2011: 13,328,599)	1,330	1,333
19,228,838 D Shares of 10p each	1,923	1,923
9,813,732 E Shares of 10p each	981	981
29,411,437 F Shares of 10p each	2,941	2,941
24,153,303 G Shares of 10p each (2011: nil)	2,415	-
	9,590	7,178

15. Reserves

	Share Capital £'000	Share premium £'000	Special reserve £'000	Capital Reserve £'000	Revenue reserves £'000	Total £'000
At 1 March 2011 as previously reported	7,178	45	54,402	1,465	(95)	62,995
Prior year adjustment	-	-	-	(443)	443	-
At 1 March 2011 as restated	7,178	45	54,402	1,022	348	62,995
G Share issue	2,379	21,413	-	-	-	23,792
G Share issue expenses	-	(1,309)	-	-	-	(1,309)
Cancellation of share premium	-	(20,104)	20,104	-	-	-
Bonus issue of Shares	36	-	(36)	-	-	-
Buyback of C Shares	(3)	-	(22)	-	-	(25)
Dividends paid	-	-	(5,022)	-	-	(5,022)
Return for year	-	-		(2,025)	1,204	(821)
At 29 February 2012	9,590	45	69,426	(1,003)	1,552	79,610

Included in the capital reserve are investment holding gains of £2,070,000.

16. Net Asset Value per Share

The net asset values per Share at the year-end were as follows:

	2012 Net asset values attributable		2011 Net asset values attributable	
	Net assets	Net assets per Share	Net assets	Net assets per Share
C Shares	£9.6m	72.04p	£10.8m	80.74p
D Shares	£14.7m	76.38p	£16.6m	86.21p
E Shares	£7.6m	77.30p	£8.3m	84.51p
F Shares	£25.4m	86.50p	£27.3m	93.03p
G Shares	£22.3m	92.40p	n/a	n/a

Net asset value per Share is based on net assets at the year end and on the number of Shares in each class in issue at the year end C Shares 13,294,697; D Shares 19,228,838, E Shares 9,813,732, F Shares 29,411,437 and G Shares 24,153,303.

17. Reconciliation of Net Return before Taxation to Net Cash Outflow from Operating Activities

	2012 £	2011 Restated £
Net return before taxation for the year	(821)	2,976
(Gains)/losses on investments	1,062	(3,192)
Adjustment to return for non-operating income	(1,298)	(849)
Adjustment to return for non-operating expenditure	108	64
(Increase)/decrease in debtors	(1,397)	(2,450)
Increase/(decrease) in creditors and accruals	58	(23)
Adjustment to decrease in debtors for capital-related balances	-	1,881
Adjustment to decrease in creditors for capital-related balances	-	110
Net cash inflow/(outflow) from operating activities	(2,288)	(1,483)

18. Analysis of Changes in Net Funds

	Cash £'000	Liquid funds £'000	Total £'000
At 1 March 2011 restated	3,269	36,541	39,810
Cash flows	5,340	(14,188)	(8,848)
Unrealised adjustments in fair value	n/a	(90)	(90)
At 29 February 2012	8,609	22,263	30,872

19. Financial Instruments

The Company's financial instruments comprise:

- Equity, loan stock and corporate bonds
- Cash balances and liquid resources

Investments are made in a combination of equity and loans. Surplus funds are held on bank deposit or in listed money market instruments. It is not the company's policy to trade in financial instruments or derivatives.

Fixed asset investments are valued at fair value. For quoted investments this is bid price. In respect of unquoted investments, these are valued by the Directors in accordance with current industry guidelines. Where no reliable fair value can be estimated, unquoted investments are at cost or less than cost where necessary. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet.

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 29 February 2012:

	2012 (Book value) £'000	2012 (Fair value) £'000	2011 (Book value) Restated £'000	2011 (Fair value) Restated £'000
Assets at fair value through profit and loss				
- Investment portfolio	51,862	54,481	20,622	23,261
- Current asset investments	22,263	22,263	36,436	36,541
- Cash at bank	8,609	8,609	3,269	3,269
Loans and receivables				
- Accrued income	451	451	382	382
- Other debtors	362	362	1,972	1,972
- Other creditors	(6,628)	(6,628)	(2,435)	(2,435)
	76,919	79,538	60,246	62,990

Unquoted investments account for 100% of the investment portfolio (2011: 97.0%). The investment portfolio has a 100% concentration of risk towards small UK based, sterling denominated companies and represents 68.5% (2011: 36.9%) of net assets at the year-end.

Current asset investments are money market funds which represent 28.0% (2011: 58.0%) of net assets at the year-end.

The main risks arising from the Company's financial instruments are credit risk, market price risk, interest rate risk and liquidity risk. All assets and liabilities are denominated in sterling, hence there is no currency risk.

Credit risk

Credit risk is managed by settling all transactions on the basis of delivery against payment.

Market price risk

The Board manages the market risk inherent in the Company's portfolio by maintaining an appropriate spread of market risk and by ensuring full and timely access to relevant information from the Investment Manager. The Board reviews investment performance and financial results, as well as compliance with the Company's investment objectives. The Board also seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities which are sufficient to meet any funding commitments which may arise. The Company does not use derivative instruments to hedge against market risk.

The equity and fixed interest stocks of the Company's unquoted investee companies are very seldom traded and, as such, their prices are more uncertain than those of more frequently traded stocks. It is estimated that a 10% fall in the carrying value of the Company's unquoted investments would reduce profit before tax for the year by £5,419,000 and reduce the Company's net assets by the same amount.

Interest rate risk

Some of the Company's financial assets are interest bearing, some of which are at fixed rates and some at variable. As a result, the Company is exposed to interest rate risk due to fluctuations in prevailing levels of market interest rates. The Board seeks to mitigate this risk through regular monitoring of the Company's interest bearing investments. The Company does not use derivative instruments to hedge against interest rate risk.

19. Financial Instruments (continued)

Financial assets	Cost £000	%	Interest rate, %	Weighted average interest rate %	Weighted average period for which rate is fixed years
Ordinary shares	17,173	35%	n/a	n/a	n/a
Loan stock – variable rate	9,198	19%	Floating	n/a	n/a
Loan stock – fixed rate	14,000	28%	8	8	n/a
Loan stock – fixed rate	605	1%	16	16	n/a
Loan stock – fixed rate	2,825	6%	14	14	n/a
On-demand loan – fixed rate	5,719	12%	13	13	n/a
Corporate bonds	19	0%	Floating	n/a	n/a
Cash equivalents	3	0%	Floating	n/a	n/a
Bank deposits	9	0%	Floating	n/a	n/a
	49,550	100%			

It is estimated that a one percentage point fall in interest rates would have increased the loss before tax for the year of £821,000 to a loss before tax for the year of £1,200,000. The risk from future fluctuations in interest rate movements should be mitigated by the Company's intention to complete its investment strategy and to hold a majority of its investments in instruments which are not exposed to market interest rate changes.

Financial assets	Cost £000	%	Interest rate, %	Weighted average interest rate %	Weighted average period for which rate is fixed years
Ordinary shares	11,337	18.09	n/a	n/a	n/a
Loan stock – variable rate	95	0.15	Floating	n/a	n/a
Loan stock – fixed rate	5,624	8.97	14.0	14.0	n/a
Loan stock – fixed rate	605	0.97	16.0	16.0	n/a
Loan stock – no interest	5,600	8.94	Nil	Nil	n/a
On-demand loan – fixed rate	1,813	2.89	13.0	13.0	n/a
Corporate bonds	23,424	37.38	Floating	n/a	n/a
Cash equivalents	13,117	20.93	Floating	n/a	n/a
Bank deposits	1,052	1.68	Floating	n/a	n/a
	62,667	100.0			

Liquidity risk

The investments in equity and fixed interest stocks of unquoted companies that the Company holds are not traded and thus are not readily realisable. At times the Company may be unable to realise its investments at their carrying values because of an absence of willing buyers. The Company's ability to sell investments may also be constrained by the requirements set down for VCTs. To counter such liquidity risk, sufficient cash and money market funds are held to meet running costs and other commitments. The Company invests its surplus funds in high quality liquidity funds which are all accessible on an immediate basis.

Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, satisfy the relevant HMRC requirements and provide at least adequate returns for Shareholders.

As a VCT, the Company must have, and must continue to have, within three years of raising its capital at least 70% by value of its investments in VCT qualifying holdings which are a relatively high risk asset class of small UK companies. In satisfying this requirement, the Company's capital management scope is restricted. Subject to this restriction, the Company may adjust dividends, return capital to Shareholders, issue new Shares or sell assets to maintain the level of liquidity to remain a going concern.

20. Post Balance Sheet Events

On 20 March 2012, the Company issued 1,590,896 H Shares of 10p each at a price of 100p each and 8,269,954 I Shares of 10p each at a price of 100p each.

On 2 April 2012, the Company issued 3,002,944 I Shares of 10p each at a price of 100p each.

On 5 April 2012, the Company bought back 50,750 C Shares for a price of 66.25p per C Share; those C Shares were subsequently cancelled.

On 5 April 2012, the Company issued 345,815 H Shares of 10p each at a price of 100p each and 577,937 I Shares of 10p each at a price of 100p each.

On 11 May 2012, the Company bought pack 50,000 C Shares for a price of 63.0p per C Share; those C Shares were subsequently cancelled.

On 23 May 2012, the Company issued 223,562 H Shares of 10p each at a price of 100p each and 323,685 I Shares of 10p each at a price of 100p each.

21. Geographical Analysis

The operations of the Company are wholly in the United Kingdom.

22. Contingencies, Guarantees and Financial Commitments

There were no contingencies or guarantees as at 29 February 2012.

23. Capital Commitments

On 15 December 2011 the Company signed a subscription and shareholders' agreement under which it made an investment of £1m in Handmade Mobile Entertainment Limited ("Handmade"). As part of this agreement the Company committed to invest a further £1m in Handmade upon receipt of confirmation from HM Revenue & Customs that the second tranche of investment would be a qualifying holding for the purposes of Chapter 4 of the Income Tax Act 2007.

24. Transactions with the Investment Manager

During the year ended 29 February 2012 (year ended 28 February 2011), the Company incurred costs of £2,958,925 (2011: £2,808,322) (exclusive of VAT) payable to Edge Investment Management Limited, the Company's Investment Manager. This sum comprised:

- An investment management fee of £1,475,343. (2011: £1,075,115).
- An administration fee of £175,000 (2011: £125,000).
- A promotion fee of £1,308,582 (2011: £1,608,207) in respect of the G Share offer (2011: in respect of the F Share offer) for subscription from which fee Edge Investment Management met all the costs of the offer except the costs of the subscription incentives and of trail commission.

Details of the Investment Manager's fee arrangements are given in Note 3.

Corporate Information

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
1 Marylebone High Street
London W1U 4LZ

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

Company Secretary

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

Promoter

RAM Capital Partners LLP
74 Chancery Lane
London WC2A 1AD

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

Receiving Agent & Registrar

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

EDGE PERFORMANCE VCT PLC
1 MARYLEBONE HIGH STREET
LONDON
W1 U 4LZ

WWW.EDGE.UK.COM