



HALF-YEARLY REPORT

for the six months ended 31 August 2012

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Financial Highlights

Period ended	31 August 2012	29 February 2012	31 August 2011
Net assets £'000:			
C Share	9,819	9,577	10,815
D Share	13,490	14,686	16,453
E Share	6,728	7,588	8,297
F Share	23,475	25,441	27,265
G Share	20,872	22,318	22,295
H Shares	1,991	n/a	n/a
I Shares	11,231	n/a	n/a
Net asset value per share, p:			
C Share	74.68	72.04	81.14
D Share	70.36	76.38	85.56
E Share	68.64	77.30	84.55
F Share	79.89	86.50	92.70
G Share	86.68	92.40	92.30
H Shares	92.17	n/a	n/a
I Shares	92.26	n/a	n/a
Dividends already paid in respect of the period, p:			
C Share	-	-	-
D Share	-	-	-
E Share	-	-	-
F Share	-	-	-
G Share	-	-	-
H Share	-	n/a	n/a
I Share	-	n/a	n/a
Net asset value total return per share, p:			
C Share	102.68	100.04	102.14
D Share	98.36	97.38	99.56
E Share	89.64	91.30	91.55
F Share	93.89	93.50	92.70
G Share	93.68	92.40	92.30
H Share	92.17	n/a	n/a
I Share	92.26	n/a	n/a

Financial Highlights

Period ended	31 August 2012	29 February 2012	31 August 2011
Share price at end of period, p:			
C Share	66.50	73.00	73.00
D Share	77.00	77.00	76.00
E Share	77.00	77.00	75.50
F Share	86.00	85.00	98.00
G Share	93.00	95.00	100.00
H Share	100.00	n/a	n/a
I Share	100.00	n/a	n/a
Dividends declared in respect of the period, p:			
C Share	-	-	-
D Share	-	7.00	-
E Share	-	7.00	-
F Share	-	7.00	-
G Share	-	7.00	-
H Share	-	n/a	n/a
I Share	-	n/a	n/a

The highlights for the Company for the six months ended on 31 August 2012 included the following:

- During the period, the Company made VCT-qualifying investments amounting to £13.3 million in total, in 11 companies.
- The Company has now commenced the process of looking to realise a number of its investments in the C Share fund, with the aim of distributing the net proceeds of those realisations to C shareholders later this year.
- At the Company's annual general meeting in August, the shareholders approved payment of dividends of 7p per D Share, 7p per E Share, 7p per F Share and 7p per G Share, to be paid in November 2012.
- By the period end, applications for a total of 2.6 million H Shares and 12.1 million I Shares had been received under the Company's offers for subscription.
- By the period end, applications to tender for sale a total of 3.5 million C Shares had been received under the Company's enhanced share buy-back offer for C Shares.

New Investments

Continuing the significant investment programme which started in 2011, the Company invested a total of £13.3 million in VCT-qualifying investments during the period. This brought the total amount invested in VCT-qualifying investments in the twelve months to 31 August 2012 to £36 million, in 31 companies.

Investments made during the six months to 31 August 2012 included all of the higher-underpinned investments to be made from the I Share fund; those investments were completed prior to the end of the 2011/12 tax year, as indicated in the Company's I Share prospectus.

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

Details of the new investments made during the period can be found in the Investment Manager's review on page 6.

Performance

The performance of most of the Company's qualifying investments remained constant during the period, despite the economic landscape continuing to be challenging.

Even with the levels of return from cash and other non-qualifying investments remaining low, this performance allowed the net asset value total return of each of the Company's share classes to remain comparatively stable over the period.

Through the approach of raising new funds each year through a separate share class, the Company is able to spread its running costs across each of the share classes, with the result that, as a proportion of net assets, the Company continues have one of the lowest levels of running costs in the VCT sector.

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

Realisation of C Share Fund Investments

With the C Share Fund now having passed the end of the five year minimum holding period required under VCT rules, the Company is now embarking on realising those of the VCT-qualifying investments in the C Share portfolio which the Investment Manager feels are appropriate to be realised at this stage. The Company intends to pay out, later in 2012, the net proceeds of those realisations to those C shareholders who have not elected to take up the Company's C Share enhanced buy-back offer, and the Board expects this to result in a distribution to C shareholders of around 40p per C Share.

Following those realisations and distribution, the remaining C Share portfolio will be worth (based on the valuation as at 31 August 2012) some 34.7p per C Share, but with – in the Investment Manager's opinion – scope for growth in the value before those final investments are realised.

Dividends

With the declaration of further annual dividends to the D, E and F Shareholders, and of the maiden dividend to G Shareholders, the Company is demonstrating its ongoing commitment to distributing an annual income stream to shareholders. In each of these share classes, the 7p per annum dividends have represented a regular, annual, tax-free income which equates to a yield of 10% of an investor's net cost of investment.

These dividends bring the total dividends per D Share, E Share, F Share and G Share to 28p, 21p, 14p and 7p respectively.

Fundraising

The Company's offers for subscription for H and I Shares opened in November 2011; as at 31 August 2012, applications had been received for a total of 2.6 million and 12.1 million H and I Shares respectively. In August 2012, the Board announced that both offers had been extended, to enable applications under the offers to continue to be received until 20 November 2012.

In July 2012, the Company launched an enhanced share-buyback offer, under which holders of C Shares are able to offer their C Shares for sale back to the Company at 100% of net asset value, with the proceeds of sale then being applied in subscribing for new shares in the company. As at 31 August 2012, applications had been received in respect of 3.5 million C Shares, representing some £2.7 million in new funds for the Company to make further investments in the entertainment and media sector.

With the overall economic backdrop, the increased competition for subscriptions from the Enterprise Investment Scheme, and a protracted period of uncertainty caused initially by the Government's consultation on tax-advantaged venture capital schemes and subsequently by new rules introduced by the Finance Act 2012, the Board regards the results of these fundraising initiatives as satisfactory.

The Board has now approved in principle the making of a second enhanced share buy-back offer to holders of C Shares. That offer will be subject to the approval of shareholders and HM Revenue & Customs; further information on this will be sent to shareholders shortly.

Outlook

The VCT sector is currently facing a number of challenges, including the new VCT rules mentioned above, and also those raised by the Financial Service Authority's *Retail Distribution Review* and its recent consultation paper on the promotion of certain types of investment funds. The Company is actively engaged, both through its trade associations and direct, in discussions over these issues, with the aim of bringing greater certainty and stability to the VCT industry as a whole.

With the investment programme which the Company has undertaken in the last twelve months, the vast majority of the Company's available funds has now been invested, or committed to investment. The focus of the Board and the Manager has therefore shifted to monitoring and mentoring the Company's portfolio businesses, in order to ensure that returns to the Company's shareholders are maximised.

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

Sir Robin Miller
Chairman

19 October 2012

Investment Approach

The Company currently has seven separate investment pools under management – the C Share, D Share, E Share, F Share and G Share, H Share and I Share funds – each of which is managed separately.

Initial Non-Qualifying Investments

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

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

In relation to the C, D, E, F, G and I Share funds, the Company is seeking to achieve high targeted returns, downside risk protection, liquidity and a defined investment lifespan. The Company looks to balance VCT-qualifying investments with a high level of capital protection, ideally with contractual revenues or capital guarantees from financially sound counter-parties, with other VCT-qualifying investments where lower capital protection offers significantly higher potential returns.

H Share Fund

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

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

New VCT-Qualifying Investments During the Period

During the six months ended on 31 August 2012, the Company made VCT-qualifying investments totalling £13.3 million, in eleven companies.

Follow-on Investments

£1.5 million was invested in three existing portfolio companies, Global Dawn Limited (£200,000), Handmade Mobile Entertainment Limited (£1 million) and North Promotions Limited (£300,000).

Live Events Companies

£4.75 million in total was invested in five live events promotion companies, each of which has the benefit of events licensing arrangements with, and capital guarantees from, suitable counterparties in the live events sector. As set out in the Company's prospectus for its I Share offer, these investments represent all of the higher-underpinned investments to be made from the I Share fund, in line with the Company's investment policy.

MirriAd

In May 2012, the Company completed an initial investment of £1 million in MirriAd Limited, with a commitment made at that time to invest a further £1 million later in the year; that second tranche was invested in July 2012. All of the Company's investment was made for ordinary shares in MirriAd; the Company consequently holds just under 14% of the issued share capital of MirriAd.

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.

Working Partners Group

In July 2012, the Company invested £2.66 million in WP Acquisitions Limited, a newly-formed company, which utilised the investment to acquire 92.5% of the issued share capital of the Working Partners group, with an option to acquire the remaining 7.5%. The Company's investment was made as to £798,000 for ordinary shares in WP Acquisitions Limited (representing 50% of the issued share capital) and £1,862,000 for secured loan stock.

Working Partners creates and exploits children's intellectual property, with a focus on book series for children aged between five and fourteen, which it sells to publishers in the UK, the USA and more than thirty other territories around the world. To date, Working Partners has created 80 book series, comprising more than 1,000 titles, sold into more than 30 languages. Ten book series have sold more than one million copies each. Successful titles include *Seekers*, *Warriors*, *Dinosaur Cove* and *Animal Ark*. Working Partners plans on launching at least six new series in 2012, and additional series thereafter. Working Partners also has a rights agency, Rights People, representing the interests of intellectual property rights owners, and which has become the largest rights agency in the UK for children's literature. Also part of the Working Partners group is Greenhouse, a small literary agency subsidiary which represents authors.

Beast Quest

In July 2012, the Company invested £2.4 million in Beast Quest Acquisitions Limited, a newly-formed company, which utilised the investment to acquire 100% of the issued share capital of Beast Quest Limited. The Company's investment was made as to £720,000 for ordinary shares in Beast Quest Acquisitions Limited (representing 50% of the issued share capital) and £1,680,000 for secured loan stock.

Until July 2012, Beast Quest Limited was part of the Working Partners group and operated in substantially the same area, creating children's intellectual property for sale to publishers under the *Beast Quest* and new *Sea Quest* brands. The *Beast Quest* series of books now runs to 60 titles in print in over 30 countries around the world, has been translated into 27 languages and has sold 10 million copies. Beast Quest Limited has also developed games and a virtual online world to earn additional revenue and to support the book brand. Beast Quest is planning on launching 18 new *Beast Quest* titles in the next few years. Beast Quest has also recently concluded an option agreement with a film studio to produce a *Beast Quest* movie.

Non VCT-Qualifying Investments

Non-Treasury Investments

During the period, the Company made non-qualifying investments totalling £2.7 million, by way of short-term loans, in a number of its portfolio companies (including the £1.62 million invested in Global Dawn, as referred to below). Of those loans, some £526,000 is expected to be repaid to the Company within the current financial year. It is intended that the balance of the investments will be replaced with VCT-qualifying investments in the relevant portfolio companies, again predominantly before the end of the current financial year.

Treasury Investments

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

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

At 31 August 2012, the total value of such non-qualifying investments was £17.2 million.

The portfolio of non-qualifying investments has provided an average overall annualised return in the period of 2.6%. The portfolio managers continue to adopt a cautious investment approach looking to preserve capital while maintaining potential for income.

Portfolio Performance and Valuation

Valuation Policy

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

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. The core of its business is the development and licensing of a modular suite of software, which interfaces with the customer's online presence. Through monitoring of, and interacting with consumers' activity in social media, Global Dawn's software enables targeted and highly-automated marketing to relevant consumers of Global Dawn's customers' brands. During the period, the Company invested £200,000 in Global Dawn on a VCT-qualifying basis, and £1.62 million on a non-qualifying basis, with the intention that the latter investment will be replaced with VCT-qualifying investment as soon as permitted under VCT rules.

This brought the total amount invested in the business since 2008 to just under £12.5 million, with that investment valued at £16.6 million as at the period end. The Investment Manager recognises that this is a significant commitment to a single business, but regards this investment as one which has potential for significant returns, given the fast-growing nature of the sector in which Global Dawn operates.

During the period, Global Dawn progressed a fundraising round of £3.7 million in total, of which the Investment Manager syndicated one-half, bringing in third party investors.

Taking into account the stage which Global Dawn has reached in its evolution, the Investment Manager believes that the most appropriate basis of valuing the Company's investment in Global Dawn continues to be the value placed on the business by third party investors.

North Promotions Limited

As mentioned in the Company's annual report for the year ended 29 February 2012, North Promotions successfully made a takeover offer for Coolabi plc, which was then an AIM-listed business. That takeover, and the subsequent compulsory acquisition of the remaining share capital of Coolabi, was completed just before the start of the period.

The business of the North group of companies (i.e. now including Coolabi) is that of creation, acquisition, development and creative management of intellectual property assets, particularly in the field of character merchandising. Its principal characters include *Poppy Cat*, *Purple Ronnie*, *Dead Gorgeous*, *Bagpuss*, *Clangers* and *Ivor the Engine*. The Investment Manager is pleased with the business's progress, since the acquisition of Coolabi, in development of its intellectual property assets, and regards the business as well placed for future growth.

In total since 2009, the Company has invested £4.5 million in North Promotions on a VCT-qualifying basis, and £2.66 million on a non-qualifying basis; the Investment Manager anticipates that some of that non-qualifying investment will be realised during the current financial year, with the balance replaced with VCT-qualifying investment.

Chapman Entertainment (Pavilion) Limited

Chapman Entertainment is an independent children's TV production company founded by Keith Chapman, the originator of *Bob The Builder*. Chapman Entertainment's assets include the TV series *Fifi and the Flowertots* and *Roary the Racing Car*, and, more recently, *Little Charley Bear* and *Raa Raa the Noisy Lion*.

The Company invested £675,888 in Chapman Entertainment in 2011, as part of a £1.3 million rights issue undertaken by Chapman to close a development funding gap.

At the time of the Company's investment, the Investment Manager regarded this as a potential turnaround opportunity, and therefore limited the amount invested appropriately. It was recognised that, whilst the underlying assets of the business were attractive, the success of the Company's investment would be reliant upon both the continuing support of Chapman's bankers and Chapman's management's ability to refocus the business. In the event, neither of these has happened, and the business has therefore encountered significant trading difficulties. The Investment Manager has therefore taken the prudent step of writing this investment down fully for valuation purposes.

The Investment Manager continues to believe that the business's assets are valuable and attractive, and is therefore presently exploring ways in which the Company can access that value without further investment having to be made in Chapman Entertainment.

Realisation of C Share Portfolio

As explained in the Company's annual report for the year ended 29 February 2012, the Company is now looking to realise a number of the VCT-qualifying investments held by the C Share fund, given that it has passed the end of the minimum five year holding period required under VCT rules. Of the five investments making up the C Share fund's VCT-qualifying portfolio, the Investment Manager believes that the time is right for realisation of three, and that those three investments are capable of realisation within a short time frame; those more readily realisable investments, together with the liquid non-qualifying investments held by the C Share fund, are expected to give rise to a distribution of some 40p per C Share, with the intention that that distribution will be paid to holders of C Shares later this year.

This will then leave in the C Share fund portfolio two VCT-qualifying investments, Global Dawn Limited and North Promotions Limited, accounting for a value of around 31.75p per C Share (based on the valuations as at 31 August 2012), with the balance of the net asset value represented by non-qualifying holdings. In the view of the Investment Manager, these two VCT-qualifying investments have not yet reached the optimal time for realisation, and there is potential for growth; consequently, the Investment Manager has decided that realisation of these two investments should not take place at this time.

Fundraising

The Company's offers for subscription for H Shares and I Shares opened in November 2011 and will close in November 2012. As at 31 August 2012, applications had been received for a total of 2.6 million H Shares and 12.1 million I Shares.

In July 2012, the Company launched an offer for the enhanced buy-back of C Shares, under which holders of C Shares have been given the opportunity to sell their C Shares back to the Company at 100% of net asset value, on condition that the proceeds are then applied in subscribing for new shares in the Company. As at 31 August 2012, applications had been received under the offer in respect of 3.5 million C Shares.

These fundraising initiatives will together result in net proceeds (after offer costs) of approaching £17 million, enabling the Company to make further investments in the entertainment and media sector.

The Board has now agreed that the Company should offer holders of C Shares a further enhanced share buy-back, although this will be subject to the approval both of shareholders and of HM Revenue & Customs. If it proceeds, this new enhanced share buy-back offer will take place after the Company has completed the initial portfolio realisations and the distribution of C shareholders of the proceeds, as referred to above.

Outlook

During the period, the Investment Manager continued to receive and review a number of investment opportunities in a number of different businesses in the entertainment and media sector, encompassing opportunities in digital services, character merchandising, exhibitions, festivals, gaming, literary properties, music publishing, radio, recorded music, social networking, sports events, literary properties, and television amongst others. The period has seen a continuation of the heightened level of activity in identifying specific suitable opportunities, and in concluding investments.

With a substantial proportion of the Company's available funds now either invested or committed to specific investments, significant emphasis is being placed by the Investment Manager on stewardship of those investments, through monitoring the performance of the portfolio companies, and, where appropriate, providing assistance and mentoring to the companies' executive management teams.

Investment Portfolio Summary

as at 31 August 2012

C Share Portfolio	As at 31 August 2012			As at 29 February 2012		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
M K Ultrasound	2,008	1,741	17.7	2,008	1,740	18.2
Saravid Promotions	2,007	1,688	17.2	2,007	1,432	15.0
B & W Events	1,004	1,142	11.6	1,004	1,152	12.0
Global Dawn	2,025	3,931	40.0	2,025	3,931	41.0
North Promotions	242	242	2.6	242	242	2.4
Total qualifying investments	7,286	8,744	89.1	7,286	8,497	88.7
Non-qualifying investments						
North Promotions	1	1	0.0	1	1	0.0
Total non-qualifying investments	1	1	0.0	1	1	0.0
Total fixed asset investments	7,267	8,745	89.1	7,287	8,498	88.7
Net current assets		1,074	10.9		1,080	11.3
Net assets		9,819	100.0		9,578	100.0

D Share Portfolio	As at 31 August 2012			As at 29 February 2012		
	Cost £'000	Valuation £'000	Assets by value	Cost £'000	Valuation £'000	assets by value
Qualifying investments						
Challi Productions	2,000	1,702	12.6	2,000	1,710	11.6
HTM Promotions	2,000	1,625	12.0	2,000	1,721	11.7
Global Dawn	1,972	3,878	28.8	1,972	3,878	26.4
Granon Entertainment	1,735	1,631	12.1	1,735	1,652	11.3
TRP 2009	1,000	904	6.7	1,000	929	6.3
North Promotions	2,477	2,477	18.4	2,477	2,477	16.9
Rose Promotions	1,000	941	7.0	1,000	948	6.5
Total qualifying investments	12,184	13,158	97.6	12,184	13,315	90.7
Non-qualifying investments						
Rose Promotions	29	29	0.2	-	-	-
TRP 2009	28	28	0.2	-	-	-
North Promotions	30	30	0.2	-	-	-
Total non-qualifying investments	87	87	0.6	-	-	-
Total fixed asset investments	12,271	13,245	98.2	12,184	13,315	90.7
Net current assets		245	1.8		1,371	9.3
Net assets		13,490	100.0		14,687	100.0

Investment Portfolio Summary

Continued

E Share Portfolio	As at 31 August 2012			As at 29 February 2012		
	Cost £'000	Valuation £'000	% of net Assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
North Promotions	1,411	1,411	21.0	1,411	1,411	18.6
Rose Promotions	300	282	4.2	300	285	3.7
Chapman Entertainment (Pavilion)	391	0	0.0	391	391	5.2
Pepper Promotions	1,000	1,000	14.9	1,000	1,000	13.2
Lads on Tour	1,000	1,000	14.9	1,000	1,000	13.2
Cloudroom Music	1,000	1,000	14.9	1,000	1,000	13.2
Global Dawn	947	947	14.1	947	947	12.4
Total qualifying investments	6,049	5,640	84.0	6,049	6,034	79.5
Non-qualifying investments						
Global Dawn	531	600	8.9	531	600	7.9
Lads on Tour	23	23	0.3			
Cloudroom Music	23	23	0.3			
Pepper Promotions	23	23	0.3			
Total non-qualifying investments	600	669	9.8	531	600	7.9
Total fixed asset investments	6,649	6,309	93.8	6,580	6,634	87.4
Net current assets		419	6.2		954	12.6
Net assets		6,728	100.0		7,588	100.0

F Share Portfolio	As at 31 August 2012			As at 29 February 2012		
	Cost £'000	Valuation £'000	% of net Assets by value	Cost £'000	Valuation £'000	% of net assets by value
Qualifying investments						
Chapman Entertainment	285	0	0.0	285	285	1.2
North Promotions	235	235	1.1	238	238	0.9
Clarksville Train	1,000	1,000	4.3	1,000	1,000	3.9
Daydream Believer	1,000	1,000	4.3	1,000	1,000	3.9
Black Dog Live	1,000	1,000	4.3	1,000	1,000	3.9
Aurora Rising	1,000	1,000	4.3	1,000	1,000	3.9
Closeto	1,000	1,000	4.3	1,000	1,000	3.9
Libra Live	1,000	1,000	4.3	1,000	1,000	3.9
Sweet Right Peg	1,000	1,000	4.3	1,000	1,000	3.9
Raphine	1,000	1,000	4.3	1,000	1,000	3.9
Motti & Porg	1,000	1,000	4.3	1,000	1,000	3.9
Handmade Mobile	1,000	1,000	4.3	1,000	1,000	3.9
MirriAd	1,000	1,000	4.3	-	-	-
WP Acquisitions	688	688	3.0	-	-	-
Beast Quest Acquisitions	502	502	2.2	-	-	-
Total qualifying investments	12,710	12,425	53.6	10,524	10,523	41.1
Non-qualifying investments						
North Promotions	2,340	2,340	10.1	2,099	2,099	8.4
Global Dawn	4,001	4,225	18.1	3,136	3,360	13.3
Clarksville Train	23	23	0.0	-	-	-
Daydream Believer	23	23	0.0	-	-	-
Black Dog live	23	23	0.0	-	-	-
Aurora Rising	23	23	0.0	-	-	-
Closeto	23	23	0.0	-	-	-
Libra Live	23	23	0.0	-	-	-
Sweet Right Peg	23	23	0.0	-	-	-
Raphine	23	23	0.0	-	-	-
Motti&Porg	23	23	0.0	-	-	-
WP Acquisitions	14	14	0.0	-	-	-
Total non-qualifying investments	6,562	6,786	28.2	5,235	5,459	21.7
Total fixed asset investments	19,272	19,211	81.8	15,759	15,982	62.8
Net current assets		4,264	18.2		9,459	37.2
Net assets		23,475	100.0		25,441	100.0

Investment Portfolio Summary
Continued

G Share Portfolio	As at 31 August 2012			As at 29 February 2012		
	Cost £'000	Valuation £'000	% of net Assets by value	Cost £'000	Valuation £'000	% of net Assets by value
Qualifying investments						
Global Dawn	200	200	1.0	-	-	-
Black Sheep Music	1,000	1,000	4.8	1,000	1,000	4.5
UltraNation	1,000	1,000	4.8	1,000	1,000	4.5
Grove Music	1,000	1,000	4.8	1,000	1,000	4.5
Ramble On	1,000	1,000	4.8	1,000	1,000	4.5
La Cage Productions	1,000	1,000	4.8	1,000	1,000	4.5
MM Production	1,000	1,000	4.8	1,000	1,000	4.5
Two Bridges Live	1,000	1,000	4.8	1,000	1,000	4.5
E7 Live	1,000	1,000	4.8	1,000	1,000	4.5
WP Acquisitions	1,140	1,140	5.4	-	-	-
Beast Quest Acquisitions	1,097	1,097	5.3	-	-	-
Handmade Mobile	1,000	1,000	4.8	-	-	-
MirriAd	334	334	1.5	-	-	-
North Promotions	256	256	1.2	-	-	-
Total qualifying investments	12,027	12,027	57.6	8,000	8,000	36.0
Non-qualifying investments						
Global Dawn	2,810	2,810	13.5	2,052	2,052	9.1
North Promotions	263	263	1.3	-	-	-
Black Sheep Music	23	23	0.1	-	-	-
UltraNation	23	23	0.1	-	-	-
Grove Music	23	23	0.1	-	-	-
Ramble On	23	23	0.1	-	-	-
La Cage Productions	23	23	0.1	-	-	-
MM Production	23	23	0.1	-	-	-
Two Bridges Live	23	23	0.1	-	-	-
E7 Live	23	23	0.1	-	-	-
WP Acquisitions	23	23	0.1	-	-	-
Total non-qualifying investments	3,280	3,280	15.7	2,052	2,052	9.1
Total fixed asset investments	15,307	15,307	73.3	10,052	10,052	45.1
Net current assets		5,565	26.7	-	12,266	54.9
Net assets		20,872	100.0		22,318	100.0

H Share Portfolio	As at 31 August 2012			As at 29 February 2012		
	Cost £'000	Valuation £'000	% of net Assets by value	Cost £'000	Valuation £'000	% of net Assets by value
Qualifying investments						
MirriAd	286	286	14.3	-	-	-
WP Acquisitions	153	153	7.7	-	-	-
Beast Quest Acquisitions	147	147	7.4	-	-	-
North Promotions	44	44	2.2	-	-	-
Total qualifying investments	630	630	31.6	-	-	-
Non-qualifying investments						
North Promotions	25	25	1.2	-	-	-
WP Acquisitions	3	3	0.2	-	-	-
Total non-qualifying investments	28	28	1.4	-	-	-
Total fixed asset investments	658	658	33.0	-	-	-
Net current assets		1,333	67.0			
Net assets		1,991	100.0			

I Share Portfolio	As at 31 August 2012			As at 29 February 2012		
	Cost £'000	Valuation £'000	% of net Assets by value	Cost £'000	Valuation £'000	% of net Assets by value
Qualifying investments						
WP Acquisitions	680	680	6.1	-	-	-
Alchemy Live	1,000	1,000	8.9	-	-	-
Axis Live Entertainment	1,000	1,000	8.9	-	-	-
Real Gone Gigs	1,000	1,000	8.9	-	-	-
SEL Live Entertainment	1,000	1,000	8.9	-	-	-
Done & Dusted Live	750	750	6.7	-	-	-
Beast Quest Acquisitions	654	654	5.8	-	-	-
MirriAd	380	380	3.4	-	-	-
Total qualifying investments	6,464	6,464	57.6	-	-	-
Non-qualifying investments						
North Promotions	9	9	0.1	-	-	-
WP Acquisitions	14	14	0.1	-	-	-
Total non-qualifying investments	23	23	0.2	-	-	-
Total fixed asset investments	6,487	6,487	57.8	-	-	-
Net current assets		4,744	42.2			
Net assets		11,231	100.0			

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

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with the Statement "Half-yearly financial reports" issued by the UK Accounting Standards Board
- The Chairman's Statement (constituting the interim management report) includes a fair review of the information required by DTR 4.2.7R of the "Disclosure and Transparency Rules", being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements
- The "Statement of Principal Risks and Uncertainties" on page 17 is a fair review of the information required by DTR 4.2.7R, being a description of the principal risks and uncertainties for the remaining six months of the year
- The financial statements include a fair review of the information required by DTR 4.2.8R of the "Disclosure and Transparency Rules", being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board

The City Partnership (UK) Limited
Company Secretary

19 October 2012

Statement of Principal Risks and Uncertainties

The Company's assets consist of equities and fixed interest investments, cash and liquid resources. Its principal risks are therefore market risk, interest rate risk, credit risk and liquidity risk. Other risks faced by the Company include economic, investment, financial and regulatory risks. These risks, and the way in which they are managed, are described in more detail in the Directors' report, the Statement of Corporate Governance and Note 19 to the Financial Statements in the Company's Annual Report & Financial Statements for the year ended 29 February 2012. The Company's principal risks and uncertainties have not changed materially since the date of that report.

Related Parties

Edge Investment Management Limited (the "Investment Manager") has been appointed as the Company's investment manager and administrator. The Investment Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the C Shares, D Shares, E Shares, F Shares, G Shares and I Shares, in each case plus VAT (if applicable), (b) an annual management fee of 2.25% of the net asset value attributable to the H Shares plus VAT (if applicable), (c) a performance fee and (d) an annual administration fee of £225,000 plus VAT. The Investment Manager also bears any excess of the total annual operating expenses of the Company over a cap of 3.0% of the asset value of the Company. These arrangements are described in more detail in Note 3 to the Financial Statements in the Company's Annual Report & Financial Statements for the year ended 29 February 2012. During the period the Company has incurred investment management fees of £800,241 (exclusive of VAT), a performance related incentive fee of £nil (exclusive of VAT), an administration fee of £112,500 (exclusive of VAT) and an offer fee of £631,678 (exclusive of VAT). The Investment Manager does not owe the Company any payment in respect of the cap on the Company's annual running costs.

Income Statement (Unaudited)

for the six months ended 31 August 2012

	Six months ended 31 Aug 2012			Six months ended 31 Aug 2011			Year ended 29 February 2012		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(427)	(427)	-	(326)	(326)	-	(1,062)	(1,062)
Income	2,373	-	2,373	1,003	-	1,003	2,476	-	2,476
Investment manager's fees	(200)	(600)	(800)	(181)	(546)	(727)	(368)	(1,107)	(1,475)
Other expenses	(307)	(103)	(410)	(201)	(79)	(280)	(602)	(158)	(760)
Return on ordinary activities before tax	1,866	(1,130)	736	621	(951)	(330)	1,506	(2,327)	(821)
Taxation on ordinary activities	(454)	454	-	(125)	125	-	(302)	302	-
Return attributable to equity shareholders	1,412	(676)	736	496	(826)	(330)	1,204	(2,025)	(821)
Transfer to reserves	1,412	(676)	736	496	(826)	(330)	1,204	(2,025)	(821)

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

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

for the six months ended 31 August 2012

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

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

for the six months ended 31 August 2012

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

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

for the six months ended 31 August 2011

	C share fund			D share fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains/(losses) on investments	-	52	52	-	(159)	(159)
Income	45	-	45	176	-	176
Investment manager's fees	(23)	(67)	(90)	(36)	(107)	(145)
Other expenses	(26)	(10)	(36)	(34)	(16)	(50)
Return on ordinary activities before tax	(4)	(25)	(29)	106	(282)	(176)
Taxation on ordinary activities	1	15	16	(21)	25	4
Return attributable to equity shareholders	(3)	(10)	(13)	85	(257)	(172)
Transfer to reserves	(3)	(10)	(13)	85	(257)	(172)
Return per share, p	(0.02)	(0.07)	(0.09)	0.44	(1.34)	(0.90)
	E share fund			F share fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(25)	(25)	-	(43)	(43)
Income	212	-	212	384	-	384
Investment manager's fees	(19)	(56)	(75)	(62)	(185)	(247)
Other expenses	(46)	(8)	(54)	(52)	(26)	(78)
Return on ordinary activities before tax	147	(89)	58	270	(254)	16
Taxation on ordinary activities	(30)	13	(17)	(54)	42	(12)
Return attributable to equity shareholders	117	(76)	41	216	(212)	4
Transfer to reserves	117	(76)	41	216	(212)	4
Return per share, p	1.19	(0.78)	0.41	0.73	(0.72)	0.01

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

for the six months ended 31 August 2011

	Revenue £'000	Capital £'000	G share fund Total £'000
Realised/unrealised losses on investments	-	(151)	(151)
Income	185	-	185
Investment manager's fees	(43)	(129)	(172)
Other expenses	(40)	(21)	(61)
Return on ordinary activities before tax	102	(301)	(199)
Taxation on ordinary activities	(21)	30	9
Return attributable to equity shareholders	81	(271)	(190)
Transfer to reserves	81	(271)	(190)
Return per share, p	0.38	(1.27)	(0.89)

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

for the year ended 29 February 2012

	C share fund			D share fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses 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, p	1.89	(3.61)	(1.72)	1.47	(4.30)	(2.83)
	E share fund			F share fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains/(losses) 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, p	1.69	(1.90)	(0.21)	1.22	(0.76)	0.47

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

for the year ended 29 February 2012

	Revenue £'000	Capital £'000	G share fund Total £'000
Realised/unrealised losses 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, p	0.62	(1.35)	(0.73)

Balance Sheet (Unaudited)

as at 31 August 2012

	As at 31 August 2012 £'000	As at 31 August 2011 £'000	As at 29 February 2012 £'000
Fixed assets			
Investments	69,962	29,167	54,481
Current assets			
Debtors	6,484	3,571	885
Corporate bond & other liquidity funds	16,723	53,004	22,263
Cash at bank	457	515	8,609
	23,664	57,090	31,757
Creditors: amounts falling due within one year	(6,020)	(1,134)	(6,628)
Net current assets	17,644	55,957	25,129
Net assets	87,606	85,124	79,610
Capital and reserves			
Called up share capital	10,991	9,590	9,590
Share premium account	11,897	20,113	45
Special reserve	63,435	54,381	69,426
Capital reserve – realised	(2,024)	(1,860)	(1,848)
Capital reserve – unrealised	345	2,499	845
Revenue reserve	2,962	401	1,552
Equity shareholders' funds	87,606	85,124	79,610

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

as at 31 August 2012

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

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

Balance Sheet

as at 31 August 2011

	C share fund £'000	D share fund £'000	E share fund £'000	F share fund £'000	G share fund £'000
Fixed assets					
Investments	9,039	13,921	3,686	2,523	-
Current assets					
Debtors	219	744	327	1,567	710
Corporate bond & other liquidity funds	1,597	2,640	5,985	21,891	20,891
Cash at bank	7	(821)	(672)	1,301	703
	1,824	2,563	5,640	24,759	22,304
Creditors: amounts falling due within one year	(47)	(31)	(1,029)	(17)	(9)
Net current assets	1,776	2,532	4,611	24,742	22,295
Net assets	10,815	16,453	8,297	27,265	22,295
Capital and reserves					
Called up share capital	1,329	1,923	981	2,941	2,415
Share premium account	-	45	-	-	20,068
Special reserve	8,879	13,495	7,493	24,513	-
Capital reserve – realised	(748)	(355)	(161)	(477)	(119)
Capital reserve – unrealised	1,498	1,389	(74)	(162)	(151)
Revenue reserve	(143)	(44)	58	450	82
Equity shareholders' funds	10,815	16,453	8,297	27,265	22,295
Net asset value per share, p	81.14	85.56	84.55	92.70	92.30

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

as at 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
Fixed assets							
Investments	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	-	-
Capital reserve – realised	(827)	(309)	(224)	(182)	(306)	-	-
Capital reserve – unrealised	601	423	(6)	(171)	(2)	-	-
Revenue reserve	525	455	31	398	143	-	-
Equity shareholders' funds	9,577	14,686	7,588	25,441	22,318	-	-
Net asset value per share, p	72.04	76.38	77.30	86.50	92.40	n/a	n/a

Reconciliation of Movements in Shareholders' Funds (Unaudited)

for the six months ended 31 August 2012

	Six months ended 31 August 2012 £'000	Six months ended 31 August 2011 £'000	Year ended 29 February 2012 £'000
Opening shareholders' funds	79,610	62,995	62,995
Capital per share issue	13,917	24,153	23,792
Expenses of issue	(632)	(1,309)	(1,309)
Bonus issue of shares	-	(360)	-
Share buyback	(242)	(25)	(25)
Return on ordinary activities after tax	736	(330)	(821)
Dividends	(5,783)	-	(5,022)
Closing shareholders' funds	87,606	85,124	79,610

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

for the six months ended 31 August 2012

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

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

for the six months ended 31 August 2011

	C share fund £'000	D share fund £'000	E share fund £'000	F share fund £'000	G share fund £'000
Opening shareholders' funds	10,853	16,625	8,256	27,261	-
Share capital subscribed for in the year	-	-	-	-	23,792
Expenses of issue	-	-	-	-	(1,308)
Share buyback	(25)	-	-	-	-
Return on ordinary activities after tax	(13)	(172)	41	4	(189)
Dividend	-	-	-	-	-
Closing shareholders' funds	10,815	16,453	8,297	27,265	22,295

Non-Statutory Analysis (Unaudited) between the C, D, E, F and G 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
Opening shareholders' funds	10,762	16,577	8,294	27,362	-
Share capital subscribed for in the year	-	-	-	-	23,792
Expenses of issue	-	-	-	-	(1,309)
Expenses of share premium account cancellation	-	-	-	-	-
C Share buyback	(25)	-	-	-	-
Return on ordinary activities after tax	(229)	(545)	(19)	137	(165)
Dividend	(931)	(1,346)	(687)	(2,058)	-
Closing shareholders' funds	9,577	14,686	7,588	25,441	22,318

Cash Flow Statement (Unaudited)

for the six months ended 31 August 2012

Period ended	31 Aug 2012		31 Aug 2011		29 Feb 2012
	£'000	£'000	£'000	£'000	£'000
Operating activities					
Deposit and similar interest received	-		218		7
Investment manager's fees paid	(798)		(1,658)		(1,468)
Administration and company secretarial fees paid	(420)		(188)		(510)
Cash paid to and on behalf of directors	(54)		(40)		(97)
Other cash payments	(813)		(520)		(220)
Net cash outflow from operating activities		(2,085)		(2,188)	(2,288)
Financial investment					
Purchase of unquoted investments	(16,224)		(563)		(28,466)
Loans	(2,349)		(3,606)		(3,906)
Purchase of liquidity funds	(7,604)		(21,344)		(24,529)
Sale of liquidity funds	13,367		4,705		39,833
		(12,810)		(20,808)	(13,943)
Tax & dividends					
Tax	-		-		-
Equity dividends paid	-		-		(5,022)
Net cash outflow from tax & dividends		-		-	(5,022)
Net cash outflow before financing		(14,895)		(22,996)	(21,253)
Financing					
Shares to be issued	-		-		6,352
Bonus issue of shares	-		(360)		-
Buyback and cancellation of shares	(242)		(25)		(25)
New share issues	7,617		24,153		21,575
Share issue expenses	(632)		(1,309)		(1,309)
Net cash inflow from financing		6,743		22,459	26,593
(Decrease)/increase in cash		(8,152)		(537)	5,340

1. Accounting Policies

The financial information for the six months ended 31 August 2012 has not been audited and comprises non-statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The Company's auditor issued an unqualified opinion on the statutory accounts for the year ended 29 February 2012. This report is prepared on the basis of the accounting policies set out in the Company's statutory accounts for the year ended 29 February 2012. No statutory accounts in respect of any period after 29 February 2012 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

2. Going Concern

After making enquires, and bearing in mind the nature of the company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date that these financial statements were approved. As at 31 August 2012 the Company held cash balances and current asset investments with a combined value of £17.2m. Cashflow projections have been reviewed and show that the Company has sufficient funds to meet both contractual expenditure and its discretionary expenses.

3. Return Per Share

The return per share has been calculated on a weighted average number of shares in issue for the six months ended 31 August 2012 of:

Share class	Weighted average for the 6 months ended:		
	31 August 2012	31 August 2011	29 February 2012
C	13,222,053	13,324,338	13,309,518
D	19,225,470	19,228,838	19,228,838
E	9,813,028	9,813,732	9,813,732
F	29,409,855	29,411,437	29,411,437
G	24,158,730	21,355,339	22,754,323
H	1,788,510	-	-
I	10,367,083	-	-

4. Net Asset Value per Share

The net asset value per share has been calculated based on the number of shares in issue as at 31 August 2012:

Share class	31 August 2012	Number of shares in issue as at:	
		31 August 2011	29 February 2012
C	13,147,646	13,294,697	13,294,697
D	19,172,500	19,228,838	19,228,838
E	9,801,952	9,813,732	9,813,732
F	29,384,982	29,411,437	29,411,437
G	24,076,803	24,153,303	24,153,303
H	2,160,273	-	-
I	12,174,520	-	-

During the six months ended 31 August 2012, the Company bought back the following shares:

Share class	Number of shares bought back	Price paid per share (p)
C	46,301	64.84
C	50,750	66.25
C	50,000	63.00
D	56,338	76.39
E	11,780	77.30
F	26,455	86.50
G	76,500	92.40

Printed copies of this Half-Yearly Report will shortly be mailed to shareholders and will be available to the public at the Company's registered office.

A copy is now available on the Company's website – www.edge.uk.com/edgeperformancevct.

Corporate Information

As at 31 August 2012

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

Taxation advisers

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Bankers

HSBC Private Bank (UK) Limited
78 St. James's Street
London SW1A 1JB

Registrar

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

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

WWW.EDGE.UK.COM