



EDGE

PERFORMANCE VCT

INTERIM REPORT

for the period ended 31 August 2006

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Corporate Policy and Financial Highlights

Investment Objective

Edge Performance VCT plc ("Edge" or the "Company") is a specialist VCT which offers the opportunity to invest in a portfolio of live event promotion companies.

With the support of event licensing arrangements which underpin minimum returns, the Directors and the Investment Team intend to manage the Company and its investments so as to achieve a targeted minimum tax-free return for investors of 115p per 100p invested after taking account of the tax refund of 40p (equivalent to a return of 75p per 60p invested net of income tax).

Investment Strategy

Edge invests in Event Companies which have negotiated an event licensing agreement with an established event promoter under which the revenues received by the Event Company from the events promoted with that promoter over a specified period will be at least 75% of the aggregate of the amount invested by Edge in the Event Company and the agreed running costs of the Event Company.

Edge intends to invest in the equity capital and the loan capital of the Event Companies; typically 30% of each investment will be in equity and 70% will be in the form of secured loan stock. The Company will hold up to 50% of the ordinary share capital of the Event Companies. Generally, up to 50% of the ordinary share capital of the Event Companies will be held by an established promoter which has also entered into an event licensing agreement with the Event Company.

Capital Structure

Through an offer for subscription which opened in February 2006 £6,288,150 was raised in respect of the 2005/06 tax year.

The capital structure of the Company is 6,400,640 ordinary shares of 10p each and 50,000 redeemable, non-voting preference shares of £1 each.

Financial Highlights

Capital Values	As at 31 Aug 06
Net asset value per ordinary share	93.87p
Share price	100.00p
Premium	6.13p
Net assets	£6.0m
Qualifying Holdings	-

Revenue Returns	Period ended 31 Aug 06
Revenue return per share	(0.06)p
Capital return per share	0.09p
Total return per share	0.03p

Chairman's Statement

In this, my first Chairman's statement, I would like to welcome all shareholders to the Company.

I am pleased to report that, during our Offer which opened on 6 February 2006 and closed on 28 April 2006, more than £6 million was raised. This was an excellent achievement given the short timescale and I would like to thank all of our shareholders for their support.

Overview of Activities

The period under review has featured two significant activities. Fundraising dominated the period to 5 April 2006, while the development of a strong investment pipeline and research of investment opportunities has marked the subsequent period.

Our Investment Manager, Edge Investment Management Limited ("EIM"), has reviewed a wide variety of investment opportunities and expects to make several investments in the near future. I am pleased to say that we have, in principle, committed a substantial portion of our existing funds and expect to be fully invested within a reasonable period. I will contact you with details of our first and subsequent VCT qualifying investments.

EIM has also continued to develop its relationships in the media and entertainment sector and has been approached by a number of UK promoters seeking investment.

This level of interest and the quality of many of the investment opportunities being seen by EIM gives us confidence we are on target for the achievement of our investment objective – a targeted minimum tax-free return for investors of 115p per 100p invested after taking account of the tax refund of 40p (equivalent to a return of 75p per 60p invested net of income tax).

As we make our investments, we will be updating our website www.edgeperformancevct.com with details of priority booking opportunities. If you wish to be notified when opportunities become available, please email our company secretary, Kate Glick, at kate.glick@edgeinvest.uk.com to register your email details with us.

Results

Our results for the period ended 31 August are presented in the pages following this statement.

The Board is not recommending the payment of an interim dividend.

Further Fundraising

Encouraged by the support given to our initial Offer for Subscription, the volume and quality of the deal flow seen by EIM, the continuing tax advantages of investing in a VCT and the current outlook for the live event promotions market (see below), your Board of Directors has decided to propose that additional funds be raised through the issue of C Shares (a new class of shares) in Edge and, possibly, of New Ordinary Shares in a new VCT. We plan to start the fundraising in November and will send to you then a copy of the relevant prospectus.

A successful Offer will, we believe, benefit our existing shareholders by providing access to a greater range of investment opportunities, allowing the development of a more diversified portfolio with lower investment risk, and reducing the proportion of cash being spent on running costs. Increased funds under management would also raise the maximum amount we may invest in an individual company in a given tax year. (Although a VCT is limited to investing £1million in an individual company in a given tax year, Edge is currently constrained to less than this amount by the rule that it must not hold more than 15% by value of its investments in a single company.)

The Board believes that by raising additional capital for the Company through an issue of C Shares, some of the potential disadvantages otherwise associated with raising additional share capital will be overcome. In particular, the use of C Shares avoids the need to vary the offer price if the net asset value of the Company were to fluctuate during the course of the Offer. Furthermore, there will be no dilution of the net assets attributable to existing Shareholders as a direct result of the costs of the Offer and the existing Shareholders' investments are, in effect, "ring-fenced". It will also ensure that the number of Ordinary Shares to which holders of C Shares will in due course become entitled can accurately reflect the relative contribution of the net proceeds of the Offer to the enlarged net assets of the Company.

Live UK Promotions Market

The Board believe that the current outlook in the live UK promotions market is very positive. A recent Mintel report (August 2006*) forecasts that the live music, concerts and festivals market will grow a total of 106% over the next five year period. This continues a historical growth of 82% in the number of concerts between 2001 and 2005, increasing from an estimated value of £475m in 1999 to £613m in 2004 and predicted to rise to £836m in 2009 (August 2004**).

Outlook for the Company

Your Board believes the Company is well-placed to produce growth in shareholder value. The Investment Manager is seeing a good flow of high-quality investment opportunities, the underlying asset class is vibrant, the early soundings on our fundraising plans are positive and our first equity investments are imminent. We are looking forward with confidence and we hope you share our expectation.

Should you have any questions about your investment, please do not hesitate to contact either the Company Secretary or the Investment Manager whose details are given at the back of this report. Further information on Edge is also available on the Company's web site (www.edgeperformancevct.com).

Sir Robin Miller

Chairman

19 October 2006

* Music Concerts and Festivals, Leisure Intelligence, August 2006

** Music Concerts and Festivals, Leisure Intelligence, August 2004

Income Statement

for the period ended 31 August 2006

		Period ended 31 Aug 2006 (unaudited)		
	Note	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised movements on investments		-	7	7
Income		91	-	91
Investment management fees		(1)	(2)	(3)
Other expenses		(93)	-	(93)
Return on ordinary activities before tax		(3)	5	2
Taxation on ordinary activities		-	-	-
Return attributable to equity shareholders		(3)	5	2
Dividends paid		-	-	-
Transfer to reserves		(3)	5	2
Return per share				
Basic per Ordinary Share	2	(0.06)p	0.09p	0.03p

The total column of this statement is the profit and loss account of the Company.

All revenue and capital items in the above statement derive from continuing operations.

Balance Sheet

as at 31 August 2006

	31 Aug 2006 (unaudited) £'000
	Note
Fixed assets	
Investments	852
Current Assets	
Debtors	167
Cash at bank	5,210
	5,377
Creditors: amounts falling due within one year	(221)
Net current (liabilities)/assets	5,156
Net assets	6,008
Capital and reserves	
Called up share capital	640
Share premium account	5,366
Realised capital reserve	(2)
Unrealised capital reserve	7
Revenue reserves	(3)
	6,008
Net asset value per share	3 93.87p

Cash Flow Statement

for the period ended 31 August 2006

	Period ended 31 Aug 2006 (unaudited)	£'000
Operating activities		
Investment income received – qualifying	7	
Deposit and similar interest received – non qualifying	76	
Investment adviser's fees paid	(119)	
Cash paid to and on behalf of directors	(21)	
Other cash payments	(23)	
Net cash outflow from operating activities		(80)
Financial investment		
Purchase of corporate bonds	(844)	
Purchased interest	(2)	
Recovery of purchased interest	2	
Net cash outflow from financial investment		(844)
Net cash outflow before financing		
Financing		
New share issue	6,300	
Share issue expenses paid	(166)	
Net cash inflow from financing		6,134
Increase in cash		5,210

Reconciliation of Movements in Shareholders' Funds

for the period ended 31 August 2006

	Total £'000
Capital subscribed	6,288
Expenses of issue	(282)
Total recognised gains and losses for the period	2
Total net assets attributable at 31 August 2006	6,008

Notes to the Interim Financial Statements

1. Accounting Policies

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and with the Statement of Recommended Practice for "Financial Statements of Investment Trust Companies" (December 2005).

In accordance with the requirements of FRS 26 "Financial Instruments: Measurement" the Company's investments have been designated as "financial assets at fair value through profit or loss". Unlisted investments are valued by Directors at fair value.

The Company owns a 51% stake in Edge Investment Management Limited ("EIM") a company registered in England and Wales (registration number 05507396). In accordance with Section 229(3)(c) of the Companies Act 1985 and FRS 2 (para 25) the Company has not prepared consolidated accounts for the period as it is fully intending to dispose of its stake in EIM before the year end. This investment is therefore carried as a current asset (at cost) in the Balance Sheet.

2. Return per ordinary share

The return per share has been calculated based on a weighted average number of ordinary shares in issue for the period ended 31 August 2006 of 6,400,640.

3. Net asset value per share

The net asset value per ordinary share has been calculated based on 6,400,640 ordinary shares (being the number of ordinary shares in issue as at 31 August 2006).

4. The financial information for the period ended 31 August 2006 has not been audited and does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985.

5. Copies of this interim report have been mailed to shareholders and are available to the public at the Company's registered office.

6. The Net Asset Value is lower than 94.5 pence per share because of the effect of the issue of additional shares to early investors as set out in the prospectus. No additional monies have been paid towards the start up costs and the amount available for investment remains unaffected. For every £1 invested, 5.5 pence has been used to pay the start up costs.

Corporate Information

Directors

Independent

Sir Robin W Miller (Chairman)

Michael C A Eaton

Julian Paul FCA

Frank Presland

Not independent

David Glick

Investment Manager

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

Taxation Adviser

PricewaterhouseCoopers LLP
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London
WC2N 6RH

Receiving Agent

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Box 41
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Secretary

Kate Glick ACA, ATII, SII
Edge Performance VCT plc
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VCT web site:

www.edgeperformancevct.com

Reporting Calendar

Year end: 28 February
Results announced: Interim – October
Annual – May
Annual general meeting: June

Solicitors

Eversheds LLP
Senator House
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Auditors

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Registrars

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Registered Office

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Edge Performance VCT plc was incorporated in England and Wales with registration number 5558025.

