



## **HALF-YEARLY REPORT**

for the six months ended 31 August 2015

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## Financial Highlights

Period ended	31 August 2015	28 February 2015	31 August 2014
<b>Net assets (£'000)</b>			
C Share	714	725	704
D Share	5,580	5,666	5,428
E Share	3,548	3,602	5,125
F Share	15,796	15,822	18,842
G Share	14,889	15,272	15,959
H Share	7,981	7,345	8,205
I Share	12,222	12,534	12,948
Total	60,730	60,966	67,211

### Net asset value per Share (p)

C Share	7.65	7.77	7.55
D Share	29.10	29.55	28.31
E Share	36.20	36.74	52.29
F Share	53.77	53.86	64.13
G Share	61.89	63.49	66.34
H Share	75.84	77.53	86.60
I Share	77.52	79.49	82.12

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

C Share	-	-	-
D Share	-	-	-
E Share	-	16.0	-
F Share	-	7.0	-
G Share	-	7.0	-
H Share	3.5	3.5	3.5
I Share	-	7.0	-

### Net asset value total return per Share (p)

C Share	75.65	75.77	75.55
D Share	88.10	88.55	87.31
E Share	80.20	80.74	80.28
F Share	81.77	81.86	85.13
G Share	82.89	84.49	80.34
H Share	86.34	84.53	93.60
I Share	91.52	93.49	89.12

## Financial Highlights

Period ended	31 August 2015	28 February 2015	31 August 2014
<b>Share price at end of period (p)</b>			
C Share	5.75	7.0	21.50
D Share	26.00	26.0	32.50
E Share	30.00	30.0	53.50
F Share	48.50	55.5	70.50
G Share	61.00	59.0	73.00
H Share	77.50	85.5	87.00
I Share	78.50	74.5	85.50
<b>Dividends per Share declared in respect of the current financial year but not yet paid (p)</b>			
C Share	-	-	-
D Share	-	-	-
E Share	-	-	-
F Share	-	-	7.00
G Share	7.00	-	-
H Share	-	-	7.00
I Share	7.00	-	7.00

## Chairman's Statement

The key developments for the Company for the six months ended 31 August 2015 included the following:

- £310,000 was invested in the portfolio, with a further £250,000 invested after the period end.
- At the Company's annual general meeting in August, the shareholders approved further dividends of 7p per G Share and 7p per I Share, to be paid on 6 November 2015.
- In May 2015, the Company paid a third dividend of 3.5p per H Share.
- The Investment Manager commenced the process of realising a number of portfolio holdings, notably in the F Share Fund.
- Some of the companies in the Company's portfolio have seen continued positive growth.
- The Company's fourth offer for subscription for its 'evergreen' H Share class closed in June 2015, bringing the total number of H Shares in issue to over 10.5 million.

### New investments

Details of the two follow-on investments made since the start of the current financial year can be found in the Investment Manager's review on pages 6 to 15.

No investment has been made thus far in the current financial year in new businesses.

### Dividends

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

With the H Share dividend paid in May 2015 and the G and I Share dividends to be paid next month, the total amount distributed to shareholders since the Company began in 2006 is now approaching £48 million:

Share class	Dividends per Share paid or declared									Total
	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Ordinary	6.0	7.0	72.0							85.0
C		7.0	7.0	7.0	7.0	40.0				68.0
D			7.0	7.0	7.0	7.0	31.00			59.0
E				7.0	7.0	7.0	7.0	16.0		44.0
F					7.0	7.0	7.0	7.0		28.0
G						7.0	7.0	7.0	7.0	28.0
H							3.5	3.5	3.5	10.5
I							7.0	7.0	7.0	21.0

## Realisations

With the F Share Fund now having reached the end of the minimum holding period required under Venture Capital Trust rules, work has commenced on realising those investments held by the F Share Fund which the Investment Manager feels are appropriate to be realised at this time. The Company intends to pay the net proceeds of those realisations as a dividend to F shareholders later in 2015.

## Portfolio

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

Details of the Company's largest portfolio holdings are contained in the Investment Manager's review on pages 6 to 15.

The Board and Investment Manager are particularly encouraged by the continuing progress of Coolabi, with a number of significant further developments during the period, including most recently a BAFTA nomination for the company's production of the new series of *The Clangers*.

Mention should also be made of Mirriad, which, as covered in the Investment Manager's review, now appears to have recovered strongly from the turbulent time which it went through in the spring, and with a number of new key deals now concluded, which have the potential to be highly lucrative.

Whilst at an earlier stage of its evolution than Coolabi and Mirriad, the progress of deltaDNA is also pleasing, with more than 800 video games companies now signed up to use deltaDNA's technology, and more being added every month; deltaDNA's customer base now includes some of the biggest names in the video games sector.

Intent HQ's pipeline of commercial deals is positive, but those deals are still in the pipeline, and have yet to be concluded. Should they be concluded, Intent HQ will be on a far firmer footing, but until they are, there continues to be uncertainty about the company's prospects.

## Performance

The net asset value total return per H Share has increased slightly over the period, largely driven by the increase in valuation of the Company's holding in deltaDNA. The net asset value total return of all other Share Funds, however, has decreased slightly over the period.

## **Outlook**

Analyses of the creative industries indicate ongoing growth in the sector for some years to come. At the same time, the sector is still suffering from the so-called "equity gap", with insufficient funds being available to invest in businesses in the sector. All Share Funds save for the H Share Fund have been fully invested for some time, but the H Share Fund still has some money available for investment; the Board and the Investment Manager are confident that this remaining amount will be invested in suitable new opportunities within a reasonable timeframe, which will give the H Share portfolio added breadth and scale.

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

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

**Sir Robin Miller**

Chairman

30 October 2015

## Investment Manager's review

### Overall strategy

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

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

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

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

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

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

#### *H Share Fund*

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

#### *Initial Non-qualifying Investments*

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

### New investments

#### *Mirriad Advertising Limited*

In May 2015, the Company invested £310,000 in Mirriad Advertising Limited from the H Share Fund, as part of an overall investment round of £4.6 million which is covered on page 14 of this report.

#### *delta DNA Limited (formerly GamesAnalytics Limited)*

In September 2015, after the end of the period, the Company invested £250,000 from the H Share Fund in deltaDNA Limited, as part of an overall investment round of £1 million.



## **Portfolio and valuation**

### *Valuation policy*

All investments are valued at fair value by the Company using methodology that is consistent with the International Private Equity and Venture Capital Valuation Guidelines (IPEVC) from time to time.

The Company did not hold any quoted investments at any time during the period under review.

Unquoted investments made within the last twelve months are valued at cost except where there is any material change or event which has a bearing on the value of the investee company (such as, for example, a significant amount of new investment made in the investee company by a third party), in which case an appropriate revaluation is made.

Subsequently, unquoted investments will be valued by the most recent material arm's-length transaction by an unconnected third party in the shares or other securities of an investee company. In the absence of such a transaction, the investment will be valued as follows:

Where the investee company is in the early stage of development, the investment will normally continue to be valued at cost.

Where the investee company is well established after one year from the date of investment, the shares or securities may be valued by applying a suitable price-earnings ratio to that company's historical post-tax earnings or, where more appropriate, to that company's earnings before interest, tax, depreciation and amortisation ("EBITDA"). The ratio used is based on a comparable listed company or sector, where available, but discounted to reflect lack of liquidity in the shares or securities concerned; where no suitable comparable listed company or sector data is available, comparable data from transactions in unquoted shares or securities may be used. Alternative methods of valuation may be applied if they are considered more appropriate, for example: a suitable ratio applied to historic revenues, forecast revenues, forecast post-tax earnings, forecast EBITDA or discounted projected cash flows; net asset value.

Fixed asset loan investments are recognised at their fair value, normally determined on the basis of the expected future cash flows, discounted at the investee company's weighted cost of capital.

### *Diversification guidelines*

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

*Portfolio overview*

An overview of eleven of the Company's investments, including the ten largest investments by value, which represent in aggregate 74.6% of the Company's net assets as at 31 August 2015, is provided below.

*Coolabi Group Limited (previously North Promotions Limited)*

Cash cost of investment (£'000) <sup>[1] [2]</sup>	14,151
Valuation of investment (£'000)	31,841
Basis of valuation	Third party

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

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

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

Significant levels of M & A activity in the children's and family entertainment sector in the early- to mid-2000s led to an absence of quality mid-sized businesses. The Investment Manager identified Coolabi as an opportunity to build a business to that level, thereby creating an attractive acquisition prospect for the larger sector players. When the Company first invested in Coolabi, it was listed on AIM, which imposed significant restraints on the business's ability to raise capital to pursue the very 'buy and build' strategy which the management team had been brought in to achieve. The Investment Manager viewed the management team as strong, based on long-standing working relationships with them; and the business as one which would fare much better in a private company environment, where its potential could be maximised without the pressure of shareholder demands for short-term results at the expense of longer-term growth. The Company therefore funded taking Coolabi private in late 2011, and has since backed the management team to build the business, through a combination of organic growth and acquisition.

In the last 6 months:

- Coolabi has completed production of the second series of *Poppy Cat*, its pre-school animated series which has been broadcast in more than 140 countries, and the second series is now being sold to broadcasters internationally;
- the brand new series of the iconic *Clangers*, the first new episodes to be produced since the 1970s, and narrated by Michael Palin, started to be broadcast in the UK (CBeebies) and the USA (PBS Sprout) in June 2015, with UK viewing figures exceeding Coolabi's and the BBC's expectations by a significant margin;
- production continued of *Scream Street*, a new animated series, with broadcast in the UK on CBBC starting in late October 2015;
- new book series, including *Ferals*, *Crown of Three* and *Magic Animal Friends* were published, alongside new titles in the company's existing book series, such as *Beast Quest*;
- agreements were concluded with publishers for further new book series, and for ongoing renewals of the existing series, such that the company's published or contracted book portfolio now runs to 1,250 individual book titles across 100 series, with nine of those series having achieved more than one million sales;

- in conjunction with Miniclip, a video game of *Beast Quest* was released in May 2015 for the iOS and Android platforms, and achieved more than 5 million downloads in the first two months.

At the heart of Coolabi's business strategy is the aim of establishing each of its properties through one media channel (such as TV or books), and then developing that property into a brand which is commercially exploited across a number of different media channels; those further channels include video games, films, toys and merchandise.

Its financial year ended 31 March 2015 saw Coolabi's turnover and EBITDA increase substantially over prior years. As new projects move from development to production, from production to initial establishment, and then from establishment to expansion into a multi-channel brand, the company expects its growth to continue strongly over the coming years.

As at 31 August 2015, the Company has valued its investment in Coolabi Group at £31.84 million. The investment has been valued on the basis of the price most recently paid by a third party investor. At £31.84 million, the current valuation represents a cumulative uplift of 125% from the Company's cash cost of investment.

#### Intent HQ Holdings Limited

Cash cost of investment (£'000) <sup>[1][2]</sup>	12,408
Valuation of investment (£'000)	3,877
Basis of valuation	Third party

[1] The cost of investment shown above excludes £0.9 million of accrued interest and loan note redemption premium which was reinvested in the company in 2012 and 2013; the total cost of investment, including those reinvestments, is therefore £13.13 million.

[2] The cost of investment includes £4.7 million invested in Intent HQ Holdings Limited's wholly-owned subsidiary, Intent HQ Limited, between June 2011 and July 2012.

Intent HQ's technology seeks to provide an important missing link in online and mobile marketing and advertising - a highly predictive human profile on consumers.

Intent HQ's SaaS (software as a service) based deep-learning technology incorporates the next generation of artificial intelligence: starting with a consumer's social media data (such as from Facebook or Twitter), and augmenting that with the consumer's real-time mobile and web activity as well as history, Intent HQ's software creates a very detailed profile of that consumer. Using machine-learning, its unique technology can "understand" text in almost any language, accurately extract a consumer's interests and make human-like predictions on what will interest the consumer. For each consumer who uses a website, app or service to which Intent HQ's software is applied, the software returns an always-current, highly granular, ranked and weighted set of that person's interests and affinities. This means that Intent HQ's customers can enable one-to-one personalisation of their offers and content, and this information can be used to enhance the commercial value of the visitor through greater user engagement, more effective content marketing and higher value advertising.

Intent HQ remains at a critical stage of its evolution. Whilst its technology has repeatedly been validated through customer trials which have demonstrated that the technology works, the company has historically failed to commercialise the technology to any meaningful extent through contracts which provide the company with recurring revenues. Its customer base now includes O2, BBC and Time Out, and the company believes that it is now better-positioned than at any time in the past to achieve significant revenues; against that, whilst the prospects of finalising contracts with key customers in the near future are encouraging, those contracts

have not yet been finalised. Moreover, the absence to date of recurring revenues has resulted, and continues to result, in Intent HQ being reliant on its principal shareholders for ongoing funding of its working capital needs; the company currently has sufficient cash in hand to fund itself until December 2015. Whilst there are indications of appetite from other shareholders to provide further investment, at this time there is no certainty such funding will be forthcoming. The company's continued viability is therefore dependent on, in the short-term, securing further investment and, in the medium to long-term, successfully concluding customer contracts which will provide at least a suitable minimum amount of ongoing revenue. The Investment Manager anticipates that both of these current unknowns will become certain over the remainder of 2015.

As at 31 August 2015, the Company has valued its investment in Intent HQ Holdings Limited at £3.88 million, based on the price paid by other investors in the company's most recent investment round.

#### deltaDNA Limited (formerly GamesAnalytics Limited)

Cost of investment (£'000)	750
Valuation of investment (£'000)	1,234
Basis of valuation	Third party

The video games industry is currently estimated to be worth £43 billion globally, and growing at 6.5% per annum. The traditional model of the industry, with games being sold to consumers for a one-off purchase price of up to £50 per game, is being superseded by the 'free-to-play' (F2P) model, where players pay little or nothing to acquire the game, but are then encouraged to pay small and frequent amounts in order to progress through the game or to improve the game experience (such as through 'in-app purchasing'). Under the F2P model, the commercial success of a game therefore relies upon retaining consumers and encouraging them to continue to pay. deltaDNA has developed a software platform which, when integrated into a video game, provides the game developer with live reporting and analysis of players' activity; this allows the developer to make real-time changes to the game which improve player retention and thereby monetisation.

The founders of deltaDNA have backgrounds in customer analysis and video game development. The business started in 2011 as a consultancy which secured work with some of the biggest names in the games industry. During that time, it also developed software which could provide a greater range of analytical insights than a human consultant, and in real time, and crucially scalable in a way which a human-dependent analysis could never achieve. The software platform was launched at the Games Developer Conference in San Francisco in March 2014; since then, deltaDNA has contracted with more than 800 games developers and games publishers for the use of the deltaDNA platform, and with some 80 new games being added each month. Most of the games for which contracts have been concluded have yet to be released, but those games which have already been released to date have resulted in deltaDNA's platform having some 43 million monthly active users.

Edge Performance VCT invested £750,000 in deltaDNA from the H Share Fund in November 2014. That investment was been valued as at 31 August 2015 at £1.23 million, reflecting the price of a £1 million investment round in the company which took place in September 2015, after the end of the period under review.

### SEL Entertainment Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	970
Basis of valuation	Net asset value

The founder of SEL Entertainment, Richard Baskind, is an experienced media and entertainment lawyer and is a partner at London-based media law firm Simons Muirhead & Burton. He has been a lawyer in the entertainment industry for approaching 20 years and his clients range from artists to songwriters to producers to record labels and music publishers as well as promoters and event companies.

The company has recently promoted events by The Saturdays and the Enemy.

### Black Sheep Music Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	937
Basis of valuation	Net asset value

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

Events promoted by Black Sheep Music since the autumn of 2014 have included concerts by The Who and Ed Sheeran

### Real Gone Gigs Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	937
Basis of valuation	Net asset value

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

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

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

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

Live events promoted by Real Gone Gigs have included a concert by The Rolling Stones in Zurich.

**Alchemy Live Limited**

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	935
Basis of valuation	Net asset value

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

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

Events promoted by Alchemy Live include The Rolling Stones in Lisbon.

**Axis Live Entertainment Limited**

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	935
Basis of valuation	Net asset value

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

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

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

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

Since leaving V2 in 2002, he has carried on business as an artist manager and independent music publisher. Over the last 12 months, Axis Live has co-promoted concerts by Emeli Sande and Jess Glynne.

#### La Cage Productions Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	924
Basis of valuation	Net asset value

La Cage Productions was founded by Julian Lyons, who qualified as a chartered accountant in 1990. For more than 10 years, he gained extensive experience of financial, commercial and operational management in the entertainment industry, as finance director of the SPZ Group; SPZ's business activities spanned recorded music, music publishing, recording studio management, artist representation, promotion of live events and live event logistical support. On leaving SPZ Group, he became joint managing director at Wardlaw Banks, a London-based boutique music publisher. He has also been a member of the ICAEW's Entertainment & Media Special Interest Group

In March 2015, La Cage Productions co-promoted shows by Chic in Leeds and Glasgow.

#### MM Promotions Limited

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	901
Basis of valuation	Net asset value

Mark Melton, the founder of MM Promotions, has been involved in the music industry for more than 30 years. His career started in the early 1980s as a venue owner and a live music and club promoter in Leicester. In 1987, he moved to London to become a Musicians' Union official, responsible for advising young musicians embarking on the early stages of becoming recording artists. During his time in that position, the Union set up what proved to be a successful scheme to provide legal advice to those MU members who would otherwise have been unable to afford it. Hundreds of MU members have since benefitted from the scheme, including several who have gone on to become household names.

In 1993, he moved into private practice as a consultant at the specialist music business law firm, P. Russell & Co, whose clients included several successful performers of the day, including Jose Carreras, Ant & Dec and Charlotte Church. The firm also represented a number of successful producers, publishers and independent record labels. In 1991, he left to set up his own company, Consiglieri Limited, which specialises in artist representation and business and intellectual property advice to performers, composers and other independent production companies in the areas of the music and television industries.

In January 2015, MM Promotions co-promoted one of Jessie Ware's London shows.

## Mirriad Advertising Limited/Mirriad Limited

Cost of investment (£'000)	2,962
Valuation of investment (£'000)	361
Basis of valuation	Third party

Although not currently one of Edge Performance VCT's ten largest holdings by value, Mirriad merits specific mention here.

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

It has been a slow process for Mirriad to fulfil its potential and achieve commercially significant levels of revenue. This is principally as a result of the complexities in bringing together the three components required, namely distributors (such as television broadcasters or online channels), programme content owners (such as television producers) and advertisers and brands. The company has concluded key strategic deals with the likes of RTL, ProSieben, Channel 5, 7 Network, Universal Music, Sony, Vevo, YouTube and, most recently, Youku (China's equivalent of YouTube) and with major advertising agencies HAVAS and Cheil. It is also currently working with Facebook on a pilot programme, and there are further deals in the pipeline. If Mirriad is able to execute these deals effectively, the Investment Manager believes that the company will be poised to achieve substantial growth.

As reported in Edge Performance VCT's annual report for the year ended 28 February 2015, Mirriad went through a turbulent time in the first half of 2015 and largely not of its own making. Over the period from January to April, Mirriad sought to complete a large and strategically important fundraising round, which would provide the company with the means to service the key deals mentioned above. It reached the late stages of closing a US \$16.35 million investment, which was being led by a media-focused US private equity fund, but the investment was unexpectedly frustrated at the last minute by one of Mirriad's existing investors, which had previously expressed no objection, thus preventing the deal from completing and placing Mirriad in a precarious financial situation. In April and May 2015, a group of existing investors, including Edge Performance VCT, mounted a rescue of the business through a capital restructuring and further investment, coupled with the introduction of new investors. This resulted in Mirriad receiving a total of £4.6 million of new investment, which put it on a much more even keel financially, with only limited disruption to the business in the interim. However, the price at which that investment was provided fully recognised the parlous state in which Mirriad found itself at the time, as the only alternative for the company would have been a formal insolvency process; as at 28 February 2015, therefore, Edge Performance VCT had to revalue its existing investment in Mirriad down to reflect the price of that £4.6 million round.

The valuation of Edge Performance VCT's holding in Mirriad as at 31 August 2015 is similarly based on the price of that £4.6 million round.



## **Performance**

Over the period under review, the net asset value per H Share increased as a result of the increase in the valuation of the H Share Fund's investment in deltaDNA. All other Share Funds have seen a slightly negative return over the period.

## **Realisations**

As at the date of this report, the VCT-qualifying portfolio of the F Share Fund comprises investments in twelve companies. The F Share Fund reached its fifth anniversary in 2015, as a consequence of which the focus has now turned to realisation of the F Share Fund's portfolio. The Investment Manager is in the process of realising the Company's investments in nine of those companies, with a view to the proceeds being distributed to F shareholders towards the end of the year. These initial realisations will result in a remaining portfolio comprising the F Share Fund's investments in Coolabi Group, Intent HQ and Mirriad.

As mentioned in the Company's annual report for the year ended 28 February 2015, the Investment Manager is also actively exploring the strategic options available to it in relation to a number of the Company's other investments, potentially including a sale of some portfolio holdings. The Company will update shareholders as the process develops.

## **Fundraising**

In November 2014, the Company opened a fourth offer for subscription for H Shares; the offer closed in June 2015, during the period under review, by which point the Company had issued a further 1.05 million new H Shares, bringing the total number of H Shares to more than 10.5 million.

## **Outlook**

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

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

## **Edge Investments**

Investment Manager

30 October 2015

## Investment portfolio summary

as at 31 August 2015

C Share Fund	As at 31 August 2015			As at 28 February 2015		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
Coolabi Group	172	390	54.6%	172	390	53.8%
Intent HQ Group	1,447	531	74.4%	1,447	531	73.2%
<b>Total Qualifying Investments</b>	<b>1,619</b>	<b>921</b>	<b>129.0%</b>	<b>1,619</b>	<b>921</b>	<b>127.0%</b>
<b>Non-qualifying Investments</b>						
Coolabi Group	1	1	-	1	1	-
<b>Total non-qualifying investments</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>Total fixed asset investments</b>	<b>1,620</b>	<b>922</b>	<b>129.0%</b>	<b>1,620</b>	<b>922</b>	<b>127.0%</b>
<b>Net current assets</b>		<b>(208)</b>	<b>(29.0%)</b>		<b>(197)</b>	<b>(27.0%)</b>
<b>Net assets</b>		<b>714</b>	<b>100.0%</b>		<b>725</b>	<b>100.0%</b>

D Share Fund	As at 31 August 2015			As at 28 February 2015		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
Coolabi Group	2,477	5,108	91.5%	2,477	5,108	90.2%
Intent HQ Group	1,972	733	13.1%	1,972	733	12.9%
<b>Total Qualifying Investments</b>	<b>4,449</b>	<b>5,841</b>	<b>104.7%</b>	<b>4,449</b>	<b>5,841</b>	<b>103.1%</b>
<b>Non-qualifying Investments</b>						
<b>Total non-qualifying investments</b>				<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fixed asset investments</b>	<b>4,449</b>	<b>5,841</b>	<b>104.7%</b>	<b>4,449</b>	<b>5,841</b>	<b>103.1%</b>
<b>Net current assets</b>		<b>(261)</b>	<b>(4.7%)</b>		<b>(175)</b>	<b>(3.1%)</b>
<b>Net assets</b>		<b>5,580</b>	<b>100.0%</b>		<b>5,666</b>	<b>100.0%</b>

E Share Fund	As at 31 August 2015			As at 28 February 2015		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
Coolabi Group	1,411	2,862	80.6%	1,411	2,862	79.5%
Intent HQ Group	1,774	336	9.5%	1,774	336	9.3%
<b>Total Qualifying Investments</b>	<b>3,185</b>	<b>3,198</b>	<b>90.1%</b>	<b>3,185</b>	<b>3,198</b>	<b>88.8%</b>
<b>Non-qualifying Investments</b>						
	-	-	-	-	-	-
<b>Total non-qualifying investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fixed asset investments</b>	<b>3,185</b>	<b>3,198</b>	<b>90.1%</b>	<b>3,185</b>	<b>3,198</b>	<b>88.8%</b>
<b>Net current assets</b>		<b>350</b>	<b>9.9%</b>		<b>404</b>	<b>11.2%</b>
<b>Net assets</b>		<b>3,548</b>	<b>100.0%</b>		<b>3,602</b>	<b>100.0%</b>

F Share Fund	As at 31 August 2015			As at 28 February 2015		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
Aurora Rising Limited	784	657	4.2%	784	629	4.0%
Black Dog Live Limited	784	654	4.1%	784	622	3.9%
Clarksville Train Limited	784	653	4.1%	784	624	4.0%
Closeto Limited	784	655	4.1%	784	624	4.0%
Coolabi Group	4,637	8,667	54.9%	4,637	8,667	54.7%
Daydream Believer Limited	784	653	4.1%	784	664	4.2%
Handmade Mobile Entertainment Limited	1,000	-	-	1,000	-	-
Intent HQ Group	1,285	243	1.5%	1,285	243	1.4%
Libra Live Limited	784	655	4.1%	784	633	4.0%
Mirriad Limited	1,000	19	0.1%	1,000	19	0.1%
Motti & Porg Limited	784	653	4.2%	784	625	4.0%
Raphine Limited	784	652	4.2%	784	616	3.9%
Sweet Right Peg Limited	784	652	4.2%	784	626	4.0%
<b>Total Qualifying Investments</b>	<b>14,978</b>	<b>14,813</b>	<b>93.8%</b>	<b>14,978</b>	<b>14,592</b>	<b>92.2%</b>
<b>Non-qualifying Investments</b>						
Intent HQ Group	2,569	630	4.0%	3,315	630	4.0%
<b>Total non-qualifying investments</b>	<b>2,569</b>	<b>630</b>	<b>4.0%</b>	<b>3,315</b>	<b>630</b>	<b>4.0%</b>
<b>Total fixed asset investments</b>	<b>17,547</b>	<b>15,443</b>	<b>97.8%</b>	<b>18,293</b>	<b>15,222</b>	<b>96.2%</b>
<b>Net current assets</b>		<b>353</b>	<b>2.2%</b>		<b>600</b>	<b>3.8%</b>
<b>Net assets</b>		<b>15,796</b>	<b>100.0%</b>		<b>15,822</b>	<b>100.0%</b>

Investment Portfolio Summary  
Continued

G Share Fund	As at 31 August 2015			As at 28 February 2015		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net assets by value
<b>Qualifying Investments</b>						
Black Sheep Music Limited	972	937	6.3%	972	892	5.9%
Coolabi Group	3,732	6,854	46.0%	3,732	6,854	44.9%
E7 Live Limited	972	900	6.0%	972	919	6.0%
Grove Music Limited	972	895	6.0%	972	897	5.9%
Handmade Mobile Entertainment Limited	1,000	-	-	1,000	-	-
Intent HQ Group	425	80	0.5%	425	80	0.5%
La Cage Productions Limited	972	924	6.2%	972	934	6.1%
Mirriad Limited	334	6	0.0%	334	6	-
MM Promotions Limited	972	901	6.1%	972	924	6.0%
Ramble On Limited	972	900	6.0%	972	942	6.2%
Two Bridges Live Limited	972	896	6.0%	972	932	6.1%
UltraNation Limited	972	892	6.0%	972	934	6.1%
<b>Total Qualifying Investments</b>	<b>13,267</b>	<b>14,185</b>	<b>95.1%</b>	<b>13,267</b>	<b>14,314</b>	<b>93.7%</b>
<b>Non-qualifying Investments</b>						
Intent HQ Group	2,177	531	3.6%	2,810	531	3.5%
<b>Total non-qualifying investment</b>	<b>2,177</b>	<b>531</b>	<b>3.6%</b>	<b>2,810</b>	<b>531</b>	<b>3.5%</b>
<b>Total fixed asset investments</b>	<b>15,444</b>	<b>14,716</b>	<b>98.7%</b>	<b>16,077</b>	<b>14,845</b>	<b>97.2%</b>
<b>Net current assets</b>		<b>173</b>	<b>1.3%</b>		<b>427</b>	<b>2.8%</b>
<b>Net assets</b>		<b>14,889</b>	<b>100.0%</b>		<b>15,272</b>	<b>100.0%</b>

H Share Fund	As at 31 August 2015			As at 28 February 2015		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
DeltaDNA Limited	750	1,234	15.5%	750	750	10.2%
Coolabi Group	500	1,265	15.9%	500	1,265	17.2%
Mirriad Limited	1,248	329	4.1%	938	18	0.2%
Intent HQ Group	161	366	4.5%	386	141	1.9%
Lean Forward Limited	500	250	3.0%	500	500	6.8%
<b>Total Qualifying Investments</b>	<b>3,159</b>	<b>3,444</b>	<b>43.0%</b>	<b>3,074</b>	<b>2,674</b>	<b>36.3%</b>
<b>Non-qualifying Investments</b>						
Coolabi Group	300	300	3.8%	300	300	4.0%
Intent HQ Group	-	-	-	225	225	3.1%
<b>Total non-qualifying investments</b>	<b>525</b>	<b>300</b>	<b>3.8%</b>	<b>525</b>	<b>525</b>	<b>7.1%</b>
<b>Total fixed asset investments</b>	<b>3,459</b>	<b>3,744</b>	<b>46.9%</b>	<b>3,599</b>	<b>3,199</b>	<b>43.4%</b>
<b>Net current assets</b>		<b>4,237</b>	<b>53.1%</b>		<b>4,146</b>	<b>56.6%</b>
<b>Net assets</b>		<b>7,981</b>	<b>100.0%</b>		<b>7,345</b>	<b>100.0%</b>

Investment Portfolio Summary  
Continued

I Share Fund	As at 31 August 2015			As at 28 February 2015		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net assets by value
<b>Qualifying Investments</b>						
Alchemy Live Limited	1,000	935	7.7%	1,000	982	7.8%
Axis Live Entertainment Limited	1,000	935	7.7%	1,000	966	7.7%
Coolabi Group	2,458	4,955	40.5%	2,458	4,954	39.5%
Done & Dusted Live Limited	750	711	5.8%	750	722	5.8%
Intent HQ Group	1,717	427	3.5%	1,717	427	3.4%
Mirriad Limited	380	7	0.1%	380	7	0.1%
Real Gone Gigs Limited	1,000	937	7.7%	1,000	979	7.8%
SEL Live Entertainment Limited	1,000	970	7.9%	1,000	976	7.8%
<b>Total Qualifying Investments</b>	<b>9,305</b>	<b>9,877</b>	<b>80.9%</b>	<b>9,305</b>	<b>10,013</b>	<b>79.9%</b>
<b>Non-qualifying Investments</b>						
Coolabi Group	615	1,240	10.1%	615	1,240	10.8%
WP Acquisitions	200	200	1.6%	200	200	0.7%
<b>Total non-qualifying investments</b>	<b>815</b>	<b>1,440</b>	<b>11.7%</b>	<b>815</b>	<b>1,440</b>	<b>11.5%</b>
<b>Total fixed asset investments</b>	<b>10,120</b>	<b>11,317</b>	<b>92.6%</b>	<b>10,120</b>	<b>11,453</b>	<b>91.4%</b>
<b>Net current assets</b>		<b>905</b>	<b>7.4%</b>		<b>1,081</b>	<b>8.6%</b>
<b>Net assets</b>		<b>12,222</b>	<b>100.0%</b>		<b>12,534</b>	<b>100.0%</b>

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

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with the statement “Half-yearly financial reports” issued by the UK Accounting Standards Board
- The Chairman’s statement (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements
- The “Statement of principal risks and uncertainties” on page 22 is a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules, being a description of the principal risks and uncertainties for the remaining six months of the year
- The financial statements include a fair review of the information required by rule 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board

### **The City Partnership (UK) Limited**

Company Secretary

30 October 2015

## 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 17 to the financial statements in the Company's annual report & financial statements for the year ended 28 February 2015. The Company's principal risks and uncertainties have not changed materially since the date of that report.

## Related Parties

Edge Investments (the "Investment Manager") has been appointed as the Company's investment manager and administrator. The Investment Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the C Shares, D Shares, E Shares, F Shares, G Shares and I Shares, in each case plus VAT (if applicable), (b) an annual management fee of 2.25% of the net asset value attributable to the H Shares plus VAT (if applicable), (c) a performance fee and (d) an annual administration fee of £285,200 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 5 to the financial statements in the Company's annual report & financial statements for the year ended 28 February 2015. During the period, the Company has incurred investment management fees of £564,957 (exclusive of VAT), a performance related incentive fee of £nil (exclusive of VAT), an administration fee of £142,596 (exclusive of VAT) and an offer fee of £6,282 (exclusive of VAT). The Investment Manager owes the Company £nil in respect of the cap on the Company's annual running costs.



## Statement of Comprehensive Income (unaudited)

for the six months ended 31 August 2015

	Six months ended 31 August 2015			Six months ended 31 August 2014			Year ended 28 February 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(410)	(410)	-	(9178)	(9,178)	-	(7,880)	(7,880)
Income	655		655	1,908	-	1,908	1,676	-	1,676
Investment Manager's fees	(140)	(427)	(567)	(164)	(493)	(657)	(345)	(1,035)	(1,380)
Other expenses	(286)	(131)	(417)	(376)	(131)	(507)	(590)	(252)	(842)
<b>Return on ordinary activities before tax</b>	229	(968)	(739)	1,368	(9,802)	(8,434)	741	(9,167)	(8,426)
Taxation on ordinary activities	(46)	46	-	(292)	133	(159)	(158)	158	-
Return on ordinary activities after tax	183	(922)	(739)	1,076	(9,669)	(8,593)	583	(9,009)	(8,426)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	183	(922)	(739)	1076	(9,669)	(8,593)	583	(9,009)	(8,426)

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 Statement of Comprehensive Income

for the six months ended 31 August 2015

	Revenue £'000	C Share Fund Capital Total £'000 £'000		Revenue £'000	D Share Fund Capital Total £'000 £'000	
Realised/unrealised losses on investments	-	(1)	(1)	-	(39)	(39)
Income	1	-	1	39	-	39
Investment Manager's fees	(1)	(9)	(10)	(13)	(39)	(52)
Other expenses	(1)	(2)	(3)	(25)	(13)	(38)
<b>Return on ordinary activities before tax</b>	(1)	(12)	(13)	1	(91)	(90)
Taxation on ordinary activities	1	1	2	-	4	4
<b>Return on ordinary activities after tax</b>	-	(11)	(11)	1	(87)	(86)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	-	(11)	(11)	1	(87)	(86)
Return per Share (p)	-	(0.12)	(0.12)	(0.01)	(0.45)	(0.46)

	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(22)	(22)	-	10	10
Income	22	-	22	211	-	211
Investment Manager's fees	(8)	(24)	(32)	(33)	(99)	(132)
Other expenses	(18)	(8)	(26)	(71)	(33)	(104)
<b>Return on ordinary activities before tax</b>	(4)	(54)	(58)	107	(122)	(15)
Taxation on ordinary activities	1	3	4	(22)	11	(11)
<b>Return on ordinary activities after tax</b>	(3)	(51)	(54)	85	(111)	(26)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	(3)	(51)	(54)	85	(111)	26
<b>Return per Share (p)</b>	(0.03)	(0.52)	(0.55)	0.29	(0.38)	(0.09)

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

Continued

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(362)	(362)	-	223	223
Income	233	-	233	51	-	51
Investment Manager's fees	(36)	(107)	(143)	(20)	(61)	(81)
Other expenses	(65)	(31)	(96)	(52)	(18)	(70)
<b>Return on ordinary activities before tax</b>	132	(500)	(368)	(21)	144	123
Taxation on ordinary activities	(27)	12	(15)	4	6	10
<b>Return on ordinary activities after tax</b>	105	(488)	(383)	(17)	150	133
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	105	(488)	(383)	(17)	150	133
<b>Return per Share (p)</b>	0.43	(2.03)	(1.60)	(0.19)	1.63	1.44

	<b>I Share Fund</b>		
	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(219)	(219)
Income	98	-	98
Investment Manager's fees	(29)	(88)	(117)
Other expenses	(54)	(26)	(80)
<b>Return on ordinary activities before tax</b>	15	(333)	(318)
Taxation on ordinary activities	(3)	9	6
<b>Return on ordinary activities after tax</b>	12	(324)	(312)
Other comprehensive income	-	-	-
Comprehensive income attributable to equity shareholders	12	(324)	(312)
<b>Return per Share (p)</b>	0.08	(2.06)	(1.98)

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

for the six months ended 31 August 2014

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

	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(937)	(937)	-	(2,273)	(2,273)
Income	205	-	205	573	-	573
Investment Manager's fees	(13)	(37)	(50)	(44)	(132)	(176)
Other expenses	(20)	(11)	(31)	(77)	(39)	(116)
<b>Return on ordinary activities before tax</b>	172	(985)	(813)	452	(2,444)	(1,992)
Taxation on ordinary activities	(37)	10	(27)	(96)	36	(60)
<b>Return on ordinary activities after tax</b>	135	(975)	(840)	356	(2,408)	(2,052)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	135	(975)	(840)	356	(2,408)	(2,052)
<b>Return per Share (p)</b>	1.38	(9.95)	(8.57)	1.21	(8.20)	(6.99)

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

for the six months ended 31 August 2014

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(1,801)	(1,801)	-	(80)	(80)
Income	505	-	505	102	-	102
Investment Manager's fees	(36)	(109)	(145)	(25)	(76)	(101)
Other expenses	(110)	(30)	(140)	(55)	(12)	(67)
<b>Return on ordinary activities before tax</b>	359	(1,940)	(1,581)	22	(168)	(146)
Taxation on ordinary activities	(76)	30	(46)	(5)	19	14
<b>Return on ordinary activities after tax</b>	283	(1,910)	(1,627)	17	(149)	(132)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	283	(1,910)	(1,627)	17	(149)	(132)
<b>Return per Share (p)</b>	1.18	(7.94)	(6.76)	0.12	(1.69)	(1.57)



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

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

for the year ended 28 February 2015

	C Share Fund			D Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(1,541)	(1,541)	-	(1,305)	(1,305)
Income	21	-	21	88	-	88
Investment Manager's fees	(10)	(30)	(40)	(31)	(93)	(124)
Other expenses	(20)	(7)	(27)	(50)	(22)	(72)
<b>Return on ordinary activities before tax</b>	(9)	(1,578)	(1,587)	7	(1,420)	(1,413)
Taxation on ordinary activities	2	5	7	(2)	15	13
<b>Return on ordinary activities after tax</b>	(7)	(1,573)	(1,580)	5	(1,405)	(1,400)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	(7)	(1,573)	(1,580)	5	(1,405)	(1,400)
<b>Return per Share (p)</b>	(0.08)	(16.86)	(16.94)	0.03	(7.33)	(7.30)

	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(800)	(800)	-	(3,029)	(3,029)
Income	180	-	180	631	-	631
Investment Manager's fees	(26)	(78)	(104)	(91)	(274)	(365)
Other expenses	(38)	(19)	(57)	(136)	(72)	(208)
<b>Return on ordinary activities before tax</b>	116	(897)	(781)	404	(3,375)	(2,971)
Taxation on ordinary activities	(25)	12	(13)	(86)	41	(45)
<b>Return on ordinary activities after tax</b>	91	(885)	(794)	318	(3,334)	(3,016)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	91	(885)	(794)	318	(3,334)	(3,016)
<b>Return per Share (p)</b>	0.93	(9.03)	(8.10)	1.08	(11.35)	(10.27)

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

Continued

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(578)	(578)	-	(792)	(792)
Income	495	-	495	68	-	68
Investment Manager's fees	(77)	(231)	(308)	(50)	(150)	(200)
Other expenses	(160)	(60)	(220)	(76)	(26)	(102)
<b>Return on ordinary activities before tax</b>	258	(869)	(611)	(58)	(968)	(1,026)
Taxation on ordinary activities	(54)	35	(19)	12	22	34
<b>Return on ordinary activities after tax</b>	204	(834)	(630)	(46)	(946)	(992)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	204	(834)	(630)	(46)	(946)	(992)
<b>Return per Share (p)</b>	0.84	(3.47)	(2.63)	(0.50)	(10.31)	(10.81)

	<b>I Share Fund</b>		
	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	165	165
Income	193	-	193
Investment Manager's fees	(60)	(179)	(239)
Other expenses	(110)	(46)	(156)
<b>Return on ordinary activities before tax</b>	<b>23</b>	<b>(60)</b>	<b>37</b>
Taxation on ordinary activities	(5)	28	23
<b>Return on ordinary activities after tax</b>	<b>18</b>	<b>(32)</b>	<b>(14)</b>
Other comprehensive income	-	-	-
Comprehensive income attributable to equity shareholders	18	(32)	(14)
<b>Return per Share (p)</b>	<b>0.11</b>	<b>(0.20)</b>	<b>(0.09)</b>

## Balance Sheet (unaudited)

as at 31 August 2015

	As at 31 August 2015 £'000	As at 31 August 2014 £'000	As at 28 February 2015 £'000
<b>Fixed assets</b>			
Investments	55,181	57,463	54,680
<b>Current assets</b>			
Debtors	3,871	3,581	1,664
Liquidity funds	2,629	7,464	4,948
Cash at bank	986	902	881
	7,486	11,947	7,493
Creditors: amounts falling due within one year	(1,937)	(2,199)	(1,207)
<b>Net current assets</b>	5,549	9,748	6,286
<b>Net assets</b>	60,730	67,211	60,966
<b>Capital and reserves</b>			
Called up share capital	11,803	11,697	11,698
Share premium account	2,834	1,978	2,067
Special reserve	56,390	63,261	56,759
Capital redemption reserve	675	675	675
Capital reserve – realised	(7,492)	(5,614)	(6,941)
Capital reserve – unrealised	(10,650)	(12,267)	(10,279)
Revenue reserve	7,170	7,481	6,987
<b>Equity shareholders' funds</b>	60,730	67,211	60,966

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

as at 31 August 2015

	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
<b>Fixed assets</b>							
Investments	922	5,841	3,198	15,443	14,716	3,744	11,317
<b>Current assets</b>							
Debtors	8	103	930	550	663	1,183	434
Liquidity funds	-	-	150	-	-	2,011	468
Cash at bank	61	(1)	31	(21)	(52)	994	(26)
Creditors: amounts falling due within one year	(277)	(363)	(761)	(176)	(438)	49	29
Net current assets	(208)	(261)	350	353	173	4,237	905
Net assets	714	5,580	3,548	15,796	14,889	7,981	12,222
<b>Capital and reserves</b>							
Called up Share capital	933	1,917	980	2,938	2,406	1,052	1,577
Share premium account	1	-	-	-	-	2,763	70
Special reserve	994	4,872	3,857	16,260	14,937	4,754	10,716
Capital redemption reserve	675	-	-	-	-	-	-
Capital reserve – realised	(1,212)	(1,264)	(1,524)	(1,351)	(978)	(330)	(833)
Capital reserve – unrealised	(1,239)	(1,526)	(519)	(4,194)	(2,945)	(260)	33
Revenue reserve	562	1,581	754	2,143	1,469	2	659
Equity shareholders' funds	714	5,580	3,548	15,796	14,889	7,981	12,222
Net asset value per Share (p)	7.65	29.10	36.20	53.77	61.89	75.84	77.52

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

as at 31 August 2014

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
<b>Fixed assets</b>							
Investments	868	5,553	5,602	18,695	13,962	2,171	10,612
<b>Current assets</b>							
Debtors	31	153	62	597	731	1,557	450
Corporate bond & other liquidity funds	-	-	-	250	1,347	4,009	1,858
Cash at bank	57	74	100	73	29	451	126
<b>Creditors: amounts falling due within one year</b>	(252)	(352)	(639)	(773)	(110)	17	(98)
<b>Net current assets</b>	(164)	(125)	(477)	147	1997	6,034	2,336
<b>Net assets</b>	704	5,428	5,125	18,842	15,959	8,205	12,948
<b>Capital and reserves</b>							
Called up Share capital	933	1,917	980	2,938	2,405	947	1,577
Share premium account	1	-	-	-	-	1,907	70
Special reserve	994	4,871	5,426	18,317	16,621	5,212	11,820
Capital redemption reserve	675	-	-	-	-	-	-
Capital reserve – realised	(1,182)	(1,154)	(833)	(983)	(686)	(167)	(609)
Capital reserve – unrealised	(1,289)	(1,938)	(1,249)	(3,525)	(3,826)	226	(666)
Revenue reserve	572	1,732	801	2,095	1,445	80	756
<b>Equity shareholders' funds</b>	704	5,428	5,125	18,842	15,959	8,205	12,948
<b>Net asset value per Share (p)</b>	7.55	28.31	52.29	64.13	66.34	86.60	82.12



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

as at 28 February 2015

	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
<b>Fixed assets</b>							
Investments	922	5,841	3,198	15,222	14,845	3,199	11,453
<b>Current assets</b>							
Debtors	-	43	151	359	496	318	297
Corporate bond & other liquidity funds	-	-	200	250	-	3,746	752
Cash at bank	96	1	80	-	-	674	30
	96	44	431	609	496	4,738	1,079
<b>Creditors: amounts falling due within one year</b>	(293)	(219)	(27)	(9)	(69)	(592)	2
<b>Net current assets</b>	(197)	(175)	404	600	427	4,146	1,081
<b>Net assets</b>	725	5,666	3,602	15,822	15,272	7,345	12,534
<b>Capital and reserves</b>							
Called up share capital	933	1,917	980	2,938	2,406	947	1,577
Share premium account	1	-	-	-	-	1,996	70
Special reserve	994	4,872	3,857	16,260	14,937	5,123	10,716
Capital redemption reserve	675	-	-	-	-	-	-
Capital reserve – realised	(1,204)	(1,214)	(1,493)	(1,219)	(840)	(252)	(719)
Capital reserve – unrealised	(1,238)	(1,489)	(499)	(4,215)	(2,596)	(485)	243
Revenue reserve	564	1,580	757	2,058	1,365	16	647
<b>Equity shareholders' funds</b>	725	5,666	3,602	15,822	15,272	7,345	12,534
<b>Net asset value per Share (p)</b>	7.77	29.55	36.74	53.86	63.49	77.53	79.49

## Statement of Changes in Equity

for the six months ended 31 August 2015

	Share Capital £'000	Share premium £'000	Special reserve £'000	Capital Redemption reserve £'000	Capital Reserve (Realised) £'000	Capital Reserve (Unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2015	11,698	2,067	56,759	675	(6,941)	(10,279)	6,987	60,966
Share issues	105	813	-	-	-	-	-	918
Share issue expenses	-	(46)	-	-	-	-	-	(46)
Buyback of Shares	-	-	-	-	-	-	-	-
Dividends paid	-	-	(369)	-	-	-	-	(369)
Movements on reserves	-	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	(551)	(371)	183	(739)
<b>At 31 August 2015</b>	<b>11,803</b>	<b>2,834</b>	<b>56,390</b>	<b>675</b>	<b>(7,492)</b>	<b>(10,650)</b>	<b>7,170</b>	<b>60,730</b>

## Statement of Changes in Equity

for the six months ended 31 August 2014

	Share Capital £'000	Share premium £'000	Special reserve £'000	Capital Redemption reserve £'000	Capital Reserve (Realised) £'000	Capital Reserve (Unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2014	11,513	1	63,502	675	(4,450)	(3,761)	6,404	73,884
Share issues	185	2,185	-	-	-	-	-	2,370
Share issue expenses	-	(119)	-	-	-	-	-	(119)
Dividends paid	-	-	(331)	-	-	-	-	(331)
Comprehensive income for the year	-	-	-	-	(1,164)	(8,505)	1,076	(8,593)
<b>At 31 August 2014</b>	<b>11,698</b>	<b>2,067</b>	<b>63,171</b>	<b>675</b>	<b>(5,614)</b>	<b>(12,266)</b>	<b>7,480</b>	<b>67,211</b>

## Statement of Changes in Equity

for the 12 months ended 28 February 2015

	Share Capital £'000	Share premium £'000	Special reserve £'000	Capital Redemption reserve £'000	Capital Reserve (Realised) £'000	Capital Reserve (Unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2014	11,513	1	63,502	675	(4,450)	(3,761)	6,404	73,884
Share issues	185	2,185	-	-	-	-	-	2,370
Share issue expenses	-	(119)	-	-	-	-	-	(119)
Dividends paid	-	-	(6,743)	-	-	-	-	(6,743)
Comprehensive income for the year	-	-	-	-	(2,491)	(6,518)	583	(8,426)
<b>At 28 February 2015</b>	<b>11,698</b>	<b>2,067</b>	<b>56,759</b>	<b>675</b>	<b>(6,941)</b>	<b>(10,279)</b>	<b>6,987</b>	<b>60,966</b>

Distributable reserves comprise: the special reserve; the revenue reserve; and capital reserves attributable to realised profits.

The special reserve was created on cancellation of the share premium account in respect of Shares issued by the Company prior to 16 August 2013, and is primarily used for the distribution of dividends.

## Statement of Cash Flows

for the 6 month period ended 31 August 2015

	Period ended 31 August 2015		Period ended 31 August 2014		Period ended 28 February 2015	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>						
Loss for the year	(739)		(8,434)		(8,426)	
Adjustments for:						
Unrealised losses on investments held at fair value through the profit or loss account	(428)		9,132		7,880	
Realised losses on investments held at fair value through the profit and loss account	1,829		-		-	
Accrued income	(1,600)		(1,219)		220	
(Increase)/decrease in other debtors and prepayments	(2,206)		(852)		1,854	
Increase/(decrease) in other creditors and accruals	736		(1,563)		(2,697)	
<b>Cash generated from operating activities</b>		(2,408)		(2,936)		(1,169)
Tax Paid		-		-		(514)
<b>Net cash generated from operating activities</b>		(2,408)		(2,936)		(1,683)
<b>Cash flows from investing activities</b>						
Sales of investments held at fair value	-		469		4,847	
Purchases of investments held at fair value	(310)		(225)		(2,001)	
Purchase of bonds and similar investments	-		-		-	
<b>Net cash from investing activities</b>		(310)		224		2,846
<b>Cash flows from financing activities</b>						
Issue of ordinary share capital	918		2,370		2,370	
Buy back and cancellation of shares	-		-		-	
Unpaid share capital paid down	-		-		-	
Dividends paid	(368)		(331)		(6,743)	
Share issue expense	(46)		(119)		(119)	
<b>Net cash used in financing activities</b>		504		1,920		(4,492)
<b>Net decrease in cash</b>		(2,214)		(792)		(3,329)
<b>Reconciliation of cash and cash equivalents</b>						
(Decrease)/Increase in cash		(2,214)		(792)		(3,329)
Opening cash and cash equivalents position		5,829		9,158		9,158
Closing cash and cash equivalents position		3,615		8,366		5,829

### 1. Accounting Policies

The financial information for the six months ended 31 August 2015 has not been audited and comprises non-statutory accounts as defined in sections 434 to 436 of the Companies Act 2006.

The Company's auditor issued an unqualified opinion on the statutory accounts for the year ended 28 February 2015. This report is prepared on the basis of the accounting policies set out in the Company's statutory accounts for the year ended 28 February 2015. No statutory accounts in respect of any period after 28 February 2015 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 2015, the Company held cash balances and current asset investments with a combined value of £3.6 million. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both contractual expenditure and its discretionary expenses.

### 3. Return per Share

The return per Share has been calculated on a weighted average number of Shares in issue for the six months ended 31 August 2015 of:

Share class	Weighted average for the 6 months ended:		
	31 August 2015	31 August 2014	28 February 2015
C	9,330,098	9,330,098	9,330,098
D	19,172,500	19,172,500	19,172,500
E	9,801,952	9,801,952	9,801,952
F	29,379,532	29,379,532	29,379,532
G	24,056,803	24,056,803	24,056,803
H	10,273,353	8,887,441	9,178,567
I	15,766,414	15,766,414	15,766,414

#### 4. Net asset value per Share

The net asset value per Share has been calculated based on the number of Shares in issue as at 31 August 2015:

Share class	Number of shares in issue as at:		
	31 August 2015	31 August 2014	28 February 2015
C	9,330,098	9,330,098	9,330,098
D	19,172,500	19,172,500	19,172,500
E	9,801,952	9,801,952	9,801,952
F	29,379,532	29,379,532	29,379,532
G	24,056,803	24,056,803	24,056,803
H	10,522,984	9,474,517	9,474,517
I	15,766,414	15,766,414	15,766,414

During the six months ended 31 August 2015, the Company did not buy back any Shares.

Printed copies of this half-yearly report will shortly be mailed to shareholders and will be available to the public at the Company's registered office. A copy is now available on the Company's website, at [www.edge.uk.com](http://www.edge.uk.com).

## Corporate Information

as at 31 August 2015

### Directors

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

all of

1 Marylebone High Street  
London W1U 4LZ

which is the registered office of the Company

### Investment Manager

Edge Investment Management Limited  
trading as  
Edge Investments  
1 Marylebone High Street  
London W1U 4LZ  
(authorised and regulated by the Financial Conduct  
Authority; registration number 455446)

### Company Secretary

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

### VCT Taxation advisers

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

### Auditor

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

### Bankers

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

### Registrar

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

### Broker

Panmure Gordon (UK) Limited  
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