



**HALF-YEARLY REPORT**

for the six months ended 31 August 2009

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## Financial Highlights

Period ended	31 August 2009	28 February 2009	31 August 2008
<b>Net assets, £'000:</b>			
Ordinary Share	16	4,422	5,438
C Share	10,595	10,504	12,866
D Share	17,919	18,165	18,134
E Share	9,128	n/a	n/a
<b>Net asset value per share, p:</b>			
Ordinary Share	0.25	69.09	84.96
C Share	79.49	78.81	96.53
D Share	93.19	94.47	94.55
E Share	93.01	n/a	n/a
<b>Dividends already paid in respect of the period, p:</b>			
Ordinary Share	-	71.80	-
C Share	-	7.00	-
D Share	-	-	-
E Share	-	n/a	n/a
<b>Net asset value total return per share, p:</b>			
Ordinary Share	85.05	89.09	90.96
C Share	93.49	92.81	96.53
D Share	93.19	94.47	94.55
E Share	93.01	n/a	n/a
<b>Dividends declared in respect of the period, p:</b>			
Ordinary Share	0.20	71.08	-
C Share	-	7.00	-
D Share	-	7.00	-
E Share	-	n/a	n/a
<b>Share price at end of the period, p:</b>			
Ordinary Share	12.00	80.00	90.00
C Share	90.00	90.00	100.00
D Share	100.00	100.00	100.00
E Share	100.00	n/a	n/a

### Background

Edge Performance has pioneered an approach which was designed to address the key issues which we believe have in the past deterred some individuals from investing in VCTs, namely the ability to exit from the VCT once the investment has been held for the minimum holding period required under the VCT rules, and the perceived risk of the underlying investments.

Edge Performance offers investors the opportunity to invest in the entertainment industry and to take advantage of VCT tax reliefs whilst combining:

- high targeted returns
- downside risk protection
- liquidity
- alignment of the Manager's interests with those of the shareholders

### Period Highlights

The six months ended 31 August 2009 have seen a number of very important developments for the Company:

- The Ordinary share fund capital has been returned to Ordinary shareholders, at a significantly higher level than originally targeted, and only a matter of weeks after the end of the minimum holding period required under VCT rules
- The E share offer has now closed, having raised in excess of £9.6 million
- Further VCT qualifying investments from the C and D Share funds were completed, and the initial VCT qualifying investments from the E share fund identified
- The Company has declared a maiden dividend of 7p per D share, with payment to be made to shareholders in November 2009 (when a previously declared C share dividend of 7p per share will also be paid, bringing total dividends per C share to 14p)
- The Company is undertaking a further fund-raising, through an F share offer

### Ordinary Share Fund

In May and June 2009, the Company's investments from the Ordinary share fund were realised. In June 2009, those realised proceeds, together with the bulk of the remaining assets of the Ordinary share fund, were returned to Ordinary shareholders by way of dividends of 71.8p per Ordinary share.

When added to the dividend payments in 2007 and 2008, these further dividends brought the total return to Ordinary shareholders to 84.8p per share (equivalent to a return of 124.8p per 100p invested for those who obtained the full 40% income tax relief on their investment). Contrasted with the originally targeted total return of 75p per share, this distribution meant that the Company had bettered its targeted excess of 15p per share (assuming full 40% income tax relief on investment) by more than 65%. Moreover, funds were returned to the Ordinary shareholders only weeks following the end of the statutory period for which the Ordinary shareholders had to hold their shares in order to retain full tax relief.

The Board has now declared a further dividend of 0.2p per Ordinary share with record and payment dates of 6 November and 12 November 2009 respectively, bringing the total return to Ordinary shareholders to 85.0p per share (equivalent to a return of 125.0p after taking into account 40% income tax relief).

With the value of the Ordinary share fund now fully distributed to shareholders, the Board is planning to instigate the process in December of converting the Ordinary shares into deferred shares and repurchasing those shares for a nominal amount. This will serve to avoid the continuing cost to the Company of administering the Ordinary shares as a separate class.

### **C Share Fund**

Prior to the period, the C share fund had invested in events companies MK Ultrasound Limited, Saravid Promotions Limited, and in online format developer Enrich Social Productions Limited. During the period, the fund made a further investment in Saravid Promotions, and continued in discussions over the terms of a follow-on investment in Enrich Social Productions, which was completed shortly after the end of the period.

After the period end, the Company completed one further investment and committed to two more, to be completed in the coming weeks, at which point the Company will have met the target of full investment of the C share fund, significantly earlier than the date required by VCT rules.

As at 31 August 2009, the NAV total return per C share stood at 93.49p, representing an increase of 0.7% over the 6 months to 31 August 2009, which the Board regards as a highly satisfactory performance given the current economic climate.

A second dividend for C shareholders, at 7p per share (bringing total distributions per C share to 14p), will be paid in November 2009, again illustrating the Board's commitment to providing the Company's shareholders with a tax-free annual income.

### **D Share Fund**

During the period, VCT qualifying investments were made from the D share fund in HTM Promotions Limited and Challi Productions Limited, with a further three investments committed to during the period and completed in October 2009. Following these investments, only some 27% of the D share fund remains to be invested in VCT qualifying investments, and the Board and the Manager are confident that the volume and quality of investment opportunities will allow for the D share fund to be fully invested well within the period required under VCT rules.

As at 31 August 2009, the NAV total return per D share was 93.19p. Although this represents a reduction over the period of 1.28p per D share (1.35%), by contrast, the FTSE All-Share Index dropped by more than 16.3% in that same period, and the FTSE Media Index by 13.6%.

A maiden dividend of 7p per D share has been declared, and will be paid in November 2009.

### **E Share Fund**

During the period, suitable opportunities were identified for VCT qualifying investments for 35% of the E share fund, and which it is anticipated will be concluded towards the end of 2009. As with the D share fund, the Board and Manager expect the fund to be fully invested comfortably within the time period prescribed by VCT rules.

### **Proposed F Share Offer**

Encouraged by the continuing quality and level of investment opportunities being seen by the Manager, the Board has decided that it would be in the best interests of the Company's shareholders to seek to raise more funds. To this end, a general meeting of the Company is to be convened shortly at which shareholders will be asked to approve the issue of a new class of share, F ordinary shares, through a new offer for subscription.

### **Outlook**

The immediate future is highly significant for the Company's continued growth:

- The Ordinary share fund has been returned to shareholders
- The C share fund has achieved full investment, and has seen a growth over the period in the total return to shareholders
- The D share fund has made substantial progress towards building its venture capital portfolio
- A range of suitable and diverse investment opportunities across the entertainment sector are actively being considered for the balance of the D share fund, and for the E share fund
- A further fund-raising will now be undertaken

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

**Sir Robin Miller**

Chairman

26 October 2009

## Investment Manager's Review

### Investment Overview

The Company currently has four separate investment pools under management – the Ordinary share, C share, D share and E share pools – each of which is managed separately.

For the C share, D share and E share pools, a blended investment strategy is being applied, entailing not only investments alongside established promoters offering contractually guaranteed minimum returns of at least 80% of the amount invested by the Company, but also other investments where the potential for significantly greater returns justifies a lower level of capital protection. This strategy is intended to achieve a targeted return to investors of 130p for a 70p net cost of investment (assuming income tax relief at 30%), equivalent to a return of 160p per 100p invested.

#### *Ordinary Share Pool*

During the period, the five VCT qualifying investments made from the Company's Ordinary share pool were realised for a total value of £4.12 million.

In June 2009, the Company paid dividends of 71.8p per Ordinary share, taking the total return to Ordinary shareholders to 84.8p per share, and representing almost all of the value of the Ordinary share pool. The Board has now declared a further dividend of 0.2p per Ordinary share, to be paid in November 2009, bringing the total return to 85.0p per Ordinary share, substantially ahead of the targeted return of 75p per Ordinary share, and representing a return to Ordinary shareholders on the net cost of investment (assuming income tax relief at 40%) of almost 42%.

Once this further dividend has been paid, it is the intention of the Board to convert the Ordinary shares to deferred shares, and for the Company to repurchase those shares for a nominal amount.

#### *C Share Pool - VCT Qualifying Investments*

As at the commencement of the period, three qualifying investments had been made from the C share pool, with three further investments committed, of which one was completed during the period and the remaining two completed after the period end. The Company has committed to two further investments; when those investments are completed, the C share pool will be fully invested.

During the period, MK Ultrasound promoted a series of live concerts by acts as diverse as New Kids On The Block, Pussycat Dolls, Chris Cornell and Franz Ferdinand. Saravid Promotions continued to review a number of further opportunities for promotion, and is now in preparation for the promotion of a series of concerts in late 2009 by an internationally-renowned act. Enrich Social Productions secured a financially and strategically important alliance with retail giant Tesco for its initial online offering, *1click2fame*.

#### *C Share Pool – Non-Qualifying Investments*

In the period, the Company continued to invest in a series of liquidity funds arranged through Rothschild. At the end of the period, the value of these investments stood at £7,599,908.

#### *D Share Pool – Qualifying Investments*

In April 2009, two VCT qualifying investments were made from the D share pool, in HTM Promotions Limited and Challi Productions Limited, both of them live events companies. At the time, the Company committed to making further investments in each company, and those investments were completed after the period end. After the period end, an additional investment was made by the D share pool in Enrich Social Productions, described above.

## Investment Manager's Review (continued)

### *D Share Pool – Non-Qualifying Investments*

In the period, the Company continued to invest in a series of liquidity funds and other funds arranged through UBS. At the end of the period, the value of these investments stood at £15,163,846.

### *E Share Pool – Investment Activity*

In November 2008, the Company offered E shares for subscription across the tax years 2008/09 and 2009/10. The offers closed on 1 August 2009 and raised £9,230,637 million after fundraising costs.

Most of these proceeds have been invested in a series of funds arranged through UBS. At the end of the period, the value of these investments stood at £8,605,978; additionally, £326,025 was held at bank as at the end of the period.

Although the E share offers only closed in June 2009, the Manager is already in an advanced stage of negotiations for the first qualifying investments from the E share pool, representing some 50% of its target investment allocation, for which completion is anticipated before the end of the year.

### **Outlook**

The level of the total return to Ordinary shareholders, and the fact that funds were returned to shareholders within only a few weeks after the end of the minimum shareholding period required under VCT rules, have been extremely satisfying.

For the C share pool, reaching full investment represents a further milestone achievement.

For the D and E share pools, deal flow continues to be strong, with many approaches made to the Manager for good quality investment opportunities in the wider entertainment sector. Coupled with that, continued use is made of the Manager's and the Board's extensive network of contacts to seek out other investment opportunities. It is anticipated that both the D share pool and the E share pool will attain full investment status well in advance of the time required by VCT regulations.



## Investment Portfolio Summary

as at 31 August 2009

### Ordinary Share Portfolio

Company	As at 31 August 2009			As at 28 February 2009		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Martha & George Productions Limited	850	0	0	850	851	19.3
In Tandem Promotions Limited	850	0	0	850	828	18.7
My Brother Promotions Limited	850	0	0	850	779	17.6
LC Presents Limited	895	0	0	895	886	20.0
Thunderroad Promotions Limited	850	0	0	850	842	19.0
<b>Total venture capital investments</b>	<b>4,295</b>	<b>0</b>	<b>0</b>	<b>4,295</b>	<b>4,186</b>	<b>94.6</b>
Total fixed asset investments	4,295	0	0	4,295	4,186	94.6
Net current assets		16	100.0		236	5.4
<b>Net assets</b>		<b>16</b>	<b>100.0</b>		<b>4,422</b>	<b>100.0</b>

### C Share Portfolio

Company	As at 31 August 2009			As at 28 February 2009		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
MK Ultrasound Limited	1,008	1,000	9.4	1,008	933	8.9
Saravid Promotions	2,007	1,700	16.0	1,007	597	5.7
Enrich Social Productions	752	750	7.1	700	700	6.7
<b>Total venture capital investments</b>	<b>3,767</b>	<b>3,450</b>	<b>32.5</b>	<b>2,715</b>	<b>2,230</b>	<b>21.3</b>
Total fixed asset investments	3,767	3,450	32.5	2,715	2,230	21.3
Net current assets		7,145	67.5		8,274	78.7
<b>Net assets</b>		<b>10,595</b>	<b>100.0</b>		<b>10,504</b>	<b>100.0</b>

## Investment Portfolio Summary (continued)

### D Share Portfolio

Company	As at 31 August 2009			As at 28 February 2009		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
Enrich Social Productions	752	750	4.2	-	-	-
Challi Productions	1,000	1,000	5.6	-	-	-
HTM Promotions	1,000	1,000	5.6	-	-	-
<b>Total venture capital investments</b>	<b>2,752</b>	<b>2,750</b>	<b>15.4</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total fixed asset investments	2,752	2,750	15.4	-	-	-
Net current assets		15,169	84.6	18,165	100.0	
<b>Net assets</b>		<b>17,919</b>	<b>100.0</b>	<b>18,165</b>	<b>100.0</b>	

### E Share Portfolio

Company	As at 31 August 2009			As at 28 February 2009		
	Cost £'000	Valuation £'000	% of net assets by value	Cost £'000	Valuation £'000	% of net assets by value
<b>Total venture capital investments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total fixed asset investments	-	-	-	-	-	-
Net current assets		9,128	100.0		-	-
<b>Net assets</b>		<b>9,128</b>	<b>100.0</b>		<b>-</b>	<b>-</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 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 9 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

26 October 2009

## Statement of Principal Risks and Uncertainties

The Company’s assets consist of equities and fixed interest investments, cash and liquid resources. Its principal risks are therefore market risk, interest rate risk, credit risk and liquidity risk. Other risks faced by the Company include economic, investment, financial and regulatory risks. These risks, and the way in which they are managed, are described in more detail in the Directors’ Report, the Statement of Corporate Governance and Note 18 to the Financial Statements in the Company’s Annual Report & Financial Statements for the year ended 28 February 2009. The Company’s principal risks and uncertainties have not changed materially since the date of that report.

## Related Parties

Edge Investment Management Limited ("Investment Manager") has been appointed as the Company's investment manager and administrator. The Investment Manager receives (i) an annual investment management fee of 2.00% of the net asset value of the Company's Ordinary share fund, 1.75% of the net asset value of the Company's C share fund, 1.75% of the net asset value of the Company's D share fund and 1.75% of the net asset value of the Company's E share fund in each case plus VAT (if applicable) and (ii) a fixed annual administration fee of £90,000 plus VAT (if applicable) such fee to be adjusted annually by reference to the movement in RPI. The Investment Manager also bears any excess of the total modified annual running costs over a cap of 3.5% of the Company's average net asset value. These arrangements are described in more detail in Note 3 to the Financial Statements in the Company's Annual Report & Financial Statements for the year ended 28 February 2009. During the period the Company has incurred investment management fees of £352,431 (exclusive of VAT), a performance related incentive fee of £148,975 (exclusive of VAT), an administration fee of £44,041 (exclusive of VAT) and an offer fee of £474,729 (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 2009

	Six months ended 31 Aug 2009			Six months ended 31 Aug 2008			Year ended 28 February 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised gains on investments	-	147	147	-	18	18	-	(306)	(306)
Income	95	-	95	710	-	710	917	-	917
Investment manager's fees	(88)	(265)	(353)	(95)	(286)	(381)	(172)	(512)	(684)
Other expenses	(283)	(117)	(400)	(152)	-	(152)	(393)	-	(393)
<b>Return on ordinary activities before tax</b>	(276)	(235)	(511)	463	(268)	195	352	(818)	(466)
Taxation on ordinary activities	-	-	-	(122)	86	(36)	(74)	74	-
<b>Return attributable to equity shareholders</b>	(276)	(235)	(511)	341	(182)	159	278	(744)	(466)
<b>Transfer to reserves</b>	(276)	(235)	(511)	341	(182)	159	278	(744)	(466)

The total columns of this statement represent 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 Ordinary, C, D and E Share Funds Income Statement

for the six months ended 31 August 2009

	Revenue £'000	Ordinary Share Fund Capital £'000	Total £'000
Realised/unrealised gains on investments	-	(58)	(58)
Income	5	-	5
Investment manager's fees	(7)	(23)	(30)
Other expenses	(53)	(117)	(170)
<b>Return on ordinary activities before tax</b>	(55)	(198)	(253)
Taxation on ordinary activities	-	-	-
<b>Return attributable to equity shareholders</b>	(55)	(198)	(253)
<b>Transfer to reserves</b>	(55)	(198)	(253)
<b>Return per share, p</b>	(0.85)	(3.10)	(3.95)

Revenue £'000	C Share Fund		Revenue £'000	D Share Fund		Revenue £'000	E Share Fund	
	Capital £'000	Total £'000		Capital £'000	Total £'000		Capital £'000	Total £'000
-	190	190	-	11	11	-	4	4
44	-	44	40	-	40	6	-	6
(23)	(69)	(92)	(40)	(119)	(159)	(18)	(54)	(72)
(51)	-	(51)	(138)	-	(138)	(41)	-	(41)
(30)	121	91	(138)	(108)	(246)	(53)	(50)	(103)
-	-	-	-	-	-	-	-	-
(30)	121	91	(138)	(108)	(246)	(53)	(50)	(103)
(30)	121	91	(138)	(108)	(246)	(53)	(50)	(103)
(0.23)	0.91	0.68	(0.72)	(0.56)	(1.28)	(0.61)	(0.56)	(1.17)

## Non-Statutory Analysis (Unaudited) between the Ordinary, C and D Share Funds Income Statement

for the six months ended 31 August 2008

	Revenue £'000	Ordinary Share Fund Capital £'000	Total £'000
Realised/unrealised gains on investments	-	(10)	(10)
Income	39	-	39
Investment manager's fees	(16)	(48)	(64)
Other expenses	(16)	-	(16)
<b>Return on ordinary activities before tax</b>	7	(58)	(51)
Taxation on ordinary activities	2	8	10
<b>Return attributable to equity shareholders</b>	9	(50)	(41)
<b>Transfer to reserves</b>	9	(50)	(41)
<b>Return per share, p</b>	0.14	(0.79)	(0.65)

## Non-Statutory Analysis (Unaudited) between the Ordinary, C and D Share Funds Income Statement

for the year ended 28 February 2009

	Revenue £'000	Ordinary Share Fund Capital £'000	Total £'000
Realised/unrealised gains on investments	-	(62)	(62)
Income	63	-	63
Investment manager's fees	(26)	(77)	(103)
Other expenses	(67)	-	(67)
<b>Return on ordinary activities before tax</b>	(30)	(139)	(169)
Taxation on ordinary activities	6	2	8
<b>Return attributable to equity shareholders</b>	(24)	(137)	(161)
<b>Transfer to reserves</b>	(24)	(137)	(161)
<b>Return per share, p</b>	(0.37)	(2.14)	(2.51)



Revenue £'000	C Share Fund		Revenue £'000	D Share Fund	
	Capital £'000	Total £'000		Capital £'000	Total £'000
-	29	29	-	(1)	(1)
307	-	307	364	-	364
(33)	(98)	(131)	(46)	(140)	(186)
(57)	-	(57)	(79)	-	(79)
217	(69)	148	239	(141)	98
(59)	34	(25)	(65)	44	(21)
158	(35)	123	174	(97)	77
158	(35)	123	174	(97)	77
1.19	(0.26)	0.93	1.11	(0.62)	0.49

Revenue £'000	C Share Fund		Revenue £'000	D Share Fund	
	Capital £'000	Total £'000		Capital £'000	Total £'000
-	(442)	(442)	-	198	198
484	-	484	370	-	370
(57)	(173)	(230)	(89)	(262)	(351)
(165)	-	(165)	(161)	-	(161)
262	(615)	(353)	120	(64)	56
(55)	36	(19)	(25)	36	11
207	(579)	(372)	95	(28)	67
207	(579)	(372)	95	(28)	67
1.55	(4.34)	(2.79)	0.55	(0.16)	0.39

## Balance Sheet (Unaudited)

as at 31 August 2009

	31 August 2009 £'000	31 August 2008 £'000	28 February 2009 £'000
<b>Fixed assets</b>			
Investments	6,200	5,224	6,416
<b>Current assets</b>			
Debtors	713	684	573
Liquidity funds, etc	31,370	30,553	26,734
Cash at bank	489	158	934
<b>Creditors: amounts falling due within one year</b>	<b>(1,114)</b>	<b>(181)</b>	<b>(1,566)</b>
<b>Net current assets</b>	<b>31,458</b>	<b>31,214</b>	<b>26,675</b>
<b>Net assets</b>	<b>37,658</b>	<b>36,438</b>	<b>33,091</b>
<b>Capital and reserves</b>			
Called-up share capital	4,877	3,891	3,896
Share premium	8,294	16,139	45
Special reserve	25,893	16,212	30,045
Capital reserve – realised	(2,125)	(458)	(525)
Capital reserve – unrealised	827	(43)	(538)
Revenue reserve	(108)	697	168
<b>Equity shareholders' funds</b>	<b>37,658</b>	<b>36,438</b>	<b>33,091</b>

## Non-Statutory Analysis (Unaudited) between the Ordinary, C, D and E Share Funds Balance Sheet

as at 31 August 2009

	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000	E Share Fund £'000
<b>Fixed assets</b>				
Investments	-	3,450	2,750	-
<b>Current assets</b>				
Debtors	44	189	1,272	225
Liquidity funds, etc	-	7,600	15,164	8,606
Cash at bank	10	1,337	(1,184)	326
<b>Creditors: amounts falling due within one year</b>	(38)	(1,981)	(83)	(29)
<b>Net current assets</b>	16	7,145	15,169	9,128
<b>Net assets</b>	16	10,595	17,919	9,128
<b>Capital and reserves</b>				
Called-up share capital	640	1,333	1,923	981
Share premium	-	-	45	8,249
Special reserve	(71)	9,834	16,130	-
Capital reserve – realised	(541)	(1,400)	(135)	(49)
Capital reserve – unrealised	(1)	830	(2)	-
Revenue reserve	(11)	(2)	(42)	(53)
<b>Equity shareholders' funds</b>	16	10,595	17,919	9,128
<b>Net asset value per share, p</b>	0.25	79.49	93.19	93.01

## Non-Statutory Analysis (Unaudited) between the Ordinary, C and D Share Funds

### Balance Sheet

as at 31 August 2008

	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
<b>Fixed assets</b>			
Investments	4,224	1,000	-
<b>Current assets</b>			
Debtors	117	199	368
Liquidity funds, etc	1,656	11,944	16,953
Cash at bank	(548)	(163)	869
<b>Creditors: amounts falling due within one year</b>	(11)	(114)	(56)
<b>Net current assets</b>	1,214	11,866	18,134
<b>Net assets</b>	5,438	12,866	18,134
<b>Capital and reserves</b>			
Called-up share capital	640	1,333	1,918
Share premium	-	-	16,139
Special reserve	4,978	11,234	-
Capital reserve – realised	(180)	(182)	(96)
Capital reserve – unrealised	(77)	35	(1)
Revenue reserve	77	446	174
<b>Equity shareholders' funds</b>	5,438	12,866	18,134
<b>Net asset value per share, p</b>	84.96	96.53	94.55

## Non-Statutory Analysis (Unaudited) between the Ordinary, C and D Share Funds Balance Sheet

as at 28 February 2009

	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
<b>Fixed assets</b>			
Investments	4,186	2,230	-
<b>Current assets</b>			
Debtors	47	366	1,148
Liquidity funds, etc	1,089	8,471	17,173
Cash at bank	(413)	1,432	(84)
<b>Creditors: amounts falling due within one year</b>	(487)	(1,995)	(72)
<b>Net current assets</b>	236	8,274	18,165
<b>Net assets</b>	4,422	10,504	18,165
<b>Capital and reserves</b>			
Called-up share capital	640	1,333	1,923
Share premium	-	-	45
Special reserve	4,082	9,834	16,130
Capital reserve – realised	(231)	(245)	(48)
Capital reserve – unrealised	(113)	(446)	20
Revenue reserve	44	28	95
<b>Equity shareholders' funds</b>	4,422	10,504	18,165
<b>Net asset value per share, p</b>	69.09	78.81	94.47

## Reconciliation of Movement in Shareholders' Funds (Unaudited)

for the six months ended 31 August 2009

	Six months ended 31 August 2009 £'000	Six months ended 31 August 2008 £'000	Year ended 28 Feb 2009 £'000
<b>Opening shareholders' funds</b>	33,091	21,439	21,439
Capital per share issues	9,716	15,704	15,754
Expenses of share issues & share conversion	(490)	(864)	(864)
Expenses of share premium account cancellation	-	-	(10)
Return on ordinary activities after tax	(511)	159	(466)
Dividends	(4,148)	-	(2,762)
<b>Closing shareholders' funds</b>	37,658	36,438	33,091

## Non-Statutory Analysis (Unaudited) between the Ordinary, C, D and E Share Funds

### Reconciliation of Movement in Shareholders' Funds

for the six months ended 31 August 2009

	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000	E Share Fund £'000
<b>Opening shareholders' funds</b>	4,422	10,504	18,165	-
Capital per share issues	-	-	-	9,716
Expenses of share issues & share conversion	(5)	-	-	(485)
Expenses of share premium account cancellation	-	-	-	-
Return on ordinary activities after tax	(253)	91	(246)	(103)
Dividends	(4,148)	-	-	-
<b>Closing shareholders' funds</b>	16	10,595	17,919	9,128

Non-Statutory Analysis (Unaudited) between the Ordinary, C and D Share Funds  
 Reconciliation of Movement in Shareholders' Funds

for the six months ended 31 August 2008

	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
<b>Opening shareholders' funds</b>	5,479	12,743	3,217
Capital per share issues	-	-	15,704
Expenses of share issues	-	-	(864)
Expenses of share premium account cancellation	-	-	-
Return on ordinary activities after tax	(41)	123	77
<b>Closing shareholders' funds</b>	5,438	12,866	18,134

Non-Statutory Analysis (Unaudited) between the Ordinary, C and D Share Funds  
 Reconciliation of Movement in Shareholders' Funds (Unaudited)

for the year ended 28 February 2009

	Ordinary Share Fund £'000	C Share Fund £'000	D Share Fund £'000
<b>Opening shareholders' funds</b>	5,479	12,742	3,217
Capital per share issues	-	-	15,754
Expenses of share issues	-	-	(864)
Expenses of share premium account cancellation	-	-	(10)
Return on ordinary activities after tax	(161)	(372)	68
Dividends	(896)	(1,866)	-
<b>Closing shareholders' funds</b>	4,422	10,504	18,165

## Cash Flow Statement (Unaudited)

for the year ended 31 August 2009

Period ended	31 Aug 2009 £'000	31 Aug 2008 £'000	28 Feb 2009 £'000
<b>Operating activities</b>			
Investment income received	54	247	853
Interest received	1	61	81
Investment manager's fees paid	(797)	(667)	(731)
Administration & company secretarial fees paid	(144)	(50)	(82)
Cash paid to and on behalf of directors	(46)	(33)	(89)
Other cash payments	(69)	(33)	(84)
<b>Net cash outflow from operating activities</b>	(1,001)	(475)	(52)
<b>Financial investment</b>			
Purchase of investments	(1,500)	(1,004)	(2,715)
Purchase of money market holdings	(8,600)	(16,693)	(17,545)
Sale of investments	6,093	363	4,869
<b>Net cash outflow from financial investment</b>	(4,007)	(17,334)	(15,391)
<b>Overpayments, Tax &amp; Dividends</b>			
Overpayments	-	(44)	(314)
Tax	-	-	(14)
Equity dividends paid	(4,596)	-	(1,381)
<b>Net cash outflow from overpayments, tax &amp; dividends</b>	(4,596)	(44)	(1,709)
<b>Net cash outflow before financing</b>	(9,604)	(17,853)	(17,152)
<b>Financing</b>			
Share issues	9,604	15,580	15,505
Share issue expenses	(445)	(956)	(796)
Redemption of preference shares	-	-	-
Cancellation of share premium a/c	-	-	(10)
<b>Net cash inflow from financing</b>	9,159	14,624	14,699
<b>Decrease in cash</b>	(445)	(3,229)	(2,453)



### 1. Accounting Policies

The financial information for the six months ended 31 August 2009 has not been audited and comprises non-statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The statutory accounts for the year ended 28 February 2009 were unqualified. No statutory accounts in respect of any period after 28 February 2009 have been reported on by the Company's auditors or delivered to the Registrar of Companies.

### 2. Return per Share

The return per share has been calculated based on a weighted average number of shares in issue for the six months ended 31 August 2009 of: O share fund – 6,400,640; C share fund – 13,328,599; D share fund – 19,228,838; and E share fund – 8,806,980. (31 August 2008: O share fund – 6,400,640; C share fund – 13,328,599; D share fund – 15,597,410; and E share fund – n/a. 28 February 2009: O share fund – 6,400,640; C share fund – 13,328,599; D share fund – 17,396,149; and E share fund – n/a.)

### 3. 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 2009: O share fund – 6,400,640; C share fund – 13,328,599; D share fund – 19,228,838; and E share fund - 9,813,732. (31 August 2008: O share fund – 6,400,640; C share fund – 13,328,599; D share fund – 19,178,788; and E share fund – n/a. 28 February 2009: O share fund – 6,400,640; C share fund – 13,328,599; D share fund – 19,228,838; and E share fund – n/a.)

4. During the six months ended 31 August 2009 the Company did not buy back any shares.

5. 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/vct](http://www.edge.uk.com/vct).

### Directors

Sir Robin Miller (Chairman)  
Michael Eaton  
David Glick  
Julian Paul FCA  
Frank Presland

all of  
1 Marylebone High Street  
London W1U 4LZ  
which is the registered office of the Company

### Investment Manager

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London W1U 4LZ

### Company Secretary

The City Partnership (UK) Limited  
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### Promoter

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### Taxation Advisers

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### Auditors

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### Bankers

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### Receiving Agent & Registrar

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Edinburgh EH2 1DF

### Registered number

05558025