EDGE
PERFORMANCE VCT

ANNUAL REPORT & FINANCIAL STATEMENTS

for the year ended 28 February 2009

Contents

Financial Summary

Year ended 28 (29) February	2009 O	2009 C	2009 D	2009 Total	2008 O	2008 C	2008 D	2008 Total
Net assets £'000	4,422	10,504	18,165	33,091	5,480	12,742	3,217	21,439
Net asset value per share, p	69.09	78.81	94.47	n/a	85.61	95.60	93.26	n/a
Net asset value total return per share, p	89.09	92.81	94.47	n/a	91.61	95.60	93.26	n/a
Investment income £'000	63	484	370	917	128	548	-	676
Return on ordinary activities before tax £'000								
- Revenue	(30)	262	120	352	21	373	-	394
- Capital	(139)	(615)	(64)	(818)	(168)	(158)	-	(326)
- Total	(169)	(353)	56	(466)	(148)	216	-	68
Return per share, p								
- Revenue	(0.37)	1.55	0.55	n/a	0.25	2.37	-	n/a
- Capital	(2.14)	(4.34)	(0.16)	n/a	(2.29)	(0.92)	-	n/a
- Total	(2.51)	(2.79)	0.39	n/a	(2.04)	1.45	-	n/a
Dividend per share declared in respect of the year, p								
- Revenue	-	1.75	0.30	n/a	-	1.75	-	n/a
- Capital	71.80	5.25	6.70	n/a	13.00	5.25	-	n/a
- Total	71.80	7.00	7.00	n/a	13.00	7.00	-	n/a
Share price at end of year, p	80.00	90.00	100.00	n/a	90.00	100.00	100.00	n/a

Investment Policy

Risk Diversification

Edge Performance VCT plc ("Edge" or the "Company") is an innovative VCT which offers the opportunity to invest in the entertainment industry in a broad range of companies (thereby diversifying risk), concentrating on live music, theatre, sports, festivals and other events, and utilising arrangements that seek to combine high targeted returns with reduced downside risk and enhanced liquidity whilst allowing investors to take advantage of VCT tax reliefs.

Asset Allocation

The ordinary share fund achieves a broad allocation of investments by investing in a range of events companies within the entertainment industry. Events companies will have successfully negotiated an event licensing agreement with an established events promoter under which the revenues received by the events company from the events promoted with that promoter will be at least 75% of the aggregate of the amount invested by Edge in the events company. With this emphasis on capital protection, the targeted minimum tax-free return for investors is 115p per 100p invested (equivalent to a return of 75p per 60p invested net of income tax). Ordinary shares were first issued by the Company in April 2006.

In respect of each of each of the C share, D share and E share funds, approximately 30% of each fund is to remain in a range of fixed income securities and cash and cash equivalent assets, offering a high degree of capital preservation. Of the balance of each fund, some will be invested in events companies which have concluded event licensing agreements with established promoters under which the revenues received by the events company from the events promoted with that promoter will be at least 75% of the aggregate of the amount invested by Edge in the events company, and some is to be invested under arrangements offering more modest minimum guaranteed returns, but with significantly higher potential returns. For each of the C share, D share and E share funds, the targeted tax free return is 160p per 100p invested (assuming tax relief at 30%, equivalent to a return of 130p per 70p invested, net of income tax).

The Company also looks to pursue other opportunities in the entertainment industry which the Manager believes are complementary to the investment strategy of the Company.

Risk Mitigation

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

Borrowings

It is not intended that the Company will incur borrowings to fund its operations.

VCT Status and Maximum Exposure

The Company must be approved by HM Revenue and Customs in order to retain its venture capital trust status. The conditions which must be satisfied to retain such status include the following restrictions on the maximum exposure of the Company:

(i) not more than 15% by value of the Company's investments can be held in a single company or group (other than a VCT); and

(ii) the Company is limited to investing up to £1 million per year per VCT qualifying holding.

Investment Manager

The Company's investment manager is Edge Investment Management Limited ("EIM" or "Manager").

Chairman's Statement

Company Overview

The year ended 28 February 2009 has been busy and productive for the Company.

The Company has significantly increased its funds under management; has grown its venture capital investment portfolio and has developed a very healthy investment pipeline.

Most significantly, the Company has planned and almost fully executed the realisation of the ordinary share fund such that the target return of 75p per ordinary share will be comfortably exceeded. The forthcoming annual general meeting will be invited to approve the payment on 30 June 2009 of an ordinary share dividend of 64.8p per share. If this dividend is approved, the Company's first wave of investors will have enjoyed cumulative dividend payments of 84.8p per ordinary share over a period of only 39 months, and that for a 60p net cost of investment (assuming income tax relief at 40%); this represents an IRR of 12.11% (equivalent to an IRR of 20.18% for a 40% income taxpayer).

Fund Raising

In August 2008, the Board closed the Company's D share offer for subscription having raised in excess of £19million. Not only was this the Company's most successful offer, it was also one of the leading VCT offers in the market.

Encouraged by this success, the Board decided to launch an E share offer for subscription in November 2008 despite the prevailing adverse economic conditions. As at the date of this report, that decision has been fully vindicated with the offer having raised almost all of the targeted £10million. The Company has now raised in excess of £48million through its four offers for subscription.

Financial Performance

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

Over the year ended 28 February 2009, the FT All Share Media Index fell by 27.9% while the net asset value total returns per share for the Company's ordinary and C shares fell by only 2.7% and 2.9% respectively. The net asset value total return per share for the D shares increased by 1.3%.

The Company's total expense ratio decreased from 3.30% to 3.26%.

The Company's net assets increased from £21,439,000 to £33,091,000 as a result primarily of the very successful D share offer and the Company posted a revenue profit after tax of £353,000 and a capital loss of £819,000 giving a total loss after tax of £466,000. If no account were taken of the unrealised losses posted for the year, £487,000, then the result would have been an after-tax profit of £21,000. Such losses are highly volatile for an immature venture capital portfolio and offer little guidance as to the quality of the investments.

Dividends

Consistent with the Company's stated aspiration of paying annual dividends of up to 7p per share:

- ordinary and C share dividends each of 7p per share were paid in December 2008
- in January 2009, an ordinary share dividend of 7p per share was approved in respect of the year ended 29 February 2008, and to be paid in June 2009
- in January 2009, a C share dividend of 7p per share was approved in respect of the year ended 29 February 2008, and to be paid in November 2009
- at the forthcoming annual general meeting, a maiden D share dividend of 7p per share will be proposed in respect of the year ended 28 February 2009, for payment in November 2009

Also at the forthcoming annual general meeting, a final ordinary dividend of 64.8p per share (namely 67.25p per share less performance fees of 2.45p per share) will be proposed in respect of the year ended 28 February 2009, for payment on 30 June 2009.

If the proposed dividends are approved then the cumulative dividends paid or payable in respect of the approximate three year life of the Company will be 84.8p per ordinary share, 14p per C share and 7p per D share.

The Board congratulates the investment manager on delivering a total ordinary share return which comfortably exceeds the target return of 75p per share and has been achieved within a matter of weeks after the end of the minimum statutory three year holding period for shares issued under the Company's original offer for subscription in 2006.

Investment Performance

A full report on the performance of the Company's investments is given in the investment manager's review. The headline achievements are the successful realisation of the ordinary share venture capital portfolio, the significant growth in the investments made or committed for the benefit of the C and D share portfolios, and the development of a very healthy pipeline of investment opportunities.

The investment manager continues to work closely with the management of the investee companies to extract maximum value from the Company's investments and to monitor opportunities for profitable exits.

Pending its investment in qualifying venture capital holdings, the Company's cash is managed by Rothschild's and UBS under the supervision of the Manager. The focus at this time of the investment strategy for such cash is capital preservation.

Outlook

A primary consideration for the Board and the Manager for the coming year is meeting the requirement of investing sufficient of the Company's funds under management to satisfy the HMRC investment criteria while not sacrificing investment quality for quantity. On this count, the Directors are greatly encouraged by the investment pipeline developed by the Manager and the rigour applied to the analysis of investment opportunities.

Moreover, the Board is now in the initial stages of planning for a further round of fundraising for the coming year.

Regrettably, there is little prospect of an improved economic climate during the coming year. However, the Board is determined to steer a course for the Company which will offer its investors at least a little good news. On behalf of the Board, I thank you for your support.

Sir Robin Miller

Chairman

2 June 2009

The Directors and Investment Manager

The collective experience of the directors of the Company ("Directors") and the Manager's investment team - which covers concert promotion, artist management, legal representation of artists and promoters, deal structuring, accountancy and tax, venture capital and investment banking - will be employed in the selection and management of the Company's investments.

Directors

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

Sir Robin Miller – Chairman of Edge Performance

Robin Miller was formerly chief executive (1985-98 and 2001-03) and chairman (1998-2001) of Emap plc, one of the UK's leading media groups with businesses including consumer and trade publishing, commercial radio and music TV channels and events. At Emap he participated in their entry into commercial radio with the acquisition of a stake in Kiss FM followed by the acquisition of Radio City, Transworld and Metro Radio.

In 2003, Robin became senior media advisor to HgCapital, a leading investor in the European private equity market with funds under management of some £900 million, where he participated in the evaluation of media and music investments. He has also been non-executive director of Channel Four Television (1999-2006), and is currently chairman of their New Business Board, was non-executive chairman of the HMV Group (2004-2005), senior non-executive director at Mecom Group plc (2005-2009), chairman of Entertainment Rights plc (2008-2009) and has recently been appointed as non-executive director of The Racing Post and chairman of Setanta Sports.

Robin is also currently involved with: IBIS Media VCT 1 & 2 plc (as chairman), Arts Alliance Media (as a non-executive director), Crash Media Group (as chairman), Bikesportnews.com (as chairman), Motorsport Development UK (as a board member), The Golf Foundation (as a trustee) and Riders for Health (as a trustee).

Michael Eaton

Michael Eaton is a qualified (non-practising) solicitor and was a partner at City law firm Stephenson Harwood. In 1977 he joined the Dick James Music Organisation where he was responsible for the legal and administrative aspects of its publishing, recording and management activities. In 1979, he formed Eaton & Co. (subsequently re-named Eaton & Burley), a firm of solicitors specialising in the music industry, and in 1990 he was a co-founder of Eatons, a leading music and entertainment law firm, with David Glick. In 2000 he became a consultant to Mishcon de Reya following the merger of Eatons with that firm and in the same year founded MusicLore which has provided business, management and legal advice to some of the world's leading recording and performing artists.

He has throughout his career acted for numerous highly successful popular music artists in negotiations with record companies, concert promoters and other entertainment entities in North America as well as Europe. He is currently Chief Executive Officer of Bushbranch Limited, a music management company providing management services to Eric Clapton.

David Glick

David Glick, who is a qualified (non-practising) solicitor, specialises in commercial media and entertainment advice and investment with a particular emphasis on music, television, film, sport, theatre and fashion.

David Glick co-founded Eatons, a leading music and entertainment law firm, in 1990; in 2000 Eatons merged with law firm Mishcon de Reya where he became head of the entertainment and media group. In 2004 he formed the Edge Group of companies as a specialist investment and advisory business for the media and entertainment sector. Edge's clients have ranged from new and emerging artists to highly successful popular music artists and include major and independent recording and publishing companies.

At Edge he has brokered and advised clients on the sale and purchase of a range of music related assets and businesses. He has also been both an executive and a non-executive director of Entertainment Rights, the UK media business quoted on the Official List. He is the founder of Edge Performance and is married to Kate Glick.

The Directors and Investment Manager continued

Julian Paul FCA

Julian Paul is a chartered accountant and ex-merchant banker who has held a number of senior positions with companies in the media and entertainment sector. He was, until recently, Deputy Chairman of Eagle Rock Entertainment of which he was a founder shareholder: Eagle Rock, which is majority-owned by its management following an MBO in April 2007, operates in the music and entertainment business. It acquires and creates audio and visual programming rights, both music and factual, and exploits these rights through the release of own label CDs and DVDs and through the licensing of these rights for TV and other media. Eagle Rock has a production arm which produces live concert programming for distribution for TV, DVD and other media including concerts by Yes, Atomic Kitten and Fat Boy Slim.

He was, between 1994 and 1999, a shareholder and director and subsequently a consultant to Sanctuary Group which acted as manager to Iron Maiden amongst other artists. Other current directorships include: Cellcast plc, an AIM quoted digital interactive broadcaster; Pilat Media Global plc, an AIM quoted broadcasting application software business; and Stagecoach Theatre Arts plc, an AIM quoted franchisor of performing arts schools. He is also Senior Non-Executive Director of Inspired Gaming Group plc, an AIM quoted provider of server based content for gaming machines in international leisure and gaming markets.

Frank Presland

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

In 1999 he established and became chief executive officer of Twenty-First Artists, a music management company providing management services to artists including Elton John and James Blunt. In May 2006 he became Chief Executive Officer of The Sanctuary Group plc in which role he brokered the sale of the Group to Universal Music in 2007.

The Investment Manager

The investment manager of the Company is Edge Investment Management Limited ("EIM") which was established in July 2005 for the purpose of managing the investments of Edge. The members of the EIM investment team are all directors of EIM; their details (other than those of David Glick, who is also a director of Edge and whose details are shown above) are as follows:

Gordon Power – Chairman of Edge Investment Management

Gordon Power - has 24 years of private equity experience and is currently chairman of Edge Investment Management and a private equity investor in his own right.

Prior to this he founded the private equity business ProVen Private Equity (now re-named Beringea) and led its buy-out from Guinness Mahon in 1997. As CEO of ProVen from 1984 until 2004, he spearheaded the creation and marketing of funds and the investment and exit of deals as head of the investment committee. By 2002 ProVen, which specialised in media and intellectual property rights investments, had funds under management of £185 million including Guinness Flight VCT, ProVen VCT and ProVen Media VCT (now re-named ProVen Growth and Income VCT). From 1984 until March 2008, an overall annual return of 29% was achieved on 171 realised (i.e. sale, flotation or administration/liquidation) investments and unrealised investments.

Harvey Goldsmith CBE

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

Alasdair George

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

Kate Glick ACA, CTA

Kate Glick qualified as a chartered accountant and chartered tax adviser with Arthur Andersen where she worked from 1991 until 2002 and is also a member of the Securities & Investment Institute. Her experience at Arthur Andersen included insolvency and turnaround advice and latterly tax advice on areas including capital gains tax, trust and other personal tax matters. She is company secretary of the Edge Group of companies and has been responsible for the accounting function at the group; she has also advised Edge clients on accountancy and tax-related issues. She is the Company Secretary of Edge Investment Management. She holds a BA in Economics from Cambridge University and is married to David Glick.

Investment Manager's Review

Investment Overview

At the end of the year, the portfolio consisted of:

- investments in five qualifying companies made by the ordinary share fund
- three qualifying investments made by the C share fund, with three further investments committed and to be made after the year end, one of which was completed in May 2009
- four qualifying investments committed by the D share fund, two of which were completed shortly after the year end.

In September 2007, the ordinary share fund met the requirement to have at least 70% of its investments in qualifying holdings, and was therefore treated as fully invested at that time; a status which it retained throughout the financial year.

The C share fund investments already made, together with the further investments already committed by the fund, but not yet completed, account for 50% of the fund; the 70% threshold will be achieved during the year to 28 February 2010.

The D share fund investments completed after the year end, together with the further investments already committed by the fund, but not yet completed, account for 22% of the fund.

Consistent with its blended investment strategy for the C and D share pools,in the year, the Company continued to look to invest part of its funds in events companies, each of whose business is the promotion and organisation of shows, concerts, tours, festivals, exhibitions and other events before live audiences, and the marketing, advertising, promotion and management of those events. The events companies in which the Company has invested have in turn contracted with one of two established promoters, SJM Limited or AEG Live (UK) Limited, to acquire the right to promote live events, selected by the relevant events company, over a defined period of time. The Company also reviewed investment opportunities offering more modest guaranteed minimum returns but with significantly higher potential returns than those investments referred to above.

Between them, the events companies comprised within the investment portfolio promoted in excess of 100 live events during the year, across a wide range of musical genres and event sizes, and including live performances by Bon Jovi, Leonard Cohen, Kanye West, Franz Ferdinand and the Pussycat Dolls.

Performance

As at 28 February 2009, the NAV total return per share for each of the share funds stood at:

- Ordinary share fund: 89.09p per share (91.61p per share as at 29 February 2008)
- C share fund: 92.81p per share (95.60p per share as at 29 February 2008)
- D share fund: 94.47p per share (93.26p per share as at 29 February 2008)

The Manager uses the FT All Share Media Index as the most appropriate index for benchmarking the Company's performance. That index fell by 27.9% during the year ended 28 February 2009. By comparison, over the same period, the NAV total return per ordinary share and C share fell by only 2.7% and 2.9% respectively, and the NAV total return per D share increased by 1.3%. Given the background of economic turmoil, the Manager views this performance as highly satisfactory.

Realisation of Ordinary Share Fund Investments

The activity during the year of the five companies in which the Company's ordinary share fund had invested is summarised on pages 13 and 14.

In its half-yearly report for the six months ended 31 August 2008, the Company announced its intention to return capital to the holders of ordinary shares as soon as possible after the end of the minimum period required by legislation. In order to achieve that target, the Manager adopted a strategy of disposal of the Company's ordinary share fund investments.

Agreement was reached in principle in May 2009 as to the terms of the disposal of the ordinary share fund's five qualifying investments, realising in total in excess of £4.12 million; this amount represents the net asset value of those investments as at 28 February 2009, less the ongoing operating costs of the investee companies down to the date of disposal.

Based on the likely amount of proceeds from realisation of all of the ordinary share fund's investments, after adjustment for the Company's running costs until the date of distribution and the Manager's and Chairman's performance fee of 2.45p per ordinary share, the Manager estimates that the total return to shareholders by the time the ordinary share fund is closed will be 84.8p per ordinary share for a net 60p per share cost of investment (assuming income tax relief at 40%), equivalent to a return of almost £1.25 per £1.00 invested. This return, which represents an IRR of 12.11% (equivalent to an IRR of 20.18% for a 40% income taxpayer), is significantly ahead of the targeted return of 75p per ordinary share. In a three year period where the value of many other types of investment has fallen dramatically, the Manager regards this as a very successful result.

Of the estimated total return of 84.8p per ordinary share;

- a maiden dividend of 6p per ordinary share was paid in November 2007
- a second dividend of 7p per ordinary share was paid in December 2008
- a third dividend, of 7p per ordinary share, has been declared and will be paid on 30 June 2009
- shareholder approval is being sought at the Company's forthcoming annual general meeting for the payment of a further dividend of 64.8p per ordinary share, also to be paid on 30 June 2009

If there is any residual amount attributable to the ordinary share fund, it will be distributed as an interim dividend later in 2009, prior to the final closure of the ordinary share fund.

Qualifying Investments made during the Year

MK Ultrasound Limited (previously Hear No Evil Promotions Limited)

In April 2008, £1,000,000 was invested¸ through a combination of equity and loan stock, in Hear No Evil Promotions Limited for a 50% equity interest.

MK Ultrasound's founding director, David Dorrell, started his career as a music journalist in the early 80s; in 1987, as a member of chart-toppers MARRS, he ushered in the dance music era with the multi-million selling 'Pump Up The Volume'. In the 90s, David produced and remixed tracks for acts ranging from U2 to De La Soul, Janet Jackson to Tina Turner, before turning to management of rock band Bush (who became one of the most successful bands of the decade with over 10 million sales globally) and more recently the Pet Shop Boys.

Details of MK Ultrasound's activity and results in the year can be found on page 14.

Edge Performance has agreed to make a second investment in MK Ultrasound for up to a further £1,000,000, and that investment is likely to be completed in the coming months.

Saravid Promotions Limited

In October 2008, £1,000,000 was invested¸ through a combination of equity and loan stock, in Saravid Promotions Limited for a 49.5% equity interest. At the time, Edge Performance committed to making a second investment of £1,000,000, which was completed in May 2009.

Daniel Lycett is the founding director and shareholder of Saravid Promotions. Lycett started his career at PWL Records, home to the 'Hit Factory' production trio Stock Aitken & Waterman, and at the time the most successful independent record label and production company in the business, with artists such as Kylie Minogue and Jason Donovan. Lycett rose to the position of Head of Promotions before moving on to take up a senior role in the newly opened London office of German independent label edel Records, where he was swiftly promoted to the role of Managing Director; whilst there, he enjoyed success with DJ Carl Cox's Ultimatum label, the hugely influential label Xtravaganza, Baha Men ("Who Let The Dogs Out") and Free2air Recordings. More recently, Lycett has provided consultancy services to acts such as 1960's superstar Donovan and US hip hop legends Wu Tang Clan.

Details of Saravid Promotion's activity and results in the year can be found on page 15.

Enrich Social Productions Limited

In December 2008, £700,000 was invested¸ through a combination of equity and loan stock, in Enrich Social Productions Limited for a 5% equity interest. Before the end of the financial year, Edge Performance committed to invest up to a further £800,000 after the year end, of which £300,000 has now been invested.

Enrich Social Productions creates and provides online and mobile competition formats and develops supporting technical platforms for those formats.

As explained on page 15, the Manager regards the early results of the company as encouraging, exceeding original forecasts.

Investment Manager's Review continued

Qualifying Investments made following the Year

Challi Productions Limited

In April 2009, £1,000,000 was invested, through a combination of equity and loan stock, in Challi Productions Limited for a 49.5% equity interest, with a commitment to invest a further £1,000,000 in October 2009.

Challi Productions' founding director, Jeff Golembo, a qualified solicitor, has spent over 25 years in the music and entertainment business and was formerly Managing Director of MCA Records in the UK, having held senior business and commercial roles at CBS/ Sony Records in Paris, New York and London and Phonogram Records in the UK.

He is currently on the Board of Entertainment Media Research, Europe's number 1 online music research company and consults for a number of media clients in the UK and Africa, where he is a partner in one of the largest independent music and entertainment groups in South Africa.

Challi Productions centres on opportunities to promote artists of all genres and events, guided by consumer insight into what people want to listen to and see in the entertainment and leisure arena.

HTM Promotions Limited

In April 2009, £1,000,000 was invested, through a combination of equity and loan stock, in HTM Promotions Limited for a 49.5% equity interest. At the same time, Edge Performance committed to invest a further £1,000,000 in October 2009.

HTM's founding director, Paul Crockford, is one of the most established artist management figures in the UK music business, having also been a promoter. Within just three weeks of arriving at Southampton University in 1976, he became the youngest ever university social secretary in the history of the NUS, bringing acts as diverse as The Damned and Elton John to the university. On leaving university, he worked briefly as a tour manager, before joining Outlaw in 1980, promoting artists such as Genesis, The Police, Eric Clapton, Tears For Fears and Dire Straits. At the same time, he took his first steps in artist management, looking after a roster which included Level 42, Judie Tzuke and Teardrop Explodes. In 1987, he established Paul Crockford Management, under whose guidance Level 42 became one of the most popular British acts of the 1980s, selling in excess of 20 million albums. Paul has also been heavily involved in the Princes Trust, having promoted shows starring some of the world's leading performers, including Paul McCartney, Mick Jagger, David Bowie, Phil Collins and Tina Turner, raising significant sums for the Trust. Paul is currently managing former Dire Straits frontman, Mark Knopfler.

HTM focuses in particular on promoting new and emerging artists, although, with Paul Crockford's experience over many years, the company will also naturally consider opportunities to promote established acts.

Non-qualifying Investments

The Manager's selection of appropriate non-qualifying investments for those funds which are not to be invested in VCT qualifying investments, together with those funds not yet invested in VCT qualifying investments, has been driven by the paramount consideration of preservation of capital. The Manager intends to continue with this overall strategy for as long as appropriate.

As at the end of the year, the Company held non-qualifying investments, managed by Rothschild and UBS, with a total value of £26,734,224, and bank deposits of £934,034.

Fund Raising

In December 2007, the Company offered D shares for subscription; that offer closed in August 2008, having raised £19.2 million.

In November 2008, the Company offered E shares for subscription, targeting to raise £10m. Despite adverse market conditions, the offer had raised £9.4 million as at 5th April 2009; given the significant reduction in the overall VCT market for 2008/09 compared to prior years, the Manager believes this to have been a very satisfactory result.

Outlook

The Manager continues to receive regular attractive approaches, including opportunities in the wider entertainment and live event arenas (such as musical theatre, DVD and exhibitions). Moreover, the Manager believes that, in the present economic times, the reduced levels of funding generally available to businesses through borrowing means that terms of investment which the Company is able to obtain have become and will remain increasingly attractive.

The Manager continues actively to review all approaches, as well as proactively seeking out investment opportunities through its and the Company's Board's extensive network of contacts in the sector.

Investment Portfolios

as at 28 February 2009

Ordinary Share Portfolio

	2009 Cost £	2009 Valuation £	2009 % of net assets by value	2008 Cost £	2008 Valuation £	2008 % of net assets by value
Qualifying investments						
Qualifying investments						
Martha & George Productions Limited	850,500	851,000	19.3	850,500	854,000	15.6
In Tandem Promotions Limited	850,500	828,000	18.7	850,500	857,000	15.6
My Brother Promotions Limited	850,500	779,000	17.6	850,500	779,000	14.2
LC Presents Limited	894,999	885,999	20.0	894,999	892,999	16.3
Thunderroad Promotions Limited	850,000	842,000	19.0	850,000	851,000	15.5
Total qualifying investments	4,296,499	4,185,999	94.6	4,296,499	4,233,999	77.2
Total fixed asset investments	4,296,499	4,185,999	94.6	4,296,499	4,233,999	77.2
Net current assets		236,498	5.4		1,245,502	22.8
Net assets		4,422,497	100.0		5,479,501	100.0

C Share Portfolio

	2009 Cost £	2009 Valuation £	2009 % of net assets by value	2008 Cost £	2008 Valuation £	2008 % of net assets by value
Qualifying investments						
MK Ultrasound	1,007,658	933,000	8.9	-	-	-
Saravid Promotions	1,007,050	597,000	5.7	-	-	-
Enrich Social Productions	700,000	700,000	6.7	-	-	-
Total qualifying investments	2,714,708	2,230,000	21.3	-	-	-
Total fixed asset investments	2,714,708	2,230,000	21.3	-	-	-
Net current assets		8,273,922	78.7		12,742,141	100.0
Net assets		10,503,922	100.0		12,742,141	100.0

D Share Portfolio

	2009 Cost £	2009 Valuation £	2009 % of net assets by value	2008 Cost £	2008 Valuation £	2008 % of net assets by value
Total qualifying investments	-	-	-	-	-	-
Total fixed asset investments	-	-	-	-	-	-
Net current assets		18,164,900	100.0		3,217,348	100.0
Net assets		18,164,900	100.0		3,217,348	100.0

Venture Capital Investments
as at 28 February 2009

Ordinary Share Fund

Martha & George Productions Limited

MARTHA & GEORGE

Cost:	£850,000
Valuation:	£851,000
Basis of valuation:	Net asset value
Equity holding:	50%

During the year, Martha & George Productions successfully promoted a national tour by Midlands group The Charlatans, who rose to stardom on the indie rock scene in the mid-1990s, and who have continued that success with a string of high-charting albums. Martha & George Productions also promoted a series of live dates by Housemartins and Beautiful South founder, Paul Heaton.

The company has yet to file audited accounts for the year ended 30 November 2008. However, unaudited management accounts for the year show turnover for the period of £180,868 (2007: £780,214), and a profit on ordinary activities, before provision for interest payable to Edge Performance VCT and tax, of £2,204 (2007: £5,206).

In Tandem Promotions Limited

IN TANDEM

Cost:	£850,000
Valuation:	£828,000
Basis of valuation:	Net asset value
Equity holding:	49%

During the year, In Tandem Promotions promoted a national tour of dates by Primal Scream. Lower than expected ticket sales at some venues, notably Sheffield, Birmingham and Liverpool, resulted in the tour making a small loss.

The company has yet to file audited accounts for the year ended 30 November 2008. However, unaudited management accounts for the year show turnover for the period of £135,899 (2007: £759,444), and a loss on ordinary activities, before provision for interest payable to Edge Performance VCT, of £22,234 (2007: profit £6,685).

My Brother Promotions Limited

MyBrother

Cost:	£850,000
Valuation:	£779,000
Basis of valuation:	Net asset value
Equity holding:	45%

During the year, My Brother Promotions successfully promoted the UK tour by rap superstar Kanye West for the second year running, and subsequently UK live dates by Chris Brown. This continued to assist in recovering the company's position following the loss incurred on the Tower Music Festival in 2007.

Unaudited management accounts for the 14 months to 28 February 2009 show turnover of £1,121,721 (2007: £671,062), resulting in gross profit of £26,858 (2007: loss £62,818), and a loss on ordinary activities, before provision for interest payable to Edge Performance VCT, of £3,161 (2007: loss £69,403).

Venture Capital Investments continued

L C Presents Limited

Cost:	£894,999
Valuation:	£885,999
Basis of valuation:	Net asset value
Equity holding:	49%

In the year, LC Presents promoted live dates by chart-topping English rock duo the Ting Tings.

The company's accounts for the period from incorporation to 31 May 2008 were filed on 16 October 2008, showing turnover of £839,344 and a loss on ordinary activities, before provision for interest payable to Edge Performance VCT, of £3,295. Unaudited management accounts for the period from 1 June 2008 to 28 February 2009 show a gross profit of £665 on turnover of £162,196 and a loss on ordinary activities, before provision for interest payable to Edge Performance VCT, of £6,873.

Thunderroad Promotions Limited

Cost:	£850,000
Valuation:	£842,000
Basis of valuation:	Net asset value
Equity holding:	49%

During the year, Thunderroad Promotions co-promoted the UK stadium tour by American rock superstars Bon Jovi, and the second UK comeback tour by legendary singer songwriter Leonard Cohen.

Management accounts for the period from 1 July 2008 to 28 February 2009 show turnover of £542,920 (2007: £759,963), and a loss on ordinary activities, before provision for interest payable to Edge Performance VCT, of £9,711 (2007: profit £1,118).

C Share Fund

MK Ultrasound Limited (previously Hear No Evil Promotions Limited)

Cost:	£1,000,000
Valuation:	£933,000
Basis of valuation:	Net asset value
Equity holding:	50%

Edge Performance completed its initial investment of £1,000,000 in MK Ultrasound in April 2008.

In the year, MK Ultrasound promoted more than 20 live dates by acts as diverse as New Kids On The Block, Pussycat Dolls, Chris Cornell and Franz Ferdinand.

As the company was only incorporated on 20th March 2008, no accounts have yet been filed, and the company's first accounts will be for the period from incorporation to 31st March 2009. Unaudited management accounts for the period from incorporation to 28 February show gross profit of £216 on turnover of £814,260, and a loss on ordinary activities, before provision for interest payable to Edge Performance VCT, of £68,090.

Saravid Promotions Limited

Cost:	£1,000,000
Valuation:	£597,000
Basis of valuation:	Net asset value
Equity holding:	49.5%

Edge Performance completed its initial investment of £1,000,000 in Saravid Promotions in October 2008, with a second investment of £1,000,000 committed at that time and completed in May 2009.

Saravid Promotions' first promotion was that of the most recent London run of "Monkey – Journey To The West", the Chinese opera and spectacular co-written by Blur and Gorillaz frontman Damon Albarn. Previous runs of the show, in Manchester, Paris, Charleston and the Royal Opera House, had met with critical acclaim and commercial success alike. This run, staged at the O2 for eight weeks in November and December 2008, however, suffered from poor ticket sales for midweek performances which were insufficient to cover the significant production costs. As a consequence, Saravid Promotions suffered a gross loss, after guarantees, on the run of £302,559, on turnover of £896,441. The net assets of the company were further reduced by operating and fundraising costs.

Saravid Promotions has the benefit of an events licensing arrangement with AEG Live, under which live event promotion opportunities will be offered to Saravid Promotions until June 2012. The company will therefore have the opportunity to recover its position following such loss. If the company is unable to recover its position, it also has the benefit of a contractual guarantee from AEG as to the minimum return to be earned by the company over that period.

As the company was only incorporated on 3 September 2008, no accounts have yet been filed, and the company's first accounts will be for the period from incorporation to 30 September 2009.

Enrich Social Productions Limited

Cost:	£700,000
Valuation:	£700,000
Basis of valuation:	Cost
Equity holding:	5%

Enrich Social Productions, founded in September 2007, creates and provides online and mobile competition formats and develops supporting technical platforms for those formats. Enrich's first offering, 1click2fame [www.1click2fame.com], is an online talent contest which was launched in January 2009, and which has already exceeded the company's original growth projections. Notably, the company has successfully concluded a strategically important alliance with Tesco as a result of which Tesco provides the company not only with sponsorship revenues, but also significantly increased presence and reach. The company is currently in active discussions with third parties regarding the licensing of its format and technology for overseas markets, as well as for further sponsorship of the UK 1click2fame format.

No accounts have yet been filed, and the company's first accounts will be for the period from incorporation to 31 December 2008.

Directors' Report

The Directors present the financial statements of the Company for the year ended 28 February 2009 and their report on its affairs.

Business and Principal Activities

The Company is an innovative VCT which offers the opportunity to invest in the entertainment industry in a broad range of companies (thereby diversifying risk), concentrating on live music, theatre, sports, festivals and other events, and utilising arrangements that seek to combine high targeted returns with reduced downside risk and enhanced liquidity whilst allowing investors to take advantage of VCT tax reliefs.

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

The ordinary share fund achieves a broad allocation of investments by investing in a range of Events Companies within the entertainment industry. Events Companies will have successfully negotiated an event licensing agreement with an established events promoter under which the revenues received by the Events Company from the events promoted with that promoter will be at least 75% of the aggregate of the amount invested by Edge in the Events Company. With this emphasis on capital protection, the targeted minimum tax-free return for investors is 115p per 100p invested (equivalent to a return of 75p per 60p invested net of income tax). Ordinary Shares were first issued by the Company in April 2006.

In respect of each of each of the C share, D share and E share funds, approximately 30% of each fund is to remain in a range of fixed income securities and cash and cash equivalent assets, offering a high degree of capital preservation. Of the balance of each fund, some will be invested in Events Companies which have concluded event licensing agreements with established promoters under which the revenues received by the Events Company from the events promoted with that promoter will be at least 75% of the aggregate of the amount invested by Edge in the Events Company, and some is to be invested under arrangements offering more modest minimum guaranteed returns, but with significantly higher potential returns. For each of the C share, D share and E share funds, the targeted tax free return is 160p per 100p invested (assuming tax relief at 30%, equivalent to a return of 130p per 70p invested, net of income tax).

Edge has reached agreement with SJM Limited, a leading UK concert promoter, and with AEG Live (UK) Limited, a UK subsidiary of leading music promotion firm, AEG Live, for the promotion of events with the Events Companies.

Ordinary, C, D and E shares were first issued by the Company in April 2006, March 2007, February 2008 and April 2009 respectively.

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

VCT Status

The Company was granted provisional approval in April 2006 as a venture capital trust by HM Revenue & Customs under section 842AA of the Income and Corporation Taxes Act 1988. The Directors intend to continue to manage the affairs of the Company in compliance with this section.

Business Review

A detailed review of the Company's development and performance during the year and consideration of its future prospects may be obtained by reference to this Report, the Chairman's Statement (pages 3 to 4) and the Investment Manager's Review (pages 8 to 11). Details of the venture capital investments made by the Company are given in the Investment Portfolios (page 12) and the Venture Capital Investments report (pages 13 to 15). A summary of the Company's key financial measures is given on page 1. Details of important events occurring after the balance sheet date can be found in note 19 to the financial statements on page 49.

The Company's board of directors ("Board") is responsible to shareholders for the proper management of the Company and for determining the Company's investment policy. Investment and divestment opportunities are originated, negotiated and decided on by the Investment Manager, Edge Investment Management Limited. Company secretarial and accountancy services are provided to the Company by The City Partnership (UK) Limited.

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

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

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

Net Asset Value Total Return per Share

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

	1 March 2008 Pence	28 February 2009 Pence
Net asset value total return per ordinary share	91.61	89.09
Net asset value total return per C share	95.60	92.81
Net asset value total return per D share	93.26	94.47

Over the same period, the FT All Share Media Index fell by 27.9%

Total Expense Ratio

The total expense ratio, calculated as the year's expenses (as disclosed in the profit & loss account) divided by the average net asset value across the year, was 3.26%.

The total expense ratio for the Company for the period from 1 March 2007 to 29 February 2008 was 3.30%.

Under the terms of the investment management agreement, the running costs of the Company (excluding the investment manager's performance related incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.0% of the net asset value of the Company. Any excess will be paid by the investment manager. No excess was payable in respect of the year ended 28 February 2009.

Results and Dividends

As shown in the Company's Income Statement on page 33 of the financial statements, the Company's returns per share in the year ended 28 February 2009 were:

	Ordinary share fund	C share fund	D share fund
Revenue return per share	(0.37)p	1.55p	0.55p
Capital return per share	(2.14)p	(4.34)p	(0.16)p
Total return per share	(2.51)p	(2.79)p	0.39p

Interim dividends as undernoted were paid during the year ended 28 February 2009:

- 7p per ordinary share
- 7p per C share

Directors' Report continued

The Board recommends the payment of the undernoted final dividends in respect of the year ended 28 February 2009:

- 64.8p per ordinary share
- 7p per D share

The Balance Sheet on page 35 of the financial statements shows that the Company's net assets have increased over the year, reflecting the injection of capital through the D share offer for subscription. The net asset value per ordinary share has decreased principally because of the payment in December 2008 of an interim dividend of 7p per ordinary share and the liability carried in the accounts in respect of the shareholders' decision at an extraordinary general meeting held in January 2009 to approve a final dividend of 7p per ordinary share in repect of the year ended 29 February 2008. This dividend will be paid on 30 June 2009. The net asset value per C share has decreased, again principally because of the payment in December 2008 of an interim dividend of 7p per C share and the liability carried in the accounts in respect of the shareholders' decision at an extraordinary general meeting held in January 2009 to approve a final dividend of 7p per C share in repect of the year ended 29 February 2008. This dividend will be paid on 23 November 2009. The net asset value per D share has increased reflecting the income earned on the Company's holdings in liquidity funds pending the completion of qualifying venture capital investments.

Cash held in the Company's bank accounts has decreased over the period as the Manager looks to maximise the Company's investment income by transferring as much as possible of the Company's cash into a spread of liquidity funds pending its investment in VCT qualifying holdings.

Future Developments

The Company's priorities over the next three years are (i) satisfying, in respect of its C, D and E share investment portfolios, the HMRC VCT criterion of having at least 70% by value of its investments in shares or securities comprised in VCT qualifying holdings and (ii) closely monitoring the performance of the investment portfolios with the aim of maximising their performance.

Risk Management

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

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

- Economic risk – events such as a downturn in the media sector or a tightening of credit facilities may adversely affect the Company's investee companies and make successful divestments less likely
- Investment risk – the adoption of inappropriate investment policies, sourcing too few investment opportunities of the required standard, and taking investment decisions without having undertaken sufficiently robust due diligence
- Financial risk – poor financial controls which may lead to the misappropriation of assets or inappropriate financial decisions and breaches of regulations through deficient financial reporting
- Regulatory – failure to comply with any of the regulations to which the Company is subject which include the provisions of the Companies Act 1985, the provisions of the Companies Act 2006, the UKLA listing rules, applicable Accounting Standards and HMRC VCT regulations

Further information about the Company's internal controls is given in the Statement of Corporate Governance on pages 26 to 29.

Corporate Information

Directors

The Directors who have served throughout the year under review and who continue to serve are Sir Robin Miller, Michael Eaton, David Glick, Julian Paul, and Frank Presland.

Michael Eaton and David Glick retired and were reappointed at the Company's second annual general meeting which was held on 5 June 2008. Sir Robin Miller will retire by rotation at the annual general meeting to be held on 29 June 2009 – he is standing for re-appointment.

Brief biographical details of the current directors are given on pages 5 and 6.

Directors' Interests

The interests of the current Directors and their connected persons in the ordinary shares, C shares, D shares and E shares of the Company as at the date of this report are shown below.

	No of ordinary shares as at 28 Feb and 2 June 2009	Percentage holding %	No of C ordinary shares as at 28 Feb and 2 June 2009	Percentage holding %	No of D ordinary shares as at 28 Feb and 2 June 2009	Percentage holding %	No of E ordinary shares as at 2 June 2009*	Percentage holding %
Sir Robin Miller	50,750	0.79	-	-	53,000	0.28	-	-
Michael Eaton	50,750	0.79	-	-	-	-	-	-
David Glick	100,010	1.56	101,500	0.76	21,200	0.11	-	-
Julian Paul	12,680	0.20	10,000	0.08	10,300	0.05	-	-
Frank Presland	10,000	0.16	10,300	0.08	10,600	0.06	10,500	0.11

*As at 28 February 2009, no E shares had been allotted.

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

Directors' Remuneration Report

An ordinary resolution to approve the Directors' Remuneration Report (presented on pages 24 and 25) will be put to the forthcoming annual general meeting.

Investment Management Agreement

The Company entered into an agreement dated 3 February 2006 with the Manager, which has responsibility for the management of the Company's portfolio of investments. On 12 December 2006 the agreement was amended and replaced with a new agreement for an initial period of five years from admission of the C shares and which may be terminated thereafter by either party on 12 months' notice expiring at the end of the fixed term or at any time thereafter. On 5 November 2007 the agreement was replaced with a new agreement continuing for an initial period ending five years from admission of the D shares and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter. On 14 January 2009 the agreement was replaced with a new agreement continuing for an initial period ending five years from admission of the E shares and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

The Manager will receive: (a) an annual management fee of 2.0% of the net asset value attributable to the ordinary shares and 1.75% of the net asset value attributable to the C shares, D shares and E shares, in each case plus VAT (if applicable); (b) a fixed administration fee, to cover administrative expenses, of £90,000 per annum plus VAT (if applicable) such fee to be adjusted annually by reference to the movement in RPI; and (c) a performance fee which is outlined in more detail below.

Corporate Information continued

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

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

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

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

Performance Related Incentive Fee

In respect of the ordinary shares the Manager will receive a fee equal to 19% of the cumulative cash (prior to calculation of the performance fee) returned to shareholders by the Company in excess of 75p per ordinary share per 60p invested (net of income tax) although no such fee will be payable unless the cumulative cash returned to shareholders by the Company exceeds the initial investment of 60p per share (net of income tax) increased by 8% per annum (simple). This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team.

In respect of the C shares the Manager will receive a fee equal to 19% of the cumulative cash (prior to calculation of the performance fee)returned to shareholders by the Company of between 100p and 120p per C share per 70p invested (net of income tax) and a fee equal to 29% of the cumulative cash (prior to calculation of the performance fee) returned to shareholders by the Company in excess of 120p per C share per 70p invested (net of income tax). This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team.

In respect of the D shares the Manager will receive a fee equal to 19% of the cumulative cash (prior to calculation of the performance fee) returned to shareholders by the Company of between 100p and 120p per D share per 70p invested (net of income tax) and a fee equal to 29% of the cumulative cash (prior to calculation of the performance fee) returned to shareholders by the Company in excess of 120p per D share per 70p invested (net of income tax). This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team.

In respect of the E shares the Manager will receive a fee equal to 19% of the cumulative dividends (prior to calculation of the performance fee) distributed to E shareholders in excess of 100p per E share, and a fee equal to 29% of the cumulative dividends (prior to calculation of the performance fee) distributed to E shareholders in excess of 120p per E share. This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team.

Share Capital

On 1 March, 5 April and 8 August 2008 a total of 19,178,838 D shares were allotted and issued for cash to various subscribers who submitted valid applications under the offers for subscription made through a prospectus dated 5 November 2007. On 16 September 2008, a further 50,000 D shares were allotted and issued at £1.00 per share.

At an extraordinary general meeting of the Company held on 14 January 2009, and ordinary, C and D class meetings held on the same date, it was resolved that: (a) the authorised share capital of the Company be increased to £48,000,000 by the creation of 50,000,000 E shares and 25,000,000 Deferred Shares of 10p each having the rights and being subject to the restrictions set out in the new Articles of Association; and (b) the new Articles of Association be adopted.

As at 28 February 2009, 6,400,640 ordinary shares of 10p each, 13,328,599 C shares of 10p each and 19,228,838 D shares of 10p each of the Company were in issue. As at the date of this report, a further 9,475,930 E shares of 10p each were in issue having been allotted and issued on 5 April 2009 for cash to various subscribers who submitted valid applications under the offer for subscription of up to 10,000,000 E shares made through a prospectus dated 28 November 2008.

The Company operates a policy of buying back shares for cancellation.

Substantial Shareholdings

As at the date of this report the Company was not aware of any individual shareholdings exceeding 3% of the issued share capital.

Authority to make Market Purchases of Shares

By a special resolution of the Company passed at an extraordinary general meeting of the Company held on 14 January 2009, the Company was generally and unconditionally authorised (in accordance with section 166 of the Companies Act) to make market purchases of 14.99% of the issued ordinary share capital, 14.99% of the issued C share capital, 14.99% of the issued D share capital and 14.99% of the issued E share capital as at the date of the final closing of the E share offer. The price paid must not be less than 10p per share nor more than 5 per cent above the average of the middle market quotations for a share as derived from the Official List of the London Stock Exchange for the five business days immediately preceding the date on which the shares are purchased.

The authority expires at the conclusion of the 2009 annual general meeting but renewal of the authority will be sought at that meeting.

Cancellation of Share Premium Account

At an extraordinary general meeting of the Company held on 5 November 2007, it was resolved that, subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the D shares be cancelled. Such High Court approval was granted on 15 October 2008 and the share premium account was cancelled.

At an extraordinary general meeting of the Company held on 14 January 2009, it was resolved that, subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the E shares be cancelled. Such High Court approval had not been granted as at the date of this report.

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

Disclosure of Information to Auditors

The Directors who held office at the date of the approval of this Directors' Report confirm that, so far as they are aware: there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

A resolution to re-appoint Scott-Moncrieff as auditors to the Company will be proposed at the forthcoming annual general meeting. A separate resolution will be proposed at the meeting authorising the Directors to fix the remuneration of the auditors.

Creditor Payment Policy

The Company's policy is to pay all suppliers' invoices in accordance with agreed terms. There were no trade creditors as at 28 February 2009.

2008 Annual General Meeting

The Company's second annual general meeting was held on 5 June 2008. The only business of the meeting was to consider the re-appointment of the Directors, David Glick and Michael Eaton, both of whom retired by rotation. Both Directors were re-appointed.

Corporate Information continued

Extraordinary General Meeting

An extraordinary general meeting to receive the 2008 annual financial report and consider proposed dividends was held on 14 January 2009. The meeting also considered resolutions relevant to an E share offer for subscription.

2009 Annual General Meeting

The Company's third annual general meeting will be held at 10.30am on 29 June 2009 at the offices of Howard Kennedy, 19 Cavendish Square, London. Notice of the meeting is set out on pages 51 and 52 respectively of this report.

The business of the meeting is outlined below.

Resolution 1 – Annual Report and Financial Statements

The Directors are required to present to the annual general meeting the Annual Report and Financial Statements for the financial year ended 28 February 2009.

Resolution 2 – To declare a final dividend

A final dividend cannot exceed the amount recommended by the Directors and can only be paid after the members at a general meeting have approved it. The Directors recommend (i) a final dividend of 64.8p per share (represented by 67.25p per share less performance fees of 2.45p per share payable to the Manager and the Chairman) payable on 30 June 2009 to the holders of ordinary shares registered at the close of business on 26 June 2009 which will bring the total dividend for the year to 71.8p per share and (ii) a final dividend of 7p per share payable on 23 November 2009 to the holders of D shares registered at the close of business on 13 November 2009 which will bring the total dividend for the year to 7p per share.

Resolution 3 – Directors' Remuneration Report

Under the Directors' Remuneration Report Regulations 2002, the Company is required to produce a Directors' Remuneration Report for each relevant financial year and to seek shareholder approval for that report at the annual general meeting. The Directors' Remuneration Report is on pages 24 and 25 of the Annual Report and Financial Statements.

Resolution 4 – Re-election of Director

Sir Robin Miller retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

Resolution 5 – Re-appointment of the auditors

The Company is required to re-appoint auditors at each annual general meeting of the Company to hold office until the next general meeting at which accounts are presented. This resolution proposes that the Company's current auditors, Scott-Moncrieff, be re-appointed as auditors of the Company.

Resolution 6 – Remuneration of the auditors

This resolution proposes that the Directors be authorised to set the auditors' remuneration.

Resolution 7 – Disapplication of pre-emption rights

Resolution 7, which will be proposed as a special resolution, supplements the Directors' authority to allot shares in the Company given to them at the annual general meeting held on 14 January 2009. The Resolution authorises the Directors to allot equity shares for cash as if section 89(1) of the Companies Act 1985 (statutory pre-emption rights) did not apply. This authority will be effective until the earlier of the date of the annual general meeting of the Company to be held in 2010 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

Resolution 8 – Purchase of shares by the Company

Resolution 8, which will be proposed as a special resolution, will, if passed, authorise the Company for the purpose of section 166 of the Companies Act to make one or more market purchases (as defined in section 163 of the Companies Act) of ordinary shares, C shares, D shares and E shares provided that:

(i) such authority is limited to the purchase of 14.99% of the issued ordinary share capital, 14.99% of the issued C share capital, 14.99% of the issued D share capital and 14.99% of the issued E share capital as at the date of the final closing of the E share offer for subscription;

(ii) the maximum price (exclusive of expenses) which may be paid for such ordinary shares, C shares, D shares or E shares shall be an amount equal to 105% of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase is made;

(iii) the Company may make a contract to purchase its own ordinary shares, C shares, D shares or E shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own ordinary shares, C shares, D shares or E shares in pursuance of any such contract;

and this power, unless previously varied, revoked or renewed shall come to an end at the conclusion of the Company's 2010 annual general meeting or, if earlier, on the expiry of 15 months from the date of the passing of the Resolution.

Class Meetings

Class meetings of holders of ordinary shares, C shares, D shares and E shares will also be held on 29 June 2009 where the relevant resolutions referred to above will be proposed.

By Order of the Board,

The City Partnership (UK) Limited
Company Secretary

2 June 2009

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of Schedule 7A to the Companies Act 1985. A resolution to approve the report will be proposed at the forthcoming extraordinary general meeting.

The Company's auditors, Scott-Moncrieff, are required to give their opinion on certain information included in this report. The disclosures which have been audited are indicated as such. Their report is set out on pages 31 and 32.

Remuneration Committee

During the year under review, the members of the Company's remuneration committee, a fully constituted board committee, were Sir Robin Miller, Michael Eaton and Julian Paul. The committee's remit regarding remuneration is included in the Statement of Corporate Governance which is set out on pages 26 to 29.

The committee did not meet in the year ended 28 February 2009. Such a meeting was thought unnecessary given that no Director retired and the Directors' initial fees had been agreed in their letters of appointment.

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

Directors' Remuneration Policy

The remuneration committee considers that directors' fees should reflect the time commitment required and the high level of responsibility borne by directors, and should be broadly comparable to the fees paid by similar companies. The Company's Articles of Association do not place an overall limit on the Directors' remuneration. None of the Directors is eligible for pension benefits, share options, bonuses or other benefits in respect of their services as non-executive directors of the Company.

The Company operates a performance related incentive scheme from which two Directors may benefit.

In respect of the O share fund, EIM is entitled to a performance related incentive fee equal to 19% of the cumulative cash returned to ordinary shareholders in excess of 75p per share per 60p invested (net of income tax) although no such fee will be payable unless the cumulative cash returned to the ordinary shareholders exceeds the initial investment of 60p per share (net of income tax) increased by 8% per annum (simple). This fee is to be paid in cash and can be assigned by EIM to some or all of EIM's investment team. In respect of the C share (and D share) funds, EIM will receive 19% of cumulative cash returned to investors in excess of 100p per C (D) share and 29% in excess of 120p per C (D) share for 70p invested (the effective cost to the investor net of income tax). This fee is to be paid in cash and can be assigned by EIM to some or all of EIM's investment team. In respect of the E shares the Manager will receive a fee equal to 19% of the cumulative dividends (prior to calculation of the performance fee) distributed to E shareholders in excess of 100p per E share, and a fee equal to 29% of the cumulative dividends (prior to calculation of the performance fee) distributed to E shareholders in excess of 120p per E share. This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team. David Glick will benefit through his shareholding in EIM.

Under his letter of appointment, Sir Robin Miller is entitled, in respect of the O share fund, to receive 1% of cumulative cash returned to investors by the Company's ordinary shares in excess of 75p per share per 60p invested (net of income tax) although no such fee will be payable unless the cumulative cash returned to the ordinary shareholders exceeds the initial investment of 60p per share (net of income tax) increased by 8% per annum (simple). In respect of the C, D and E share funds, Sir Robin Miller is entitled to receive a performance fee of 1% (calculated on the same basis as EIM's performance fee).

Directors' Fees

The fees payable to individual Directors in respect of the period ended 28 February 2009 are shown in the table below. Sir Robin Miller's, Julian Paul's and David Glick's fees were paid to RMC Limited, Julian Paul & Co, and Edge Media Services Limited respectively in consideration for their services.

Director	Fee for year ended 28 February 2009 £	Annual fee £	Fee for year ended 29 February 2008 £	Annual fee £
Sir Robin Miller	19,500	15,000	14,250	15,000
Michael Eaton	15,750	12,500	11,875	12,500
Julian Paul	16,250	12,500	11,875	12,500
Frank Presland	15,750	12,500	11,875	12,500
David Glick	15,750	12,500	11,875	12,500

Each Director accepted, for the period from 5 February 2006 to 4 April 2007, a reduction of 30% in his annual fee. The additional fees paid in the year ended 28 February 2009 were paid to make good this reduction.

Terms of Appointment

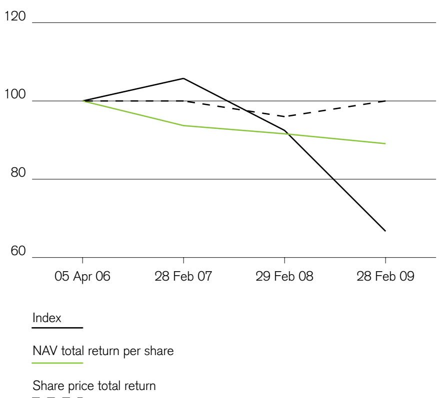
The Articles of Association provide that the Directors shall retire and be subject to re-election at least every three years. None of the Directors has a service contract with the Company. On being appointed or re-elected, Directors receive a letter from the Company setting out the terms of their appointment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

Company Performance

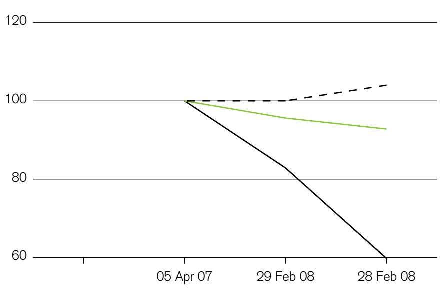
The graphs below compare the share price total returns for the ordinary, C and D shares and the net asset value total returns per share for the ordinary, C and D shares with the total returns from a notional investment of 100p in the FT All Share Media Index over the same periods. This index is considered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

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

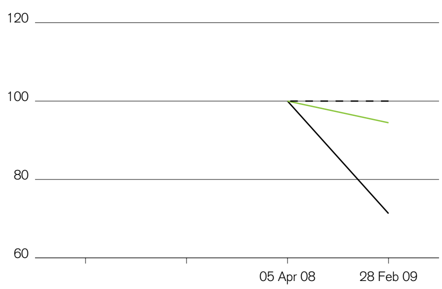
Ordinary Shares
period from 5 April 06 to 28 Feb 09



C Shares
period from 5 April 07 to 28 Feb 09



D Shares
period from 5 April 08 to 28 Feb 09



Statement of Corporate Governance

Statement of Compliance

The Directors confirm that the Company has taken appropriate action to enable it to comply with the Principles of the Combined Code on Corporate Governance (2006) ("the Code").

As a venture capital trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the Company. Apart from the matters referred to in the following paragraphs, the requirements of the Code were complied with throughout the period ended 28 February 2009.

In view of its non-executive nature and the requirements of the Company's Articles of Association that all Directors retire by rotation at the annual general meeting, the Board considers that the Directors need not be appointed for a specific term as recommended by the Code. That said, Sir Robin Miller and David Glick have each been appointed for a three year term with a six months' notice period whereas the other Directors have been appointed for a rolling term with a six months' notice period. Full details of duties and obligations are provided at the time of appointment and are supplemented by further details as necessary. In light of the responsibilities retained by the Board and its committees and of the responsibilities delegated to Edge Investment Management Limited and the company secretary, the Company has not appointed a chief executive, deputy chairman or a senior independent non-executive director. There is no formal induction programme for Directors.

Board of Directors

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

All non-executive Directors have signed letters confirming the terms of their appointment as non-executive Directors with effect from 18 January 2006.

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

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

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

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

Board Committees

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

Audit Committee

This is a fully constituted board committee established to perform the duties summarised below and to report on those matters to the Board:

- To monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them.
- To review the Company's internal financial controls and, unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's internal control and risk management systems.
- To make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors.
- To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.

- To review the half-year and annual financial statements before submission to the Board.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary).
- To monitor and review the effectiveness of any internal audit activities. If there is no internal audit function, to consider annually if there is a need for such an audit and to make a recommendation to the Board.
- To review the external auditors' management letter and management's response.

The committee shall comprise at least two independent Directors. The first members of the committee are Michael Eaton and Julian Paul.

A quorum shall be two members.

Remuneration Committee

This is a fully constituted board committee established to perform the duties summarised below and to report on those matters to the Board.

- To determine and agree with the Board the framework or broad policy for the remuneration of the chairman, the Directors and the secretary. No Director or manager should be involved in any decisions as to their own remuneration.
- To determine targets for any performance-related pay schemes operated by the Company; to ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; within the terms of the agreed policy, to determine the total individual remuneration package of each Director including, where appropriate, bonuses, incentive payments and share options.
- In determining such packages and arrangements, to give due regard to the contents of the Code as well as the UK Listing Authority's Listing Rules and associated guidance.
- To agree the policy for authorising claims for expenses from the Directors.
- To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- To report the frequency of, and attendance by members at, remuneration committee meetings in the annual reports.

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

A quorum shall be two members.

Nominations Committee

This is a fully constituted board committee established to perform the duties summarised below and to report on those matters to the Board.

- To be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise.
- Before making an appointment, to evaluate the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.
- To review annually the time required from a non-executive Director. Performance evaluation should be used to assess whether the non-executive Director is spending enough time to fulfil their duties.
- To monitor and review the effectiveness and performance of individual Directors of the Company.
- To review regularly the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations to the Board with regard to any changes.
- To keep under review the leadership needs of the Company, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.
- To make a statement in the annual report about its activities; the process used for appointments and explain if external advice or open advertising has not been used; the membership of the committee, number of committee meetings and attendance over the course of the year.

- To ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

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

A quorum shall be two members.

Attendance at Board and Committee Meetings

During the year ended 28 February 2009 there were:

- 3 board meetings convened to consider general business (and several other board meetings convened to consider business specific to the offers for subscription made by the Company during the period under review)
- Two meetings of the audit committee
- No meetings of the remuneration committee
- No meetings of the nominations committee

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

Director	Board	Audit Cttee
Robin Miller	3	n/a
Michael Eaton	1	2
David Glick	3	n/a
Frank Presland	3	n/a
Julian Paul	3	2

Internal Control

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

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

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

Review of Internal Control

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

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

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

Relations with Shareholders

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

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

Shareholders are encouraged to attend the Company's general meetings where the Directors and representatives of the Company's advisers will be available to answer any questions members may have. The notice of the Company's third annual general meeting accompanies this report – separate resolutions are proposed for each substantive issue.

The Board also communicates with shareholders through interim and annual reports which will include a chairman's statement and an investment manager's report both of which are reviewed and approved by the Board to ensure that they present a fair assessment of the Company's position and future prospects.

Accountability and Audit

The statement of the Directors' responsibility in respect of the financial statements and the independent auditors' report are presented on pages 30 and 31 respectively of this report.

Internal Audit

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

Going Concern

After making enquiries, the Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the Company's financial statements.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements. The Directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view in accordance with the UK GAAP of the state affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period and which comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- State whether all applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with these requirements.

Independent Auditors' Report

to the shareholders of Edge Performance VCT plc

We have audited the financial statements of Edge Performance VCT plc for the year ended 28 February 2009, which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Corporate Governance.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Company is not disclosed.

We review whether the Statement on Corporate Governance on page 26 reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statement on Internal Control covers all risks or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. The other information comprises the Financial Summary & Investment Policy, Chairman's Statement, Investment Manager's Review, Investment Portfolios, Venture Capital Investments, Directors' Report, Directors' Remuneration Report, Statement of Corporate Governance, Statement of Directors' Responsibilities, Notice of Annual General Meeting and Corporate Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Independent Auditors' Report continued

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 February 2009 and of the total return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

Scott-Moncrieff
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh

2 June 2009

Income Statement

for the year ended 28 February 2009

	Note	Year ended 28 February 2009 Revenue £'000	Capital £'000	Total £'000	Year ended 29 February 2008 Revenue £'000	Capital £'000	Total £'000
Realised/unrealised movements on investments		-	(306)	(306)	-	(48)	(48)
Income	2	917	-	917	676	-	676
Investment manager's fees	3	(172)	(512)	(684)	(93)	(278)	(371)
Other expenses	4	(393)	-	(393)	(189)	-	(189)
Return on ordinary activities before tax		352	(818)	(466)	394	(326)	68
Tax on ordinary activities	6	(74)	74	0	(90)	67	(23)
Return attributable to equity shareholders		278	(744)	(466)	304	(259)	45
Transfer to reserves		278	(744)	(466)	304	(259)	45
Return per share							
Return per ordinary share	8	(0.37)p	(2.14)p	(2.51)p	0.25p	(2.29)p	(2.04)p
Return per C share	8	1.55p	(4.34)p	(2.79)p	2.37p	(0.92)p	1.45p
Return per D share	8	0.55p	(0.16)p	0.39p	-	-	-

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

The accompanying notes on pages 39 to 50 are an integral part of the financial statements.

Unaudited Non-Statutory Analysis between the Ordinary, C and D Share Funds
Income Statement
for the year ended 28 February 2009

	Ordinary share fund			C share fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised movements on investments	-	(62)	(62)	-	(442)	(442)
Income	63	-	63	484	-	484
Investment manager's fees	(26)	(77)	(103)	(57)	(173)	(230)
Other expenses	(67)	-	(67)	(165)	-	(165)
Return on ordinary activities before tax	(30)	(139)	(169)	262	(615)	(353)
Tax on ordinary activities	6	2	8	(55)	36	(19)
Return attributable to equity shareholders	(24)	(137)	(161)	207	(579)	(372)
Transfer to reserves	(24)	(137)	(161)	207	(579)	(372)
Return per share						
Return per share	(0.37)p	(2.14)p	(2.51)p	1.55p	(4.34)p	(2.79)p

	D share fund		
	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised movements on investments	-	198	198
Income	370	-	370
Investment manager's fees	(89)	(262)	(351)
Other expenses	(161)	-	(161)
Return on ordinary activities before tax	120	(64)	56
Tax on ordinary activities	(25)	36	11
Return attributable to equity shareholders	95	(28)	67
Transfer to reserves	95	(28)	67
Return per share			
Return per share	0.55p	(0.16)p	0.39p

Balance Sheet

as at 28 February 2009

	Note	As at 28 February 2009 £'000	As at 29 February 2008 £'000
Fixed assets			
Investments	1 & 9	6,416	4,234
Current assets			
Debtors	11	573	85
Corporate bond & other liquidity funds	1	26,734	13,838
Cash at bank		934	3,387
		28,241	17,310
Creditors: amounts falling due within one year	12	(1,566)	(105)
Net current assets		26,675	17,205
Net assets		33,091	21,439
Capital and reserves			
Called up share capital	13	3,896	2,318
Share premium account	14	45	2,872
Special reserve	14	30,045	16,212
Realised capital reserve	14	(525)	(267)
Unrealised capital reserve	14	(538)	(52)
Revenue reserves	14	168	356
		33,091	21,439
Net asset value per ordinary share	15	69.09	85.61p
Net asset value per C share	15	78.81	95.60p
Net asset value per D share	15	94.47	93.26p

The accompanying notes on pages 39 to 50 are an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 2 June 2009 and signed on their behalf by:

Sir Robin Miller
Director

David Glick
Director

Unaudited Non-Statutory Analysis 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
Fixed assets			
Investments	4,186	2,230	-
Current assets			
Debtors	47	366	1,148
Corporate bond & other liquidity funds	1,089	8,471	17,173
Cash at bank	(413)	1,432	(84)
	723	10,269	18,237
Creditors: amounts falling due within one year	(487)	(1,995)	(72)
Net current assets	236	8,274	18,165
Net assets	4,422	10,504	18,165
Capital and reserves			
Called up share capital	640	1,333	1,923
Share premium account	-	-	45
Special reserve	4,082	9,834	16,130
Realised capital reserve	(231)	(245)	(48)
Unrealised capital reserve	(113)	(446)	20
Revenue reserves	44	28	95
	4,422	10,504	18,165
Net asset value per ordinary share, pence	69.09		
Net asset value per C share, pence		78.81	
Net asset value per D share, pence			94.47

Reconciliation of Movements in Shareholders' Funds

for the year ended 28 February 2009

	2009 £'000	2008 £'000
Total net assets attributable at 29 (28) February '08 ('07)	21,439	5,998
Capital per share issues	15,754	16,716
Expenses of issue	(864)	(926)
Expenses of share premium cancellation	(10)	(10)
Return for the year	(466)	45
Dividends	(2,762)	(384)
Closing shareholders' funds at 28 (29) February '09 ('08)	33,091	21,439

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

for the year ended 28 February 2009

	Ordinary share fund £'000	C share fund £'000	D share fund £'000
Opening shareholders' funds	5,479	12,742	3,217
Share capital subscribed for in the year	-	-	15,754
Expenses of issue	-	-	(864)
Expenses of share premium cancellation	-	-	(10)
Return for the year	(161)	(372)	68
Dividends	(896)	(1,866)	-
Closing shareholders' funds at 28 February 2009	4,422	10,504	18,165

Cash Flow Statement

for the year ended 28 February 2009

		Year ended 28 February 2009		Year ended 29 February 2008	
	Note	£'000	£'000	£'000	£'000
Operating activities					
Investment income received		853		457	
Deposit and similar interest received		81		170	
Investment manager's fees paid		(731)		(336)	
Company secretarial fees paid		(82)		(56)	
Cash paid to and on behalf of directors		(89)		(66)	
Other cash payments		(84)		(45)	
Net cash inflow/(outflow) from operating activities	16		(52)		124
Financial investment					
Purchase of unquoted investments		(2,715)		(1,747)	
Purchase of liquidity funds		(17,545)		(12,570)	
Sale of liquidity funds		4,869		450	
Net cash outflow from financial investment			(15,391)		(13,867)
Overpayments, Tax & Dividends					
Overpayments		(314)		(24)	
Tax		(14)		(6)	
Equity dividends paid		(1,381)		(384)	
Net cash outflow from overpayments, tax & dividends			(1,709)		(414)
Net cash outflow before financing			(17,152)		(14,157)
Financing					
Redemption of preference shares		-		(1)	
Cancellation of share premium accounts		(10)		(10)	
New share issues		15,505		16,604	
Share issue expenses		(796)		(789)	
Net cash inflow from financing			14,699		15,804
(Decrease)/Increase in cash			(2,453)		1,647

The accompanying notes on pages 39 to 50 are an integral part of the financial statements.

Notes to the Financial Statements

1. Accounting policies

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

a) **Basis of Accounting**

The accounts have been prepared in accordance with applicable Accounting Standards and with the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies' ("SORP"), issued in December 2005.

b) **Investments**

The Company did not hold any listed investments at any time during the period under review. In accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), investments in unlisted companies, other than those traded on AIM/OFEX, are valued at fair value by the Directors with reference to the following guidelines:

- Investments which have been made within the last twelve months are valued at cost except where the company's performance against plan is significantly below the expectations on which the investment was made, in which case provision against cost is made as appropriate
- Where a company is in the early stage of development, it will normally continue to be held at cost on the basis described above
- Where a company is well established after one year from the date of investment the shares may be valued by applying a suitable price-earnings ratio to that company's historical post tax earnings. The ratio used is based on a comparable listed company or sector but discounted to reflect lack of marketability. Alternative methods of valuation will include cost, provision against cost or net asset value where such factors apply that make one of these methods more appropriate.

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

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

Realised surpluses or deficits on the disposal of investments and impairments in the value of investments are taken to realised capital reserves, and unrealised surpluses and deficits on the revaluation of investments are taken to unrealised capital reserves.

c) **Income**

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

d) **Expenses**

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

e) **Deferred Tax**

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

Notes to the Financial Statements continued

f) **Financial Instruments**

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

2. Income

	2009 £'000	2008 £'000
Interest receivable		
- from Rothschild Preferred Income Fund	34	43
- from cash and cash equivalents	883	633
	917	676

3. Investment Manager's Fees

	2009 £'000	2008 £'000
Edge Investment Management	683	371

The annual investment management fee was £648,581 plus VAT of £113,502. However, the Company will recover £78,842 of the VAT which it has suffered in respect of investment management fees paid since the launch of the Company giving a net annual management fee expense of £683,241.

The Company entered into an agreement dated 3 February 2006 with the Manager, which has responsibility for the management of the Company's portfolio of investments. On 12 December 2006 the agreement was amended and replaced with a new agreement for an initial period of five years from admission of the C shares and which may be terminated thereafter by either party on 12 months' notice expiring at the end of the fixed term or at any time thereafter. On 5 November 2007 the agreement was replaced with a new agreement continuing for an initial period ending five years from admission of the D shares and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter. On 14 January 2009 the agreement was replaced with a new agreement continuing for an initial period ending five years from admission of the E shares and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

The Manager will receive: (a) an annual management fee of 2.0% of the net asset value attributable to the ordinary shares and 1.75% of the net asset value attributable to the C, D and E shares, in each case plus VAT (if applicable); (b) a fixed administration fee, to cover administrative expenses, of £90,000 per annum plus VAT (if applicable) such fee to be adjusted annually by reference to the movement in RPI; and (c) a performance fee which is outlined in more detail below.

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

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

Performance related incentive fee

In respect of the ordinary shares the Manager will receive a fee equal to 19% of the cumulative cash returned to shareholders by the Company in excess of 75p per ordinary share per 60p invested (net of income tax) although no such fee will be payable unless the cumulative cash returned to shareholders by the Company exceeds the initial investment of 60p per share (net of income tax) increased by 8% per annum (simple). This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team.

In respect of the C shares the Manager will receive a fee equal to 19% of the cumulative cash returned to shareholders by the Company of between 100p and 120p per C share per 70p invested (net of income tax) and a fee equal to 29% of the cumulative cash returned to shareholders by the Company in excess of 120p per C share per 70p invested (net of income tax). This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team.

In respect of the D shares the Manager will receive a fee equal to 19% of the cumulative cash returned to shareholders by the Company of between 100p and 120p per D share per 70p invested (net of income tax) and a fee equal to 29% of the cumulative cash returned to shareholders by the Company in excess of 120p per D share per 70p invested (net of income tax). This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team.

In respect of the E shares the Manager will receive a fee equal to 19% of the cumulative dividends (prior to calculation of the performance fee) distributed to E shareholders in excess of 100p per E share, and a fee equal to 29% of the cumulative dividends (prior to calculation of the performance fee) distributed to E shareholders in excess of 120p per E share. This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team.

4. Other Expenses

	2009 £'000	2008 £'000
Directors' remuneration (inc expenses)	87	62
*Administration fees	156	50
Audit fees – for audit services	12	9
VCT status adviser fees	2	8
Printing & stationery	14	7
Other costs	83	35
Irrecoverable VAT	39	18
	393	189

The Company has no employees.

* The Company pays an annual administration fee to the investment manager which, for the year ended 28 February 2009, was £70,000 exclusive of VAT. For the period from the launch of the Company to 31 August 2008, the investment manager has paid a third party to provide company secretarial, accounting and taxation compliance services to the VCT. The total paid over that period was £71,430.23 which included VAT of £10,638.56. The Directors have decided to repay that amount to the investment manager. The Directors have also decided that company secretarial, accounting and taxation compliance fees incurred from 1 September 2008 will be paid by the Company. For the period from 1 September 2008 to 28 February 2009 these fees totalled £25,000 exclusive of VAT.

Notes to the Financial Statements continued

5. Directors' Fees

	2009 £'000	2008 £'000
Michael Eaton	15.75	11.88
Frank Presland	15.75	11.88
Amounts paid and payable to third parties for the services of:		
Sir Robin Miller	19.50	14.25
Julian Paul	16.25	11.88
David Glick	15.75	11.88
	83.00	61.77

No pension scheme contributions or other retirement benefit contributions were paid. There are no share option contracts held by the Directors.

6. Tax on Ordinary Activities

a) Analysis of tax charge

	2009 £	2008 £
Revenue charge	73,844	90,292
Credited to capital return	(73,844)	(67,248)
Current and total tax charge (note (b))	0	23,044

b) Factors affecting tax charge for the year

	2009 £	2008 £
Total return on ordinary activities before tax	(465,656)	68,186
Add: unrealised losses/(gains)	486,657	47,527
Less: non-taxable realised gains	(180,364)	-
Add: transaction costs and investment management expense charged to capital	512,431	278,214
Revenue return on ordinary activities before taxation	353,068	393,927
Corporation tax at 20.91% (2008: 22.92%)	73,844	90,292
Taxation on revenue return	73,844	90,292
Allowable expenditure charged to capital return	512,431	278,214
Taxation on allowable expenditure charged to capital return	(107,175)	(67,248)
Unrelieved expenses	33,331	-
Credited to capital return	(73,844)	(67,248)
Tax charge for year (note (a))	0	23,044

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

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

There is no potential liability to deferred tax (2008: nil). There is an unrecognised deferred tax asset of £33,331 (2008: nil). The deferred tax asset relates to unutilised expenses.

7. Dividends Paid and Proposed

	2009 £'000	2008 £'000
Amounts recognised as distributions to equity holders in the year	2,762	384

The final dividends per ordinary and C share in respect of the year ended 29 February 2008 were approved at an extraordinary general meeting held on 14 January 2009. The record and payment dates for the ordinary share dividend are 12 June 2009 and 30 June 2009; the record and payment dates for the C share dividend are 13 November 2009 and 23 November 2009. These final dividends have been included as liabilities in these financial statements.

Interim dividends of 7p per ordinary share and 7p per C share were paid in December 2008.

The Directors recommend final dividends of 64.8p per ordinary share (represented by 67.25p per share less performance fees of 2.45p per share payable to the Manager and the Chairman) (2008: 7p) and 7p per D share (2008: nil) to be paid on 30 June 2009 and 23 November 2009 to all ordinary and D shareholders respectively on the register as at close of business on 26 June 2009 and 13 November 2009 respectively. The proposed final dividends are subject to approval by the shareholders at the forthcoming annual general meeting and have not been included as liabilities in these financial statements.

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

	2009 £'000	2008 £'000
Interim dividend – 7p per ordinary share (2008: 6p)	448	384
Interim dividend – 7p per C share (2008: nil)	933	-
Proposed final dividend – 64.8p per ordinary share (2008: 7p)	4,148	448
Proposed final dividend – nil per C share (2008: 7p)	-	933
Proposed final dividend – 7p per D share (2008: nil)	1,346	-
Totals	6,875	1,765

8. Return per Share

	Revenue	Capital	2009 Total	Revenue	Capital	2008 Total
Return per ordinary share	(0.37)p	(2.14)p	(2.51)p	0.25p	(2.29)p	(2.04)p
Return per C share	1.55p	(4.34)p	(2.79)p	2.37p	(0.92)p	1.45p
Return per D share	0.55p	(0.16)p	0.39p	-	-	-

Basic revenue return per ordinary share is based on the net revenue loss from ordinary activities after taxation of £(23,953) (2008: £15,884) and on 6,400,640 ordinary shares, being the weighted average number of shares in issue during the period from 1 March 2008 to 28 February 2009. Basic capital return per ordinary share is based on the net capital loss after taxation of £(136,961) (2008: £(146,658)) and on 6,400,640 ordinary shares, being the weighted average number of shares in issue during the period from 1 March 2008 to 28 February 2009.

Basic revenue return per C share is based on the net revenue profit from ordinary activities after taxation of £206,945 (2008: £287,751) and on 13,328,599 C shares, being the weighted average number of shares in issue during the period from 1 March 2008 to 28 February 2009. Basic capital return per C share is based on the net capital loss after taxation of £(579,161) (2008: £(111,836)) and on 13,328,599 C shares, being the weighted average number of shares in issue during the period from 1 March 2008 to 28 February 2009.

Basic revenue return per D share is based on the net revenue profit from ordinary activities after taxation of £96,232 (2008: nil) and on 17,396,149 D shares, being the weighted average number of shares in issue during the period from 1 March 2008 to 28 February 2009. Basic capital return per C share is based on the net capital loss after taxation of £(28,759) (2008: nil) and on 17,396,149 D shares, being the weighted average number of shares in issue during the period from 1 March 2008 to 28 February 2009.

Notes to the Financial Statements continued

9. Investments

Movements in qualifying investments during the period are summarised as follows:

	Venture capital - unquoted £'000	Total £'000
Book cost at 29 February 2008	4,297	4,297
Unrealised gains/(losses) at 29 February 2008	(63)	(63)
Valuation at 29 February 2008	4,234	4,234
Movements in the year:		
- Purchases at cost	2,715	2,715
- Disposals-proceeds	-	-
- Net realised gains/(losses)	-	-
Movement in unrealised gains/(losses)	(533)	(533)
Valuation at 28 February 2009	6,416	6,416
Comprising:		
- Book cost at 28 February 2009	7,011	7,011
- Unrealised gains/(losses) at 28 February 2009	(595)	(595)
	6,416	6,416

10. Significant interests

As at 28 February 2009, the Company held significant investments, amounting to 3% or more of the equity capital, in the following companies:

Company	Equity investment (ordinary shares) £	Loan stock £	Total investment £	Percentage of investee company's total equity, %
Martha & George Productions Limited	255,000	595,000	850,000	50
In Tandem Promotions Limited	255,000	595,000	850,000	49
My Brother Promotions Limited	255,000	595,000	850,000	45
LC Presents Limited	299,999	595,000	894,999	49
Thunderroad promotions Limited	255,000	595,000	850,000	49
MK Ultrasound Limited	300,000	700,000	1,000,000	50
Saravid Promotions Limited	300,000	700,000	1,000,000	49.5
Enrich Social Productions	150,000	350,000	700,000	5

* The Company's total investment in Enrich Social Productions also includes a short-term loan of £200,000 which is repayable on demand.

11. Debtors

	2009 £'000	2008 £'000
Amounts falling due within one year:		
Accrued interest and other accrued income	17	40
Amounts due from the Investment Manager	118	-
Prepayments and other debtors	438	45
	573	85

12. Creditors: Amounts Falling Due Within One Year

	2009 £'000	2008 £'000
Sundry creditors and accruals	1,566	69
Amounts due to the Investment Manager	-	36
	1,566	105

13. Called-up Share Capital

	2009 £'000	2008 £'000
Authorised:		
300,000,000 ordinary shares of 10p each	30,000	30,000
25,000,000 C shares of 10p each	2,500	2,500
60,000,000 D shares of 10p each	6,000	6,000
50,000,000 E shares of 10p each	5,000	-
45,000,000 Deferred shares of 10p each (2008: 20,000,000)	4,500	2,000
	48,000	40,500
Allotted, called-up and fully paid:		
6,400,640 ordinary shares of 10p each	640	640
13,328,599 C shares of 10p each	1,333	1,333
19,228,838 D shares of 10p each (2008: 3,449,721)	1,923	345
	3,896	2,318

During the year, the Company issued 15,779,117 D shares at a price of £1 per share.

Notes to the Financial Statements continued

14. Reserves

	Share premium £'000	Special reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2008	2,872	16,212	(267)	(52)	356	19,121
D share issue	14,178	-	-	-	-	14,178
D share issue expenses	(866)	-	-	-	-	(866)
Cancellation of D share premium account	(16,139)	16,139	-	-	-	-
Fee re cancellation of share premium account	-	(10)	-	-	-	(10)
Dividends paid/committed	-	(2,296)	-	-	(466)	(2,762)
Movement in reserves	-	-	(258)	(486)	278	(466)
At 28 February 2009	45	30,045	(525)	(538)	168	29,195

15. Net Asset Value per Share

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

	Net assets	2009 Net asset values attributable Net assets per share	Net assets	2008 Net asset values attributable Net assets per share
Ordinary shares	£4.4m	69.09p	£5.5m	85.61p
C shares	£10.5m	78.81p	£12.8m	95.60p
D shares	£18.2m	94.47p	£3.2m	93.26p

Net asset value per share is based on net assets at the year end and on the number of shares in each class in issue at the year end – ordinary shares, 6,400,640; C shares 13,328,599; and D shares 19,228,838.

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

	2009 £'000	2008 £'000
Net return before taxation for the year	(466)	68
(Gains)/losses on investments	306	48
(Increase)/decrease in debtors	(467)	(3)
Increase/(decrease) in creditors and accruals	1,441	15
Transaction costs included in cost of investments	-	2
Cost of preference shares' redemption charged to share premium account	-	1
Outstanding balance of offer fee charged to share premium account	57	(25)
Tax-related balances	21	(6)
Loan-related balances	437	24
Dividends payable	(1,381)	-
Net cash inflow/(outflow) from operating activities	(52)	124

17. Analysis of Changes in Net Funds

	Cash £'000	Liquid funds £'000	Total £'000
At 1 March 2008	3,387	13,838	17,225
Cash flows	(2,453)	12,857	10,404
Unrealised adjustments in fair value	-	39	39
At 28 February 2009	934	26,734	27,668

18. Financial Instruments

The Company's financial instruments comprise:

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

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

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

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 28 February 2009:

	2009 (Book value) £'000	2009 (Fair value) £'000	2008 (Book value) £'000	2008 (Fair value) £'000
Assets at fair value through profit and loss				
- Investment portfolio	7,011	6,416	4,297	4,234
- Current investments	26,677	26,734	13,823	13,838
- Cash at bank	934	934	3,387	3,387
Loans and receivables				
- Accrued income	17	17	40	40
- Other debtors	556	556	45	45
- Other creditors	(1,566)	(1,566)	(105)	(105)
	33,629	33,091	21,487	21,439

Unquoted investments account for 100% of the investment portfolio (2008: 100%). The investment portfolio has a 100% concentration of risk towards small UK based, sterling denominated companies and represents 19.4% (2008: 19.7%) of net assets at the year-end.

Current investments are money market funds which represent 80.8% (2008: 64.5%) of net assets at the year-end.

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

Credit risk

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

Market price risk

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

The equity and fixed interest stocks of the Company's unquoted investee companies are very seldom traded and, as such, their prices are more uncertain than those of more frequently traded stocks. It is estimated that a 10% fall in the carrying value of the Company's unquoted investments would reduce profit before tax for the year by £641,600 and reduce the Company's net asset values per ordinary share, C share and D share by 6.54p, 1.67p and 0.00p respectively.

Interest rate risk

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

As at 28 February 2009, the Company's financial assets by value, excluding short-term trade debtors and creditors as permitted by Financial Reporting Standard 25 "Financial Instruments: Disclosure and Presentation", comprised:

Financial assets	£000	%	Interest rate	Weighted average interest rate, %	Weighted average period for which rate is fixed, years
Ordinary shares	1,491	4.4	n/a	n/a	n/a
Loan stock – variable rate	4,725	13.9	Floating	n/a	n/a
On-demand loan	200	0.6			
Corporate bonds	375	1.1	Floating	n/a	n/a
Cash equivalents	26,359	77.3	Floating	n/a	n/a
Bank deposits	934	2.7	Floating	n/a	n/a
	34,084	100.0			

It is estimated that a one percentage point fall in interest rates would have increased the loss before tax for the year of £466,000 to a loss before tax for the year of £636,000. The risk from future fluctuations in interest rate movements should be mitigated by the Company's intention to complete its investment strategy and to hold a majority of its investments in instruments which are not exposed to market interest rate changes.

Liquidity risk

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

Management of capital

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

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

19. Post Balance Sheet Events

Terms Agreed re Realisation of Ordinary Share Fund's Qualifying Investments

In its half-yearly report for the six months ended 31 August 2008, the Company announced its intention to return capital to the holders of ordinary shares as soon as possible after the end of the minimum period required by legislation. In order to achieve that target, the Manager adopted a strategy of disposal of the Company's ordinary share fund investments.

Agreement was reached in principle in May 2009 as to the terms of the disposal of the ordinary share fund's five qualifying investments, realising in total approximately £4.12million; this amount represents the net asset value of those investments as at 28 February 2009, less the ongoing operating costs of the investee companies down to the date of disposal.

C Share Fund Investment

A further £300,000 was invested in Enrich Social Productions.

D Share Fund Investments

In April 2009, £1,000,000 was invested in Challi Productions and £1,000,000 was invested in HTM Promotions.

E Share Offer for Subscription

The Company's E share offer for subscription in respect of the 2008/09 tax year closed having raised £9,312,300 gross. The Offer in respect of the 2009/10 tax year remains open as at the date of this report.

20. Geographical Analysis

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

21. Contingencies, Guarantees and Financial Commitments

There were no contingencies or guarantees as at 28 February 2009.

During the year ended 28 February 2009, the Company committed to:

- Investing up to an additional £1,000,000 in MK Ultrasound. (As at 28 February 2009, the Company had already invested £1,000,000 in MK Ultrasound.)
- Investing an additional £1,000,000 in Saravid Promotions. (As at 28 February 2009, the Company had already invested £1,000,000 in Saravid Promotions.)
- Investing an additional £800,000 in Enrich Social Productions of which £300,000 had been invested as at the date of this report in addition to the £700,000 which had been invested as at 28 February 2009.
- Investing £2,000,000 in Challi Productions of which £1,000,000 had been invested as at the date of this report.
- Investing £2,000,000 in HTM Promotions of which £1,000,000 had been invested as at the date of this report.

22. Transactions with the Investment Manager

During the period ended 28 February 2009, the Company paid to Edge Investment Management Limited, the Company's Investment Manager:

- An investment management fee of £762,083 (which included £113,502 of irrecoverable VAT). As reported in Note 3, the Company will recover from the Manager £78,842, being VAT which the Manager will recover from HMRC in respect of the provision of investment management services from the launch of the Company. This gives a net management fee for the year of £683,241.
- An administration fee of £82,250 (which included £12,250 of irrecoverable VAT) and a further sum of £71,430 (which includes VAT of £10,639) in respect of company secretarial and accountancy fees paid by the Manager to a third party – see Note 4.

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

Notice of Annual General Meeting

Notice is hereby given that the third annual general meeting of Edge Performance VCT plc will be held at 10.30 am on 29 June 2009 at the offices of Howard Kennedy, 19 Cavendish Square, London for the purpose of considering and, if thought fit, passing the following Resolutions (of which, Resolutions 1 to 6 will be proposed as ordinary resolutions and Resolutions 7 and 8 will be proposed as special resolutions):

Ordinary Resolutions

1. To receive the Directors' and the Independent Auditors' Reports and the Company's financial statements for the year ended 28 February 2009.
2. To declare (i) a final dividend of 64.8p per ordinary share, such dividend to be paid on 30 June 2009 to all ordinary shareholders on the Company's register of members as at close of business on 26 June 2009, and (ii) a final dividend of 7p per D share, such dividend to be paid on 23 November 2009 to all D shareholders on the Company's register of members as at close of business on 13 November 2009.

   (Explanatory note: the above dividend of 64.8p per ordinary share is represented by 67.25p per share less performance fees of 2.45p per share payable to the Company's investment manager and the Chairman.)
3. To approve the Directors' Remuneration Report for the year ended 28 February 2009.
4. To re-elect Sir Robin Miller as a director of the Company.
5. To re-appoint Scott-Moncrieff as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
6. To authorise the Directors to fix the remuneration of the auditors.

Special Resolutions

7. In substitution for any existing power under Section 95 of the Companies Act 1985 as amended (the "Act"), but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered during the period commencing on the passing of this Resolution and expiring at the conclusion of the Company's 2010 annual general meeting, or on the expiry of 15 months from the date of the passing of this Resolution, whichever is the earlier (unless previously revoked, varied or extended by the Company in general meeting pursuant to Section 95 of the Act), to allot equity securities (as defined in Section 94(2) to Section 94(3A) of the Act) for cash pursuant to the authority given in accordance with Section 80 of the Act, pursuant to Resolution (b) above, as if Section 89(1) of the Act did not apply to any such allotment provided that this power is limited to the allotment of equity securities in connection with:-

   (i) the offer for subscription of E shares;

   (ii) an offer of securities by way of rights; and

   (iii) the allotment for cash (otherwise than pursuant to sub-paragraph (i) and (ii) above) of equity securities up to an aggregate nominal amount of 10% of the listed E share capital of the Company as at the date of the final closing of the Offer; and

   (iv) the allotment of up to 25 million Deferred Shares

   but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.

   This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 94(3A) of the Act as if in the first paragraph of this Resolution the words "pursuant to the authority conferred by Resolution (b) above" were omitted;
8. The Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Act to make one or more market purchases (as defined in section 163 of the Act) of ordinary shares, C shares, D shares and E shares provided that:

   (i) such authority is limited to the purchase of 14.99 per cent of the issued ordinary share capital, 14.99 per cent of the issued C share capital, 14.99 per cent of the issued D share capital, in each case as immediately prior to the passing of this Resolution, and to the purchase of 14.99 per cent of the issued E share capital as at the date of the final closing of the offer for subscription of E shares;

   (ii) the minimum price which may be paid for such ordinary, C, D or E shares is 10p per share, the nominal amount of each such share;

Notice of Annual General Meeting continued

(iii) the maximum price (exclusive of expenses) which may be paid for such ordinary shares, C shares, D shares or E shares shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;

(iv) the Company may make a contract to purchase its own ordinary shares, C shares, D shares or E shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own ordinary shares, C shares, D shares or E shares in pursuance of any such contract;

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2010 annual general meeting of the Company or, if earlier, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

2 June 2009

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company. The return of a form of proxy will not preclude a member from attending, speaking and voting at the meeting in person should he subsequently decide to do so.
2. Any form of proxy and power of attorney or other authority under which it is signed or a notarially certified or office copy of such power or authority, in order to be valid, must be lodged with Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, not less than 48 hours before the time of the meeting.
3. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold their shares in uncertificated form must be entered on the Company's share register at 10.30 am on 27 June 2009 in order to be entitled to attend, speak and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time.
4. The Directors' register of interests will be available for inspection at the meeting.

Notice of Class Meeting of Holders of Ordinary Shares

Notice is hereby given that a Class Meeting of holders of ordinary shares in Edge Performance VCT plc will be held at 9.30 am on 29 June 2009 at the offices of Howard Kennedy, 19 Cavendish Square, London for the purpose of considering and, if thought fit, passing Resolution 1 below as an ordinary resolution and Resolution 2 below as a special resolution of the Company:

Ordinary Resolutions

THAT:

1. The payment of a dividend of 64.8p per ordinary share, such dividend to be paid on 30 June 2009 to all those shareholders registered as holding ordinary shares on the register of members of the Company as at 26 June 2009, be and is hereby approved.

   (Explanatory note: the above dividend of 64.8p per ordinary share is represented by 67.25p per share less performance fees of 2.45p per share payable to the Company's investment manager and the Chairman.)

Special Resolutions

THAT:

2. The Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Act to make one or more market purchases (as defined in section 163 of the Act) of ordinary shares provided that:

   (i) such authority is limited to the purchase of 14.99 per cent of the issued ordinary share capital, immediately prior to the passing of this Resolution;

   (ii) the minimum price which may be paid for such ordinary shares is 10p per share, the nominal amount of each such share;

   (iii) the maximum price (exclusive of expenses) which may be paid for such ordinary shares, shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;

   (iv) the Company may make a contract to purchase its own ordinary shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own ordinary shares in pursuance of any such contract;

   and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2010 annual general meeting of the Company or, if earlier, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

2 June 2009

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company. The return of a form of proxy will not preclude a holder of ordinary shares from attending, speaking and voting at the meeting in person should he subsequently decide to do so.
2. Any form of proxy and power of attorney or other authority under which it is signed or a notarially certified or office copy of such power or authority, in order to be valid, must be lodged with Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, not less than 48 hours before the time of the meeting.
3. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold their shares in uncertificated form must be entered on the Company's share register at 9.30 am on 27 June 2009 in order to be entitled to attend, speak and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time.
4. The Directors' register of interests will be available for inspection at the meeting.

Notice of Class Meeting of Holders of C Shares

Notice is hereby given that a Class Meeting of holders of C shares in Edge Performance VCT plc will be held at 9.45 am on 29 June 2009 at the offices of Howard Kennedy, 19 Cavendish Square, London for the purpose of considering and, if thought fit, passing Resolution 1 below as a special resolution of the Company:

Special Resolution

THAT:

1. The Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Act to make one or more market purchases (as defined in section 163 of the Act) of C shares provided that:
   (i) such authority is limited to the purchase of 14.99 per cent of the issued ordinary share capital, immediately prior to the passing of this Resolution;
   (ii) the minimum price which may be paid for such C shares is 10p per share, the nominal amount of each such share;
   (iii) the maximum price (exclusive of expenses) which may be paid for such C shares, shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
   (iv) the Company may make a contract to purchase its own C shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own C shares in pursuance of any such contract;

   and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2010 annual general meeting of the Company or, if earlier, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

2 June 2009

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company. The return of a form of proxy will not preclude a holder of C shares from attending, speaking and voting at the meeting in person should he subsequently decide to do so.
2. Any form of proxy and power of attorney or other authority under which it is signed or a notarially certified or office copy of such power or authority, in order to be valid, must be lodged with Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, not less than 48 hours before the time of the meeting.
3. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold their shares in uncertificated form must be entered on the Company's share register at 9.45 am on 27 June 2009 in order to be entitled to attend, speak and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time.
4. The Directors' register of interests will be available for inspection at the meeting.

Notice of Class Meeting of Holders of D Shares

Notice is hereby given that a Class Meeting of holders of D shares in Edge Performance VCT plc will be held at 10.00 am on 29 June 2009 at the offices of Howard Kennedy, 19 Cavendish Square, London for the purpose of considering and, if thought fit, passing Resolution 1 below as an ordinary resolution and Resolution 2 below as a special resolution of the Company:

Ordinary Resolutions

THAT:

1. The payment of a dividend of 7p per D share, such dividend to be paid on 23 November 2009 to all those shareholders registered as holding D shares on the register of members of the Company as at 13 November 2009, be and is hereby approved.

Special Resolutions

THAT:

2. The Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Act to make one or more market purchases (as defined in section 163 of the Act) of D shares provided that:
   (i) such authority is limited to the purchase of 14.99 per cent of the issued D share capital, immediately prior to the passing of this Resolution;
   (ii) the minimum price which may be paid for such D shares is 10p per share, the nominal amount of each such share;
   (iii) the maximum price (exclusive of expenses) which may be paid for such D shares, shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
   (iv) the Company may make a contract to purchase its own D shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own D shares in pursuance of any such contract;

   and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2010 annual general meeting of the Company or, if earlier, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

2 June 2009

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company. The return of a form of proxy will not preclude a holder of D shares from attending, speaking and voting at the meeting in person should he subsequently decide to do so.
2. Any form of proxy and power of attorney or other authority under which it is signed or a notarially certified or office copy of such power or authority, in order to be valid, must be lodged with Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, not less than 48 hours before the time of the meeting.
3. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold their shares in uncertificated form must be entered on the Company's share register at 10.00 am on 27 June 2009 in order to be entitled to attend, speak and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time.
4. The Directors' register of interests will be available for inspection at the meeting.

Notice of Class Meeting of Holders of E Shares

Notice is hereby given that a Class Meeting of holders of E shares in Edge Performance VCT plc will be held at 10.15 am on 29 June 2009 at the offices of Howard Kennedy, 19 Cavendish Square, London for the purpose of considering and, if thought fit, passing Resolutions 1 and 2 below as special resolutions of the Company:

Special Resolutions

THAT:

1. In substitution for any existing power under Section 95 of the Companies Act 1985 as amended (the "Act"), but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered during the period commencing on the passing of this Resolution and expiring at the conclusion of the Company's 2010 annual general meeting, or on the expiry of 15 months from the date of the passing of this Resolution, whichever is the earlier (unless previously revoked, varied or extended by the Company in general meeting pursuant to Section 95 of the Act), to allot equity securities (as defined in Section 94(2) to Section 94(3A) of the Act) for cash pursuant to the authority given in accordance with Section 80 of the Act, pursuant to Resolution (b) above, as if Section 89(1) of the Act did not apply to any such allotment provided that this power is limited to the allotment of equity securities in connection with:-
   (i) the offer for subscription of E shares;
   (ii) an offer of securities by way of rights; and
   (iii) the allotment for cash (otherwise than pursuant to sub-paragraph (i) and (ii) above) of equity securities up to an aggregate nominal amount of 10% of the listed E share capital of the Company as at the date of the final closing of the Offer; and
   (iv) the allotment of up to 25 million Deferred Shares

   but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.

   This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of Section 94(3A) of the Act as if in the first paragraph of this Resolution the words "pursuant to the authority conferred by Resolution (b) above" were omitted;
2. The Company be and is hereby generally and unconditionally authorised for the purpose of section 166 of the Act to make one or more market purchases (as defined in section 163 of the Act) of E shares provided that:
   (i) such authority is limited to the purchase of 14.99 per cent of the issued E share capital as at the date of the final closing of the E share offer for subscription;
   (ii) the minimum price which may be paid for such E shares is 10p per share, the nominal amount of each such share;
   (iii) the maximum price (exclusive of expenses) which may be paid for such E shares, shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
   (iv) the Company may make a contract to purchase its own E shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own E shares in pursuance of any such contract;

   and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2010 annual general meeting of the Company or, if earlier, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

2 June 2009

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company. The return of a form of proxy will not preclude a holder of E shares from attending, speaking and voting at the meeting in person should he subsequently decide to do so.
2. Any form of proxy and power of attorney or other authority under which it is signed or a notarially certified or office copy of such power or authority, in order to be valid, must be lodged with Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, not less than 48 hours before the time of the meeting.
3. As permitted by regulation 41 of the Uncertificated Securities Regulations 2001, shareholders who hold their shares in uncertificated form must be entered on the Company's share register at 10.15 am on 27 June 2009 in order to be entitled to attend, speak and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time.
4. The Directors' register of interests will be available for inspection at the meeting.

Corporate Information

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	Edge Investment Management Limited 1 Marylebone High Street London W1U 4LZ
Company Secretary	The City Partnership (UK) Limited Thistle House 21 Thistle Street Edinburgh EH2 1DF
Promoter	RAM Capital Partners LLP 74 Chancery Lane London WC2A 1AD
Taxation advisers	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Auditors	Scott-Moncrieff 17 Melville Street Edinburgh EH3 7PH
Bankers	HSBC Private Bank (UK) Limited 78 St. James's Street London SW1A 1JB
Receiving agent & Registrar	The City Partnership (UK) Limited Thistle House 21 Thistle Street Edinburgh EH2 1DF