



HALF-YEARLY FINANCIAL REPORT
for the six months ended 31 August 2020

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Financial Summary

Period ended	31 August 2020	29 February 2020	31 August 2019
Net assets (£'000)			
H share	7,702	8,426	9,263
I share	10,337	20,081	22,735
Total	18,039	28,507	31,998
Net asset value per share (p)			
H share	66.44	72.69	79.91
I share	14.14	27.47	31.10
Return per share for the period (p)			
H share	(6.25)	24.42	27.64
I share	(13.33)	(11.20)	(7.57)
Dividends per share already paid in respect of the period (p)			
H share	**4.00	-	***4.00
I share	-	-	-
Cumulative dividends paid per share at end of period (p)			
H share	18.00	18.00	14.00
I share	35.00	35.00	35.00
Net asset value total return per share (p)*			
H share	84.44	90.69	93.91
I share	49.14	62.47	66.10
Share price at end of period (p)			
H share	44.00	38.50	18.50
I share	20.00	13.50	12.80

* i.e. net asset value per share plus total dividends

** The Board is pleased to report that shortly after the six-month period ended 31 August 2020 it resolved to declare an interim dividend of 4p per H share, payable on 18 December 2020 with a record date of 4 December 2020.

*** The Company paid an interim dividend of 4p per H Share on 7 January 2020 with a record date of 13 December 2019.

Overall Review

This half-yearly report ("Report") covers the six month period ended 31 August 2020.

On 28 August 2020, our shareholders supported the Board's proposals for the future strategy of the Company. My intention in this Statement is to present a high level review of the Company's financial and investment performance for the period – the detailed reviews are given elsewhere in the Report - and to comment on the progress made, as at the date of this Statement, in executing the approved strategy.

The Company's half-year and the period immediately thereafter were dominated by two events. In the I share class, there was the welcome news that the sale of our Coolabi holding before 28 February 2021 was becoming more likely but the disappointing news that the expressions of interest were not at the level we had been targeting. In the H share class, the valuation of our Unity Software Inc ("Unity") holding, further to its listing on the New York Stock Exchange, had risen dramatically. Both events prompted an announcement to the market on 11 December.

Financial Performance

The Company is reporting a loss of £10,457k for the six month period ended 31 August 2020, £724k of which is attributable to the H share portfolio and the balance, £9,733k, to the I share portfolio.

The overall value of the venture portfolio fell by approximately £9,820k (40.31%) in the reporting period; the H share class decreased by £523k (9.24%) and the I share class decreased by £9,297k (49.72%).

The net asset value per H share fell 6.25p from 72.69p to 66.44p; and the net asset value per I share fell 13.33p from 27.47p to 14.14p. The share price of the H and I shares as at 31 August 2020 were 44.0p and 20.0p respectively.

Against the disappointment of these results, it is encouraging that our investment manager is reporting that most of our investments have shown a remarkable degree of resilience in the face of the Covid-19 pandemic. Particularly heartening for our H shareholders is the significant value uplift in one of their investments, Unity, which began shortly after the period-end on 18 September 2020 when it was listed on the New York Stock Exchange.

The Company published an announcement on 11 December 2020 in which it reported that the value of the Company's holding in Unity as at 30 November 2020 was £12.62m (£1.77m as at 31 August 2020) giving an approximate net asset value per H share of £1.62 as at 30 November 2020 (66.44p as at 31 August 2020).

The 30 November net asset values of the Company's H and I share classes will be released later in December 2020.

Dividends

The Company paid a dividend of 4p per H Share on 7 January 2020 bringing total H Share dividends to date to 18p per H Share. A further dividend of 4p per H Share will be paid on 18 December 2020 with a record date of 4 December 2020.

As soon as practicable after any realisation of the Company's holding in Coolabi, the proceeds of the disposal will be distributed to I shareholders.

Investment Performance

Company Portfolio

Details of the Company's investments and portfolio performance are contained in the Investment Manager's Review on pages 6 to 11.

H Share Portfolio

The H share class decrease was driven primarily by write-downs in the value of the Company's holdings in Coolabi and Hoop Industries (the latter of which ceased trading).

The valuation of the H share class' holding in Unity is carried (as required by IPEV valuation guidelines) in the Report at its cost of acquisition, being £1,772k.

However, 18 days after the end of the reporting period, Unity listed on the New York Stock Exchange ("NYSE") at an opening price of \$52/share. This listing price increased the H share class' net asset value by £2.65m (33.1%).

At time of writing, the Unity share price is trading above \$140/share which would value the Company's holding in Unity at c.£11.6m. 80% of this value is subject to "lock-up" provisions which, dependent upon the timing of Unity trading updates to the NYSE, will expire at the end of February 2021, with the balance being released in September 2021. The balance is held in escrow against potential warranty claims and we are aware of no such claims as at this date.

I Share Portfolio

The I share class decrease was caused by a significant fall in the valuation of the sole significant remaining investment, Coolabi Group. Across both share classes it fell from £19,662k (29 February 2020) to £9,871k (31 August 2020), a decrease of £9,791k (49.80%); the I class valuation fell from £18,690k to £9,383k, a decrease of £9,307k.

More detail of this very disappointing development is given in the Investment Manager's Review.

Corporate Activity

Strategy Execution

The three strands of the strategy approved by shareholders were:

- H class strategy – (i) pay annual dividends initially at the rate of 4p per share and decide on an annual baseline dividend which would be enhanced whenever possible as a result of realisations (ii) re-introduce a share buy-back facility as soon as practicable (iii) initiate fundraisings after the sale of the Coolabi investment
- I class strategy – effect a successful realisation of the Coolabi investment as soon as possible and distribute the proceeds promptly thereafter
- Company – reduce the Company's cost base without jeopardising the running of the Company.

The progress made as at the date of this Statement is:

- H class – The Board has declared an interim dividend of 4p per H share to be paid on 18 December 2020 with a record date of 4 December 2020; and met on 17 December to discuss plans for a fundraising programme and the re-introduction of a share buy-back programme. The significant increase in the Unity valuation in the period following the end of the half-year has given considerable momentum to the Board's drive to build the scale of the H fund.
- I class – The Board (i) receives fortnightly updates from the Investment Manager on the status of the interest shown by potential buyers and (ii) periodically speaks directly with the advisers running the sale process. The advisers are cautiously optimistic about concluding a deal before the Company's year-end. The ongoing nature of the Coronavirus pandemic and the consequent economic uncertainty has however caused the significant write down of the Company's holding in Coolabi.
- Company – Against the background of the significant savings approved by Company's shareholders in the I share investment management fee (reduced to nil with effect from 1 March 2021 and the administration services fee (reduced to £50k with effect from 1 March 2021) – a combined saving of some £618k - further savings have been achieved in the fees for the provision of (i) corporate broking services and (ii) company secretarial, book-keeping, accounting and taxation services. These further savings will take effect shortly after the period-end. The Manager continues to explore further cost reductions. The period under review carried significant legal costs and additional printing costs leading up to the resolutions presented to shareholders in August 2020.

Board of Directors

Sir Peter Bazalgette, current Chairman of ITV plc and a major figure in the UK's creative economy, has been appointed as a director of the Company ("Director") with effect from 21 December 2020 and Sir Robin Miller will stand down as a Director at the end of this calendar year.

This refreshed Board offers a strong platform for the next phase of growth in the H share class and return of capital to the I share class.

Shareholder Meetings

Further to the success of the virtual meetings held earlier in the year, the Board will be discussing the possibility of online meetings becoming a regular feature of the Company's corporate calendar.

Outlook

While the impact of the Covid pandemic is still playing out, the signs are encouraging that the Company's portfolio has shown a strong level of robustness which should bode well when - as must happen – we move on to the “new normal”. The creative economy in which the Company invests continues to be an engine room of growth for the wider UK economy, and so the opportunities for making new investments as well as achieving successful realisations from existing investments look positive.

The H Share class looks as though it may enjoy a very significant uplift in net asset value as a result of the Unity holding which augurs well for fundraising plans. The Investment Manager continues to source opportunities for new investment and will continue to co-invest alongside Edge Creative Enterprise Fund on qualifying opportunities.

The “planned exit” I Share class has one significant remaining asset, the holding in Coolabi. The process being run by the corporate advisers appointed to Coolabi is approaching a close.

In the meantime, I thank you for your continued support.

Terry Back

Chairman

18 December 2020

Investment Manager's Review

Market Overview

The 6-month period covered by this set of financial statements has obviously been one with a continued background of major health, social, and economic turbulence caused by the Covid pandemic. While the Company's portfolio is not immune to the effects of this, there are some businesses which have been seeing opportunity in the face of crisis. The Company's overall exposure to businesses operating in the wider Creative Economy has seen benefits arising from consumers spending more time at home and online, driving higher levels of content consumption generated or distributed by the Company's portfolio.

The Investment Manager continues to work closely with these businesses to ensure not only that they optimise their performance as the pandemic continues, but also are well positioned both financially and operationally to take advantage of the new opportunities which will inevitably arise when the economy recovers.

New investments

The Company made no new investments during the period under review.

Realisations

There were no realisations in the period under review.

Portfolio overview

An overview of the Company's growth investments, representing 81% of the Company's net assets as at 31 August 2020 is provided below.

Coolabi Group Limited

Cost of investment (£'000)	17,716
Valuation of investment (£'000)	9,871
Basis of valuation	Outcome of strategic review

Coolabi Group continues to develop strong brands focused on the children's and family entertainment sector. The Company monetises this through various media channels, including video, books and games, and from a programme under which those brands are licensed for the manufacture and sale of toys and other consumer products by third parties across the world.

As shareholders will be aware, your Board tasked the investment manager with exploring a realisation of the I Shares' holding in Coolabi as expeditiously as possible and following this Coolabi retained advisors to review the strategic options open to it. One of these options was the sale of the business, this was explored, and the valuation above is derived from the indications of interest received. Unfortunately, the ability of most interested parties to transact has been severely impacted by the financial effect the pandemic has had on their businesses. The complexity of the distribution waterfall means that at lower valuations all the value is concentrated in the debt instruments with no value accruing to the equity, thereby having a disproportionate effect on value to shareholders. While a sale at this valuation will be disappointing, it does follow an exhaustive process and may be the best option to promptly realise the VCT's holding in Coolabi and return proceeds of that realisation to I Shareholders. Given this, the Manager is currently working with Coolabi and its

management team to conclude a sale of the business.

Unity Software Inc.

Cost of investment (£'000)	1,772
Valuation of investment (£'000)	1,772
Basis of valuation	Value of consideration shares received on the sale of deltaDNA

Unity is the world's leading platform for creating and operating interactive, real-time 3D content, providing the tools to make games and publish them to a wide range of devices.

On 18 September 2019, deltaDNA was sold to Unity Software Inc. a San Francisco-based company which was then privately held. As part of that consideration the Company received 110,759 shares in Unity with a deemed value of £1,772k, based on a £16 per share price. As it is less than 12 months since the Company acquired those shares, we have continued to hold them valued at that price. However, on Friday 18 September 2020, i.e. after the period under review, Unity was admitted to the New York Stock Exchange (NYSE:U) at a price of \$52/share (c.£40/share). At the listing price, the Company's holding in Unity increased in value to c.£4.4m. At the time of writing, the Unity share price is trading well above \$140/share, a price at which the Company's holding would be worth c.£ 11.6m.

80% of this value is subject to "lock-up" provisions which, dependent upon the timing of Unity trading updates to the NYSE, will expire at the end of February 2021, with the balance (which is held in escrow against potential – but unlikely - warranty claims) being released in September 2021.

It is worth noting that at a \$140 share price, the total proceeds of the sale of the Company's £1m investment in deltaDNA would amount to £13.9m, a remarkable return on investment.

Festicket Limited [an Edge Creative Enterprise Fund co-investment]

Cost (£'000):	1,272
Valuation (£'000):	1,272
Basis of valuation:	Recent investment price

Festicket is a leading travel and ticketing platform which offers quality bookings, packages and information for festival fans worldwide and a software platform providing marketing, analytics and access control functions, among others, to festival organisers. In January 2020, the H Share Fund invested €1.5million in a mix of equity and convertible loans into Festicket. The global shutdown as a consequence of the coronavirus pandemic hit businesses like Festicket hard, but the Company's strong management team took decisive action to reduce the cost base. Encouragingly, there are already signs of festivals being organised for 2021 and Festicket is experiencing strong advance sales. The Investment Manager considers the fundamental business to be robust and following the period end, Festicket closed £3.2m in a convertible note funded by existing investors and the Future Fund.

Investment Manager's Review continued

audioBoom plc

Cost of investment (£'000)	750
Valuation of investment (£'000)	517
Basis of valuation	Closing bid price on the balance sheet date

audioBoom, an AIM-listed company, is a cloud-based, Software as a Service (SaaS) platform that enables the creation, broadcast and syndication of digital audio content (i.e. podcasts) across multiple devices, networks and geographies. In the period under review audioBoom reported good financial progress: revenues for the 6 months to June 2020 were up 20% on those in the same period 12 months ago despite the impact that the pandemic has had on global advertising revenues. AudioBoom's share price had also shown signs of an upward trajectory, reaching 275p per share shortly before the pandemic hit, but market fears around businesses exposed to advertising spend caused the share price to fall to 182.5p/share at the balance sheet date. The Investment Manager continues to believe this price undervalues the Company; a view borne out by a post-reporting period £3.15m fundraise undertaken by audioBoom at a price of 225p/share. At the recent bid price of 195p, the Company's holding of 283,333 shares in audioBoom was worth £552k, in line with the period end valuation.

Newsflare Limited [an Edge Creative Enterprise Fund co-investment]

Cost of investment (£'000)	150
Valuation of investment (£'000)	435
Basis of valuation	Comparable company valuation metrics

The Company's investments in Newsflare were made pursuant to its co-investment arrangements with Edge Creative Enterprise Fund.

Newsflare operates a two-sided marketplace platform for curated eye-witness video (sometimes called user generated content, or "UGC") which is used by third party organisations including news and social media outlets as well as film and television producers to generate revenue through advertising. Newsflare continues to make good progress, and its "trust algorithm" demonstrates to its customers that the videos it supplies have been appropriately rights-cleared for further distribution, something of critical importance to customers for whom rights infringement could be a costly problem.

The Covid pandemic, with the consequent restrictions on scripted content production, as well as the concurrent BLM protests, enabled Newsflare's existing and potential customers to see clearly the benefits of having a trusted partner able to supply them with good quality, rights cleared UGC. As a consequence, Newsflare has continued to grow in scale and value over the period under review.

Jungle Creations Limited [an Edge Creative Enterprise Fund co-investment]

Cost of investment (£'000)	180
Valuation of investment (£'000)	342
Basis of valuation	Comparable company valuation metrics

The Company's investment in Jungle Creations was made pursuant to its co-investment arrangements with Edge Creative Enterprise Fund.

Jungle is a fast-growing online media company which owns a portfolio of media brands focusing on social media (Facebook, TikTok, Snap, YouTube and Instagram), video content and website traffic. Each brand targets different areas of interest including food, travel, animals and DIY. Its largest Facebook page is called VT (formerly Viral Thread). Its videos generate billions of views per month from its millions of followers on social media. Financial performance continues to be very strong following the period end. Jungle Creations is valued by reference to the revenues of its three business lines and applying discounted comparable company valuation metrics to these revenues.

Mirriad Advertising plc

Cost of investment (£'000)	520
Valuation of investment (£'000)	333
Basis of valuation	Closing bid price on the balance sheet date

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

Mirriad listed on the AIM segment of the London Stock Exchange in December 2017, raising £26.2m at a post-money valuation of £63.2m (62p per share). Although the share price has reduced since that date, it has experienced some recovery in the period under review, increasing by in excess of 90% to 19.25p/share, valuing the Company's holding of 1,733,062 shares in Mirriad at £333k. At the recent bid price of 46p, the Company's shares are valued at £797k.

Hoop Industries Limited [an Edge Creative Enterprise Fund co-investment]

Cost of investment (£'000)	181
Valuation of investment (£'000)	Nil
Basis of valuation	Company has ceased trading

The Company's investment in Hoop Industries was made pursuant to its co-investment arrangements with Edge Creative Enterprise Fund.

Hoop Industries is a digital two-sided marketplace that connects parents with organisers of kids' activities in their local area. Prior to the Covid pandemic, the company had been in discussions with potential strategic partners or acquirors. However, the pandemic resulted in all such potential partners pausing their discussions, while the social distancing requirements of the lockdown meant that the very activities on which Hoop relied to generate cash and value from the platform came to a halt. Deprived of the cash needed, the business ceased trading in order to facilitate an orderly wind down of activities commensurate with meeting all outstanding creditor obligations. As a consequence, the business is valued at £nil.

Performance

The net asset value of the H Share fund decreased by £724k, due in large part to the decrease in value of its holding in Coolabi and Hoop. During the period under review, the H share fund's holding in Unity was maintained at cost. Following the period end, on Friday 18 September, Unity Software listed on the New York Stock Exchange, triggering a significant increase in the value of the H Share class. An RNS announcement to this effect was made on 21 September 2020.

With further strong performance in the Unity share, as at 30 November 2020 Unity's shares were trading at a value of c\$151.98 per share which values the Company's stake in Unity at £12.62m as announced to the market on 11 December 2020.

Over the period under review, the I Share net asset value reduced by £9,744k, primarily as a consequence of the reduction in the value of its significant holding in Coolabi. This is a disappointing development; however, it comes following an extensive review of the options available to the Company conducted by a third-party, retained advisor. The manager is working with the management team to conclude the sale.

Realisations

The Investment Manager continually reviews the strategic options available to it in relation to the Company's investments. At the period end, Coolabi was the Company's largest (by both cost and valuation) and oldest investment; the Manager's two representatives on the Board are working closely with Coolabi's management team and the corporate finance advisors retained earlier in the year. This process is now nearing a conclusion and the valuation at 31 August is based on indications of interest in acquiring the business. While a sale at this valuation will be disappointing, it follows an exhaustive process this year and the Manager is now working with the Coolabi team to conclude a sale of the business.

H Share Outlook

The H Share fund has money available to invest in VCT-qualifying investments as a consequence of the cash proceeds already received in respect of the sale of deltaDNA. Some of the cash from the realisation of deltaDNA and future realisations of Unity shares will also be available for the payment of a regular dividend to holders of H shares. The Company has the benefit of a co-investment arrangement with Edge Creative Enterprise Fund, a non-tax advantaged fund managed by an associated company of the Investment Manager. Three of the four investments in the H Share fund which have been made pursuant to this co-invest arrangement; Jungle Creations, Festicket, and Newsflare, continue to make good progress notwithstanding the pressures placed on them by the consequences of the Covid pandemic. These investments have a combined cost of £1,602k, and are currently valued at a combined £2,049k. Encouragingly, with a possible economic recovery in 2021 we would expect these valuations to grow given the strength with which they seem set to exit 2020. The Investment Manager is confident that not only is there future value growth to come from these existing investments, but also with strong current deal flow, that new, exciting companies will be added to the portfolio, thanks to this co-investment arrangement.

I Share Outlook

With the single, consolidated, I Share fund fully invested, the focus is on working with Coolabi, to achieve a satisfactory exit. Should a sale of Coolabi occur, it is probable that steps will be taken to divest the I class of its residual holding in Mirriad Advertising, thereby facilitating a final distribution to I class shareholders.

Edge Investments

Investment Manager

18 December 2020

Investment Portfolio Summary

as at 31 August 2020

H Share Fund	As at 31 August 2020			As at 29 February 2020		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net assets by value
Qualifying Investments						
Coolabi Group Limited	500	354	4.6	500	706	8.4
Mirriad Advertising plc	470	313	4.1	470	163	1.9
Newsflare Limited	150	435	5.7	150	379	4.5
Audioboom plc	750	517	6.7	750	567	6.7
Hoop Industries Limited	181	-	-	181	181	2.2
Jungle Creations Limited	180	342	4.4	180	357	4.2
Unity Software Inc.	1,772	1,772	23.0	1,772	1,772	21.0
Festicket Limited	1,272	1,272	16.5	1,272	1,272	15.1
Total Qualifying Investments	5,275	5,006	65.0	5,275	5,397	64.0
Non-qualifying Investments						
Coolabi Group Limited	369	134	1.7	369	266	3.2
Total non-qualifying investments	369	134	1.7	369	266	3.2
Total fixed asset investments	5,644	5,140	66.7	5,644	5,663	67.2
Net current assets		2,562	33.3		2,763	32.8
Net assets		7,702	100.0		8,426	100.0

I Share Fund	As at 31 August 2020			As at 29 February 2020		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net Assets by value
Qualifying Investments						
Coolabi Group Limited	14,888	8,518	82.4	14,888	16,967	84.5
Mirriad Advertising plc	50	20	0.2	50	10	0.1
Total Qualifying Investments	14,938	8,538	82.6	14,938	16,977	84.6
Non-qualifying investments						
Coolabi Group Limited	1,959	865	8.4	1,959	1,723	7.6
Total non-qualifying investments	1,959	865	8.4	1,959	1,723	7.6
Total fixed asset investments	16,897	9,403	91.0	16,897	18,700	93.2
Net current assets		934	9.0		1,381	6.8
Net assets		10,337	100.0		20,081	100.0

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

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with the statement "Half-yearly financial reports" issued by the UK Accounting Standards Board.
- The Chairman's Statement (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements.
- The "Statement of Principal Risks and Uncertainties" on page 15 is a fair review of the information required by rule 4.2.7R of the Disclosure Guidance and Transparency Rules, being a description of the principal risks and uncertainties for the remaining six months of the year.
- The financial statements include a fair review of the information required by rule 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By Order of the Board

The City Partnership (UK) Limited

Company Secretary

Statement of Principal Risks and Uncertainties

The Company's assets consist of equities and fixed interest investments, cash and liquid resources.

Its principal risks are therefore market risk, interest rate risk, credit risk and liquidity risk. Other risks faced by the Company include economic, investment, financial and regulatory risks. These risks, and the way in which they are managed, are described in more detail in the Directors' Report, the Statement of Corporate Governance and Note 17 to the Financial Statements in the Company's Annual Report & Financial Statements for the Year Ended 29 February 2020. These risks and uncertainties have not changed materially since the date of that report but for consideration of the impact of the Covid-19 pandemic which started to affect the UK economy after the Company's year-end. The long-term effects are still uncertain. The Investment Manager's Review contains additional information on the impact which Covid-19 has had on the Company's business and on how the investment manager is looking to mitigate its effects.

Statement of Comprehensive Income

for the six months ended 31 August 2020

	Six months ended 31 August 2020 (unaudited)			Six months ended 31 August 2019 (unaudited)			Year ended 29 February 2020 (audited)		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses/gains on valuation of investments at fair value through profit or loss	-	(9,953)	(9,953)	-	(1,777)	(1,777)	-	(4,301)	(4,301)
Income	135	-	135	91	-	91	206	-	206
Investment									
Manager's fees	(57)	(172)	(229)	(71)	(211)	(282)	(140)	(423)	(563)
Other expenses	(410)	-	(410)	(363)	-	(363)	(700)	-	(700)
Return before tax	(332)	(10,125)	(10,457)	(343)	(1,988)	(2,331)	(634)	(4,724)	(5,358)
Tax	-	-	-	-	-	-	-	-	-
Return for the financial year	(332)	(10,125)	(10,457)	(343)	(1,988)	(2,331)	(634)	(4,724)	(5,358)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income attributable to equity shareholders	(332)	(10,125)	(10,457)	(343)	(1,988)	(2,331)	(634)	(4,724)	(5,358)

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

Non-Statutory Analysis (unaudited) between the H and I Share Funds Statement of Comprehensive Income

for the six months ended 31 August 2020

	H Share Fund			I Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses/gains on valuation of investments at fair value through profit or loss	-	(591)	(591)	-	(9,362)	(9,362)
Income	69	-	69	66	-	66
Investment Manager's fees	(18)	(50)	(68)	(39)	(122)	(161)
Other expenses	(134)	-	(134)	(276)	-	(276)
Return before tax	(83)	(641)	(724)	(249)	(9,484)	(9,733)
Tax	-	-	-	-	-	-
Return for the financial year	(83)	(641)	(724)	(249)	(9,484)	(9,733)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income attributable to equity shareholders	(83)	(641)	(724)	(249)	(9,484)	(9,733)
Return per share (p)	(0.72)	(5.53)	(6.25)	(0.35)	(12.98)	(13.33)

Non-Statutory Analysis (unaudited) between the H and I Share Funds Statement of Comprehensive Income

for the six months ended 31 August 2019

	H Share Fund			I Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses/gains on valuation of investments at fair value through profit or loss	-	3,318	3,318	-	(5,095)	(5,095)
Income	13	-	13	78	-	78
Investment Manager's fees	(16)	(47)	(63)	(55)	(164)	(219)
Other expenses	(64)	-	(64)	(299)	-	(299)
Return before tax	(67)	3,271	3,204	(276)	(5,259)	(5,535)
Tax	-	-	-	-	-	-
Return for the financial year	(67)	3,271	3,204	(276)	(5,259)	(5,535)
Other comprehensive income						
Total comprehensive income attributable to equity shareholders	(67)	3,271	3,204	(276)	(5,259)	(5,535)
Return per share (p)	(0.58)	28.22	27.64	(0.38)	(7.19)	(7.57)

Non-Statutory Analysis (unaudited) between the H and I Share Funds Statement of Comprehensive Income

for the year ended 29 February 2020

	H Share Fund			I Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses/gains on valuation of investments at fair value through profit or loss	-	3,035	3,035	-	(7,336)	(7,336)
Income	44	-	44	162	-	162
Investment Manager's fees	(31)	(95)	(126)	(109)	(328)	(437)
Other expenses	(122)	-	(122)	(578)	-	(578)
Return before tax	(109)	2,940	2,831	(525)	(7,664)	(8,189)
Tax	-	-	-	-	-	-
Return for the financial year	(109)	2,940	2,831	(525)	(7,664)	(8,189)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income attributable to equity shareholders	(109)	2,940	2,831	(525)	(7,664)	(8,189)
Return per share (p)	(0.94)	25.36	24.42	(0.72)	(10.48)	(11.20)

Balance Sheet

as at 31 August 2020

	As at 31 August 2020 (unaudited) £'000	As at 31 August 2019 (unaudited) £'000	As at 29 February 2020 (audited) £'000
Fixed assets			
Investments	14,543	28,467	24,363
Current assets			
Debtors	1,054	500	641
Bank deposits	2,353	2,964	3,601
Cash at bank	107	108	2
	3,514	3,572	4,244
Creditors: amounts falling due within one year	(18)	(41)	(100)
Net current assets	3,496	3,531	4,144
Net assets	18,039	31,998	28,507
Capital and reserves			
Called up share capital	8,470	8,470	8,470
Share premium account	3,319	3,330	3,330
Special reserve	44,765	45,229	44,765
Capital redemption reserve	4,115	4,115	4,115
Capital reserve – realised	(30,765)	(17,652)	(30,593)
Capital reserve – unrealised	(17,048)	(17,300)	(7,095)
Revenue reserve	5,183	5,806	5,515
Equity shareholders' funds	18,039	31,998	28,507

Non-Statutory Analysis (unaudited) between the H and I Share Funds Balance Sheet

as at 31 August 2020

	H Share Fund £'000	I Share Fund £'000
Fixed assets		
Investments	5,140	9,403
Current assets		
Debtors	739	315
Bank deposits	247	2,105
Cash at bank	1,462	(1,354)
	2,448	1,066
Creditors: amounts falling due within one year	114	(132)
Net current assets	2,562	934
Net assets	7,702	10,337
Capital and reserves		
Called up share capital	1,160	7,310
Share premium account	3,259	60
Special reserve	3,922	40,843
Capital redemption reserve	-	4,115
Capital reserve – realised	737	(31,502)
Capital reserve – unrealised	(833)	(16,215)
Revenue reserve	(543)	5,726
Equity shareholders' funds	7,702	10,337
Net asset value per share (p)	66.44	14.14

Non-Statutory Analysis (unaudited) between the H and I Share Funds Balance Sheet

as at 31 August 2019

	H Share Fund £'000	I Share Fund £'000
Fixed assets		
Investments	7,597	20,870
Current assets		
Debtors	582	(82)
Bank deposits	505	2,459
Cash at bank	467	(359)
	1,554	2,018
Creditors: amounts falling due within one year	112	(153)
Net current assets	1,666	1,865
Net assets	9,263	22,735
Capital and reserves		
Called up share capital	1,160	7,310
Share premium account	3,259	71
Special reserve	4,386	40,843
Capital redemption reserve	-	4,115
Capital reserve – realised	(2,232)	(15,420)
Capital reserve – unrealised	3,106	(20,406)
Revenue reserve	(416)	6,222
Equity shareholders' funds	9,263	22,735
Net asset value per share (p)	79.91	31.10

Non-Statutory Analysis (unaudited) between the H and I Share Funds Balance Sheet

as at 29 February 2020

	H Share Fund £'000	I Share Fund £'000
Fixed assets		
Investments	5,663	18,700
Current assets		
Debtors	1,100	(459)
Bank deposits	236	3,365
Cash at bank	1,327	(1,325)
	2,663	1,581
Creditors: amounts falling due within one year	100	(200)
Net current assets	2,763	1,381
Net assets	8,426	20,081
Capital and reserves		
Called up share capital	1,160	7,310
Share premium account	3,259	71
Special reserve	3,922	40,843
Capital redemption reserve	-	4,115
Capital reserve – realised	787	(31,380)
Capital reserve – unrealised	(242)	(6,853)
Revenue reserve	(460)	5,975
Equity shareholders' funds	8,426	20,081
Net asset value per share (p)	72.69	27.47

Statement of Changes in Equity

for the six months ended 31 August 2020

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2020	8,470	3,330	44,765	4,115	(30,593)	(7,095)	5,515	28,507
Unpaid share capital	-	(11)	-	-	-	-	-	(11)
Comprehensive income for the year	-	-	-	-	(172)	(9,953)	(332)	(10,457)
At 31 August 2020	8,470	3,319	44,765	4,115	(30,765)	(17,048)	5,183	18,039

Statement of Changes in Equity

for the six months ended 31 August 2019

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2019	8,470	3,330	45,229	4,115	(17,443)	(15,521)	6,149	34,329
Share issue	-	-	-	-	-	-	-	-
Comprehensive income for the year	-	-	-	-	(209)	(1,779)	(343)	(2,331)
At 31 August 2019	8,470	3,330	45,229	4,115	(17,652)	(17,300)	5,806	31,998

Statement of Changes in Equity

for the 12 months ended 29 February 2020

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2019	8,470	3,330	45,229	4,115	(17,441)	(15,523)	6,149	34,329
Share issues	-	-	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-	-	-
Dividends paid	-	-	(464)	-	-	-	-	(464)
Comprehensive income for the year	-	-	-	-	(13,152)	8,428	(634)	(5,358)
At 29 February 2020	8,470	3,330	44,765	4,115	(30,593)	(7,095)	5,515	28,507

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

Called up equity share capital represents the nominal value of shares that have been issued. The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. The special reserve was created on cancellation in the period down to September 2013 of the share premium account in respect of shares issued and is primarily used for the distribution of dividends. The capital redemption reserve maintains the equity share capital of the Company and represents the nominal value of shares repurchased and cancelled. It cannot be used to fund share repurchases and it is not distributable by way of dividend.

All investments are held at fair value through profit or loss. When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged to the capital reserve. When an investment is sold any balance held on the capital reserve (unrealised) is transferred to the capital reserve (realised).

Statement of Cash Flows

for the six month period ended 31 August 2020

	Period ended 31 August 2020 £'000	Period ended 31 August 2019 £'000	Year ended 29 February 2020 £'000
Cash flows from operating activities			
Loss for the period	(10,457)	(2,331)	(5,358)
Adjustments for:			
gains/(losses) on investments held at fair value through the profit or loss	9,953	1,783	4,301
Accrued income	(133)	(89)	(187)
(Increase)/decrease in other debtors and prepayments	(413)	(480)	(619)
Increase/(decrease) in other creditors and accruals	(82)	(49)	10
Cash generated from operating activities	(1,132)	(1,166)	(1,853)
Tax paid	-	-	-
Net cash generated from operating activities	(1,132)	(1,166)	(1,853)
Cash flows from investing activities			
Sales of investments held at fair value	-	-	4,726
Purchases of investments held at fair value	-	(6)	(3,050)
Sale of unquoted investments	-	-	-
Net cash from investing activities	-	(6)	1,676
Cash flows from financing activities			
Issue of ordinary share capital	-	-	-
Share issue expense	(11)	-	-
Dividends paid	-	-	(464)
Net cash used in financing activities	(11)	-	(464)
Net increase/ (decrease) in cash	(1,143)	(1,172)	(641)
Reconciliation of cash and cash equivalents			
(Decrease)/increase in cash	(1,143)	(1,172)	(641)
Opening cash and cash equivalents position	3,603	4,244	4,244
Closing cash and cash equivalents position	2,460	3,072	3,603

1. Accounting policies

The financial information for the six months ended 31 August 2020 has not been audited and comprises non-statutory accounts as defined in sections 434 to 436 of the Companies Act 2006.

The Company's auditor issued an unqualified opinion on the statutory accounts for the year ended 29 February 2020. This report is prepared on the basis of the accounting policies set out in the Company's statutory accounts for the year ended 29 February 2020. No statutory accounts in respect of any period after 29 February 2020 have been reported on by the Company's auditor or delivered to the Registrar of Companies.

2. Going concern

After making enquires and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Directors have considered the liquidity of the Company and its ability to meet obligations as they fall due for a period of at least twelve months from the date that these financial statements were approved. As at 31 August 2020, the Company held cash balances and current asset investments with a combined value of £2.5million. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both contractual expenditure and its discretionary expenses.

3. Related parties

Edge Investments (the "Investment Manager") has been appointed as the Company's investment manager and administrator. The Investment Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the I shares, plus VAT (if applicable), (b) an annual management fee of 2.25% of the net asset value attributable to the H shares plus VAT (if applicable), (c) a performance fee and (d) an annual administration fee of £324,419 plus VAT. As a result of the new investment management agreement approved by shareholders, the Investment Manager will not bear any of the Company's running costs in respect of the financial years ending 28 February 2021 and 28 February 2022. A cost cap of 3.5% of the year's closing net asset value will be re-introduced in the Company's financial year ending 28 February 2023 or, if earlier, in any financial year in which the Company makes an H share offer where the aggregate net offer proceeds of such H share offer increase the audited H share net asset value, calculated as at the end of that financial year, by £3m or more over £8,426,053, being the audited H share net asset value as at 29 February 2020. These arrangements are described in more detail in note 22 to the financial statements in the Company's annual report & financial statements for the year ended 29 February 2020. During the period, the Company has incurred investment management fees of £229,191 (exclusive of VAT), a performance related incentive fee of £nil (exclusive of VAT), an administration fee of £162,209 (exclusive of VAT) and an offer fee of £nil (exclusive of VAT). The Investment Manager owed the Company £65,000 in respect of the cap on the Company's annual running costs. This was paid shortly after 31 August 2020.

The Performance Fee in respect of the I share class has been waived by agreement with the Investment Manager and as a result, currently there is no Performance Fee scheme in effect in respect of the I share class.

4. Return per share

The return per share has been calculated on a weighted average number of shares in issue for the six months ended 31 August 2020 of:

Share class	Weighted average for the 6 months ended:		Year to 29 February 2020
	31 August 2020	31 August 2019	
H	11,592,430	11,592,430	11,592,430
I	73,103,650	73,103,650	73,103,650

5. Net asset value per share

The net asset value per share has been calculated based on the number of shares in issue as at 31 August 2020:

Share class	31 August 2020	Number of shares in issue as at:	
		31 August 2019	29 February 2020
H	11,592,430	11,592,430	11,592,430
I	73,103,650	73,103,650	73,103,650

During the six months ended 31 August 2020, the Company did not buy back any shares.

Copies of the half-yearly report are being made available to all shareholders - by post, if requested, or by reference to the Company's website, at www.edge.uk.com. Further hard copies are available free of charge from Edge Investments Limited by telephoning 020 7317 1300 or by email to info@edge.uk.com.

Corporate Information

as at 31 August 2020

Directors

Terry Back (Chairman)
Sir Aubrey Brocklebank
Robin Goodfellow
Sir Robin Miller

all of

1 Marylebone High Street
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which is the registered office of the Company

Investment Manager

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(authorised and regulated by the Financial Conduct
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Company Secretary

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