



**HALF-YEARLY FINANCIAL REPORT**  
for the six months ended 31 August 2016

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## Financial Highlights

Period ended	31 August 2016	29 February 2016	31 August 2015
<b>Net assets (£'000)</b>			
C Share	402	406	714
D Share	4,678	4,746	5,580
E Share	3,067	3,114	3,548
F Share	10,102	10,268	15,796
G Share	11,996	12,259	14,889
H Share	6,360	6,821	7,981
I Share	9,003	10,253	12,222
Total	45,608	47,867	60,730
<b>I Share <sup>(1)</sup></b>	<b>39,248</b>	<b>41,046</b>	<b>52,749</b>
<b>Net asset value per share (p)</b>			
C Share	4.31	4.35	7.65
D Share	24.40	24.75	29.10
E Share	31.29	31.77	36.20
F Share	34.38	34.95	53.77
G Share	49.87 <sup>(2)</sup>	50.96	61.89
H Share	60.44	64.82	75.84
I Share	57.10 <sup>(3)</sup>	65.03	77.52
<b>I Share <sup>(1)</sup></b>	<b>57.10<sup>(3)</sup></b>	<b>65.03</b>	<b>77.52</b>
<b>Dividends per share already paid in respect of the current financial year (p)</b>			
C Share	-	-	-
D Share	-	-	-
E Share	-	-	-
F Share	-	14.0	-
G Share	-	7.0	-
H Share	3.5	-	3.5
I Share	7.0	-	-
<b>Net asset value total return per share (p)</b>			
C Share	72.31	72.35	75.65
D Share	83.40	83.75	88.10
E Share	75.29	75.77	80.20
F Share	76.38	76.95	81.77
G Share	77.87	78.96	82.89
H Share	74.44	75.32	86.34
I Share	85.10	86.03	91.52
<b>I Share <sup>(1)</sup></b>	<b>85.10</b>	<b>86.03</b>	<b>91.52</b>

[1] Illustrative pro-forma presentation of the I Share class as at 31 August 2016 to reflect the share conversion as detailed in note 6 to the half-yearly condensed financial statements on page 44.

[2] Inclusive of the 7p dividend declared on 18 August 2016 for payment on 7 April 2017

[3] Inclusive of the 7p dividend declared on 18 August 2016, and payable exclusively to I Share class holders at that date, for payment on 7 April 2017

Period ended	31 August 2016	29 February 2016	31 August 2015
<b>Share price at end of period (p)</b>			
C Share	4.50 <sup>[1]</sup>	5.75	5.75
D Share	22.00 <sup>[1]</sup>	25.00	26.00
E Share	24.00 <sup>[1]</sup>	28.00	30.00
F Share	24.50 <sup>[1]</sup>	32.50	48.50
G Share	34.00 <sup>[1]</sup>	54.00	61.00
H Share	58.50	77.50	77.50
I Share	47.50	66.50	78.50

**Dividends per share declared in respect of the current financial year but not yet paid (p)**

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

[1] Share prices shown as at 26 August 2016. Trading in the C, D, E, F and G Shares was suspended at the Company's request with effect from 30 August 2016, in order to complete the share conversion detailed in note 6 to the half-yearly condensed financial statements on page 44.

## Chairman's Statement

It has been a changing and, in some ways, challenging period for the VCT, details of which are described below. Changes include consolidation of share classes and a change to the management agreement, both of which involved a lot of discussion with the Investment Manager and shareholders.

While the value of the portfolio has remained static over the period we are reasonably confident about our ability to produce significant increases going forward leading to profitable exits. And we believe, with the continued growth in the creative industries, there is scope for new investment via the H Share class.

The six months ended 31 August 2016 included the following:

- Dividends of 3.5p per H Share and 7p per I Share were declared in July and paid in August.
- Further dividends of 7p per G Share and 7p per I Share were declared in August, for payment in April 2017.
- The Board and the Investment Manager took the preparatory steps to convert the C Shares, D Shares, E Shares, F Shares and G Shares into I Shares, with completion of those conversions taking place in September 2016, after the end of the period under review.
- The performance over the period of the companies in the Company's portfolio was largely in line with expectations, resulting in little change in the valuation of the portfolio as at 31 August 2016 compared with the valuation as at 29 February 2016.

### Dividends

On 6 July 2016, the Company declared dividends of 3.5p per H Share and 7p per I Share, which were paid on 12 August 2016. These payments brought cumulative total dividends to 14p per H Share and 28p per I Share.

On 18 August 2016, the Company declared further dividends of 7p per G Share and 7p per I Share, to be paid on 7 April 2017. As the record date for these dividends predated the share conversion referred to below, they are unaffected by the conversion, and will be paid to those shareholders who held G Shares and I Shares, respectively, before the share conversion took place.

### Share conversion

On 18 August 2016, the Board resolved to invoke the share conversion provisions in the Company's articles of association, such that all of the "planned exit" share classes in the Company would be consolidated into one share class. Consequently, all C Shares, D Shares, E Shares, F Shares and G Shares were to be converted into I Shares; completion of the conversion took place on 16 September 2016, shortly after the end of the period under review.

The conversion was undertaken on the basis of the net asset value per share of each share class to be converted, relative to the net asset value per I Share, meaning that the value of each converted shareholder's investment immediately following the conversion was unchanged.

The H Share class, having a different investment strategy to all of the other share classes, was not part of the conversion.

Consequently, the Company now has only two classes of shares, namely the "evergreen" H Share class and the "planned exit" I Share class.

The principal reason for the conversion was to rid the Company and shareholders of the complexities associated with having seven different share classes, many of which already had significant overlaps in the make-up of their investment portfolios. The Board believes that bringing the number of the Company's share classes down to two will lead to greater simplicity and transparency, making it much easier for shareholders to see the position of, and prospects for, their investments in Edge Performance VCT. It ought also to enable the Company more easily to raise new funds in the future, if we decide to do so. It should promote increased liquidity in the Company's shares as it will make it easier to understand the underlying assets, and it will reduce the administrative burden on the Company.

In this report, the Company is required to present the position as at 31 August 2016. As the share conversion took place after the end of the period under review, the financial statements in this report still reflect the seven share class capital structure of the Company. All future annual and half-yearly reports will, however, reflect the simplified position following the share conversion.

### **Investment management agreement**

During the period under review, the Company agreed a change to the agreement with the Investment Manager, in relation to the cap on the annual running costs of the Company. The Investment Manager also agreed to remove the carried interest in the 1 Share fee structure. The Board will, in due course, undertake a wider review of the Company's future performance and consider implementing an alternative incentive, if appropriate, which will be subject to shareholder approval. The Investment Manager is fully supportive of this process. More information on these changes is provided in note 3 to the half-yearly financial statements, on page 42.

### **Realisations**

As covered in the Investment Manager's Review on page 6, it is not presently anticipated that any of the four growth investments in the portfolio (namely Coolabi, Intent HQ, Mirriad and deltaDNA) are likely to be realised in the near future, unless there is a suitable unsolicited approach to acquire any of these businesses.

### **New investments**

Although no investments were made by Edge Performance VCT during the period under review, work has continued on some interesting new investment opportunities, which it is hoped will result in investments being made in the coming months.

### **Portfolio**

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

Details of eleven of the Company's investments, including the ten largest investments by value, are contained in the Investment Manager's Review on pages 6 to 14.

Coolabi is the Company's largest investment by value by some margin. Coolabi continues to expand its portfolio of brands and properties, and to take steps to move its existing brands and properties into new

product and geographical areas. Its overall growth trajectory is on course, and the Board and the Investment Manager expect to see revenue and profitability increase substantially over the next two to three years.

Shareholders will be aware that Edge Performance VCT's investment in Intent HQ has been difficult. As covered in the Investment Manager's Review, the company is still far from "out of the woods"; however, the company is making some progress in securing key customer relationships and the Board is encouraged by the commitment which the company's principal shareholder has made, to continue to provide it with additional working capital.

Mirriad has recovered strongly from the events of early 2015: it has concluded a series of important commercial partnerships; it has reorganised and strengthened its senior management team; and it has attracted some first-class new investors, including strategic investors, who will support the company's growth plan as it looks to capitalise on the opportunities around the world which are now open to it. That said, Edge Performance VCT's investment in Mirriad is modest in comparison to a number of the Company's other investments and in comparison to other shareholdings in Mirriad; whilst a positive outcome from this investment is of course to be welcomed, it is unlikely to represent a particularly significant proportion of the overall return to Edge Performance VCT's shareholders.

## **Performance**

With the value of the portfolio largely static over the period under review, the return over the period of all share classes is slightly negative, as shown in the table on page 1. The Board and the Investment Manager hope that developments in the portfolio companies in the second half of this financial year will provide some good news by the time we reach the year-end.

Nonetheless, the Board and Investment Manager are aware that the overall performance of the Company to date has been disappointing. To address this, the Investment Manager has recently bolstered its team by the addition of new personnel, with the express aim of working closely with the investee companies to deliver a positive outcome.

## **Outlook**

The now-expanded "planned exit" I Share class is fully invested. The emphasis here therefore continues to be working with the portfolio businesses so that they are best positioned to capitalise on eventual exit opportunities.

With the H Share class, the Investment Manager will also continue to source further opportunities for new investment. Analyses of the creative industries indicate ongoing growth in the sector for some years to come. At the same time, the sector is still suffering from the so-called "equity gap", with insufficient funds being available to invest in businesses in the sector. The Board and the Investment Manager believe that the H Share class is well-placed to capitalise on these factors.

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

**Sir Robin Miller**  
Chairman

28 October 2016

## Investment Manager's Review

### Overall strategy

In the period under review, the Company had seven separate investment pools under management – the C Share, D Share, E Share, F Share, G Share, H Share and I Share Funds.

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

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

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

With this strategy, the Investment Manager:

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

Following a resolution of the Board on 18 August 2016 to invoke the share conversion provisions contained in the Company's articles of association, the C, D, E, F and G Share classes were all consolidated into the I Share class in September 2016, which now holds the entire portfolio previously held by all of the planned exit classes.

#### *H Share Fund*

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

#### *Initial non-qualifying investments*

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

### New investments

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

## Portfolio and valuation

### *Valuation policy*

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

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

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

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

- Where the investee company is in the early stage of development, the investment will normally continue to be valued at cost.
- Where the investee company is well established, the shares or securities may be valued by applying a suitable price-earnings ratio to that company's historical post-tax earnings or, where more appropriate, to that company's earnings before interest, tax, depreciation and amortisation ("EBITDA"). The ratio used is based on a comparable listed company or sector, where available, but discounted to reflect lack of liquidity in the shares or securities concerned; where no suitable comparable listed company or sector data is available, comparable data from transactions in unquoted shares or securities may be used. Alternative methods of valuation may be applied if they are considered more appropriate, for example: a suitable ratio applied to historic revenues, forecast revenues, forecast post-tax earnings, forecast EBITDA or discounted projected cash flows; net asset value.
- Fixed asset loan investments are recognised at their fair value, normally determined on the basis of the expected future cash flows, discounted at the investee company's weighted cost of capital.

### *Diversification guidelines*

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

### Portfolio overview

An overview of eleven of the Company's investments, including the ten largest investments by value, representing 85.9% of the Company's net assets as at 31 August 2016, is provided below.

#### Coolabi Group Limited

Cash cost of investment (£'000)	15,363
Cost of investment (£'000) <sup>[1]</sup>	17,716
Valuation of investment (£'000)	30,356
Basis of valuation	Market multiple

[1] The cost of investment shown above also includes accrued interest and loan note redemption premium which was reinvested in the company between 2011 and 2013.

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

Significant levels of M & A activity in the children's and family entertainment sector in the early- to mid-2000s led to an absence of quality mid-sized businesses. The Investment Manager identified Coolabi as an opportunity to build a business to that level, thereby creating an attractive acquisition prospect for the larger sector players. When the Company first invested in Coolabi, it was listed on AIM, which imposed significant restraints on the business's ability to raise capital to pursue the very 'buy and build' strategy which the management team had been brought in to achieve. The Investment Manager viewed the management team as strong, based on long-standing working relationships with them; and the business as one which would fare much better in a private company environment, where its potential could be maximised without the pressure of shareholder demands for short-term results at the expense of longer-term growth. The Company therefore funded taking Coolabi private in late 2011, and has since backed the management team to build the business, through a combination of organic growth and acquisition; the most significant acquisition being Working Partners, in 2013.

In the last 6 months:

- Following the critical and ratings success of the BAFTA winning updated version of the iconic *Clangers*, a second series is now in production for the BBC. This should increase the property's impact on the public consciousness, and also its value in respect of licensing and merchandising opportunities.
- The ratings success of *Scream Street*, a new animated TV series, meant that broadcast of the second 13 programmes was brought forward to May 2016, and production continues on the remainder of the 52 episodes commissioned by the BBC.
- In addition to the continuing successes of the Erin Hunter (*Warriors*, *Seekers & Survivors*) and Adam Blade (*Beast Quest & Sea Quest*) book series, the company is moving ahead with the launch of young adult book series, targeting the American market.
- Discussions are taking place with a view to turning some of the book titles into variously a children's live action game on television, and a feature length film.
- The video game of *Beast Quest* continues to grow and has achieved more than 7 million downloads to date. The key challenge for the company and its partner on this project is to increase monetisation from the user base.

Coolabi continues to be on a growth trajectory. The Manager believes the prospects for the business remain positive, with projected future growth in the company's revenue and profits. This also indicates that the optimal time for an exit (save in response to an unsolicited approach) is not anticipated in the short term.

As at 31 August 2016, the Company has valued its investment in Coolabi Group at £30.4 million. The investment has been valued on the basis of the valuation multiples of comparable businesses. At £30.4 million, the current valuation represents approximately twice the Company's cash cost of investment.

### Intent HQ Holdings Limited

Cash cost of investment (£'000) <sup>[1]</sup>	12,408
Cost of investment (£'000) <sup>[2]</sup>	13,527
Valuation of investment (£'000)	1,929
Basis of valuation	Third party

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

[2] The cost of investment shown above also includes accrued interest and loan note redemption premium which was reinvested in the company in 2012 and 2013.

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

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

Intent HQ continues to be at a critical stage in its evolution. Whilst its technology has repeatedly been validated through customer trials which have demonstrated that the technology works, the company has historically failed to commercialise the technology to any meaningful extent, albeit that customers are using – and paying for – Intent HQ's services. Whilst the prospects of contracting key customers in the near future are encouraging, those contracts have still to be finalised. Moreover, the absence to date of recurring revenues has resulted, and continues to result, in Intent HQ being reliant on its principal shareholder for ongoing funding of its working capital needs. In excess of £1.4m has been invested in the business in the past 12 months. The Investment Manager considers that the financial and trading position of the company at 31 August 2016 remains broadly unchanged from that at 29 February 2016, and as such the valuation remains unchanged at £1.929m. This valuation is based on the price paid per share in a recent third party transaction.

#### deltaDNA Limited (formerly GamesAnalytics Limited)

Cost of investment (£'000)	1,000
Valuation of investment (£'000)	1,000
Basis of valuation	Cost

PwC research estimated the video games industry to be worth \$73 billion globally in 2015, and forecast to grow to \$90 billion in 2020. The traditional model of the industry, with games being sold to consumers for a one-off purchase price is being superseded by the 'free-to-play' (F2P) model, where players pay little or nothing to acquire the game, but are then encouraged to pay small and frequent amounts in order to progress through the game or to improve the game experience (such as through 'in-app purchasing'). Under the F2P model, the commercial success of a game therefore relies upon retaining consumers and encouraging them to continue to pay. deltaDNA has developed a software platform which, when integrated into a video game, provides the game publisher with live reporting and analysis of players' activity; this allows the publisher to make real-time changes to the game which improve player retention and thereby monetisation. Industry feedback continues to suggest that deltaDNA's technology is best of breed, so the challenge is to convert that into achieved sales. To this end, in addition to video games, the company has identified and is developing a niche offering for the real money gaming market.

Slower than anticipated growth in uptake has meant that the company has recently undertaken a further round of funding (concluded after the period under review but before this report was prepared) in which Edge Performance VCT did not participate. While that round valued the company at a premium to Edge Performance VCT's cost of investment, for prudence purposes the Company continues to hold the investment at cost value (i.e. unchanged since 29 February 2016).

#### Real Gone Gigs Limited

Cost of investment (£'000)	906
Valuation of investment (£'000)	828
Basis of valuation	Net asset value

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

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

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

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

Events promoted by Real Gone Gigs in the period have included concerts by Jason Isbell and Halsey.

### SEL Entertainment Limited

Cost of investment (£'000)	906
Valuation of investment (£'000)	821
Basis of valuation	Net asset value

The founder of SEL Entertainment, Richard Baskind, is an experienced media and entertainment lawyer and is a partner at London-based media law firm Simons Muirhead & Burton. He has been a lawyer in the entertainment industry for over 15 years and his clients range from artists to songwriters to fashion designers, producers to record labels and music publishers as well as promoters and event companies.

The company has recently promoted events by Bootleg Beatles and Big Ups.

### Axis Live Entertainment Limited

Cost of investment (£'000)	906
Valuation of investment (£'000)	813
Basis of valuation	Net asset value

Axis Live Entertainment was established by Jeremy Pearce, who has been involved in many aspects of the music industry since 1975, first at United Artists and then CBS Records International in Paris, with operational and profit responsibility for eight CBS Songs affiliates in Europe. In 1987, he returned to CBS Records (later Sony Music), where he established its Licensed Repertoire Division, which entered into partnerships with independent record companies; as a result, Sony Music acquired rights to several of the most important independent acts of the time, including Suede, Oasis, Teenage Fanclub, Primal Scream and Gypsy Kings.

In 1996, he left Sony to establish V2 Music, the vehicle for Richard Branson's re-entry into the music business. Amongst the acts signed to V2 during his time there were Stereophonics, Tom Jones, Moby and Underworld. Since leaving V2 in 2002, he has carried on business as an artist manager and independent music publisher.

Concerts promoted by Axis Live Entertainment have included shows by Jess Glynne and John Newman.

### Alchemy Live Limited

Cost of investment (£'000)	906
Valuation of investment (£'000)	812
Basis of valuation	Net asset value

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

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

Events promoted by Alchemy Live have included Lucy Rose and Leftfield.

#### Black Sheep Music Limited

Cost of investment (£'000)	816
Valuation of investment (£'000)	701
Basis of valuation	Net asset value

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

Events promoted by Black Sheep Music have included concerts by Florence + The Machine and Public Service Broadcasting.

#### UltraNation Limited

Cost of investment (£'000)	816
Valuation of investment (£'000)	699
Basis of valuation	Net asset value

UltraNation was founded by Lester Dales, a chartered accountant, who established the specialist entertainment accountancy practice, Dales Evans, in 1993. His experience spans the range of professional support and advice in the music field, with a particular emphasis on live touring, and including related financial and tax aspects. His clients range from artist managers, live agents, promoters to performers, including notably Coldplay. In 2007, he founded LC Presents, a live events promotions business, of which he was a director and shareholder until 2009; during his time with the business, LC Presents promoted live tours by acts as diverse as Alison Moyet, Gabrielle, Smashing Pumpkins and the Ting Tings.

UltraNation has co-promoted shows including Years & Years and Billy Bragg.

#### E7 Live Limited

Cost of investment (£'000)	816
Valuation of investment (£'000)	692
Basis of valuation	Net asset value

E7 Live Limited was founded by Seven Webster, who has managed the careers of many worldwide established artists over the last 18 years across the spectrum of music, ranging in style from dance DJs Sasha & Digweed through to multi-million selling singer songwriter Dido and hit producers StoneBridge and BT. Aside from his role as an artist manager, he has also acted as a freelance festival booker and consultant, booking a large number of festivals, including the Hard Rock Hell Festival, Hammerfest, the New Musical

Express's NME Weekender, and SFX weekender, a successful science fiction weekend festival and convention.

E7 Live has co-promoted shows by Nashville and Old Dominion.

#### Mirriad Advertising Limited/Mirriad Limited

Cost of investment (£'000)	3,122
Valuation of investment (£'000)	520
Basis of valuation	Third party

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

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

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

The Investment Manager remains cautiously optimistic about the outlook for Mirriad in the coming year. It has struggled to achieve its operational plan in the past, and indeed in the current year; however, it continues to negotiate a number of deals with major international broadcasters, distributors and advertisers. The closing and delivery of these contracts is the company's focus for the coming months. In addition, the company is undergoing a sizeable fund raise in Q4 2016, which should give the company cash runway into 2018.

However, whilst this new investment is expected to be at a premium to Edge Performance VCT's cost of investment, given that the fundraising process had not closed at the valuation date, the valuation of Edge Performance VCT's holding in Mirriad as at 31 August 2016 is based on the price of the last closed round, in January 2016. This valued the business at 30p per share, and the Company's holding at £520k.

#### Performance

Over the period under review, the net asset value has decreased slightly on each share class, driven by the running costs of the Company.

On 30 June 2016, one portfolio company, Lean Forward Limited, entered a formal administration process. No recovery of the Company's £500,000 cost of investment in the business is expected, and the investment valuation had been written down to £nil at the end of the Company's financial year ended 29 February 2016.

## Realisations

There were no realisations in the period.

As mentioned in the Company's annual report for the year ended 29 February 2016, the Investment Manager continually reviews the strategic options available to it in relation to the Company's investments. While this potentially could include a sale of some portfolio holdings, the Company does not expect any realisations in the short term of the four growth investments in its portfolio (i.e. Coolabi, Intent HQ, deltaDNA and Mirriad), save for in response to an unsolicited approach.

## Outlook

With the single, consolidated, I Share Fund fully invested, the focus is on working with the investee companies in the portfolio, to achieve growth and value whilst considering strategies and opportunities for exit. The Investment Manager accepts that performance of the portfolio is behind what was hoped for, and whilst investment targets set when funds were raised are now out-of-date, the investment team has been augmented and the Investment Manager is committed to achieving solid growth for shareholders from here.

As at the date of this report, the H Share Fund still has money available to invest. 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. The Investment Manager is confident that the quality and volume of its deal-flow will enable these funds to be invested in suitable businesses within a reasonable timeframe.

## Edge Investments

Investment Manager

28 October 2016

## Investment Portfolio Summary

as at 31 August 2016

C Share Fund	As at 31 August 2016			As at 29 February 2016		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
Coolabi Group	173	358	89.1	173	358	88.2
Intent HQ Group	1,446	264	65.7	1,446	264	65.0
<b>Total Qualifying Investments</b>	<b>1,619</b>	<b>622</b>	<b>154.8</b>	<b>1,619</b>	<b>622</b>	<b>153.2</b>
<b>Non-qualifying Investments</b>						
Coolabi Group	1	2	0.4	1	2	0.4
<b>Total non-qualifying investments</b>	<b>1</b>	<b>2</b>	<b>0.4</b>	<b>1</b>	<b>2</b>	<b>0.4</b>
<b>Total fixed asset investments</b>	<b>1,620</b>	<b>624</b>	<b>155.2</b>	<b>1,620</b>	<b>624</b>	<b>153.6</b>
<b>Net current assets</b>		<b>(222)</b>	<b>(55.2)</b>		<b>(218)</b>	<b>(53.6)</b>
<b>Net assets</b>		<b>402</b>	<b>100.0</b>		<b>406</b>	<b>100.0</b>

D Share Fund	As at 31 August 2016			As at 29 February 2016		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
Coolabi Group	2,477	4,691	100.3	2,477	4,691	98.8
Intent HQ Group	1,972	365	7.8	1,972	365	7.7
<b>Total Qualifying Investments</b>	<b>4,449</b>	<b>5,056</b>	<b>108.1</b>	<b>4,449</b>	<b>5,056</b>	<b>106.5</b>
<b>Non-qualifying Investments</b>						
Coolabi Group	8	8	0.2	8	8	0.2
<b>Total non-qualifying investments</b>	<b>8</b>	<b>8</b>	<b>0.2</b>	<b>8</b>	<b>8</b>	<b>0.2</b>
<b>Total fixed asset investments</b>	<b>4,457</b>	<b>5,064</b>	<b>108.3</b>	<b>4,457</b>	<b>5,064</b>	<b>106.7</b>
<b>Net current assets</b>		<b>(386)</b>	<b>(8.3)</b>		<b>(318)</b>	<b>(6.7)</b>
<b>Net assets</b>		<b>4,678</b>	<b>100.0</b>		<b>4,746</b>	<b>100.0</b>

Investment Portfolio Summary  
continued

E Share Fund	As at 31 August 2016			As at 29 February 2016		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
Coolabi Group	1,411	2,627	85.7	1,411	2,627	84.4
Intent HQ Group	1,774	167	5.4	1,774	167	5.4
<b>Total Qualifying Investments</b>	<b>3,185</b>	<b>2,794</b>	<b>91.1</b>	<b>3,185</b>	<b>2,794</b>	<b>89.8</b>
<b>Non-qualifying Investments</b>						
Coolabi Group	6	6	0.2	6	6	0.2
<b>Total non-qualifying investments</b>	<b>6</b>	<b>6</b>	<b>0.2</b>	<b>6</b>	<b>6</b>	<b>0.2</b>
<b>Total fixed asset investments</b>	<b>3,191</b>	<b>2,800</b>	<b>91.3</b>	<b>3,191</b>	<b>2,800</b>	<b>90.0</b>
<b>Net current assets</b>		<b>267</b>	<b>8.7</b>		<b>314</b>	<b>10.0</b>
<b>Net assets</b>		<b>3,067</b>	<b>100.0</b>		<b>3,114</b>	<b>100.0</b>

F Share Fund	As at 31 August 2016			As at 29 February 2016		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
Coolabi Group	4,637	8,231	81.5	4,637	8,231	80.2
Handmade Mobile Entertainment, Inc.	6	-	-			
Handmade Mobile Entertainment Limited	994	-	-	1,000	-	-
Intent HQ Group	1,285	433	4.3	1,285	433	4.2
Mirriad	1,000	18	0.2	1,000	18	0.2
<b>Total Qualifying Investments</b>	<b>7,922</b>	<b>8,682</b>	<b>86.0</b>	<b>7,922</b>	<b>8,682</b>	<b>84.6</b>
<b>Non-qualifying Investments</b>						
Coolabi Group	17	17	0.2	17	17	0.2
Intent HQ Group	2,569	-	-	2,569	-	-
<b>Total non-qualifying investments</b>	<b>2,586</b>	<b>17</b>	<b>0.2</b>	<b>2,586</b>	<b>17</b>	<b>0.2</b>
<b>Total fixed asset investments</b>	<b>10,508</b>	<b>8,699</b>	<b>86.2</b>	<b>10,508</b>	<b>8,699</b>	<b>84.8</b>
<b>Net current assets</b>		<b>1,403</b>	<b>13.8</b>		<b>1,569</b>	<b>15.2</b>
<b>Net assets</b>		<b>10,102</b>	<b>100.0</b>		<b>10,268</b>	<b>100.0</b>

G Share Fund	As at 31 August 2016			As at 29 February 2016		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net assets by value
<b>Qualifying Investments</b>						
Black Sheep Music Limited	816	701	5.8	816	696	5.7
Coolabi Group	3,732	6,747	56.2	3,732	6,747	54.9
E7 Live Limited	816	692	5.8	816	698	5.7
Grove Music Limited	816	687	5.7	816	693	5.7
Handmade Mobile Entertainment Inc.	6	-	-	-	-	-
Handmade Mobile Entertainment Limited	994	-	-	1,000	-	-
Intent HQ Group	425	304	2.5	425	304	2.5
La Cage Productions Limited	816	675	5.6	816	705	5.8
Mirriad	332	6	0.1	332	6	0.1
MM Promotions Limited	816	689	5.8	816	695	5.7
Ramble On Limited	816	691	5.8	816	698	5.7
Two Bridges Live Limited	816	684	5.7	816	691	5.6
UltraNation Limited	816	699	5.8	816	703	5.7
<b>Total Qualifying Investments</b>	<b>12,017</b>	<b>12,575</b>	<b>104.8</b>	<b>12,017</b>	<b>12,636</b>	<b>103.1</b>
<b>Non-qualifying Investments</b>						
Coolabi Group	13	13	0.1	13	13	0.1
Intent HQ Group	2,177	-	-	2,177	-	-
<b>Total non-qualifying investment</b>	<b>2,190</b>	<b>13</b>	<b>0.1</b>	<b>2,190</b>	<b>13</b>	<b>0.1</b>
<b>Total fixed asset investments</b>	<b>14,207</b>	<b>12,588</b>	<b>104.9</b>	<b>14,207</b>	<b>12,649</b>	<b>103.2</b>
<b>Net current assets</b>		<b>(592)</b>	<b>(4.9%)</b>		<b>(390)</b>	<b>(3.2)</b>
<b>Net assets</b>		<b>11,996</b>	<b>100.0</b>		<b>12,259</b>	<b>100.0</b>

Investment Portfolio Summary  
continued

H Share Fund	As at 31 August 2016			As at 29 February 2016		
	Cost (£'000)	Valuation (£'000)	% of net assets by value	Cost (£'000)	Valuation (£'000)	% of net assets by value
<b>Qualifying Investments</b>						
Coolabi Group	500	1,199	18.9	500	1,199	17.6
deltaDNA Limited	1,000	1,000	15.7	1,000	1,000	14.7
Intent HQ Group	161	182	2.9	161	182	2.7
Lean Forward Limited	500	-	-	500	-	-
Mirriad	1,408	487	7.7	1,408	487	7.1
<b>Total Qualifying Investments</b>	<b>3,569</b>	<b>2,868</b>	<b>45.2</b>	<b>3,569</b>	<b>2,868</b>	<b>42.1</b>
<b>Non-qualifying Investments</b>						
Coolabi Group	303	303	4.8	303	303	4.4
Intent HQ Group	-	-	-	-	-	-
<b>Total non-qualifying investments</b>	<b>303</b>	<b>303</b>	<b>4.8</b>	<b>303</b>	<b>303</b>	<b>4.4</b>
<b>Total fixed asset investments</b>	<b>3,872</b>	<b>3,171</b>	<b>50.0%</b>	<b>3,872</b>	<b>3,171</b>	<b>46.5</b>
<b>Net current assets</b>		<b>3,189</b>	<b>50.0</b>		<b>3,650</b>	<b>53.5</b>
<b>Net assets</b>		<b>6,360</b>	<b>100.0</b>		<b>6,821</b>	<b>100.0</b>

I Share Fund	As at 31 August 2016			As at 29 February 2016		
	Cost (\$'000)	Valuation (\$'000)	% of net assets by value	Cost (\$'000)	Valuation (\$'000)	% of net assets by value
<b>Qualifying Investments</b>						
Alchemy Live Limited	906	812	9.0	906	815	7.9
Axis Live Entertainment Limited	906	813	9.0	906	829	8.1
Coolabi Group	2,458	4,902	54.4	2,458	4,902	47.8
Done & Dusted Live Limited	679	591	6.6	679	592	5.8
Intent HQ Group	1,715	213	2.4	1,715	213	2.1
Mirriad	380	7	0.1	380	7	0.1
Real Gone Gigs Limited	906	828	9.2	906	817	8.0
SEL Live Entertainment Limited	906	821	9.1	906	806	7.9
<b>Total Qualifying Investments</b>	<b>8,856</b>	<b>8,987</b>	<b>99.8</b>	<b>8,856</b>	<b>8,981</b>	<b>87.7</b>
<b>Non-qualifying investments</b>						
Coolabi Group	627	1,052	11.7	627	1,052	10.2
W P Acquisitions	200	200	2.2	200	200	2.0
<b>Total non-qualifying investments</b>	<b>827</b>	<b>1,252</b>	<b>13.9</b>	<b>827</b>	<b>1,252</b>	<b>12.2</b>
<b>Total fixed asset investments</b>	<b>9,683</b>	<b>10,239</b>	<b>113.6</b>	<b>9,683</b>	<b>10,233</b>	<b>99.9</b>
<b>Net current assets</b>		<b>(1,236)</b>	<b>(13.6)</b>		<b>20</b>	<b>0.1</b>
<b>Net assets</b>		<b>9,003</b>	<b>100.0</b>		<b>10,253</b>	<b>100.0</b>

## Responsibility Statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with the statement “Half-yearly financial reports” issued by the UK Accounting Standards Board
- The Chairman’s statement (constituting the interim management report) includes a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements
- The “Statement of principal risks and uncertainties” on page 23 is a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules, being a description of the principal risks and uncertainties for the remaining six months of the year
- The financial statements include a fair review of the information required by rule 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

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

Company Secretary

28 October 2016

## 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 2016. The Company's principal risks and uncertainties have not changed materially since the date of that report.

## Statement of Comprehensive Income (unaudited)

for the six months ended 31 August 2016

	Six months ended 31 August 2016			Six months ended 31 August 2015			Year ended 29 February 2016		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(478)	(478)	-	(410)	(410)	-	(6,191)	(6,191)
Income	439	-	439	655	-	655	1,086	-	1,086
Investment Manager's fees	(96)	(289)	(385)	(140)	(427)	(567)	(201)	(604)	(805)
Other expenses	(231)	(131)	(362)	(286)	(131)	(417)	(538)	(254)	(792)
<b>Return on ordinary activities before tax</b>	112	(898)	(786)	229	(968)	(739)	347	(7,049)	(6,702)
Taxation on ordinary activities	(22)	22	-	(46)	46	-	(70)	70	-
<b>Return on ordinary activities after tax</b>	90	(876)	(786)	183	(922)	(739)	277	(6,979)	(6,702)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	90	(876)	(786)	183	(922)	(739)	277	(6,979)	(6,702)

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

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

for the six months ended 31 August 2016

	C Share Fund			D Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(3)	(3)	-	(40)	(40)
Income	3	-	3	40	-	40
Investment Manager's fees	-	(1)	(1)	(9)	(26)	(35)
Other expenses	(1)	(2)	(3)	(21)	(12)	(33)
<b>Return on ordinary activities before tax</b>	2	(6)	(4)	10	(78)	(68)
Taxation on ordinary activities	-	-	-	(2)	2	-
<b>Return on ordinary activities after tax</b>	2	(6)	(4)	8	(76)	(68)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	2	(6)	(4)	8	(76)	(68)
<b>Return per Share (p)</b>	0.02	(0.04)	(0.02)	0.04	(0.40)	(0.36)

Non-Statutory Analysis (unaudited) between the C, D, E, F, G, H and I Share Funds  
Statement of Comprehensive Income  
for the six months ended 31 August 2016  
continued

	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(23)	(23)	-	(81)	(81)
Income	23	-	23	81	-	81
Investment Manager's fees	(6)	(18)	(24)	(20)	(60)	(80)
Other expenses	(14)	(9)	(23)	(58)	(33)	(91)
<b>Return on ordinary activities before tax</b>	3	(50)	(47)	3	(174)	(171)
Taxation on ordinary activities	(1)	1	-	-	5	5
<b>Return on ordinary activities after tax</b>	2	(49)	(47)	3	(169)	(166)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	2	(49)	(47)	3	(169)	(166)
<b>Return per Share (p)</b>	0.02	(0.50)	(0.48)	0.01	(0.58)	(0.57)

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(256)	(256)	-	(12)	(12)
Income	195	-	195	27	-	27
Investment Manager's fees	(24)	(74)	(98)	(16)	(48)	(64)
Other expenses	(56)	(31)	(87)	(33)	(18)	(51)
<b>Return on ordinary activities before tax</b>	115	(361)	(246)	(22)	(78)	(100)
Taxation on ordinary activities	(23)	6	(17)	4	4	8
<b>Return on ordinary activities after tax</b>	92	(355)	(263)	(18)	(74)	(92)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	92	(355)	(263)	(18)	(74)	(92)
<b>Return per Share (p)</b>	0.37	(1.48)	(1.11)	(0.20)	(0.80)	(1.00)

Non-Statutory Analysis (unaudited) between the C, D, E, F, G, H and I Share Funds  
Statement of Comprehensive Income  
for the six months ended 31 August 2016  
continued

		I Share Fund	
	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(63)	(63)
Income	70	-	70
Investment Manager's fees	(21)	(62)	(83)
Other expenses	(48)	(26)	(74)
<b>Return on ordinary activities before tax</b>	1	(151)	(150)
Taxation on ordinary activities	-	4	4
<b>Return on ordinary activities after tax</b>	1	(147)	(146)
Other comprehensive income	-	-	-
Comprehensive income attributable to equity shareholders	1	(147)	(146)
<b>Return per Share (p)</b>	0.01	(0.93)	(0.92)

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

for the six months ended 31 August 2015

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

Non-Statutory Analysis (unaudited) between the C, D, E, F, G, H and I Share Funds  
 Statement of Comprehensive Income  
 for the six months ended 31 August 2015  
 continued

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

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

Non-Statutory Analysis (unaudited) between the C, D, E, F, G, H and I Share Funds  
Statement of Comprehensive Income  
for the six months ended 31 August 2015  
continued

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

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

for the year ended 29 February 2016

	C Share Fund			D Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(304)	(304)	-	(865)	(865)
Income	6	-	6	79	-	79
Investment Manager's fees	(2)	(8)	(10)	(18)	(51)	(69)
Other expenses	(12)	(3)	(15)	(43)	(24)	(67)
<b>Return on ordinary activities before tax</b>	(8)	(315)	(323)	18	(940)	(922)
Taxation on ordinary activities	2	2	4	(4)	6	2
<b>Return on ordinary activities after tax</b>	(6)	(313)	(319)	14	(934)	(920)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	(6)	(313)	(319)	14	(934)	(920)
<b>Return per Share (p)</b>	(0.07)	(3.36)	(3.43)	0.07	(4.87)	(4.80)

Non-Statutory Analysis (unaudited) between the C, D, E, F, G, H and I Share Funds  
Statement of Comprehensive Income  
for the year ended 29 February 2016  
continued

	E Share Fund			F Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(449)	(449)	-	(1,327)	(1,327)
Income	45	-	45	271	-	271
Investment Manager's fees	(11)	(34)	(45)	(50)	(147)	(197)
Other expenses	(29)	(13)	(42)	(120)	(66)	(186)
<b>Return on ordinary activities before tax</b>	5	(496)	(491)	101	(1,540)	(1,439)
Taxation on ordinary activities	(1)	4	3	(20)	17	(3)
<b>Return on ordinary activities after tax</b>	4	(492)	(488)	81	(1,523)	(1,442)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	4	(492)	(488)	81	(1,523)	(1,442)
<b>Return per Share (p)</b>	0.04	(5.02)	(4.98)	0.28	(5.18)	(4.90)

	G Share Fund			H Share Fund		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(1,362)	(1,362)	-	(840)	(840)
Income	439	-	439	67	-	67
Investment Manager's fees	(48)	(142)	(190)	(33)	(106)	(139)
Other expenses	(113)	(64)	(177)	(107)	(34)	(141)
<b>Return on ordinary activities before tax</b>	278	(1,568)	(1,290)	(73)	(980)	(1,053)
Taxation on ordinary activities	(56)	16	(40)	15	12	27
<b>Return on ordinary activities after tax</b>	222	(1,552)	(1,330)	(58)	(968)	(1,026)
Other comprehensive income	-	-	-	-	-	-
Comprehensive income attributable to equity shareholders	222	(1,552)	(1,330)	(58)	(968)	(1,026)
<b>Return per Share (p)</b>	0.92	(6.45)	(5.53)	(0.55)	(9.29)	(9.84)

Non-Statutory Analysis (unaudited) between the C, D, E, F, G, H and I Share Funds  
Statement of Comprehensive Income  
for the year ended 29 February 2016  
continued

	<b>I Share Fund</b>		
	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised losses on investments	-	(1,044)	(1,044)
Income	179	-	179
Investment Manager's fees	(39)	(116)	(155)
Other expenses	(114)	(50)	(164)
<b>Return on ordinary activities before tax</b>	<b>26</b>	<b>(1,210)</b>	<b>(1,184)</b>
Taxation on ordinary activities	(6)	13	7
<b>Return on ordinary activities after tax</b>	<b>20</b>	<b>(1,197)</b>	<b>(1,177)</b>
Other comprehensive income	-	-	-
Comprehensive income attributable to equity shareholders	20	(1,197)	(1,177)
<b>Return per Share (p)</b>	<b>0.13</b>	<b>(7.59)</b>	<b>(7.46)</b>

## Balance Sheet (unaudited)

as at 31 August 2016

	As at 31 August 2016 £'000	As at 31 August 2015 £'000	As at 29 February 2016 £'000
<b>Fixed assets</b>			
Investments	43,185	55,181	43,240
<b>Current assets</b>			
Debtors	2,263	3,871	406
Liquidity funds	1,528	2,629	2,164
Cash at bank	228	986	2,192
	4,019	7,486	4,762
Creditors: amounts falling due within one year	(1,596)	(1,937)	(135)
<b>Net current assets</b>	2,423	5,549	4,627
<b>Net assets</b>	45,608	60,730	47,867
<b>Capital and reserves</b>			
Called up share capital	11,803	11,803	11,803
Share premium account	2,834	2,834	2,834
Special reserve	48,017	56,390	49,490
Capital redemption reserve	675	675	675
Capital reserve – realised	(11,753)	(7,492)	(11,348)
Capital reserve – unrealised	(13,322)	(10,650)	(12,851)
Revenue reserve	7,354	7,170	7,264
<b>Equity shareholders' funds</b>	45,608	60,730	47,867

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

as at 31 August 2016

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
<b>Fixed assets</b>							
Investments	624	5,064	2,800	8,699	12,588	3,171	10,239
<b>Current assets</b>							
Debtors	8	99	29	298	161	1,534	134
Liquidity funds	-	-	150	-	-	1,378	-
Cash at bank	53	(101)	110	1,108	(272)	734	(1,404)
Creditors: amounts falling due within one year	(283)	(384)	(22)	(3)	(481)	(457)	34
<b>Net current assets</b>	(222)	(386)	267	1,403	(592)	3,189	(1,236)
<b>Net assets</b>	402	4,678	3,067	10,102	11,996	6,360	9,003
<b>Capital and reserves</b>							
Called up Share capital	933	1,917	980	2,938	2,406	1,052	1,577
Share premium account	1	-	-	-	-	2,763	70
Special reserve	994	4,871	3,857	12,147	13,253	4,386	8,509
Capital redemption reserve	675	-	-	-	-	-	-
Capital reserve – realised	(1,215)	(1,320)	(1,561)	(4,038)	(1,761)	(895)	(963)
Capital reserve – unrealised	(1,545)	(2,393)	(972)	(3,086)	(3,580)	(884)	(862)
Revenue reserve	559	1,603	763	2,141	1,678	(62)	672
<b>Equity shareholders' funds</b>	402	4,678	3,067	10,102	11,996	6,360	9,003
Net asset value per Share (p)	4.31	24.40	31.29	34.38	49.87	60.44	57.10

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

as at 31 August 2015

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
<b>Fixed assets</b>							
Investments	922	5,841	3,198	15,443	14,716	3,744	11,317
<b>Current assets</b>							
Debtors	8	103	930	550	663	1,183	434
Liquidity funds	-	-	150	-	-	2,011	468
Cash at bank	61	(1)	31	(21)	(52)	994	(26)
Creditors: amounts falling due within one year	(277)	(363)	(761)	(176)	(438)	49	29
<b>Net current assets</b>	(208)	(261)	350	353	173	4,237	905
<b>Net assets</b>	714	5,580	3,548	15,796	14,889	7,981	12,222
<b>Capital and reserves</b>							
Called up Share capital	933	1,917	980	2,938	2,406	1,052	1,577
Share premium account	1	-	-	-	-	2,763	70
Special reserve	994	4,872	3,857	16,260	14,937	4,754	10,716
Capital redemption reserve	675	-	-	-	-	-	-
Capital reserve – realised	(1,212)	(1,264)	(1,524)	(1,351)	(978)	(330)	(833)
Capital reserve – unrealised	(1,239)	(1,526)	(519)	(4,194)	(2,945)	(260)	33
Revenue reserve	562	1,581	754	2,143	1,469	2	659
<b>Equity shareholders' funds</b>	714	5,580	3,548	15,796	14,889	7,981	12,222
Net asset value per Share (p)	7.65	29.10	36.20	53.77	61.89	75.84	77.52

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

as at 29 February 2016

	C Share fund £'000	D Share fund £'000	E Share fund £'000	F Share fund £'000	G Share fund £'000	H Share fund £'000	I Share fund £'000
<b>Fixed assets</b>							
Investments	624	5,064	2,800	8,699	12,649	3,171	10,233
<b>Current assets</b>							
Debtors	4	68	3	143	77	44	67
Corporate bond & other liquidity funds	-	-	150	-	-	2,014	-
Cash at bank	66	2	179	1,323	5	666	(49)
Creditors: amounts falling due within one year	(288)	(388)	(18)	103	(472)	926	2
<b>Net current assets</b>	(218)	(318)	314	1,569	(390)	3,650	20
<b>Net assets</b>	406	4,746	3,114	10,268	12,259	6,821	10,253
<b>Capital and reserves</b>							
Called up share capital	933	1,917	980	2,938	2,406	1,052	1,577
Share premium account	1	-	-	-	-	2,763	70
Special reserve	994	4,871	3,857	12,147	13,253	4,755	9,613
Capital redemption reserve	675	-	-	-	-	-	-
Capital reserve – realised	(1,213)	(1,283)	(1,536)	(3,951)	(1,660)	(830)	(875)
Capital reserve – unrealised	(1,542)	(2,354)	(947)	(3,005)	(3,328)	(874)	(801)
Revenue reserve	558	1,595	760	2,139	1,588	(45)	669
<b>Equity shareholders' funds</b>	406	4,746	3,114	10,268	12,259	6,821	10,253
Net asset value per Share (p)	4.35	24.75	31.77	34.95	50.96	64.82	65.03

## Statement of Changes in Equity

for the six months ended 31 August 2016

	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 2016	11,803	2,834	49,490	675	(11,348)	(12,851)	7,264	47,867
Dividends paid			(1,473)					(1,473)
Comprehensive income for the year					(405)	(471)	90	(786)
<b>At 31 August 2016</b>	<b>11,803</b>	<b>2,834</b>	<b>48,017</b>	<b>675</b>	<b>(11,753)</b>	<b>(13,322)</b>	<b>7,354</b>	<b>45,608</b>

## Statement of Changes in Equity

for the six months ended 31 August 2015

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

## Statement of Changes in Equity

for the 12 months ended 29 February 2016

	Share capital £'000	Share premium £'000	Special reserve £'000	Capital redemption reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2015	11,698	2,067	56,759	675	(6,941)	(10,279)	6,987	60,966
Share issues	105	813	-	-	-	-	-	918
Share issue expenses	-	(46)	-	-	-	-	-	(46)
Dividends paid	-	-	(7,269)	-	-	-	-	(7,269)
Comprehensive income for the year	-	-	-	-	(4,407)	(2,572)	277	(6,702)
<b>At 29 February 2016</b>	<b>11,803</b>	<b>2,834</b>	<b>49,490</b>	<b>675</b>	<b>(11,348)</b>	<b>(12,851)</b>	<b>7,264</b>	<b>47,867</b>

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

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

## Statement of Cash Flows

for the six month period ended 31 August 2016

	Six months ended 31 August 2016		Six months ended 31 August 2015		Year ended 29 February 2016
	£'000	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
Loss for the year	(786)		(739)		(6,702)
Adjustments for:					
Losses on investments held at fair value through the profit or loss	326		(428)		6,191
Realised losses on investments held at fair value through the p&l account	-		1,829		-
Accrued income	(269)		(1,600)		220
(Increase)/decrease in other debtors and prepayments	(313)		(2,206)		104
Increase/(decrease) in other creditors and accruals	(86)		736		(1,072)
<b>Cash generated from operating activities</b>		(1,128)		(2,408)	(1,259)
Tax Paid		-		-	-
<b>Net cash generated from operating activities</b>		(1,128)		(2,408)	(1,259)
<b>Cash flows from investing activities</b>					
Sales of investments held at fair value	-		-		-
Purchases of investments held at fair value	-		(310)		(720)
Capitalised deal costs	-		-		(59)
Loans repaid	-		-		6,962
<b>Net cash from investing activities</b>		-		(310)	6,183
<b>Cash flows from financing activities</b>					
Issue of ordinary share capital	-		918		918
Buy back and cancellation of shares	-		-		-
Unpaid share capital paid down	-		-		-
Dividends paid	(1,472)		(368)		(7,269)
Share issue expense	-		(46)		(46)
<b>Net cash used in financing activities</b>		(1,472)		504	(6,397)
<b>Net decrease in cash</b>		(2,600)		(2,214)	(1,473)
<b>Reconciliation of cash and cash equivalents</b>					
(Decrease)/Increase in cash		(2,600)		(2,214)	(1,473)
Opening cash and cash equivalents position		4,356		5,829	5,829
Closing cash and cash equivalents position		1,756		3,615	4,356

### 1. Accounting policies

The financial information for the six months ended 31 August 2016 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 2016. 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 2016. No statutory accounts in respect of any period after 29 February 2016 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 2016, the Company held cash balances and current asset investments with a combined value of £1.8 million. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both contractual expenditure and its discretionary expenses.

### 3. 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 brought forward net asset value attributable to the C Shares, D Shares, E Shares, F Shares, G Shares and I Shares, in each case plus VAT (if applicable), (b) an annual management fee of 2.25% of the brought forward net asset value attributable to the H Shares plus VAT (if applicable), (c) a performance fee and (d) an annual administration fee of £288,872 plus VAT. The Investment Manager bears any excess of the total annual operating expenses of the Company over a cap of 3.75% (which was increased from 3% by an agreement between the Company and the Investment Manager dated 3 August 2016), of the net asset value of the Company. 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 2016.

During the period under review, the Investment Manager also agreed to remove the carried interest in the I Shares' fee structure. The Board will, in due course, undertake a wider review of the Company's future performance and consider implementing an alternative incentive, if appropriate, which will be subject to shareholder approval.

During the period, the Company has incurred investment management fees of £386,197 (exclusive of VAT), a performance related incentive fee of £nil, an administration fee of £144,436 (exclusive of VAT) and an offer fee of £nil. The Investment Manager owes the Company £nil in respect of the Company's annual running costs in excess of the cap.

#### 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 2016:

Share class	Weighted average for the 6 months ended:		Year to 29 February 2016
	31 August 2016	31 August 2015	
C	9,330,098	9,330,098	9,330,098
D	19,172,500	19,172,500	19,172,500
E	9,801,952	9,801,952	9,801,952
F	29,379,532	29,379,532	29,379,532
G	24,056,803	24,056,803	24,056,803
H	10,522,984	10,273,353	10,425,973
I	15,766,414	15,766,414	15,766,414

#### 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 2016:

Share class	Number of shares in issue as at:		29 February 2016
	31 August 2016	31 August 2015	
C	9,330,098	9,330,098	9,330,098
D	19,172,500	19,172,500	19,172,500
E	9,801,952	9,801,952	9,801,952
F	29,379,532	29,379,532	29,379,532
G	24,056,803	24,056,803	24,056,803
H	10,522,984	10,522,984	10,522,984
I	15,766,414	15,766,414	15,766,414

During the six months ended 31 August 2016, the Company did not buy back any shares.

## 6. Post balance sheet event

On 18 August 2016, the Directors resolved to invoke the share conversion provisions in the Company's articles of association, such that all C Shares, D Shares, E Shares, F Shares and G Shares would be converted to I Shares and deferred shares in the capital of the Company. The ratios for that conversion were calculated by reference to the net asset value per share of the relevant classes as at 19 August 2016 (adjusted, in the case of the G and I Shares, by the amount of the interim dividends of 7p per G Share and 7p per I Share which were declared on 18 August 2016, for payment on 7 April 2017), and each shareholder's resulting I Share holding was calculated by reference to their respective holding(s) of C Shares, D Shares, E Shares, F Shares and/or G Shares as at close of business on 26 August 2016.

The conversion took place on 16 September 2016, after the end of the period under review, with the results of conversion being:

Share class	Number of shares prior to conversion	Number of I Shares following conversion	Number of deferred shares following conversion
C	9,330,098	804,063	8,526,035
D	19,172,500	9,376,860	9,795,640
E	9,801,952	6,140,817	3,661,135
F	29,379,532	20,226,139	9,153,393
G	24,056,803	20,789,357	3,267,446
<b>Totals</b>	<b>91,740,885</b>	<b>57,337,236</b>	<b>34,403,649</b>

On 16 September 2016, immediately following the conversion, the 34,403,649 deferred shares referred to above were repurchased by the Company and cancelled.

On 19 September 2016, the 57,337,236 new I Shares arising on conversion were admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's main market for listed securities.

The H Shares were not affected by the conversion.

Following the conversion and the repurchase and the cancellation of the deferred shares, the issued share capital of the Company as at the date of this report is therefore as follows:

Share class	Number of shares
H	10,522,984
I	73,103,650
<b>Total</b>	<b>83,626,634</b>

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

## Corporate Information

as at 31 August 2016

### Directors

Sir Robin Miller (Chairman)

David Glick

Kevin Falconer

Lord Flight

all of

1 Marylebone High Street

London W1U 4LZ

which is the registered office of the Company

### Investment Manager

Edge Investment Management Limited

trading as

Edge Investments

1 Marylebone High Street

London W1U 4LZ

(authorised and regulated by the Financial Conduct Authority; firm reference number 455446)

### Company Secretary

The City Partnership (UK) Limited

Thistle House

21 Thistle Street

Edinburgh EH2 1DF

### Taxation advisers

Philip Hare & Associates LLP

4-6 Staple Inn

London WC1V 7QH

### Auditor

Grant Thornton UK LLP

30 Finsbury Square

London EC2P 2YU

### Bankers

Metro Bank Plc

1 Southampton Row

London WC1B 5HA

### Receiving Agent & Registrar

The City Partnership (UK) Limited

Thistle House

21 Thistle Street

Edinburgh EH2 1DF

### Broker

Panmure Gordon (UK) Limited

One New Change

London EC4M 9AF

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