



EDGE
PERFORMANCE VCT

2010

Year ended 28 February	2010 *O	2010 C	2010 D	2010 E	2010 Total
Net assets £'000	0	10,102	16,431	8,998	35,531
Net asset value per share, p	0.00	75.80	85.45	91.68	n/a
Net asset value total return per share, p	85.00	89.80	92.45	91.68	n/a
Investment income £'000	5	60	73	18	156
Return on ordinary activities before tax £'000					
- Revenue	(57)	(87)	(235)	(110)	(489)
- Capital	(197)	(314)	(153)	(54)	(718)
- Total	(254)	(401)	(388)	(164)	(1,207)
Return per share, p					
- Revenue	(0.90)	(0.65)	(1.23)	(1.24)	n/a
- Capital	(3.08)	(2.36)	(0.79)	(0.62)	n/a
- Total	(3.98)	(3.01)	(2.02)	(1.86)	n/a
Dividend per share declared in respect of the year, p					
- Revenue	0.00	0.00	0.00	0.00	n/a
- Capital	0.20	7.00	7.00	7.00	n/a
- Total	0.20	7.00	7.00	7.00	n/a
Share price at end of year, p	n/a	71.5	77.5	85.0	n/a

*For period from 1 March 2009 to 21 December 2009 when the ordinary shares were converted to deferred shares and then cancelled.

2009

Year ended 28 February	2009 O	2009 C	2009 D	2009 E	2009 Total
Net assets £'000	4,422	10,504	18,165	-	33,091
Net asset value per share, p	69.09	78.81	94.47	-	n/a
Net asset value total return per share, p	89.09	92.81	94.47	-	n/a
Investment income £'000	63	484	370	-	917
Return on ordinary activities before tax £'000					
- Revenue	(30)	262	120	-	352
- Capital	(139)	(615)	(64)	-	(818)
- Total	(169)	(353)	56	-	(466)
Return per share, p					
- Revenue	(0.37)	1.55	0.55	-	n/a
- Capital	(2.14)	(4.34)	(0.16)	-	n/a
- Total	(2.51)	(2.79)	0.39	-	n/a
Dividend per share declared in respect of the year, p					
- Revenue	-	1.75	0.30	-	n/a
- Capital	71.80	5.25	6.70	-	n/a
- Total	71.80	7.00	7.00	-	n/a
Share price at end of year, p	80.00	90.00	100.00	n/a	n/a

Investment Policy

Edge Performance VCT plc (“Edge” or the “Company”) has pioneered an approach which was designed to address the key issues which we believe have in the past deterred some individuals from investing in VCTs, namely the ability to exit from the VCT once the investment has been held for five years, and the perceived level of risk of the underlying investments. Edge Performance seeks to allow investors to take advantage of VCT tax reliefs whilst combining:

- high targeted returns;
- downside risk protection; and
- liquidity.

Risk Diversification

Using the skills of the Directors and the investment team of the Manager who collectively have a depth of experience in the entertainment industry, Edge Performance was established for the purpose of investing in the entertainment industry, initially concentrating on companies which promote live music, theatre, sports, festivals, trade shows, exhibitions and other events where people attend in person, and subsequently seeking to invest in the broader entertainment sector.

Asset Allocation

In respect of each of each of the C share, D share, E share and F share funds, approximately 30% of each fund is to remain in a range of fixed income securities and cash and cash equivalent assets, offering a high degree of capital preservation.

With the balance of each fund, the Company looks to pursue opportunities in the entertainment industry which the Manager believes are complementary to the investment strategy of the Company. Of the balance of each fund, some will also be invested in events companies which have concluded event licensing agreements with established promoters under which the revenues received by the events company from the events promoted with that promoter will be at least 75% of the aggregate of the amount invested by Edge in the events company, and some is to be invested under arrangements offering more modest minimum guaranteed returns, but with significantly higher potential returns. Typically, the maximum amount of Edge Performance’s investment in each company as is permitted under VCT rules will be in the form of loan stock secured by a debenture and the balance will be in equity.

For each of the C share, D share, E share and F share funds, the targeted tax free return is 160p per 100p invested (assuming tax relief at 30%, equivalent to a return of 130p per 70p invested, net of income tax).

Risk Mitigation

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

Early Return of Capital

It is intended that investments will be organised so as to allow the possibility for their realisation, and, if Shareholders so desire, the return of capital to Shareholders shortly after five years, the minimum holding period for each class of Shares in order to retain the full amount of income tax relief.

This provides Investors with an ability to receive back the full value of their F Shares, rather than having to sell the Shares in the market at a discount to the net asset value.

Borrowings

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

VCT Status and Maximum Exposure

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

- (i) not more than 15% by value of the Company’s investments can be held in a single company or group (other than a VCT); and
- (ii) the Company is limited to investing up to £1 million per year per VCT qualifying holding.

Investment Manager

The Company’s investment manager is Edge Investment Management Limited (“EIM” or “Manager”).

Chairman's Statement

Overview

I am pleased to be able to report that the year ended 28 February 2010 has been both busy and successful for the Company.

When the Company launched in 2006, we knew it would be in the interests of the Company to gain some scale, with the benefits of increased deal flow, improved infrastructure and reduced shared costs that size can bring.

We took the view that key to growing the business was ensuring that our shareholders see a relatively predictable and timely return of funds. We felt, and still feel, that investors in Edge Performance VCT want to see actual cash returns, not just paper gains.

Timely Return of Cash to Investors

Since its launch in 2006, the Company has distributed a total of £8.65m in cash to shareholders. In addition, the Board has now recommended further dividends totalling £2.97m to be paid to C, D and E shareholders in November this year.

In particular, this year marked a significant milestone with the realisation of the investment portfolio of the Company's 2006 Ordinary share pool and the timely return of cash in June 2009 to the Ordinary shareholders.

When we launched our original Ordinary share offer in 2006, we targeted a total return of 75p per share on a net cost of investment (after tax relief of 40%) of 60p per share. In the event, the actual total return, at 85p per share, exceeded the target by some way.

C shareholders have so far received annual dividends totalling 14p per share, with a third dividend of 7p per share now recommended by the Board.

The Company has paid D shareholders their first annual dividend of 7p per share, and a second dividend of 7p per share has been recommended.

The Board has now recommended the payment to the E shareholders of their maiden annual dividend of 7p per share.

Our success in delivering returns to shareholders both on time and ahead of target has been well received by our investors and the IFA community alike.

Investment Programme

During the year, the Company met the requirement under the VCT rules that it satisfy the 70% test (whereby at least 70% of the investments by value should be in VCT qualifying holdings) with regard to the funds raised in respect of the issue of C and D shares in the year ended 28 February 2007. The focus of those funds has now turned to monitoring the performance of the investment portfolio, with a view to achieving suitable returns to C and D shareholders by the time the portfolios mature.

Significant progress was also made, both during and after the year, towards full investment of the D share pool; likewise, a series of discussions are well advanced which we believe will lead to a substantial proportion of the E share pool having been invested by the end of 2010.

Fundraising

2009 was a very difficult year for raising funds across the VCT sector. However, despite the challenging market conditions the Company's E share offer, which opened in November 2008, raised over £9.7m against a target of £10m, which the Board feels was a more than satisfactory outcome.

During the year, the F share offer was launched, seeking to raise a further £10m. By the time the offer closed in June 2010, the total raised exceeded £29m. Whilst the overall size of the VCT fundraising market increased, the Company also significantly increased its share of this market. The Company has now raised £78m since inception.

VCT Legislation

Shareholders will be aware that the Government intends to bring in new VCT rules intended to harmonise the UK with the rest of the European Union. Certain of these changes will require the Company – in common with all other VCTs – to rethink the structure of future investments. Other changes, however, will open the door to many possibilities not previously available to VCTs; the proposed relaxation of the restrictions on VCTs investing in foreign businesses will, we believe, provide fertile new ground for investment opportunities.

Beyond that, there is an ongoing process of consultation with the Government over further changes in the VCT rules, including possible significant increases in both the amount which a VCT can invest in a business, and in the size of a business in which a VCT can invest. The Board welcomes such changes and the Company is actively involved in that consultation process, not only through its trade association, but also direct with Government.

Outlook

With the amount of funds now under management, the continued quality of deal flow which the Manager is seeing and the extensive collective experience and expertise of the Board and the Manager, I believe that the coming few years will be both exciting and rewarding for the Company and its shareholders.

I thank you for continued support of the Company.

Sir Robin Miller
Chairman

30 June 2010

The Directors and Investment Manager

The collective experience of the directors of the Company (“Directors”) and the Manager’s investment team – which covers VCT fund management, venture capital, investment banking, live event promotion, corporate finance, private equity, artist management, legal and business affairs, accountancy, tax and deal structuring skills – will be employed in the selection and management of the Company’s investments.

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

Directors

Sir Robin Miller – Chairman

Robin was formerly Chief Executive (1985-98 and 2001-03) and Chairman (1998-2001) of Emap plc, one of the UK’s leading media groups with businesses including consumer and trade publishing, commercial radio and music TV channels and events.

In 2003, Robin became senior media advisor to HgCapital, and was involved in the successful disposal of Boosey & Hawkes and Clarion Events Limited. He has also been Non Executive Director of Channel Four Television (1999-2006), and was Chairman of their New Business Board, was Non Executive Chairman of the HMV Group (2004-2005), Senior Non Executive Director at Mecom Group plc (2005-2009), Chairman of Entertainment Rights plc (2008-2009), and Setanta Sports in 2009.

Robin is currently a Non Executive Director of The Racing Post and Time Out Group, Chairman of IBIS Media VCT plc, Edge VCT plc, Getmemedia.com Limited, Golf Club Network and Crash Media Group, is a Director of Bikesportnews.com and a Trustee of the Golf Foundation and Riders for Health.

Michael Eaton

Michael Eaton is a qualified (non-practising) solicitor and was a partner at City law firm Stephenson Harwood. In 1977 he joined the Dick James Music Organisation where he was responsible for the legal and administrative aspects of its publishing, recording and management activities. In 1979, he formed Eaton & Co. (subsequently re-named Eaton & Burley), a firm of solicitors specialising in the music industry, and in 1990 he was a co-founder of Eatons, a leading music and entertainment law firm, with David Glick.

In 2000, he founded MusicLore which has provided business, management and legal advice to some of the world’s leading recording and performing artists.

He has throughout his career acted for numerous highly successful popular music artists, including Eric Clapton, the Bee Gees,

the Police, Enya and Frankie Goes to Hollywood, in negotiations with record companies, concert promoters and other entertainment entities in North America as well as Europe. He has also represented a number of successful businesses in the entertainment sector, such as Northern Songs, the Beatles’ music publishing company. More recently he has represented Eric Clapton in relation to his world-wide touring activities and was one of the main organisers of the Crossroads Guitar Festivals in Dallas in 2004 and in Chicago in 2007. He is currently Chief Executive Officer of Bushbranch Limited, a music management company providing management services to Eric Clapton.

David Glick

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

David Glick co-founded Eatons, a leading music and entertainment law firm, in 1990; in 2000 Eatons merged with law firm Mishcon de Reya where he became head of the entertainment and media group. In 2004 he formed the Edge Group of companies as a specialist investment and advisory business for the media and entertainment sector. Edge’s clients have ranged from highly successful popular music artists to leading fashion designers and include major and independent entertainment businesses. At Edge he has brokered and advised clients on the sale and purchase of a range of entertainment related assets and businesses. He has also been both an executive and a non-executive director of Entertainment Rights, the UK media business which was quoted on the Official List. He is the founder of Edge Performance and is married to Kate Glick.

Julian Paul FCA

Julian Paul is a chartered accountant and ex-merchant banker who has held a number of senior positions with companies in the

media and entertainment sector. He was Deputy Chairman and a founder shareholder of Eagle Rock Entertainment: Eagle Rock, which is now majority-owned by its management following a secondary buy-out in 2007 and which operates in the music and entertainment business. It acquires and creates audio and visual programming rights, both music and factual, and exploits these rights through the release of own-label CDs and DVDs and through the licensing of these rights for TV and other media. Eagle Rock has a production arm which produces live concert programming for distribution for TV, DVD and other media including concerts by Yes, Atomic Kitten and Fat Boy Slim.

He was, between 1994 and 1999, a shareholder and director and subsequently a consultant to Sanctuary Group which acted as manager to Iron Maiden amongst other artists. Other current directorships include Cellcast, an AIM quoted digital interactive broadcaster; Pilat Media Global, an AIM quoted broadcasting application software business; and Stagecoach Theatre Arts, an AIM quoted franchisor of performing arts schools.

Frank Presland

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

In 1999 he established and became chief executive officer of Twenty-First Artists, a music management company providing management services to artists including Elton John, Lily Allen and James Blunt. From May 2006 to April 2008, he was Chief Executive Officer of The Sanctuary Group plc, in which role he brokered the sale of the Group to Universal Music in 2007.

The investment manager of the Company

The Investment Manager

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

Gordon Power – Chairman of Edge Investment Management

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

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

Harvey Goldsmith CBE

Harvey Goldsmith is one of the UK's best known music industry impresarios, having since the 1960s produced and promoted shows with leading artists such as The Rolling Stones, The Who, Bruce Springsteen, The Eagles, Led Zeppelin and Sting. He formed Artiste Management Productions in 1973 to produce and manage music artists, and Harvey Goldsmith Entertainments Limited in 1976, which became the UK's leading promoter of concerts and events. He became involved in the Prince's Trust in 1982, producing the first Prince's Trust Rock Gala,

and joining the Trust's board. In 1985, he produced the Live Aid concert with Sir Bob Geldof, raising £140 million for famine relief in Africa and the more recent Live 8 concert in 2005. He has also produced major operatic productions and was the worldwide tour producer for Pavarotti. He is responsible for the annual Cirque du Soleil shows in the UK, is the co-producer of Merchants of Bollywood and was the instigator and producer of the Led Zeppelin reunion concert at the O2 Arena in London in December 2007.

Alasdair George

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

Kate Glick ACA, CTA

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

Investment Manager's Review

Investment Overview

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

- > investments in six qualifying companies made by the C Share fund
- > investments in three qualifying companies made by the D Share fund

Additionally, four further investments, for a total of £4 million, were committed by the year end and completed in April 2009, and in each case with Edge Performance VCT having an option to make an additional investment towards the end of 2010.

With its final investments during the year, the Company met the requirement under the VCT rules that it satisfy the 70% test (whereby at least 70% of the investments by value should be in VCT qualifying holdings) with regard to the funds raised in respect of the issue of C and D shares in the year ended 28 February 2007.

The investments which were made during and following the year mean that almost 80% of that portion of the D Share fund required to be invested in VCT qualifying holdings has now been invested, and the remainder will be invested during the year to 28 February 2011.

The Manager reviewed investment opportunities in a number of different entertainment businesses over the year, encompassing opportunities in recorded music, music publishing, radio, social networking, festivals, exhibitions, gaming and sports events, amongst others.

Consistent with its blended investment strategy for the C, D and E Share pools, in the year, Edge Performance VCT also continued to look to invest part of its funds in events companies, each of whose business is the promotion and organisation of shows, concerts, tours, festivals, exhibitions and other events before live audiences, and the marketing, advertising, promotion and management of those events. The events companies in which Edge Performance VCT has invested have in turn

contracted with one of two established promoters, SJM Limited or AEG Live (UK) Limited, to acquire the right to promote live events, selected by the relevant events company, over a defined period of time.

Performance

As at 28 February 2010, the NAV total return of each of the share funds stood at:

C Share fund:	89.80p per share (92.81p per share as at 28 February 2009)
D Share fund:	92.45p per share (94.47p per share as at 28 February 2009)
E Share fund:	91.68p per share (2009: not applicable)

Realisation of Ordinary Share Fund investments

One of the most significant events in the year was the realisation of the qualifying investments made by the Ordinary Share fund, and the return of capital to Ordinary shareholders.

VCT rules required Edge Performance VCT's Ordinary shareholders to hold their shares until at least April 2009. The Board and Manager had previously announced their intention to realise the Ordinary Share portfolio in order to facilitate the return of capital to Ordinary shareholders as soon as possible after the end of that minimum holding period.

To that end, three of the Ordinary Share fund's five qualifying investments were disposed of in May 2009, and the remaining two in June 2009, realising in total in excess of £4.12 million. The proceeds of those realisations, together with the remaining net assets of the Ordinary Share fund, were distributed to Ordinary shareholders in June 2009, with a final residual distribution to shareholders in November 2009.

These distributions brought the total return per Ordinary Share to £0.85 for a net £0.60 per share cost of investment (assuming income tax relief at 40%), equivalent to a return of £1.25 per £1.00 invested. This return, which represented an IRR of 12.01%, was significantly ahead of the targeted return of £0.75 per Ordinary share.

In a three year period where the value of many other types of investment has fallen dramatically, the Manager regards this as a highly satisfactory result. Given the support for Edge Performance VCT's subsequent F Share fundraising, it would appear that the market agrees with this.

Following the final distribution to Ordinary shareholders, the net asset value of the Ordinary Share fund was zero. Edge Performance VCT therefore looked to put into effect a quick and cost-effective method of avoiding ongoing costs associated with continuing to maintain the Ordinary Share class. Accordingly, in December 2009, Edge Performance VCT converted the Ordinary Shares into deferred shares and immediately repurchased them.

Qualifying Investments made before or during the Year



B & W Events Limited

Edge Performance VCT invested £1,000,000 in B & W Events in September 2009.

The founder of B & W Events is Andrew Wilkinson. A member of the Rolling Stones management team until 1987, Andrew then set up Kingstreet Tours, initially to produce concert tours by existing management clients such as the Rolling Stones and Pink Floyd. Subsequently, Andrew became manager of Bill Wyman, whilst at the same time continuing to develop the speciality of concert tour management and production. Since its formation, Kingstreet has produced tours for acts such as Billy Joel, Elton John, Genesis, Phil Collins, Robbie Williams, the Spice Girls, Sting and Whitney Houston.

B & W Events promoted the joint concerts in February 2010 at London's O2 Arena by legendary performers Eric Clapton and Jeff Beck, marking the first occasion in many years that these two giants of the music world performed together in the UK.



Challi Productions Limited

In April 2009, Edge Performance VCT invested £1,000,000 in Challi Productions. At the time, Edge Performance VCT committed to invest a further £1,000,000, which was completed in October 2009.

Challi Productions Limited's founding director, Jeff Golembo has spent over 25 years in the music and entertainment business and was formerly Managing Director of MCA Records in the UK, having held senior business and commercial roles at CBS Records in Paris, New York and London and Phonogram Records in the UK. He is currently on the Board of Entertainment Media Research, a leading online music research company, and consults for a number of media clients in the UK and Africa, where he is a partner in one of the largest independent music and entertainment groups in South Africa.

With the benefit of an events licensing arrangement with AEG Live, Challi Productions successfully promoted the UK national tour of American superstar "boyband", Backstreet Boys, in November and December 2009. Challi Productions is co-promoting appearances by DJ superstar Tiesto in the Summer of 2010.

Coolabi plc

Edge Performance VCT invested £250,000 in AIM-listed Coolabi plc in November 2009, with a small follow-on investment in February 2010.

The business of Coolabi plc is that of acquisition and exploitation of a range of different intellectual property portfolios, including Purple Ronnie, Scarlett & Crimson, Dead Gorgeous and The Large Family. 2009 saw expansion and growth, with the acquisition of rights to the Ambler, Innes and Creasey literary estates, and the extension of distribution agreements for Bagpuss, Clangers & Ivor the Engine.

The company's results for the period ended 31st December 2009 give the Manager confidence that the management team are delivering on the strategy they have set out. According to the management team, 2009 was expected to be a year of transformation during which growth and profitability were to be achieved, and they have succeeded on both fronts. The portfolio consists of a number of properties at different stages of development, some of which are expected to bear fruit in 2010, and hence the expectation is that the company will continue to deliver growth and increasing profits in the coming year. Management have stated that the trading in the first quarter of 2010 has been in line with their expectations and because of the timing of projects therefore they expect the second half of the year to be stronger than the first half.

Qualifying Investments made before or during the Year



Enrich Social Productions Limited

In December 2008, £500,000 was invested, through a combination of equity and loan stock, in Enrich Social Productions Limited (ESP) for a 5% equity interest. In October 2009, Edge Performance invested a further £1,000,000, bringing its equity interest to 24%.

ESP creates and provides online and mobile competition formats and develops supporting technical platforms for those formats.

The Manager regards the early results of the company in developing fulfilment, excitement and engagement around the 1click2fame website as encouraging. Since the year end the "content as a service" business stream has shown good traction from brand owners. As the business continues to develop and expand its operations it is expected to require further financial support from Edge Performance VCT, its existing and new investors.



HTM Promotions Limited

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

HTM Promotions successfully co-promoted the 2009 UK national arena tour by teen sensation Miley Cyrus.



MK Ultrasound Limited

Edge Performance VCT completed its initial investment of £1,000,000 in MK Ultrasound in April 2008, and a further investment of £1,000,000 in February 2010. Both investments were funded from the C Share pool.

David Dorrell, a director and shareholder of MK Ultrasound, is a veteran of the music industry with successes stretching over three decades. He started his career as a journalist at the New Musical Express in the early 1980s where he championed acts as diverse as The Smiths and Sade. In 1987, as a member of chart-toppers MARRS, he was responsible for the multi-million selling dance music anthem 'Pump Up The Volume'. The 1990s brought success in the studio, when he produced and remixed recordings for acts ranging from U2 to De La Soul, Janet Jackson to Tina Turner. He discovered and managed Bush, who became one of the most successful bands of the 1990s with over 10 million global sales. With Dirty Vegas debuting in the Billboard Top Ten in 2002, Dorrell completed a hat-trick with platinum acts across three decades in the US, and global record sales of over twenty million. In 2004, he took on the management of Pet Shop Boys until late 2008.

Since incorporation, MK Ultrasound has promoted or co-promoted a diverse slate of events, including concert tours by New Kids On The Block, Pussycat Dolls, Chris Cornell and Franz Ferdinand. In January 2010, the company co-promoted the successful UK national tour of Total Nonstop Action (TNA) Wrestling.

Qualifying Investments made before or during the Year



Saravid Promotions Limited

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

Daniel Lycett, is the founding director and shareholder of Saravid Promotions. Joining the music industry in 1989 at the tender age of 18, Lycett has worked in a range of roles for some of the most notable companies in the industry's independent sector. Following a stint at BBC Radio 1, Lycett moved to a marketing and promotion position at PWL Records, home to the 'Hit Factory' production trio Stock Aitken & Waterman, and at the time the most successful independent record label and production company in the UK business, where he worked with artists such as Kylie Minogue, Jason Donovan and 2 Unlimited. In 1995, he joined the newly opened London office of German independent label Edel Records, where he became the youngest managing director of a UK record label, achieving a string of successes with Disney/Hollywood Records soundtracks, the Baha Men ("Who Let The Dogs Out") and German dance act Scooter. Since 2004, Lycett has operated on a freelance basis, working with, amongst others, 1960s superstar Donovan and US hip hop legends Wu Tang Clan.

Following the loss sustained by Saravid Promotions on the run of "Monkey – Journey To The West" at the end of 2008, the company has since successfully undertaken the co-promotion of the 2009 UK tour by Beyonce, and with the forthcoming tour by Alicia Keys also anticipated to be profitable.

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

TRP 2009 Limited

In February 2010, Edge Performance VCT invested £1,000,000 in TRP 2009 Limited.

Paul Burger, who is the founding director and shareholder of the company, has more than 30 years' experience within the music industry, including as Chairman of Sony Music Canada, Chairman of Sony Music UK, President of Sony Music Europe and, most recently, as founder of Soho Artists, a boutique artist management company representing both mainstream and world music artists

Non-Qualifying Investments

Initially, the net proceeds of each of Edge Performance VCT's share offers is invested in various fixed income securities, cash and cash equivalent assets, offering a high degree of capital preservation. Whilst a suitable level of return is sought, the Manager has regarded, and will continue, for as long as appropriate, to regard capital preservation as an important consideration. Subsequently, up to 30% of the investment funds will be maintained in such investments whilst the balance is reinvested in VCT qualifying investments.

As at the end of the year, Edge Performance VCT held non-qualifying investments, managed by Rothschild and UBS, with a total value of £23,743,735, and bank deposits of £792,896.

Fundraising

In November 2008, Edge Performance VCT launched an offer of subscription for up to 10 million E Shares. Despite adverse market conditions, and the significant reduction in the overall VCT market for 2008/09 compared to prior years, applications for a total of 9.8 million E Shares were received by the time the offer closed in June 2009.

In November 2009, Edge Performance VCT launched an offer of subscription for up to 10 million F Shares. Very significant early demand resulted in the Board exercising its right, in February 2010, to extend the offer to 20 million F Shares. As it became clear that demand would exceed even that higher amount, Edge Performance VCT issued a supplementary prospectus in March 2010, increasing the offer to up to 30 million F Shares. The F Share offer closed on 4 June 2010, by which date applications for a total of 29.6 million F Shares had been received, making Edge Performance VCT one of the most successful VCT offerings in the market, and bringing the total amount raised by Edge Performance VCT since inception to £78 million.

Outlook

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

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

Investment Portfolios

as at 28 February 2010

	2010			2009		
	Cost £	Valuation £	% of net assets by value	Cost £	Valuation £	% of net assets by value
C Share Portfolio						
Qualifying investments						
MK Ultrasound	2,007,658	1,867,799	18.5	1,007,658	933,000	8.9
Saravid Promotions	2,007,050	1,499,226	14.8	1,007,050	597,000	5.7
Enrich Social Productions	752,012	750,000	7.4	700,000	700,000	6.7
B & W Events	1,004,025	1,000,000	9.9	n/a	n/a	-
Coolabi	250,000	211,000	2.1	n/a	n/a	-
TRP 2009	1,000,000	1,000,000	9.9	n/a	n/a	-
Total qualifying investments	7,020,745	6,328,025	62.6	2,714,708	2,230,000	21.3
Total fixed asset investments	7,020,745	6,328,025	62.6	2,714,708	2,230,000	21.3
Net current assets		3,774,609	37.4		8,273,922	78.7
Net assets		10,102,634	100.0		10,503,922	100.0

	2010			2009		
	Cost £	Valuation £	% of net assets by value	Cost £	Valuation £	% of net assets by value
D Share Portfolio						
Qualifying investments						
Enrich Social Productions	752,013	750,000	4.5	-	-	-
Challi Productions	2,000,000	2,000,000	12.05	-	-	-
HTM Promotions	2,000,000	2,000,000	12.05	-	-	-
Total qualifying investments	4,752,013	4,750,000	28.6	-	-	-
Total fixed asset investments	4,752,013	4,750,000	28.6	-	-	-
Net current assets		11,854,167	71.4	18,164,900	100.0	100.0
Net assets		16,604,167	100.0	18,164,900	100.0	100.0

	2010		
	Cost £	Valuation £	% of net assets by value
E Share Portfolio			
Total qualifying investments	-	-	-
Total fixed asset investments	-	-	-
Net current assets		8,992,719	100.0
Net assets		8,992,719	100.0

Venture Capital Investments

as at 28 February 2010

B & W Events Limited

*Cost:	£1,000,000
Valuation:	£1,000,000
Basis of valuation:	Cost
Equity holding:	49%

*Excludes acquisition costs of £4,025

As the company was only incorporated on 22 July 2009, no accounts have yet been filed, and its first audited accounts will be for the period from incorporation to 31 July 2010. Unaudited management accounts for the period from incorporation to 28 February 2010 show a gross profit of £154,960 on turnover of £2,181,051, and a profit on ordinary activities, before interest and taxation, of £134,104.

Challi Productions Limited

Cost:	£2,000,000
Valuation:	£2,000,000
Basis of valuation:	Cost
Equity holding:	49.5%

As the company was only incorporated on 18 March 2009, no accounts have yet been filed, and its first audited accounts will be for the period from incorporation to 31 March 2010. Unaudited management accounts for the period from incorporation to 28 February 2010 show a gross profit of £19,070 on turnover of £638,139, and a loss on ordinary activities, before interest and taxation, of £82,630.

MK Ultrasound Limited

*Cost:	£2,000,000
Valuation:	£1,867,799
Basis of valuation:	Net asset value
Equity holding:	50%

*Excludes acquisition costs of £7,658.

MK Ultrasound's first audited accounts were for the period from incorporation (20 March 2008) to 31 August 2009, showing gross profit of £2,563 on turnover of £901,254, and a loss on ordinary activities, before provision for payments to Edge Performance VCT, of £57,053. Unaudited management accounts for the period from 1 September 2009 to 28 February 2010 show a gross profit of £4,284, and a loss on ordinary activities, again before interest and taxation, of £17,199.

Enrich Social Productions Limited

*Cost:	£1,500,000
Valuation:	£1,500,000
Basis of valuation:	Cost
Equity holding:	24%

*Excludes acquisition costs of £4,025

Enrich Social Productions (ESP), founded in September 2007, creates and provides online and mobile competition formats and develops supporting technical platforms for those formats. ESP's first offering, 1click2fame (www.1click2fame.com), is an online talent contest which was launched in January 2009. During the period since launch the business decided to concentrate on viral marketing rather than through paid for acquisition of unique visitors (uvs) with the view to higher levels of retention and brand loyalty. Around the turn of the year this started to pay off as ESP has increased and retained uvs, at approximately, 450,000 per month, 35,000 members and six breaking artists from this growing talent pool.

This initial success has enabled a second generation of the platform to be developed providing more flexibility and higher quality metrics enabling ESP to market its technology platform on a "Content as a Service" basis to brand owners. Whereby, ESP manages a brand owner's content and develops a distribution channel for the brand owner linked to a customer competition environment. ESP since the year end has agreed terms in principle regarding the use of its platform for several third party formats.

This second generation technology will enable the business to be more cost effective as it strives in the coming period to become cash positive and profitable.

Unaudited management accounts for the period to 31 December 2009 show a gross profit of £215,000 on turnover of £415,000, and a loss on ordinary activities of £3,282,000.

Coolabi plc

Cost:	£250,000
Valuation:	£211,000
Basis of valuation:	Bid price on AIM
Equity holding:	0.64%

On 15 April 2010, Coolabi plc published its annual report and accounts for the 18 months ended 31 December 2009, showing gross profit of £2,037,452 (2008: £925,535) and EBITDA of £202,456 (2008: loss of £249,924).

HTM Promotions Limited

Cost:	£2,000,000
Valuation:	£2,000,000
Basis of valuation:	Cost
Equity holding:	49.5%

As the company was only incorporated on 1 April 2009, no accounts have yet been filed, and its first audited accounts will be for the period from incorporation to 30 April 2010. Unaudited management accounts for the period from incorporation to 28 February 2010 show a gross profit of £12,503 on turnover of £1,090,011, and a loss on ordinary activities, before interest and taxation, of £89,173.

Saravid Promotions Limited

*Cost:	£2,000,000
Valuation:	£1,499,226
Basis of valuation:	Net asset value
Equity holding:	49.5%

*Excludes acquisition costs of £7,050.

Saravid Promotions's first audited accounts were for the period from incorporation (3 September 2008) to 28 February 2010, and showed a gross loss of £281,121 on turnover of £1,952,158, and a loss on ordinary activities, before interest and taxation, of £442,805.

TRP 2009 Limited

Cost:	£1,000,000
Valuation:	£1,000,000
Basis of valuation:	Cost
Equity holding:	50%

TRP 2009 was incorporated on 17 December 2008, but did not commence trading until February 2010, when Edge Performance VCT made its initial investment in the company. Management accounts for the period ended 28 February 2010 are therefore not available.

TRP 2009's year end is 31 December, and its first audited accounts since commencement of trading will therefore be for the 12 months ending 31 December 2010.

Directors' Report

The Directors present the financial statements of the Company (incorporated in England and Wales with registration number 5558025) for the year ended 28 February 2010 and their report on its affairs.

Business and Principal Activities

Edge Performance VCT plc ("Edge" or the "Company") has pioneered an approach which was designed to address the key issues which we believe have in the past deterred some individuals from investing in VCTs, namely the ability to exit from the VCT once the investment has been held for five years, and the perceived level of risk of the underlying investments. Edge Performance seeks to allow investors to take advantage of VCT tax reliefs whilst combining:

- high targeted returns;
- downside risk protection; and
- liquidity.

Using the skills of the Directors and the investment team of the Manager who collectively have a depth of experience in the entertainment industry, Edge Performance was established for the purpose of investing in the entertainment industry, initially concentrating on companies which promote live music, theatre, sports, festivals, trade shows, exhibitions and other events where people attend in person, and subsequently seeking to invest in the broader entertainment sector and utilising arrangements that seek to combine high targeted returns with reduced downside risk and enhanced liquidity whilst allowing investors to take advantage of VCT tax reliefs.

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

Further detail of the Company's investment policy is given on page 3.

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

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

VCT Status

The Company was granted provisional approval in April 2006 as a venture capital trust by HM Revenue & Customs under section 274 of the Income Tax Act 2007. The Directors intend to continue to manage the affairs of the Company in compliance with this section.

Business Review

This Business review has been prepared in accordance with the requirements of Section 417 of the Companies Act 2006 and best practice. A detailed review of the Company's development and performance during the year and consideration of its future prospects may be obtained by reference to this Report, the Chairman's Statement (page 4) and the Investment Manager's Review (pages 7 to 11). Details of the venture capital investments made by the Company are given in the Investment Portfolios (page 12) and the Venture Capital Investments report (page 13). A summary of the Company's key financial measures is given on pages 1 and 2. Details of important events occurring after the balance sheet date can be found in note 19 to the financial statements on page 41.

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

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

- > The Company's investment policy is being followed
- > Each investment or divestment decision is subjected to rigorous due diligence
- > Risk is further mitigated by investing across a sufficiently diverse range of businesses and by maintaining a balance

- between equity and loan stock exposure
- > The portfolio will meet the HMRC VCT conditions

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

Net Asset Value Total Return per Share

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

	1 March 2009 Pence	28 February 2010 Pence
Net asset value total return per C share	92.81	89.80
Net asset value total return per D share	94.47	92.45
Net asset value total return per E share	-	91.68

Over the same period, the FT All Share Media Index rose by 42.3%. Graphs comparing, for each of the Company's share classes, the share price total return, the net asset value total return per share and the total return from a notional investment of 100p in the FT All Share Media Index over the period from 5 April 2006 to 28 February 2010 are presented on page 20.

Results and Dividends

As shown in the Company's Income Statement on page 25 of the financial statements, the Company's returns per share in the year ended 28 February 2010 were:

	*Ordinary share fund	C share fund	D share fund	E share fund
Revenue return per share, pence	(0.90)	(0.65)	(1.23)	(1.24)
Capital return per share, pence	(3.08)	(2.36)	(0.79)	(0.62)
Total return per share, pence	(3.98)	(3.01)	(2.02)	(1.86)

* For the period from 1 March 2009 to 21 December 2009 when the ordinary shares were converted into deferred shares and cancelled.

Interim dividends as undernoted were paid during the year ended 28 February 2010:

0.2p per ordinary share

The Board recommends the payment of the undernoted final dividends in respect of the year ended 28 February 2010:

7.0p per C share

7.0p per D share

7.0p per E share

The Balance Sheet on page 27 of the financial statements shows that the Company's net assets have increased over the year, reflecting the injection of capital through the E share offer for subscription and the return of capital to the holders of ordinary shares. The net asset value per C share has decreased principally because of the significant reduction in investment income and net decrease in the carrying value of the fund's investments. The net asset value per D share has decreased, principally because of the payment of a 7.0p per share dividend and the significant reduction in investment income.

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

Total Expense Ratio

The total expense ratio, calculated as the year's expenses (as disclosed in the profit & loss account) divided by the average net asset value across the year, was 3.69%.

The total expense ratio for the Company for the period from 1 March 2008 to 29 February 2009 was 3.26%.

Under the terms of the investment management agreement, the running costs of the Company (excluding the investment manager's performance related incentive fee, trail commission, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.0% of the net asset value of the Company. Any excess will be paid by the investment manager. No excess was payable in respect of the year ended 28 February 2010.

Future Developments

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

Risk Management

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

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

- > Economic risk – events such as a downturn in the media sector or a tightening of credit facilities may adversely affect the Company's investee companies and make successful divestments less likely
- > Investment risk – the adoption of inappropriate investment policies, sourcing too few investment opportunities of the required standard, and taking investment

decisions without having undertaken sufficiently robust due diligence

- > Financial risk – poor financial controls which may lead to the misappropriation of assets or inappropriate financial decisions and breaches of regulations through deficient financial reporting
- > Regulatory – failure to comply with any of the regulations to which the Company is subject which include the provisions of the Companies Act 1985, the provisions of the Companies Act 2006, the UKLA listing rules, applicable Accounting Standards and HMRC VCT regulations

Further information about the Company's internal controls is given in the Statement of Corporate Governance on pages 21 to 22.

Corporate Information

Directors

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

Sir Robin Miller retired and was reappointed at the Company's third annual general meeting which was held on 29 June 2009. Julian Paul and Frank Presland will retire by rotation at the annual general meeting to be held on 11 August 2010 – both are standing for re-appointment.

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

Directors' Interests

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

	No of C ordinary shares as at 28 Feb and 29 June 2010	Percentage holding %	No of D ordinary shares as at 28 Feb and 29 June 2010	Percentage holding %	No of E ordinary shares as at 28 Feb and 29 June 2010	Percentage holding %	No of F ordinary shares as at 29 June 2010	Percentage holding %
Sir Robin Miller	-	-	53,000	0.28	-	-	-	-
Michael Eaton	-	-	-	-	-	-	-	-
David Glick	101,500	0.76	21,200	0.11	-	-	-	-
Julian Paul	10,000	0.08	10,300	0.05	-	-	-	-
Frank Presland	10,300	0.08	10,600	0.06	10,500	0.11	-	-

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

Directors' Remuneration Report

An ordinary resolution to approve the Directors' Remuneration Report (presented on pages 19 and 20) will be put to the forthcoming annual general meeting.

Companies Act 2006 Disclosures

The Board recognises the requirement under Section 417(5) of the Act to detail information about environmental matters (including the impact of the Company's business on the environment), any Company employees and social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply.

Investment Management Agreement

On 12 November 2009 the existing investment management agreement was replaced with a new agreement continuing for an initial period ending five years from admission of the F shares and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

The Manager will receive: (a) an annual management fee of 1.75% of the net asset value attributable to the C shares, D shares, E shares and F shares, in each case plus VAT (if applicable) and (b) a performance fee which is outlined in more detail below.

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

On 12 November 2009, the Company entered into an agreement with the Manager, under which the Manager has agreed to provide administrative services to the Company. Under this agreement, the Manager will receive a fixed fee of £125,000 per annum (plus VAT, if applicable), such fee to be adjusted annually by reference to the movement in the Retail Prices Index. This agreement is for an initial period ending 5 years from admission and may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

Annual running costs of the Company will include, inter alia, the management and administration fees described above (excluding the performance fee), Directors' remuneration, company secretarial and accounting fees, administration fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with the Company's shareholders.

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

Performance Related Incentive Fee

In respect of the C Shares, D Shares, E Shares and F Shares, the Manager will receive a fee equal to 19% of the cumulative cash (prior to calculation of the performance fee) returned to C Shareholders, D Shareholders, E Shareholders and F Shareholders by the Company of between 100p and 120p per C Share, D Share, E Share and F Share respectively and a fee equal to 29% of the cumulative cash (prior to calculation of the performance fee) returned to C Shareholders, D Shareholders, E Shareholders and F Shareholders by the Company in excess of 120p per C Share, D Share, E Share and F Share respectively. This fee is to be paid in cash and can be assigned by the Manager to some or all of the investment team.

Share Capital

On 5 April and 15 June 2009 a total of 9,813,732 E shares were allotted and issued for cash to various subscribers who submitted valid applications under the offers for subscription made through a prospectus dated November 2008.

At a general meeting of the Company held on 16 December 2009, it was resolved that: (a) the authorised share capital of the Company be increased to £55,500,000 by the creation of 50,000,000 F shares and 25,000,000 Deferred Shares of 10p each having the rights and being subject to the restrictions set out in the new Articles of Association; and (b) the new Articles of Association be adopted. At a general meeting of the Company held on 15 March 2010, it was resolved that (a) the authorised share capital of the Company be increased to £57,500,000 by the creation of 10,000,000 F shares and 10,000,000 Deferred Shares of 10p each having the rights and being subject to the restrictions set out in the new Articles of Association; and (b) the new Articles of Association be adopted.

As at 28 February 2010, 13,328,599 C shares of 10p each, 19,228,838 D shares of 10p each and 9,813,732 E shares of 10p each of the Company were in issue. As at the date of this report, a further 29,611,437 F shares of 10p each were in issue having been allotted and issued under the offer for subscription of up to 20,000,000 F shares (subsequently extended to 30,000,000 F shares) made through a prospectus dated November 2009.

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

Substantial Shareholdings

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

Authority to make Market Purchases of Shares

By a special resolution of the Company passed at a general meeting of the Company held on 16 December 2009, the Company was generally and unconditionally authorised (in accordance with section 551 of the Companies Act) to make market purchases of up to 14.99% of the issued C share capital, 14.99% of the issued D share capital, 14.99% of the issued E share capital and 14.99% of the issued F share capital as at the date of the final closing of the F share offer. The price paid must not be less than 10p per share nor more than 5 per cent above the average of the middle market quotations for a share as derived from the Official List of the London Stock Exchange for the five business days immediately preceding the date on which the shares are purchased.

The authority expires at the conclusion of the 2010 annual general meeting but renewal of the authority will be sought at that meeting.

Cancellation of Share Premium Account

At an extraordinary general meeting of the Company held on 14 January 2009, it was resolved that, subject to the approval of the High Court of Justice, the share premium account of the Company in respect of the E shares be cancelled. Such High Court approval was granted and the share premium account was cancelled.

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

Disclosure of Information to Auditors

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

Auditors

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

Creditor Payment Policy

The Company's policy is to pay all suppliers' invoices in accordance with agreed terms. There was one trade creditor as at 28 February 2010.

2010 Annual General Meeting and Class Meetings

The Company's fourth annual general meeting will be held at noon on 11 August 2010 at the offices of Howard Kennedy, 19 Cavendish Square, London. Notice of the meeting is set out on pages 44 and 45 of this report.

Class meetings of holders of C shares, D shares, E shares and F shares will also be held on 11 August 2010. Notices of the class meetings are set out on pages 46 to 52 of this report.

By Order of the Board,

The City Partnership (UK) Limited
Company Secretary
30 June 2010

Directors' Remuneration Report

This report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and The Large and Medium sized Company and Groups (Accounts and Reports) Regulations 2008. A resolution to approve the report will be proposed at the forthcoming annual general meeting.

The Company's auditors, Scott-Moncrieff, are required to give their opinion on certain information included in this report. The disclosures which have been audited are indicated as such. Their report is set out on page 24.

Remuneration Committee

During the year under review, the members of the Company's remuneration committee, a fully constituted board committee, were Sir Robin Miller, Michael Eaton and Julian Paul. The committee's remit regarding remuneration is summarised in the Statement of Corporate Governance which is set out on pages 21 and 22.

The committee did not meet in the year ended 28 February 2010. Such a meeting was thought unnecessary given that no Director retired and the Directors' initial fees had been agreed in their letters of appointment.

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

Directors' Remuneration Policy

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

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

In respect of the O share fund, EIM is entitled to a performance related incentive fee equal to 19% of the cumulative cash returned to ordinary shareholders in excess of 75p per share per 60p invested (net of income tax) although no such fee will be payable unless the cumulative cash returned to the ordinary shareholders exceeds the

initial investment of 60p per share (net of income tax) increased by 8% per annum (simple). This fee is to be paid in cash and can be assigned by EIM to some or all of EIM's investment team. During the year ended 28 February 2010, a performance fee of £148,975 was paid to EIM.

In respect of the C share, D share and E share funds the Manager will receive a fee equal to 19% of the cumulative dividends (prior to calculation of the performance fee) distributed to C, D and E shareholders respectively in excess of 100p per C, D and E share respectively, and a fee equal to 29% of the cumulative dividends (prior to calculation of the performance fee) distributed to C, D and E shareholders respectively in excess of 120p per C, D and E share respectively for 70p invested (the effective cost to the investor if 30% income tax relief is obtained on the sum subscribed). This fee is to be paid in cash and can be assigned by the Manager to some or all of the Manager's investment team. David Glick will benefit through his shareholding in EIM.

Under his letter of appointment, Sir Robin Miller is entitled, in respect of the O share fund, to receive 1% of cumulative cash returned to investors by the Company's ordinary shares in excess of 75p per share per 60p invested (net of income tax) although no such fee will be payable unless the cumulative cash returned to the ordinary shareholders exceeds the initial investment of 60p per share (net of income tax) increased by 8% per annum (simple). In respect of the C, D and E share funds, Sir Robin Miller is entitled to receive a performance fee of 1% (calculated on the same basis as EIM's performance fee). During the year ended 28 February 2010, a performance fee of £7,841 was paid to Sir Robin Miller in respect of the O share fund.

Directors' Fees

The fees payable to individual Directors in respect of the period ended 28 February 2010 are shown in the table below. Sir Robin Miller's, Julian Paul's, Michael Eaton's and David Glick's fees were paid to RMC Limited, Julian Paul & Co, MusicLore Limited and Edge Media Services Limited respectively in consideration for their services.

Director	Fee for ended 28 February 2010 £	Annual fee £	Fee for year ended 28 February 2009 £	Annual fee £
Sir Robin Miller	15,000	15,000	19,500	15,000
Michael Eaton	12,500	12,500	15,750	12,500
Julian Paul*	16,250	12,500	16,250	12,500
Frank Presland	12,500	12,500	15,750	12,500
David Glick	12,500	12,500	15,750	12,500

* The amount paid and payable to Julian Paul comprises a consultancy fee of £3,750 and a director's fee of £12,500. The comparative sum in 2009 comprised only a director's fee.

Terms of Appointment

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

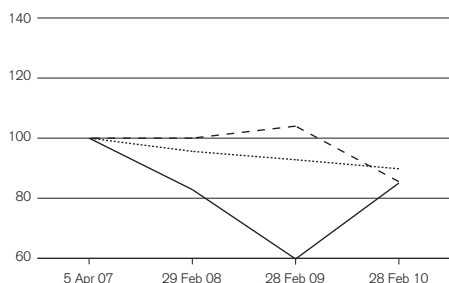
Company Performance

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

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

C Shares

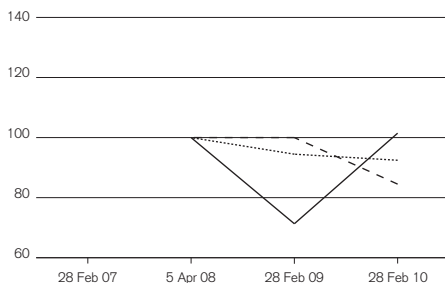
period from 5 April 07 to 28 Feb 10



— Index
... NAV total return per share
- - Share price total return

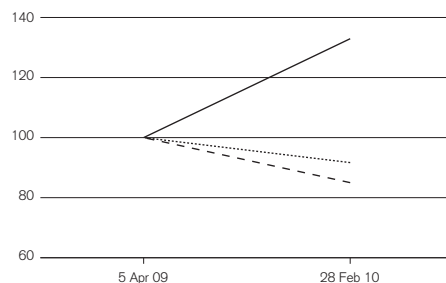
D Shares

5 April 08 to 28 Feb 10



E Shares

5 April 09 to 28 Feb 10



By Order of the Board,

The City Partnership (UK) Limited
Company Secretary
30 June 2010

Statement of Corporate Governance

Statement of Compliance

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

As a venture capital trust, most of the Company's day-to-day responsibilities are delegated to third parties and the Directors are all non-executive. Thus, not all the provisions of the Code are directly applicable to the Company. Apart from the matters referred to in the following paragraphs, the requirements of the Code were complied with throughout the period ended 28 February 2010.

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

Board of Directors

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

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

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

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

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

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

Board Committees

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

Audit Committee

This is a fully constituted board committee which has the following key duties: to review the half-year and annual financial statements; to review the Company's internal control and risk management systems; and to recommend the appointment and remuneration of external auditors.

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

A quorum shall be two members.

Remuneration Committee

This is a fully constituted board committee established primarily to determine each Director's remuneration.

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

A quorum shall be two members.

Nomination Committee

This is a fully constituted board committee established primarily to identify and nominate, for the approval of the Board, candidates to fill board vacancies as and when they arise and to monitor and review the effectiveness and performance of individual Directors.

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

A quorum shall be two members.

Attendance at Board and Committee Meetings

During the year ended 28 February 2010 there were:

- > 7 board meetings convened to consider general business (and several other board meetings convened to consider business specific to the offers for subscription made by the Company during the period under review)
- > 2 meetings of the audit committee
- > No meetings of the remuneration committee
- > No meetings of the nomination committee

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

Director	Board	Audit Cttee
Robin Miller	7	n/a
Michael Eaton	6	2
David Glick	5	n/a
Frank Presland	4	n/a
Julian Paul	7	2

Internal Control

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

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

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

Review of Internal Control

The process adopted by the Board for identifying, evaluating and managing the risks faced by the Company includes an annual review of the control systems. The review

covers a consideration of the significant risks in each of five areas: statutory and regulatory compliance, financial reporting, investment strategy, investment performance and reputation.

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

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

Relations with Shareholders

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

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

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

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

Accountability and Audit

The statement of the Directors' responsibility in respect of the financial statements and the independent auditor's report are presented on pages 23 and 24 respectively of this report.

Internal Audit

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

Going Concern

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

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgments and accounting estimates that are reasonable and prudent;
- > state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with these requirements.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Remuneration Report and Statement of Corporate Governance that complies with law and those regulations.

In the case of each of the persons who are directors of the Company at the date of approval of this report:

- > so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware.
- > the Directors have taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by Scott-Moncrieff as independent auditors of the Company does not involve consideration of the maintenance and integrity of the website and accordingly they accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in respect of the Annual Financial Report

We confirm that to the best of our knowledge:

- > the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- > the Director's Report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

Sir Robin Miller
Chairman

30 June 2010

Report of the Independent Auditor

to the Shareholders of Edge Performance VCT plc

We have audited the financial statements of Edge Performance VCT plc for the year ended 28 February 2010, which comprise the Income Statement, the Reconciliation of Movements in Shareholder's Funds, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities on page 23, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting

policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- > give a true and fair view of the state of the Company's affairs as at 28 February 2010 and of its return for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- > the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- > the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- > the information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- > adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- > the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- > certain disclosures of Directors' remuneration specified by law are not made; or
- > we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- > the Directors' statement on page 22 in relation to going concern; and
- > the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

We have nothing to report in respect of these matters.

Graham Scrimgeour

(Senior Statutory Auditor)

For and on behalf of Scott-Moncrieff,
Statutory Auditor
Exchange Place 3
Semple St
Edinburgh
EH3 8BL

30 June 2010

Income Statement

for the year ended 28 February 2010

	Note	Year ended 28 February 2010			Year ended 28 February 2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised movements on investments		-	(98)	(98)	-	(306)	(306)
Income	2	156	-	156	917	-	917
Investment manager's fees	3	(168)	(502)	(670)	(172)	(512)	(684)
Other expenses	4	(477)	(118)	(595)	(393)	-	(393)
Return on ordinary activities before tax		(489)	(718)	(1,207)	352	(818)	(466)
Tax on ordinary activities	6	-	-	-	(74)	74	0
Return attributable to equity shareholders		(489)	(718)	(1,207)	278	(744)	(466)
Transfer to reserves		(489)	(718)	(1,207)	278	(744)	(466)
Return per share							
Return per ordinary share	8	(0.90)p	(3.08)p	(3.98)p	(0.37)p	(2.14)p	(2.51)p
Return per C share	8	(0.65)p	(2.36)p	(3.01)p	1.55p	(4.34)p	(2.79)p
Return per D share	8	(1.23)p	(0.79)p	(2.02)p	0.55p	(0.16)p	0.39p
Return per E share	8	(1.24)p	(0.62)p	(1.86)p	n/a	n/a	n/a

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

The accompanying notes on pages 31 to 42 are an integral part of the financial statements.

Income Statement

for the year ended 28 February 2010

Unaudited Non-Statutory Analysis between the O, C, D and E Share Funds

	Revenue £'000	Capital £'000	O share fund Total £'000	Revenue £'000	Capital £'000	C share fund Total £'000
Realised/unrealised movements on investments	-	(58)	(58)	-	(178)	(178)
Income	5	-	5	60	-	60
Investment manager's fees	(7)	(21)	(28)	(45)	(136)	(181)
Other expenses	(55)	(118)	(173)	(102)	-	(102)
Return on ordinary activities before tax	(57)	(197)	(254)	(87)	(314)	(401)
Tax on ordinary activities	-	-	-	-	-	-
Return attributable to equity shareholders	(57)	(197)	(254)	(87)	(314)	(401)
Transfer to reserves	(57)	(197)	(254)	(87)	(314)	(401)
Return per share	(0.90)p	(3.08)p	(3.98)p	(0.65)p	(2.36)p	(3.01)p

*For period from 1 March 2009 to 21 December 2009 when the ordinary shares were converted to deferred shares and then cancelled.

	Revenue £'000	Capital £'000	D share fund Total £'000	Revenue £'000	Capital £'000	E share fund Total £'000
Realised/unrealised movements on investments	-	84	84	-	54	54
Income	73	-	73	18	-	18
Investment manager's fees	(79)	(237)	(316)	(37)	(108)	(145)
Other expenses	(229)	-	(229)	(91)	-	(91)
Return on ordinary activities before tax	(235)	(153)	(388)	(110)	(54)	(164)
Tax on ordinary activities	-	-	-	-	-	-
Return attributable to equity shareholders	(235)	(153)	(388)	(110)	(54)	(164)
Transfer to reserves	(235)	(153)	(388)	(110)	(54)	(164)
Return per share	(1.23)p	(0.79)p	(2.02)p	(1.24)p	(0.62)p	(1.86)p

Balance Sheet

as at 28 February 2010

	Note	As at 28 February 2010 £'000	As at 28 February 2009 £'000
Fixed assets			
Investments	1 & 9	11,078	6,416
Current assets			
Debtors	11	157	573
Corporate bond & other liquidity funds	1	23,744	26,734
Cash at bank		793	934
		24,694	28,241
Creditors: amounts falling due within one year	12	(241)	(1,566)
Net current assets		24,453	26,675
Net assets		35,531	33,091
Capital and reserves			
Called up share capital	13	4,237	3,896
Share premium account	14	45	45
Special reserve	14	32,855	30,045
Realised capital reserve	14	(1,194)	(525)
Unrealised capital reserve	14	(47)	(538)
Revenue reserves	14	(365)	168
		35,531	33,091
Net asset value per ordinary share	15	-	69.09p
Net asset value per C share	15	75.80p	78.81p
Net asset value per D share	15	85.45p	94.47p
Net asset value per E share	15	91.68p	n/a

The accompanying notes on pages 31 to 42 are an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 30 June 2010 and signed on their behalf by:

Sir Robin Miller
Director

David Glick
Director

Balance Sheet

as at 28 February 2010

Unaudited Non-Statutory Analysis between the C, D and E Share Funds

	O share fund £'000	C share fund £'000	D share fund £'000	E share fund £'000
Fixed assets				
Investments	-	6,328	4,750	-
Current assets				
Debtors	32	63	16	46
Corporate bond & other liquidity funds	-	3,416	13,905	6,423
Cash at bank	(2)	369	(2,160)	2,586
	30	3,848	11,761	9,055
Creditors: amounts falling due within one year	(30)	(74)	(80)	(57)
Net current assets	-	3,774	11,681	8,998
Net assets	-	10,102	16,431	8,998
Capital and reserves				
Called up share capital	-	1,333	1,923	981
Share premium account	-	-	45	-
Special reserve	-	9,834	14,841	8,180
Realised capital reserve	-	(804)	(283)	(107)
Unrealised capital reserve	-	(202)	102	53
Revenue reserves	-	(59)	(197)	(109)
	-	10,102	16,431	8,998
Net asset value per C share		75.80p		
Net asset value per D share			85.45p	
Net asset value per E share				91.68p

Reconciliation of Movements in Shareholders' Funds

for the year ended 28 February 2010

	2010 £'000	2009 £'000
Total net assets attributable at 28 February	33,091	21,439
Capital per share issues	9,716	15,754
Expenses of issue	(545)	(864)
Expenses of share premium cancellation	(10)	(10)
Expenses of O share conversion and cancellation	(8)	-
Return for the year	(1,207)	(466)
Dividends	(5,506)	(2,762)
Closing shareholders' funds at 28 February	35,531	33,091

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

Reconciliation of Movements in Shareholders' Funds

for the year ended 28 February 2010

	Ordinary share fund £'000	C share fund £'000	D share fund £'000	E share fund £'000
Opening shareholders' funds	4,422	10,504	18,165	-
Share capital subscribed for in the year	-	-	-	9,716
Expenses of issue	-	-	-	(545)
Expenses of share premium cancellation	-	-	-	(10)
Expenses of O share conversion and cancellation	(8)	-	-	-
Return for the year	(254)	(402)	(388)	(163)
Dividends	(4,160)	-	(1,346)	-
Closing shareholders' funds at 28 February 2010	-	10,102	16,431	8,998

Cash Flow Statement

for the year ended 28 February 2010

	Note	Year ended 28 February 2010 £'000	Year ended 28 February 2009 £'000
Operating activities			
Investment income received		60	853
Deposit and similar interest received		1	81
Other cash receipts (VAT recovery)		92	-
Investment manager's fees paid		(888)	(731)
Company secretarial fees paid		(72)	(29)
Administration fees paid		(101)	(53)
Cash paid to and on behalf of directors		(85)	(89)
Other cash payments		(108)	(84)
Net cash inflow/(outflow) from operating activities	16	(1,101)	(52)
Financial investment			
Purchase of unquoted investments		(6,776)	(2,715)
Sale of unquoted investments		4,122	-
Loans		(347)	(314)
Purchase of liquidity funds		(8,600)	(17,545)
Sale of liquidity funds		10,189	4,869
Net cash outflow from financial investment		(1,412)	(15,705)
Tax & dividends			
Tax		-	(14)
Equity dividends paid		(6,887)	(1,381)
Net cash outflow from tax & dividends		(6,887)	(1,395)
Net cash outflow before financing		(9,400)	(17,152)
Financing			
Cancellation of share premium accounts		(10)	(10)
Conversion & cancellation of O shares		(2)	-
New share issues		9,730	15,505
Share issue expenses		(459)	(796)
Net cash inflow from financing		9,259	14,699
(Decrease)/Increase in cash		(141)	(2,453)

The accompanying notes on pages 31 to 42 are an integral part of the financial statements.

Notes to the Financial Statements

1. Accounting policies

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

a) Basis of Accounting

The accounts have been prepared in accordance with applicable Accounting Standards and with the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies' ("SORP"), revised in January 2009.

b) Investments

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

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

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

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

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

c) Income

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

d) Expenses

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

e) Deferred Tax

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

f) Financial Instruments

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

2. Income

	2010 £'000	2009 £'000
Interest receivable		
- from Rothschild Preferred Income Fund	4	34
- from cash and cash equivalents	152	883
	156	917

3. Investment Manager's Fees

	2010 £'000	2009 £'000
Edge Investment Management	670	684

The annual investment management fee was £675,298. A further VAT recovery of £5,605 in respect of VAT incurred on investment management fees was set off against the fee.

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

On 12 November 2009, the agreement was again replaced with a new agreement continuing for an initial period ending 5 years from Admission of the F Shares and which may be terminated thereafter by either party on 12 months' notice, such notice to be served at the end of the initial period or at any time thereafter.

The Manager will receive: an annual management fee of 1.75% of the net asset value attributable to the C Shares, D Shares, E Shares and F Shares, in each case plus VAT (if applicable); and (b) a performance fee which is outlined in more detail below. Annual running costs of the Company will include, inter alia, the management fees described above (excluding the performance fee), Directors' remuneration, company secretarial and accounting fees, administration fees, audit, taxation advice, sponsor's and registrar's fees and the costs of communicating with the Shareholders.

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

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

Performance related incentive fee

In respect of the C Shares, D Shares, E Shares and F Shares, the Manager will receive a fee equal to 19% of the cumulative cash (prior to calculation of the performance fee) returned to C Shareholders, D Shareholders, E Shareholders and F Shareholders by the Company of between 100p and 120p per C Share, D Share, E Share and F Share respectively and a fee equal to 29% of the cumulative cash (prior to calculation of the performance fee) returned to C Shareholders, D Shareholders, E Shareholders and F Shareholders by the Company in excess of 120p per C Share, D Share, E Share and F Share respectively. This fee is to be paid in cash and can be assigned by the Manager to some or all of the investment team.

4. Other Expenses

	2010 £'000	2009 £'000
Directors' remuneration (inc expenses)	70	87
Company secretarial & accountancy fees	50	50
*Administration fees	88	106
Audit fees – for audit services	13	12
VCT status adviser fees	7	2
Printing & stationery	16	14
Other costs	317	83
Irrecoverable VAT	34	39
	595	393

In the year, investment acquisition costs of £8,050 (£14,708) were incurred. At the year-end, these costs were transferred from fixed assets to unrealised adjustments in value of investments.

The Company has no employees.

*The Company pays an annual administration fee to the investment manager which, for the year ended 28 February 2010, was £88,082 exclusive of VAT. The comparative sum for the year ended 28 February 2009 was £70,000; the balance of £36,000 incurred as administration fees was a sum approved retrospectively in respect of the period from 1 October 2006 to 29 February 2008 and was the sum paid by the investment manager to a third party for company secretarial and accountancy fees.

5. Directors' Fees

	2010 £'000	2009 £'000
Frank Presland	12.5	15.75
Amounts paid and payable to third parties for the services of:		
Sir Robin Miller	15.00	19.50
*Julian Paul	16.25	16.25
Michael Eaton	12.50	15.75
David Glick	12.50	15.75
	68.75	83.00

No pension scheme contributions or other retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all of the fee earning Directors are non-executive, the other disclosures required by the Listing Rules are not relevant.

*The amount paid and payable to Julian Paul comprises a consultancy fee of £3,750 and a director's fee of £12,500. The comparative sum in 2009 comprised only a director's fee.

6. Tax on Ordinary Activities

a) Analysis of tax charge

	2010 £'000	2009 £'000
Revenue charge	-	73,844
Credited to capital return	-	(73,844)
Current and total tax charge (note (b))	-	-

b) Factors affecting tax charge for the year

Total return on ordinary activities before tax	(1,207,518)	(465,656)
Add: unrealised losses/(gains)	(491,510)	486,657
Less: non-taxable realised gains	-	(180,364)
Add: transaction costs and investment management expense charged to capital	619,881	512,431
Revenue return on ordinary activities before taxation	(1,079,147)	353,068
Corporation tax at 21% (2009: 20.91%)	-	73,844
Taxation on revenue return	-	73,844
Allowable expenditure charged to capital return	619,881	512,431
Taxation on allowable expenditure charged to capital return	(130,175)	(107,175)
Unrelieved expenses	130,175	33,331
Credited to capital return	-	(73,844)
Tax charge for year (note (a))	-	-

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

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

There is no potential liability to deferred tax (2009: nil). There is an unrecognised deferred tax asset of £130,175 (2009: £33,331). The deferred tax asset relates to unutilised expenses.

7. Dividends Paid and Proposed

	2010 £'000	2009 £'000
Amounts recognised as distributions to equity holders in the year	5,506	2,762

The final dividends per ordinary and D share, 64.8p and 7.0p respectively, in respect of the year ended 28 February 2009 were approved at the annual general meeting held on 29 June 2009. The record and payment dates for the ordinary share dividend were 26 June 2009 and 30 June 2009; the record and payment dates for the D share dividend were 13 November 2009 and 23 November 2009.

An interim dividend per ordinary share of 0.2p in respect of the year ended 28 February 2010 was paid in November 2009.

The Directors recommend final dividends of 7.0p per C share, 7.0p per D share and 7.0p per E share to be paid on 12 November 2010 to all C shareholders, D shareholders and E shareholders respectively on the register as at close of business on 29 October 2010. The proposed final dividends are subject to approval by the shareholders at the 2010 annual general meeting and have not been included as a liability in these financial statements.

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

	2010 £'000	2009 £'000
Interim dividend – 0.2p per ordinary share (2009: 7p)	13	448
Proposed final dividend – 7p per C share (2009: nil)	933	-
Proposed final dividend – 7p per D share (2009: 7p)	1,346	1,346
Proposed final dividend – 7p per E share (2009: nil)	687	-
Totals	2,979	1,794

8. Return per Share

	Revenue	Capital	2010 Total	Revenue	Capital	2009 Total
Return per ordinary share	(0.90)p	(3.08)p	(3.98)p	(0.37)p	(2.14)p	(2.51)p
Return per C share	(0.65)p	(2.36)p	(3.01)p	1.55p	(4.34)p	(2.79)p
Return per D share	(1.23)p	(0.79)p	(2.02)p	0.55p	(0.16)p	0.39p
Return per E share	(1.24)p	(0.62)p	(1.86)p	-	-	-

The ordinary shares were converted into deferred shares and then cancelled on 21 December 2009.

Basic revenue return per ordinary share is based on the net revenue loss from ordinary activities after taxation of £(57,303) (2009: £(23,953)) and on 6,400,640 ordinary shares, being the weighted average number of shares in issue during the period from 1 March 2009 to 21 December 2009. Basic capital return per ordinary share is based on the net capital loss after taxation of £(197,187) (2009: £(136,961)) and on 6,400,640 ordinary shares, being the weighted average number of shares in issue during the period from 1 March 2009 to 21 December 2009.

Basic revenue return per C share is based on the net revenue loss (2009: profit) from ordinary activities after taxation of £(86,903) (2009: £206,945) and on 13,328,599 C shares, being the weighted average number of shares in issue during the period from 1 March 2009 to 28 February 2010. Basic capital return per C share is based on the net capital loss after taxation of £(314,385) (2009: £(579,161)) and on 13,328,599 C shares, being the weighted average number of shares in issue during the period from 1 March 2009 to 28 February 2010.

Basic revenue return per D share is based on the net revenue loss (2009: profit) from ordinary activities after taxation of £(235,400) (2009: £96,232) and on 19,228,838 D shares, being the weighted average number of shares in issue during the period from 1 March 2009 to 28 February 2010. Basic capital return per D share is based on the net capital loss after taxation of £(152,706) (2009: £(28,759)) and on 19,228,838 D shares, being the weighted average number of shares in issue during the period from 1 March 2009 to 28 February 2010.

Basic revenue return per E share is based on the net revenue loss from ordinary activities after taxation of £(109,558) (2009: n/a) and on 8,806,980 E shares, being the weighted average number of shares in issue during the period from 1 March 2009 to 28 February 2010. Basic capital return per E share is based on the net capital loss after taxation of £(54,075) (2009: n/a) and on 8,806,980 E shares, being the weighted average number of shares in issue during the period from 1 March 2009 to 28 February 2010.

9. Investments

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

	Venture capital - unquoted £'000	Venture capital - quoted £'000	Total £'000
Book cost at 28 February 2009	7,011	-	7,011
Unrealised gains/(losses) at 28 February 2009	(595)	-	(595)
Valuation at 28 February 2009	6,416	-	6,416
Movements in the year:			
- Purchases at cost	8,830	250	9,080
- Disposals-proceeds	(4,122)	-	(4,122)
- Net realised gains/(losses)	(196)	-	(196)
Movement in unrealised gains/(losses)	(61)	(39)	(100)
Valuation at 28 February 2010	10,867	211	11,078
Comprising:			
- Book cost at 28 February 2010	11,523	250	11,773
- Unrealised gains/(losses) at 28 February 2010	(656)	(39)	(695)
	10,867	211	11,078

During the year, the Company incurred disposal transaction costs of £nil (2009: £nil).

As at 28 February 2010, the Company had no intention to dispose of any of its holdings.

The Company is required to report the category of fair value measurements used in determining the value of its investments, to be disclosed by the source of inputs, using a three-level hierarchy:

Quoted market prices in active markets – "Level 1"

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Company's only investment classified in this category is Coolabi plc, an AIM-traded company.

Valued using models with significant observable market parameters – "Level 2"

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Company has no investments classified in this category.

Valued using models with significant unobservable market parameters – "Level 3"

Inputs to Level 3 fair values are unobservable inputs for the asset. Unobservable inputs may have been used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date (or market information for the inputs to any valuation models). As such, unobservable inputs reflect the assumptions the Company considers that market participants would use in pricing the asset. The Company's unquoted equities and loan stock are classified within this category. As explained in Note 1, unquoted investments are valued in accordance with the International Private Equity and Venture Capital Association guidelines.

10. Significant interests

As at 28 February 2010, the Company held significant investments, amounting to 3% or more of the equity capital, in the following companies:

Company	Equity investment (ordinary shares) £	Loan stock £	Total investment £	Percentage of investee company's total equity, %
B & W Events Limited	300,000	700,000	1,000,000	49.0
Challi Productions Limited	600,000	1,400,000	2,000,000	49.5
HTM Promotions Limited	600,000	1,400,000	2,000,000	49.5
Enrich Social Productions Limited	450,000	1,050,000	1,500,000	24.0
MK Ultrasound Limited	600,000	1,400,000	2,000,000	50.0
Saravid Promotions Limited	600,000	1,400,000	2,000,000	49.5
TRP 2009 Limited	600,000	1,400,000	2,000,000	50.0

Total investment excludes investment costs of £18,733 across three investments.

11. Debtors

	2010 £'000	2009 £'000
Amounts falling due within one year:		
Accrued interest and other accrued income	3	17
Amounts due from the Manager	102	118
Prepayments and other debtors	52	438
	157	573

12. Creditors: Amounts Falling Due Within One Year

	2010 £'000	2009 £'000
Sundry creditors and accruals	206	1,566
Amounts due to the Manager	35	-
	241	1,566

Neither income tax nor national insurance contributions are payable in respect of any director's remuneration so there is no sum for either cost in the creditors' balance.

13. Called-up Share Capital

	2010 £'000	2009 £'000
Authorised:		
300,000,000 ordinary shares of 10p each	30,000	30,000
25,000,000 C shares of 10p each	2,500	2,500
60,000,000 D shares of 10p each	6,000	6,000
50,000,000 E shares of 10p each	5,000	5,000
60,000,000 F shares of 10p each	6,000	-
80,000,000 Deferred shares of 10p each (2009: 45,000,000)	8,000	4,500
	57,500	48,000
Allotted, called-up and fully paid:		
13,328,599 C shares of 10p each	1,333	1,333
19,228,838 D shares of 10p each	1,923	1,923
9,813,732 E shares of 10p each	981	-
	4,237	3,896

During the year, the Company issued 9,813,732 E shares at a price of £1 per share.

14. Reserves

	Share premium £'000	Special reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2009	45	30,045	(525)	(538)	168	29,195
E share issue	8,735					8,735
E share issue expenses	(545)					(545)
Cancellation of E share premium account	(8,190)	8,190				-
Fee re cancellation of share premium account		(10)				(10)
Fee re O share conversion & cancellation		(8)				(8)
Dividends paid/committed		(5,449)			(57)	(5,506)
Adjustment for dividend which was a return of capital (O share)		87	540		13	640
Movement in reserves			(1,209)	491	(489)	(1,207)
At 28 February 2010	45	32,855	(1,194)	(47)	(365)	31,294

15. Net Asset Value per Share

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

	2010 Net asset values attributable		2009 Net asset values attributable	
	Net assets	Net assets per share	Net assets	Net assets per share
Ordinary shares	-	-	£4.4m	69.09p
C shares	£10.1m	75.80p	£10.5m	78.81p
D shares	£16.4m	85.45p	£18.2m	94.47p
E shares	£9.0m	91.68p	-	-

Net asset value per share is based on net assets at the year end and on the number of shares in each class in issue at the year end - C shares 13,328,599; D shares 19,228,838 and E shares 9,813,732.

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

	2010 £'000	2009 £'000
Net return before taxation for the year	(1,207)	(466)
(Gains)/losses on investments	98	306
Adjustment to return for non-operating income	(91)	-
Adjustment to return for non-operating expenditure	62	-
(Increase)/decrease in debtors	416	(467)
Increase/(decrease) in creditors and accruals	(1,325)	1,441
Adjustment to decrease in debtors for capital-related balances	(398)	437
Adjustment to decrease in creditors for capital-related balances	1,344	(1,303)
Net cash inflow/(outflow) from operating activities	(1,101)	(52)

17. Analysis of Changes in Net Funds

	Cash £'000	Liquid funds £'000	Total £'000
At 1 March 2009	934	26,734	27,668
Cash flows	(141)	(3,821)	(3,962)
Unrealised adjustments in fair value	-	831	831
At 28 February 2010	793	23,744	24,537

18. Financial Instruments

The Company's financial instruments comprise:

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

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

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

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 28 February 2010:

	2010 (Book value) £'000	2010 (Fair value) £'000	2009 (Book value) £'000	2009 (Fair value) £'000
Assets at fair value through profit and loss				
- Investment portfolio	11,773	11,078	7,011	6,416
- Current investments	22,977	23,744	26,677	26,734
- Cash at bank	793	793	934	934
Loans and receivables				
- Accrued income	3	3	17	17
- Other debtors	154	154	556	556
- Other creditors	(241)	(241)	(1,566)	(1,566)
	35,459	35,531	33,629	33,091

Unquoted investments account for 98.1% of the investment portfolio by value (2009: 100%). The investment portfolio has a 100% concentration of risk towards small UK based, sterling denominated companies and represents 31.2% (2009: 19.4%) of net assets by value at the year-end.

Current investments are money market funds which represent 66.8% (2009: 80.8%) of net assets by value at the year-end.

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

Credit risk

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

Market price risk

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

The equity and fixed interest stocks of the Company's unquoted investee companies are very seldom traded and, as such, their prices are more uncertain than those of more frequently traded stocks. It is estimated that a 10% fall in the carrying value of the Company's unquoted investments would reduce profit before tax for the year by £1,086,702 and reduce the Company's net asset values per C share and D share by 4.59p and 2.47p respectively.

Interest rate risk

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

As at 28 February 2010, the Company's financial assets by value, excluding short-term trade debtors and creditors as permitted by Financial Reporting Standard 25 "Financial Instruments: Disclosure and Presentation", comprised:

Financial assets	£000	%	Interest rate	Weighted average interest rate %	Weighted average period for which rate is fixed, years
Ordinary shares	4,728	13.3	n/a	n/a	n/a
Loan stock – variable rate	6,350	17.8	Floating	n/a	n/a
On-demand loan	350	1.0	Floating	n/a	n/a
Corporate bonds	7,376	20.7	Floating	n/a	n/a
Cash equivalents	16,018	45.0	Floating	n/a	n/a
Bank deposits	793	2.2	Floating	n/a	n/a
	35,615	100.0			

It is estimated that a one percentage point fall in interest rates would have increased the loss before tax for the year of £1,207,000 to a loss before tax for the year of £1,217,000. The risk from future fluctuations in interest rate movements should be mitigated by the Company's intention to complete its investment strategy and to hold a majority of its investments in instruments which are not exposed to market interest rate changes.

Liquidity risk

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

Management of capital

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

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

19. Post Balance Sheet Events

Since 28 February 2010, the Company has:

- > Completed four investments in April 2010, for a total of £4 million. Each investment was committed in the year under review and, in each case, the Company has an option to make an additional investment towards the end of 2010
- > Closed the F share offer for subscription through which the Company issued 29.6m F shares.

20. Geographical Analysis

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

21. Contingencies, Guarantees and Financial Commitments

There were no contingencies, guarantees or financial commitments as at 28 February 2010.

22. Transactions with the Investment Manager

During the year ended 28 February 2010 (year ended 28 February 2009), the Company incurred costs of £906,750 (£814,032) (exclusive of VAT) payable to Edge Investment Management Limited, the Company's investment manager. This sum comprised:

A net investment management fee of £669,693 (which comprised a gross fee of £675,298 less a VAT recovery of £5,605 in respect of VAT incurred on investment management fees) (£683,241)

An administration fee of £88,082 (£130,791)

An investment management performance fee in respect of the management of the O share fund of £148,975 (£nil)

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

2010 Annual General Meeting and Class Meetings

Notices of the annual general meeting and class meetings are set out on pages 44 to 52 of this report. The resolutions before the meetings are important.

It is the Board's opinion that all resolutions are in the best interests of shareholders as a whole and the Board recommends that shareholders should vote in favour of all resolutions. Any shareholder who is in any doubt as to what action to take should consult an appropriate independent adviser authorised under the Financial Services and Markets Act 2000. If you have sold or transferred all your C, D, E or F shares in the Company, please forward this document together with the forms of proxy to the purchaser, transferee, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

2010 Annual General Meeting

The Company's fourth annual general meeting will be held at noon on 11 August 2010 at the offices of Howard Kennedy, 19 Cavendish Square, London W1. Notice of the meeting is set out on pages 44 and 45 of this report.

The business of the meeting is outlined below.

Resolution 1 - Annual Report and Financial Statements

The Directors are required to present to the annual general meeting the Annual Report and Financial Statements for the financial year ended 28 February 2010.

Resolution 2 - To declare a final dividend

A final dividend cannot exceed the amount recommended by the Directors and can only be paid after the members at a general meeting have approved it. The Directors recommend (i) a final dividend of 7p per share payable on 12 November 2010 to the holders of C shares registered at the close of business on 29 October 2010 which will bring the total dividend for the year to 7p per share, (ii) a final dividend of 7p per share payable on 12 November 2010 to the holders of D shares registered at the close of business on 29 October 2010 which will bring the total dividend for the year to 7p per share and (iii) a final dividend of 7p per share payable on 12 November 2010 to the holders of E shares registered at the close of business on 29 October 2010 which will bring the total dividend for the year to 7p per share.

Resolution 3 - Directors' Remuneration Report

Under Regulation 11 and Schedule 8 of the Large and Medium Sized Companies and

Groups (Accounts and Reports) Regulations 2008, the Company is required to produce a Directors' Remuneration Report for each relevant financial year and to seek shareholder approval for that report at the annual general meeting. The Directors' Remuneration Report is on pages 19 and 20 of the Annual Report and Financial Statements.

Resolutions 4 & 5 - Re-election of Directors

Julian Paul and Frank Presland retire by rotation in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election.

Resolution 6 - Re-appointment of the auditors

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

Resolution 7 - Remuneration of the auditors

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

Resolution 8 - Renewal of Directors' authority to allot shares

By virtue of Section 551 of the Companies Act 2006, the Directors require the authority of the shareholders of the Company to allot shares or other relevant securities in the Company. This resolution authorises the Directors to make allotments of up to an additional 203,017,394 shares (representing the balance of the unissued C share, D share, E share, F share and Deferred share capital of the Company as at the date of this report (being the latest practicable date prior to the publication of this document)). The existing authority will expire at the forthcoming annual general meeting and, by proposing this resolution, the Board seeks its renewal. This authority will be effective until the later of the date of the annual general meeting of the Company to be held in 2011 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

Resolution 9 - Disapplication of pre-emption rights

Resolution 9, which will be proposed as a special resolution, supplements the Directors' authority to allot shares in the Company given to them at Resolution 8 by renewing their

authority to disapply pre-emption rights in respect of their authority to allot unissued shares of the Company up to an aggregate nominal value of £20,301,739 which represents the balance of the unissued C share, D share, E share, F share and Deferred share capital of the Company as at the date of this report. This authority will be effective until the later of the date of the annual general meeting of the Company to be held in 2011 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting).

Resolution 10 - Purchase of shares by the Company

Resolution 10, which will be proposed as a special resolution, will, if passed, authorise the Company for the purpose of section 701 of the Companies Act to make one or more market purchases of C shares, D shares, E shares and F shares provided that:

- (i) such authority is limited to the purchase of 14.99% of the issued C share capital, 14.99% of the issued D share capital, 14.99% of the issued E share capital and 14.99% of the F share capital as at the date of the final closing of the F share offer for subscription;
- (ii) the maximum price (exclusive of expenses) which may be paid for such C shares, D shares, E shares or F shares shall be an amount equal to 105% of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase is made;
- (iii) the Company may make a contract to purchase its own C shares, D shares, E shares or F shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own C shares, D shares, E shares or F shares in pursuance of any such contract;

and this power, unless previously varied, revoked or renewed shall come to an end at the conclusion of the Company's 2011 annual general meeting or, if later, on the expiry of 15 months from the date of the passing of the Resolution.

Class Meetings

Class meetings of holders of C shares, D shares, E shares and F shares will also be held on 11 August 2010 where the relevant resolutions referred to above will be proposed.

Notice of Annual General Meeting

Notice is hereby given that the fourth annual general meeting of Edge Performance VCT plc will be held at noon on 11 August 2010 at the offices of Howard Kennedy, 19 Cavendish Square, London W1 for the purpose of considering and, if thought fit, passing the following Resolutions (of which, Resolutions 1 to 8 will be proposed as ordinary resolutions and Resolutions 9 and 10 will be proposed as special resolutions).

Ordinary Resolutions

1. To receive and adopt the Directors' and the Independent Auditor's Reports and the Company's financial statements for the year ended 28 February 2010.
2. To declare (i) a final dividend of 7p per C share, such dividend to be paid on 12 November 2010 to all C shareholders on the Company's register of members as at close of business on 29 October 2010, (ii) a final dividend of 7p per D share, such dividend to be paid on 12 November 2010 to all D shareholders on the Company's register of members as at close of business on 29 October 2010 and (iii) a final dividend of 7p per E share, such dividend to be paid on 12 November 2010 to all E shareholders on the Company's register of members as at close of business on 29 October 2010.
3. To approve the Directors' Remuneration Report for the year ended 28 February 2010.
4. To re-elect Julian Paul who is retiring in accordance with Article 111 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director of the Company.
5. To re-elect Frank Presland who is retiring in accordance with Article 111 of the Company's Articles of Association and who, being eligible, offers himself for re-election as a director of the Company.
6. To re-appoint Scott-Moncrieff as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
7. To authorise the Directors to fix the remuneration of the auditors.

Special Business

As Special Business, to consider and, if thought fit, to pass the following Resolutions, Resolution 8 as an ordinary resolution and Resolutions 9 and 10 as special resolutions of the Company:

8. (i) That the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £20,301,739 during the period commencing on the passing of this Resolution and expiring on the later of the date of the annual general meeting of the Company to be held in 2011 and the date which is 15 months after the date on which this resolution is passed (unless the authority is previously revoked, varied or extended by the Company in general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require relevant securities to be allotted after such expiry; and
(ii) That all previous authorities given to the Directors in accordance with Section 551 of the Act be and they are hereby revoked, provided that such revocation shall not have retrospective effect.

Special Resolutions

9. In substitution for any existing power under Section 570 of the Act, but without prejudice to the exercise of any such power prior to the date hereof, the Directors be and are hereby empowered pursuant to Section 570 and 573 of the Act during the period commencing on the passing of this Resolution and expiring at the conclusion of the Company's 2011 annual general meeting, or on the expiry of 15 months from the date of the passing of this Resolution, whichever is the later (unless previously revoked, varied or extended by the Company in

general meeting pursuant to Section 570 of the Act) to allot equity securities (as defined in Section 560(1) and 560(2) of the Act) for cash pursuant to the authority given in accordance with Section 551 of the Act pursuant to Resolution 8 above, as if Section 561(1) of the Act did not apply to such allotment up to an aggregate nominal amount of £20,301,739 but so that this authority shall allow the Company to make offers or agreements before the expiry and the Directors may allot equity securities in pursuance of such offers or agreements as if the powers conferred hereby had not so expired.

10. The Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693 of the Act) of C shares, D shares, E shares and F shares provided that:
 - (i) such authority is limited to the purchase of 14.99 per cent of the issued C share capital, 14.99 per cent of the issued D share capital, 14.99 per cent of the issued E share capital and 14.99 per cent of the issued F share capital, in each case as immediately prior to the passing of this Resolution;
 - (ii) the minimum price which may be paid for such C shares, D shares, E shares or F shares is 10p per share, the nominal amount of each such share;
 - (iii) the maximum price (exclusive of expenses) which may be paid for such C shares, D shares, E shares or F shares shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
 - (iv) the Company may make a contract to purchase its own C shares, D shares, E shares or F shares under this authority prior to the expiry of this

authority, and the Company may make a purchase of its own C shares, D shares, E shares or F shares in pursuance of any such contract:

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2011 annual general meeting of the Company or, if later, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited
Company Secretary
30 June 2010

Notes:

1. Only those Shareholders registered on the Company's register of members at noon on 9 August 2010 or if this meeting is adjourned, at noon on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.edge.uk.com/vct.
3. If you are a Shareholder of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Form of Proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, contact Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL.
5. To appoint a proxy, you must:
 - send a completed hard copy of the Form of Proxy to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL; or
 - send a legible scan of the completed hard copy of the Form of Proxy to enquiries@shareregistrars.uk.com

For a proxy appointment to be valid, the hard copy or e-mailed scan, as applicable, must be received as above, by no later than noon on 9 August 2010.

6. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
 - By sending a signed hard copy notice, clearly stating your intention to revoke your proxy appointment, to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 - By sending an e-mail, clearly stating your intention to revoke your proxy appointment, to enquiries@shareregistrars.uk.com.

In either case, the revocation notice must be received as above by no later than noon on 9 August 2010. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

7. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
8. As at 30 June 2010, the Company's issued share capital comprised 13,328,599 C Shares, 19,228,838 D Shares, 9,813,732 E Shares and 29,611,437 F Shares. Each C, D, E and F Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 June 2010 is 71,982,606.
9. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
 - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. Except as provided above, Shareholders who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
 - by e-mail to info@edge.uk.com; or
 - by post to Shareholder Relations, Edge Performance VCT plc, 1 Marylebone High Street, London W1U 4LX; or
 - by telephone on 020 7317 1300.
11. You may not use any electronic address provided either in this notice of general meeting, or any related documents (including the Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

Notice of Class Meeting of Holders of C Shares

Notice is hereby given that a Class Meeting of holders of C shares in Edge Performance VCT plc will be held at 12.15pm on 11 August 2010 at the offices of Howard Kennedy, 19 Cavendish Square, London W1 for the purpose of considering and, if thought fit, passing Resolution 1 below as an ordinary resolution and Resolution 2 below as a special resolution of the Company:

Ordinary Resolution

THAT:

1. The payment of a dividend of 7p per C share, such dividend to be paid on 12 November 2010 to all those shareholders registered as holding C shares on the register of members of the Company as at 29 October 2010, be and is hereby approved.

Special Resolution

THAT:

2. The Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693 of the Act) of C shares provided that:
 - (i) such authority is limited to the purchase of 14.99 per cent of the issued C share capital, immediately prior to the passing of this Resolution;
 - (ii) the minimum price which may be paid for such C shares is 10p per share, the nominal amount of each such share;
 - (iii) the maximum price (exclusive of expenses) which may be paid for such C shares, shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;

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

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2011 annual general meeting of the Company or, if later, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

30 June 2010

Notes:

1. Only those Shareholders registered on the Company's register of members at 12.15pm on 9 August 2010 or if this meeting is adjourned, at 12.15pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.edge.uk.com/vct.
3. If you are a Shareholder of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Form of Proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, contact Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL.
5. To appoint a proxy, you must:
 - send a completed hard copy of the Form of Proxy to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL; or
 - send a legible scan of the completed hard copy of the Form of Proxy to enquiries@shareregistrars.uk.com

For a proxy appointment to be valid, the hard copy or e-mailed scan, as applicable, must be received as above, by no later than 12.15pm on 9 August 2010.

6. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
 - By sending a signed hard copy notice, clearly stating your intention to revoke your proxy appointment, to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

- By sending an e-mail, clearly stating your intention to revoke your proxy appointment, to enquiries@shareregistrars.uk.com.

In either case, the revocation notice must be received as above by no later than 12.15pm on 9 August 2010. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

7. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
8. As at 30 June 2010, the Company's issued share capital comprised 13,328,599 C Shares, 19,228,838 D Shares, 9,813,732 E Shares and 29,611,437 F Shares. Each C, D, E and F Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 June 2010 is 71,982,606.
9. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
 - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. Except as provided above, Shareholders who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
 - by e-mail to info@edge.uk.com; or
 - by post to Shareholder Relations, Edge Performance VCT plc, 1 Marylebone High Street, London W1U 4LX; or
 - by telephone on 020 7317 1300.
11. You may not use any electronic address provided either in this notice of general meeting, or any related documents (including the Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

Notice of Class Meeting of Holders of D Shares

Notice is hereby given that a Class Meeting of holders of D shares in Edge Performance VCT plc will be held at 12.25pm on 11 August 2010 at the offices of Howard Kennedy, 19 Cavendish Square, London W1 for the purpose of considering and, if thought fit, passing Resolution 1 below as an ordinary resolution and Resolution 2 below as a special resolution of the Company:

Ordinary Resolution

THAT:

1. The payment of a dividend of 7p per D share, such dividend to be paid on 12 November 2010 to all those shareholders registered as holding D shares on the register of members of the Company as at 29 October 2010, be and is hereby approved.

Special Resolution

THAT:

2. The Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693 of the Act) of D shares provided that:
 - (i) such authority is limited to the purchase of 14.99 per cent of the issued D share capital, immediately prior to the passing of this Resolution;
 - (ii) the minimum price which may be paid for such D shares is 10p per share, the nominal amount of each such share;

- (iii) the maximum price (exclusive of expenses) which may be paid for such D shares, shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
- (iv) the Company may make a contract to purchase its own D shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own D shares in pursuance of any such contract;

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2011 annual general meeting of the Company or, if later, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited
Company Secretary

30 June 2010

Notes:

1. Only those Shareholders registered on the Company's register of members at 12.25pm on 9 August 2010 or if this meeting is adjourned, at 12.25pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.edge.uk.com/vct.
3. If you are a Shareholder of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Form of Proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, contact Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL.
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 - send a legible scan of the completed hard copy of the Form of Proxy to enquiries@shareregistrars.uk.com

For a proxy appointment to be valid, the hard copy or e-mailed scan, as applicable, must be received as above, by no later than 12.25pm on 9 August 2010.

6. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
 - By sending a signed hard copy notice, clearly stating your intention to revoke your proxy appointment, to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

- By sending an e-mail, clearly stating your intention to revoke your proxy appointment, to enquiries@shareregistrars.uk.com.

In either case, the revocation notice must be received as above by no later than 12.25pm on 9 August 2010. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

7. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
8. As at 30 June 2010, the Company's issued share capital comprised 13,328,599 C Shares, 19,228,838 D Shares, 9,813,732 E Shares and 29,611,437 F Shares. Each C, D, E and F Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 June 2010 is 71,982,606.
9. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
 - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. Except as provided above, Shareholders who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
 - by e-mail to info@edge.uk.com; or
 - by post to Shareholder Relations, Edge Performance VCT plc, 1 Marylebone High Street, London W1U 4LX; or
 - by telephone on 020 7317 1300.
11. You may not use any electronic address provided either in this notice of general meeting, or any related documents (including the Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

Notice of Class Meeting of Holders of E Shares

Notice is hereby given that a Class Meeting of holders of E shares in Edge Performance VCT plc will be held at 12.35pm on 11 August 2010 at the offices of Howard Kennedy, 19 Cavendish Square, London W1 for the purpose of considering and, if thought fit, passing Resolution 1 below as an ordinary resolution and Resolution 2 below as a special resolution of the Company:

Ordinary Resolution

THAT:

1. The payment of a dividend of 7p per E share, such dividend to be paid on 12 November 2010 to all those shareholders registered as holding E shares on the register of members of the Company as at 29 October 2010, be and is hereby approved.

Special Resolution

THAT:

2. The Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693 of the Act) of E shares provided that:
 - (i) such authority is limited to the purchase of 14.99 per cent of the issued E share capital, immediately prior to the passing of this Resolution;
 - (ii) the minimum price which may be paid for such E shares is 10p per share, the nominal amount of each such share;
 - (iii) the maximum price (exclusive of expenses) which may be paid for such E shares, shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
 - (iv) the Company may make a contract to purchase its own E shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own E shares in pursuance of any such contract;

and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2011 annual general meeting of the Company or, if later, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited

Company Secretary

30 June 2010

Notes:

1. Only those Shareholders registered on the Company's register of members at 12.35pm on 9 August 2010 or if this meeting is adjourned, at 12.35pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
2. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.edge.uk.com/vct.
3. If you are a Shareholder of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Form of Proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, contact Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL.
5. To appoint a proxy, you must:
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 - send a legible scan of the completed hard copy of the Form of Proxy to enquiries@shareregistrars.uk.com

For a proxy appointment to be valid, the hard copy or e-mailed scan, as applicable, must be received as above, by no later than 12.35pm on 9 August 2010.

6. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

- By sending a signed hard copy notice, clearly stating your intention to revoke your proxy appointment, to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
- By sending an e-mail, clearly stating your intention to revoke your proxy appointment, to enquiries@shareregistrars.uk.com.

In either case, the revocation notice must be received as above by no later than 12.35pm on 9 August 2010. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

7. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
8. As at 30 June 2010, the Company's issued share capital comprised 13,328,599 C Shares, 19,228,838 D Shares, 9,813,732 E Shares and 29,611,437 F Shares. Each C, D, E and F Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 June 2010 is 71,982,606.
9. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
 - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. Except as provided above, Shareholders who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
 - by e-mail to info@edge.uk.com; or
 - by post to Shareholder Relations, Edge Performance VCT plc, 1 Marylebone High Street, London W1U 4LX; or
 - by telephone on 020 7317 1300.
11. You may not use any electronic address provided either in this notice of general meeting, or any related documents (including the Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

Notice of Class Meeting of Holders of F Shares

Notice is hereby given that a Class Meeting of holders of F shares in Edge Performance VCT plc will be held at 12.45pm on 11 August 2010 at the offices of Howard Kennedy, 19 Cavendish Square, London W1 for the purpose of considering and, if thought fit, passing Resolution 1 below as a special resolution of the Company:

Special Resolution

THAT:

1. The Company be and is hereby generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (within the meaning of Section 693 of the Act) of F shares provided that:
 - (i) such authority is limited to the purchase of 14.99 per cent of the issued F share capital, immediately prior to the passing of this Resolution;
 - (ii) the minimum price which may be paid for such F shares is 10p per share, the nominal amount of each such share;

- (iii) the maximum price (exclusive of expenses) which may be paid for such F shares, shall be an amount equal to 105 per cent of the average of the middle market quotations for such class of the Company's shares, as derived from the daily Official List of the London Stock Exchange, for the five business days immediately preceding the day on which the purchase was made;
- (iv) the Company may make a contract to purchase its own F shares under this authority prior to the expiry of this authority, and the Company may make a purchase of its own F shares in pursuance of any such contract; and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the 2011 annual general meeting of the Company or, if later, on the expiry of 15 months from the date of the passing of this Resolution.

By order of the Board

The City Partnership (UK) Limited
Company Secretary
30 June 2010

Notes:

1. Only those Shareholders registered on the Company's register of members at 12.45pm on 9 August 2010 or if this meeting is adjourned, at 12.45pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting.
 2. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from www.edge.uk.com/vct.
 3. If you are a Shareholder of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a Form of Proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
 4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Shares. You may not appoint more than one proxy to exercise rights attached to any one Share. To appoint more than one proxy, contact Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL.
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- For a proxy appointment to be valid, the hard copy or e-mailed scan, as applicable, must be received as above, by no later than 12.45pm on 9 August 2010.
6. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
 - By sending a signed hard copy notice, clearly stating your intention to revoke your proxy appointment, to Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. In the case of a Shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
 - By sending an e-mail, clearly stating your intention to revoke your proxy appointment, to enquiries@shareregistrars.uk.com.

In either case, the revocation notice must be received as above by no later than 12.45pm on 9 August 2010. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

7. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
8. As at 30 June 2010, the Company's issued share capital comprised 13,328,599 C Shares, 19,228,838 D Shares, 9,813,732 E Shares and 29,611,437 F Shares. Each C, D, E and F Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 30 June 2010 is 71,982,606.
9. Under section 319A of the Companies Act 2006, the Company must answer any question you ask relating to the business being dealt with at the meeting unless:
 - answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
10. Except as provided above, Shareholders who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
 - by e-mail to info@edge.uk.com; or
 - by post to Shareholder Relations, Edge Performance VCT plc, 1 Marylebone High Street, London W1U 4LX; or
 - by telephone on 020 7317 1300.
11. You may not use any electronic address provided either in this notice of general meeting, or any related documents (including the Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

Corporate Information

Directors

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

All of

1 Marylebone High Street
London W1U 4LZ

which is the registered
office of the Company

Investment Manager

Edge Investment Management Limited
1 Marylebone High Street
London W1U 4LZ

Company Secretary

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

Promoter

RAM Capital Partners LLP
74 Chancery Lane
London WC2A 1AD

Taxation advisers

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH

Auditors

Scott-Moncrieff
Chartered Accountants
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

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

Receiving Agent & Registrar

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

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