EDGE
PERFORMANCE VCT

ANNUAL REPORT
& FINANCIAL STATEMENTS

for the year ended 29 February 2008

Contents

Financial Summary

Year (period) ended 29 (28) February	2008 O	2008 C	2008 D	2008 Total	2007 O	2007 C	2007 D	2007 Total
Net assets	£5,479,501	£12,742,141	£3,217,348	£21,438,990	£5,997,660	n/a	n/a	£5,997,660
Net asset value per share	85.61p	95.60p	93.26p	n/a	93.70p	n/a	n/a	n/a
Investment income	£128,346	£547,383	-	£675,729	£214,698	n/a	n/a	£214,698
Return on ordinary activities before tax								
- Revenue	£20,607	£373,320	-	£393,927	£64,550	n/a	n/a	£64,550
- Capital	£(168,338)	£(157,404)	-	£(325,742)	£(60,089)	n/a	n/a	£(60,089)
- Total	£(147,731)	£215,916	-	£68,185	£4,461	n/a	n/a	£4,461
Return per share								
- Revenue	0.25p	2.37p	-	n/a	0.82p	n/a	n/a	n/a
- Capital	(2.29)p	(0.92)p	-	n/a	(0.94)p	n/a	n/a	n/a
- Total	(2.04)p	1.45p	-	n/a	(0.12)p	n/a	n/a	n/a
Dividend per share declared in respect of the year (period)								
- Revenue	-	1.75p	-	n/a	-	n/a	n/a	-
- Capital	13.00p	5.25p	-	n/a	-	n/a	n/a	-
- Total	13.00p	7.00p	-	n/a	-	n/a	n/a	-
Share price at end of year (period)	90.00p	100.00p	100.00p	n/a	100.00p	n/a	n/a	100.00p

Investment Policy

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

Edge's structure aims to minimise the risk to the investor, whilst still permitting the investor to benefit from the attractive returns available in the entertainment business. The Company intends to invest in companies alongside established businesses with expertise in the sector. The majority of the portfolio investments will be made through loan finance which should provide additional capital protection.

The fund managed by the Company for the benefit of its ordinary shareholders will invest only in Events Companies which have successfully negotiated an event licensing agreement with an established events promoter under which the revenues received by the Events Company from the events promoted with that promoter will be at least 75% of the aggregate of the amount invested by Edge in the Events Company and the agreed running costs of the Events Company. With this emphasis on capital protection, the targeted minimum tax-free return for investors is 115p per 100p invested (equivalent to a return of 75p per 60p invested net of income tax). Ordinary shares were first issued by the Company in April 2006.

Some of the fund managed by the Company for the benefit of its C shareholders will also be invested in Events Companies which have concluded event licensing agreements with established events promoters. Unlike the ordinary shareholders' fund, however, investments will be spread amongst those offering high minimum guaranteed returns, with little of investors' capital at risk, and those with more modest minimum guaranteed returns but with significantly higher potential returns. The targeted tax-free return for this fund is 160p per 100p invested (equivalent to a return of 130p per 70p invested net of income tax). C shares were first issued by the Company in March 2007.

As a result of an offer for subscription which opened on 5 November 2007, the Company also manages a fund for the benefit of its D shareholders. The investment profile of, and the targeted tax-free return for, this fund are the same as those for the C shareholders' fund. D shares were first issued by the Company in February 2008.

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 Event Companies.

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

Chairman's Statement

The highlights of the year ended 29 February 2008 included:

- The launch, in November 2007, of an offer for subscription of D shares in the capital of the Company
- The payment, also in November 2007, of a maiden dividend of 6p per share to the holders of the Company's ordinary shares ("Ordinary Shareholders")
- The satisfaction, in respect of the fund managed for the benefit of the Company's Ordinary Shareholders ("Ordinary Share Fund"), of a key VCT requirement – namely that 70% by value of the Ordinary Share Fund's investments are in VCT qualifying holdings
- The identification of a number of investments which were suitable for the C Share Fund. (The first C Share Fund investment was completed in April 2008.)

D Share Offer

On 5 November 2007 the Company launched an offer for subscription of D shares in the capital of the Company. When the offer closed on 5 April 2008 in respect of the tax year 2007/08 it had raised almost £18.2million which made the offer one of the most successful in the tax year. The offer remains open in respect of tax year 2008/09 and, at the date of this report, has raised a further £0.82million.

The targeted return for the D Share Fund is the same as that for the C Share Fund, namely 160p per 100p invested (equivalent to a return of 130p per 70p invested net of income tax) whereas the targeted return for the Ordinary Share Fund is 115p per 100p invested (equivalent to a return of 75p per 60p invested net of income tax) reflecting the Ordinary Share Fund's greater emphasis on capital preservation.

Investment Performance

Key to achieving the targeted returns is, of course, investment performance. The Ordinary Share Fund became fully invested in October 2007 with the completion of the investment in Thunderroad Promotions Limited. The management of the Ordinary Share Fund is now focused on the monitoring of the performance of the five Events Companies in which the fund has invested.

The C Share Fund had not completed a venture capital investment as at 29 February 2008 but did so shortly thereafter when it invested £1million in MK Ultrasound Limited. Edge Investment Management Limited, the Company's investment manager, is looking closely at several other investment opportunities which are suitable for the C Share Fund.

Although the D Share Fund has only recently been established, its having a similar investment strategy to that of the C Share Fund means that several suitable investment opportunities are already under consideration.

Full details of the year's investment activity are given in the Investment Manager's Review which is on pages 8 and 9.

Dividends

The Company paid its first dividend, an interim dividend of 6p per share, to the Ordinary Shareholders in November 2007.

The Board is recommending that final dividends of 7p per ordinary share and 7p per C share in respect of the year ended 29 February 2008 be paid to the Ordinary and C Shareholders respectively.

Financial Performance

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).

Chairman's Statement continued

Over the year ended 29 February 2008, the FT All Share Media Index fell by 12.1% while the net asset value total returns for the Ordinary Share Fund and the C Share Fund fell by 2.2% and 4.4% respectively. With reference to the C Share Fund, offer costs accounted for a fall of 5.5% so the performance of the Fund has generated an increase of 1.1% in the net asset value total return per share.

The Company's total expense ratio has decreased from 4.2% to 3.3%.

The Company's net assets increased from £5,998,000 to £21,439,000 as a result of the successful C share offer and the first allotment under the D share offer and the Company posted a revenue profit after tax of £304,000 and a capital loss after tax of £259,000 giving a total profit after tax of £45,000.

Outlook

While the general economic downturn is not welcome, it will almost certainly depress the acquisition prices of venture capital investments which should be to the Company's benefit. As ever, the challenge is to be aware of and then select the right investments. To this end, the Company is well served by the Directors' extensive network of media and entertainment contacts and the pedigree of Edge Investment Management Limited.

The extraordinary general meeting at which the Company's annual financial report will be presented will be held later in the year when the meeting may also consider any resolutions relevant to any fundraising which may be launched for tax years 2008/09 and 2009/10. Meanwhile, may I thank you for your continued support.

Sir Robin Miller
Chairman

30 June 2008

The Directors and the Investment Manager

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

Directors

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

Sir Robin Miller (age 67) – Chairman of Edge Performance

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

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

Michael Eaton (age 65)

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

He has throughout his career acted for numerous highly successful popular music artists in negotiations with record companies, concert promoters and other entertainment entities in North America as well as Europe. More recently he has represented Eric Clapton in relation to his world-wide touring activities and was one of the main organisers of the concerts performed by Cream in London and New York in 2005. He is currently Chief Executive Officer of Bushbranch Limited, a music management company providing management services to Eric Clapton.

David Glick (age 45)

David Glick founded the Edge group of companies, a specialist advisory and investment business for the media and entertainment sector. He is a qualified (non-practising) solicitor who has experience in all areas of commercial media and entertainment with a particular emphasis on music, film, television, sport, theatre and fashion.

Upon qualifying as a solicitor, he 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. At Edge he has brokered, and advised clients on, the sale of multi-million pound assets such as the UK's largest privately-owned music library business to Viacom, the global media company. He has also been both an executive and a non-executive director of Entertainment Rights, the UK media business quoted on the Official List. He is married to Kate Glick.

The Directors and the Investment Manager continued

Julian Paul FCA (age 63)

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

He was, between 1994 and 1999, a shareholder and director and subsequently a consultant to Sanctuary Group which acted as manager to Iron Maiden amongst other artists. Other current directorships include: Entertainment Rights, a UK media business quoted on the Official List; 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. He is also Senior Non-Executive Director of Inspired Gaming Group plc, an AIM quoted provider of gaming machines for the leisure and gaming markets.

Frank Presland (age 64)

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 Elton John and other artists including Jamiroquai. More recently Twenty-First Artists has focused on finding and developing new talent and has had great success with new artist James Blunt. In May 2006 he became Chief Executive Officer of The Sanctuary Group plc, and in September 2007 completed the successful sale of Sanctuary to Universal Music.

The Investment Manager

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

Gordon Power (age 53) – Chairman of Edge Investment Management

Gordon Power has over 20 years of private equity experience and is currently chairman of Enterprise Private Equity Limited (an investment manager established to invest in small to medium-sized enterprises) and a partner at Inflexion Portfolio Advisers where his responsibilities include membership of the investment committee of Guinness Flight VCT whose investment portfolio consists primarily of unquoted businesses.

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 (he was head of the investment committee) and exit of deals. 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 2005, he has achieved an overall annual return of 30 per cent. on 171 realised (i.e. sale, flotation or administration/liquidation) investments and unrealised investments.

Harvey Goldsmith CBE (age 60)

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 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, including Pavarotti in the Park, and was the primary promoter for Michael Flatley's Lord of the Dance and the series of Cirque du Soleil shows at the Royal Albert Hall.

Alasdair George (age 46)

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 UK, sitting on its management board, and on the Council of the record industry trade association, BPI. During his time at Sony/Sony BMG, he also handled the merger of Sony & Warner's distribution businesses, UK aspects of the Sony BMG merger and the Sony-Michael Jackson JV (which created Sony/ATV Music Publishing). He joined EIM in April 2007.

Kate Glick ACA, CTA (age 38)

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 EIM and was the initial company secretary of Edge. 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 period, the portfolio consisted of investments in five qualifying companies, with a further qualifying investment completed after the period ended. The Ordinary Share fund was required to have at least 70% by value of its investments in qualifying holdings by no later than 28 February 2009 to comply with VCT regulations; this target was reached in October 2007, with the completion of the Thunderroad Promotions Limited investment.

In the period, the Fund looked to invest in a series of events companies, each of whose business is the promotion and organisation of shows, concerts, tours, festivals, exhibitions and other events before live audiences, and the marketing, advertising, promotion and management of those events. The events companies in which the Fund 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 specific live events, selected by the relevant events company, over a defined period of time. Although the period still represented the relatively early stages of the Fund, it saw increased activity by the investee companies by way of promotion of live events. Across the events companies, a total of almost 50 live events were promoted during the year, including shows by acts as diverse as Kanye West, Alison Moyet, Gabrielle, Bryan Ferry, Katherine Jenkins, The Good The Bad and the Queen, James Morrison, Elvis Costello and Joe Cocker. The Tower Music Festival (co-promoted by My Brother Promotions Limited), like so many outdoor events in the Summer of 2007, suffered as a consequence of adverse weather; however, all of the other events promoted by events companies in the year (including further events promoted by My Brother Promotions Limited) were successful financially. The Manager expects 2008 to show further growth in terms both of the Fund investing in events companies and also in those companies' activities in promoting events.

Qualifying Investments In the Period

LC Presents Limited

In March 2007, £895,000 was invested in LC Presents Limited for a 49% equity interest.

The company's founding director, Lester Dales, has many years of experience within the entertainment industry as an accountant specialising in the music business, in particular dealing with tours and touring income. He will be seeking suitable events for the company to produce and promote, and will oversee the event management, production, media relations, merchandising and other aspects of the company's business. The focus of the company is rock, particularly live touring by non-UK artists; however, this will not preclude other business opportunities.

Thunderroad Promotions Limited

In September 2007, £850,000 was invested in Thunderroad Promotions Limited for a 49% equity interest.

Paul Burger, who is a director of and shareholder in the company, has 30 years of 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. His role in running the company will be to focus on opportunities to promote established artists.

Qualifying Investments Following the Period

MK Ultrasound Limited

In April 2008, £1,000,000 was invested in MK Ultrasound Limited for a 50% equity interest.

MK Ultrasound's founding director, David Dorrell, the manager of Pet Shop Boys, is a veteran of the music industry with successes stretching over three decades. He started his career as a music journalist in the early 80s; in 1987, as a member of Chart-toppers MARRS, he ushered in the dance music era with the multi-million selling 'Pump Up The Volume'. In the 90s, David produced and remixed tracks for acts ranging from U2 to De La Soul, Janet Jackson to Tina Turner, before turning to management of a young London band called Bush; Bush became one of the most successful bands of the decade with over 10 million global record sales. The company's particular focus will be to identify and back rising stars and to consolidate the positions of proven touring acts.

Non-qualifying Investments

As at the end of the year, the Company held non-qualifying investments with a total value of £13,837,751 and bank deposits of £3,387,067.

Fund Raising

In December 2006, the Company offered C Shares for subscription; that offer closed in June 2007, having raised £13.2 million.

In November 2007, the Company offered D Shares for subscription. To date, that offer has raised £18.9 million.

Outlook

The Ordinary Share fund started well, attaining its 70% qualifying investment target by October 2007, sixteen months earlier than was required. Deal flow continues to be strong, with many approaches made to the Manager for opportunities in the live performance area and also in the wider entertainment sector. The Manager continues actively to review all approaches, as well as proactively seeking out investment opportunities through its Board's extensive network of contacts in the sector. The Manager believes that the C Share fund and the D Share fund will each reach its 70% target well within the timeframe set by VCT regulations.

Investment Portfolio

as at 29 February 2008

Ordinary Share Portfolio

	2008 Cost £	2008 Valuation £	2008 % of net assets by value	2007 Cost £	2007 Valuation £	2007 % of net assets by value
Qualifying investments						
Martha & George Productions Limited	850,500	854,000	15.6	850,500	850,500	14.2
In Tandem Promotions Limited	850,500	857,000	15.6	850,500	850,500	14.2
My Brother Promotions Limited	850,500	779,000	14.2	850,500	850,500	14.2
LC Presents Limited	894,999	892,999	16.3	-	-	-
Thunderroad Promotions Limited	850,000	851,000	15.5	-	-	-
Total qualifying investments	4,296,499	4,233,999	77.2	2,551,500	2,551,500	42.6
Total fixed asset investments	4,296,499	4,233,999	77.2	2,551,500	2,551,500	42.6
Net current assets		1,245,502	22.8		3,446,160	57.4
Net assets		5,479,501	100.0		5,997,660	100.0

C Share Portfolio

	2008 Cost £	2008 Valuation £	2008 % of net assets by value	2007 Cost £	2007 Valuation £	2007 % of net assets by value
Total qualifying investments	-	-	-	n/a	n/a	n/a
Total fixed asset investments	-	-	-	n/a	n/a	n/a
Net current assets		12,742,141	100.0		n/a	n/a
Net assets		12,742,141	100.0		n/a	n/a

D Share Portfolio

	2008 Cost £	2008 Valuation £	2008 % of net assets by value	2007 Cost £	2007 Valuation £	2007 % of net assets by value
Total qualifying investments	-	-	-	n/a	n/a	n/a
Total fixed asset investments	-	-	-	n/a	n/a	n/a
Net current assets		3,217,348	100.0		n/a	n/a
Net assets		3,217,348	100.0		n/a	n/a

Venture Capital Investments

as at 29 February 2008

Martha & George Productions Limited

Cost:	£850,500
Valuation:	£854,000
Basis of valuation:	Net asset value
Equity holding:	50%

The company's first accounts were for the period from incorporation (6 June 2006) to 30 November 2007, and were filed on 4 April 2008. Those accounts showed turnover and post-tax profit for the period of £780,214 and £4,181 respectively.

In Tandem Promotions Limited

Cost:	£850,500
Valuation:	£857,000
Basis of valuation:	Net asset value
Equity holding:	49%

As the company was only incorporated on 27 September 2006, accounts have not yet been filed. The company's first accounts will be for the period from incorporation to 30 November 2007; during the year, the company changed its year end from 31 March to 30 November.

My Brother Promotions Limited

Cost:	£850,500
Valuation:	£779,000
Basis of valuation:	Net asset value
Equity holding:	45%

The company's first accounts were for the period from incorporation (12 July 2006) to 31 December 2007, and were filed on 12 May 2008. Those accounts showed turnover of £671,062, and a loss before interest and taxation of £69,403; after taking into account provision for interest payable by the company to Edge Performance VCT plc, the loss for the period was £115,208. The principal contributor to this loss was the adverse weather conditions in the UK in the Summer of 2007, which impacted significantly on a series of outdoor live events which the company co-promoted in June and July 2007; since then, the company has successfully co-promoted a number of further events.

L C Presents Limited

Cost:	£894,999
Valuation:	£892,999
Basis of valuation:	Net asset value
Equity holding:	49%

As the company was only incorporated on 2 January 2007, accounts have not yet been filed. The company's first accounts will be for the period from incorporation to 31 May 2008.

Thunderroad Promotions Limited

Cost:	£850,000
Valuation:	£851,000
Basis of valuation:	Net asset value
Equity holding:	49%

As the company was only incorporated on 2 January 2007, accounts have not yet been filed. The company's first accounts will be for the period from incorporation to 30 June 2008.

Directors' Report

The Directors present the financial statements of the Company for the year ended 29 February 2008 and their report on its affairs.

Business and Principal Activities

The Company, launched in February 2006, is an innovative VCT which offers the opportunity to invest in the entertainment industry, concentrating on live music, theatre, sports, festivals and other events, and utilising arrangements that seek to combine high targeted returns with reduced downside risk and enhanced liquidity whilst allowing investors to take advantage of VCT tax reliefs.

Edge's structure aims to minimise the risk to the investor, whilst still permitting the investor to benefit from the attractive returns available in the entertainment business. The Company intends to invest in companies alongside established businesses with expertise in the sector. The majority of the portfolio investments will be made through loan finance which should provide additional capital protection.

The fund managed by the Company for the benefit of its ordinary shareholders will invest only in Events Companies which have successfully negotiated an event licensing agreement with an established event promoter under which the revenues received by the Events Company from the events promoted with that promoter will be at least 75% of the aggregate of the amount invested by Edge in the Events Company and the agreed running costs of the Events Company. With this emphasis on capital protection, the targeted minimum tax-free return for investors is 115p per 100p invested (equivalent to a return of 75p per 60p invested net of income tax).

Unlike the Ordinary Share Fund, the C Share Fund investments will be spread amongst those offering high minimum guaranteed returns, with little of investors' capital at risk, and those with less guaranteed returns but with significantly higher potential returns. The targeted tax-free return for this fund is 160p per 100p invested (equivalent to a return of 130p per 70p invested net of income tax).

The D Share Fund will have an investment profile similar to that of the C Share Fund and has the same targeted tax-free return of 160p per 100p invested.

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 Event Companies.

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

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

Investment Company Status

The Company revoked its status as an investment company in September 2007 so that it could regard capital reserves as profits of the Company available for distribution.

VCT Status

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

Business Review

A detailed review of the Company's development and performance during the year and consideration of its future prospects may be obtained by reference to this Report, the Chairman's Statement (pages 3 to 4) and the Investment Manager's Review (pages 8 to 9). Details of the venture capital investments made by the Company are given in the Investment Portfolio (page 10) and the Venture Capital Investments report (page 11) A summary of the Company's key financial measures is given on page 1. Details of important events occurring after the balance sheet date can be found in note 19 to the financial statements on page 43.

The 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 Investment 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 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 2007 Pence	29 February 2008 Pence
Net asset value total return per ordinary share	93.70	91.61
Net asset value total return per C share	n/a	95.60
Net asset value total return per D share	n/a	93.26

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 3.3%. The net asset value of the D Share Fund has not been included in the calculation of this ratio as there were no expenses associated with the D Share Fund in the year ended 29 February 2008.

The total expense ratio for the Company for the period from 5 April 2006 to 28 February 2007 was 4.2%.

Under the terms of the investment management agreement, the running costs of the Company (excluding the investment manager's performance related incentive fee, irrecoverable VAT and costs of any significant corporate activity) are restricted to a maximum of 3.5% of the average value of the Company's net assets. Any excess will be paid by the investment manager. No excess was payable in respect of the year ended 29 February 2008.

Results, Dividends and Comparative Performance

As shown in the Company's Income Statement on page 27 of the financial statements, the Company's returns in the year ended 29 February 2008 were:

	Ordinary share fund	C share fund	D share fund
Revenue return per share	0.25p	2.37p	n/a
Capital return per share	(2.29)p	(0.92)p	n/a
Total return per share	(2.04)p	1.45p	n/a

The Board recommends the payment of the undernoted final dividends in respect of the year ended 29 February 2008:

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

The Balance Sheet on page 29 of the financial statements shows that the Company's net assets have increased over the year, reflecting the injection of capital through the C share and D share offers for subscription. The former closed in May 2007 while the latter, in respect of the tax year 2008/09, is still open as at the date of this report. The net asset value per ordinary share has decreased reflecting the transfer of funds from interest bearing liquidity funds to unquoted investments but a maiden interim dividend of 6p per ordinary share was paid in November 2007. The net asset value per C share has increased reflecting the income earned on the Company's holdings in liquidity funds pending the completion of qualifying venture capital investments.

Cash flow for the business has been positive over the period, with the spend on financial investments, £13.9 million, being significantly exceeded by the funds raised through the offers for subscription, £15.8 million.

Future Developments

The Company's priorities over the next three years are satisfying, in respect of both its C and D 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 monitoring the ordinary share investment portfolio with the aim of maximising its 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 20 to 23.

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.

Julian Paul and Frank Presland resigned and were reappointed at the Company's first annual general meeting which was held on 7 March 2007.

Michael Eaton and David Glick resigned and were reappointed at the Company's second annual general meeting which was held on 5 June 2008.

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

Directors' Interests

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

	No of ordinary shares as at 29 Feb and 5 April 2008	Percentage holding %	No of C ordinary shares as at 29 Feb and 5 April 2008	Percentage holding %	No of D ordinary shares as at 5 April 2008*	Percentage holding %
Sir Robin Miller	50,000	0.78	-	-	53,000	0.29
Michael Eaton	50,000	0.78	-	-	-	-
David Glick	100,000	1.56	101,500	0.77	21,200	0.12
Julian Paul	12,500	0.20	10,000	0.08	10,300	0.06
Frank Presland	10,000	0.16	10,300	0.08	10,600	0.06

*As at 29 February 2008, the only directors to hold any D shares were David Glick and Frank Presland who held 21,200 and 10,300 respectively.

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 18 and 19) will be put to the forthcoming extraordinary general meeting.

Investment Management Agreement

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

The Manager will receive: (a) an annual management fee of 2.0% of the net asset value attributable to the ordinary shares and 1.75% of the net asset value attributable to the C shares and D shares, in each case plus VAT (if applicable); (b) a fixed administration fee, to cover administrative expenses, of £70,000 per annum plus VAT (if applicable) such fee to be adjusted annually by reference to the movement in RPI; and (c) a performance fee which is outlined in more detail below.

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

Total annual operating expenses of the Company (excluding EIM's performance incentive fee, irrecoverable VAT and costs of any significant corporate activity) have been capped at 3.5% of the net asset value of the Company with any excess being borne by EIM.

Performance Related Incentive Fee

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

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

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

Share Capital

On 20 March, 5 April and 25 May 2007 a total of 13,328,599 C shares were allotted and issued for cash to various subscribers who submitted valid applications under the offers for subscription made through a prospectus dated 22 December 2006.

At an extraordinary general meeting of the Company held on 5 November 2007, and ordinary and C class meetings held on the same date, it was resolved that: (a) the authorised share capital of the Company be increased to £40,500,000 by the creation of 5,200,000 C Shares, 60,000,000 D Shares and 19,999,000 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 29 February 2008, 6,400,640 ordinary shares of 10p each, 13,328,599 C shares of 10p each and 3,449,721 D shares of 10p each of the Company were in issue. As at the date of this report a further 14,861,418 D shares of 10p each were in issue.

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

Substantial Shareholdings

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

Authority to Make Market Purchases of Shares

By a special resolution of the Company passed at an extraordinary general meeting of the Company held on 26 June 2007, the Company was generally and unconditionally authorised (in accordance with section 166 of the Companies Act) to make market purchases of up to 10% of the ordinary shares in issue from time to time. The price paid must not be less than 10p per ordinary share nor more than 5 per cent above the average of the middle market quotations for an ordinary share as derived from the Official List of the London Stock Exchange for the five business days immediately preceding the date on which the ordinary shares are purchased.

The authority expired on conclusion of the annual general meeting held on 5 June 2008 but renewal of the authority will be sought at the forthcoming extraordinary general meeting.

Cancellation of Share Premium Account

By a special resolution of the Company passed at an extraordinary general meeting of the Company held on 26 June 2007, it was resolved that, subject to the approval of the High Court of Justice, the share premium account of the Company be cancelled. Such High Court approval was granted on 12 September 2007 and the share premium account was cancelled.

At an extraordinary general meeting of the Company held on 5 November 2007, it was resolved that, subject to the sanction of the High Court, the share premium account to be created upon the issue of the D Shares issued under the offer for subscription opened on 5 November 2007 be cancelled. As at the date of this report, this share premium account had not been 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 extraordinary 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 29 February 2008.

Annual General Meeting

The Company's second annual general meeting was held at 10.00am on 5 June 2008. The only business of the meeting was to consider the reappointment of the Directors David Glick and Michael Eaton both of whom retired by rotation. Both Directors were reappointed.

Extraordinary General Meeting

An extraordinary general meeting to receive the annual financial report and consider proposed dividends will be held later in the year when the meeting may also consider any resolutions relevant to any fundraising which may be launched for tax years 2008/09 and 2009/10.

By Order of the Board,

The City Partnership (UK) Limited,
Company Secretary

30 June 2008

Directors' Remuneration Report

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

The Company's auditors, Scott-Moncrieff, are required to give their opinion on certain information included in this report. The disclosures which have been audited are indicated as such. Their report is set out on pages 25 and 26.

Remuneration Committee

During the year under review, the members of the Company's remuneration committee, a fully constituted board committee, were Sir Robin Miller, Michael Eaton and Julian Paul. The committee's remit regarding remuneration is included in the Statement of Corporate Governance which is set out on pages 20 to 23.

The committee did not meet in the year ended 29 February 2008. Such a meeting was thought unnecessary given that no Director retired and the Directors' initial fees had been agreed in their letters of appointment.

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

Directors' Remuneration Policy

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

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

In respect of the O share fund, EIM is entitled to a performance related incentive fee equal to 19% of the cumulative cash returned to ordinary shareholders in excess of 75p per share per 60p invested (net of income tax) although no such fee will be payable unless the cumulative cash returned to the ordinary shareholders exceeds the initial investment of 60p per share (net of income tax) increased by 8% per annum (simple). This fee is to be paid in cash and can be assigned by EIM to some or all of EIM's investment team. In respect of the C share (and D share) funds, EIM will receive 19% of cumulative cash returned to investors in excess of 100p per C (D) share and 29% in excess of 120p per C (D) share for 70p invested (the effective cost to the investor net of income tax). This fee is to be paid in cash and can be assigned by EIM to some or all of EIM's investment team. 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 share (and D share) funds, Sir Robin Miller is entitled to receive a performance fee of 1% (calculated on the same basis as EIM's performance fee).

Directors' Fees

The fees payable to individual Directors in respect of the period ended 29 February 2008 are shown in the table below. Sir Robin Miller's, Julian Paul's and David Glick's fees were paid to RMC Limited, Julian Paul & Co, and Edge Media Services Limited respectively in consideration for their services.

Director	Fee for period ended 29 February 2008 £	Annual fee £	Fee for period ended 28 February 2007 £	Annual fee £
Sir Robin Miller	14,250	15,000	11,162	15,000
Michael Eaton	11,875	12,500	9,301	12,500
Julian Paul	11,875	12,500	9,301	12,500
Frank Presland	11,875	12,500	9,301	12,500
David Glick	11,875	12,500	9,301	12,500

Each Director accepted, for the period from 5 February 2006 to 4 April 2007, a reduction of 30% in his annual 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 both the ordinary and C shares and the net asset value total returns per share for both the ordinary and C 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.

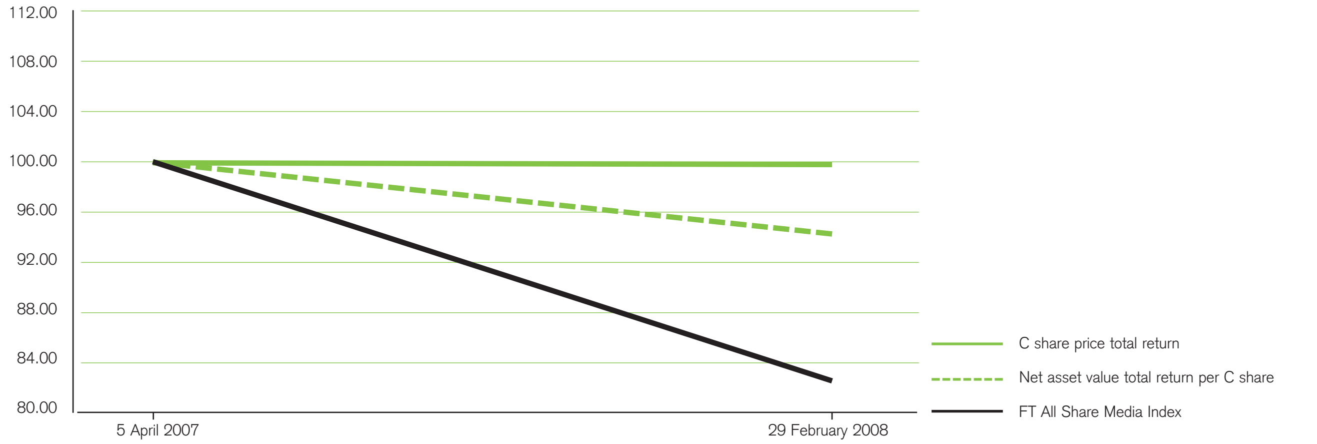
The share price total return and net asset value total return per share comprise the share price and net asset value per share respectively together with the cumulative dividends paid.

Return to Ordinary Shareholders in Edge Performance VCT plc

Period from 5 April 2006 to 29 February 2008

Return to C Shareholders in Edge Performance VCT plc

Period from 5 April 2007 to 29 February 2008



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 29 February 2008.

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 and the company secretary. The Board has direct access to corporate governance advice and compliance services through the company secretary, who is responsible for ensuring that board procedures are followed and compliance requirements are met.

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

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

Board Committees

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

Audit Committee

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

- To monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgments contained in them.
- To review the Company's internal financial controls and, unless expressly addressed by a separate board risk committee, or by the Board itself, to review the Company's internal control and risk management systems.
- To make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors.
- To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements.
- To review the half-year and annual financial statements before submission to the Board.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of management where necessary).
- To monitor and review the effectiveness of any internal audit activities. If there is no internal audit function, to consider annually if there is a need for such an audit and to make a recommendation to the Board.
- To review the external auditors' management letter and management's response.

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

A quorum shall be two members.

Remuneration Committee

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

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

To report the frequency of, and attendance by members at, remuneration committee meetings in the annual reports.

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

A quorum shall be two members.

Nominations Committee

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

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

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

A quorum shall be two members.

Attendance at Board and Committee Meetings

During the period ended 29 February 2008 there were:

- 4 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)
- One meeting of the audit committee
- No meetings of the remuneration committee
- No meetings of the nominations committee

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

Director	Board	Audit Committee
Robin Miller	3	1
Michael Eaton	3	1
David Glick	4	1
Frank Presland	3	1
Julian Paul	4	1

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 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 Directors' Responsibilities in respect of the financial statements and the Independent Auditors' Report are presented on page 24 and pages 25 to 26 respectively of this report.

Internal Audit

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

Going Concern

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

Statement of Directors' Responsibilities

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

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

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

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

Independent Auditors' Report

to the shareholders of Edge Performance VCT plc

We have audited the financial statements of Edge Performance VCT plc for the year ended 29 February 2008, which comprise the Income Statement, the Reconciliation of Movements in Shareholders' Funds, the Balance Sheet, the Cash Flow statement and the relevant notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

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

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

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

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

We review whether the Statement of Corporate Governance on pages 20 to 23 reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statement on Internal Control covers all risks or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

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

Basis of Opinion

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

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

Independent Auditors' Report continued

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 29 February 2008 and of the total return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Director's Report is consistent with the financial statements.

Scott-Moncrieff
Chartered Accountants
Registered Auditor

17 Melville Street
Edinburgh

30 June 2008

Income Statement

for the year ended 29 February 2008

		Year ended 29 February 2008			Period ended 28 February 2007		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised movements on investments		-	(48)	(48)	-	(5)	(5)
Income	2	676	-	676	215	-	215
Investment manager's fees	3	(93)	(278)	(371)	(18)	(55)	(73)
Other expenses	4	(189)	-	(189)	(133)	-	(133)
Return on ordinary activities before tax		394	(326)	68	64	(60)	4
Tax on ordinary activities	6	(90)	67	(23)	(12)	-	(12)
Return attributable to equity shareholders		304	(259)	45	52	(60)	(8)
Transfer to reserves		304	(259)	45	52	(60)	(8)
Return per share							
Return per Ordinary Share	8	0.25p	(2.29)p	(2.04)p	0.82p	(0.94)p	(0.12)p
Return per C Share	8	2.37p	(0.92)p	1.45p	-	-	-
Return per D Share	8	-	-	-	-	-	-

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 33 to 43 are an integral part of the financial statements.

Unaudited Non-Statutory Analysis between the Ordinary and C Share Funds
Income Statement

for the year ended 29 February 2008

		Ordinary Share Fund			C Share Fund	
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised/unrealised movements on investments	-	(63)	(63)	-	15	15
Income	128	-	128	548	-	548
Investment manager's fees	(35)	(106)	(141)	(57)	(173)	(230)
Other expenses	(72)	-	(72)	(117)	-	(117)
Return on ordinary activities before tax	21	(169)	(148)	374	(158)	216
Tax on ordinary activities	(5)	22	17	(86)	46	(40)
Return attributable to equity shareholders	16	(147)	(131)	288	(112)	176
Transfer to reserves	16	(147)	(131)	288	(112)	176
Return per share						
Return per Share	0.25p	(2.29)p	(2.04)p	2.37p	(0.92)p	1.45p

Balance Sheet

as at 29 February 2008

	Note	As at 29 February 2008 £'000	As at 28 February 2007 £'000
Fixed assets			
Investments	1 & 9	4,234	2,552
Current assets			
Debtors	11	85	82
Corporate bond & other liquidity funds	1	13,838	1,703
Cash at bank		3,387	1,740
		17,310	3,525
Creditors: amounts falling due within one year	12	(105)	(79)
Net current assets		17,205	3,446
Net assets		21,439	5,998
Capital and reserves			
Called up share capital	13	2,318	640
Share premium account	14	2,872	5,366
Special reserve	14	16,212	-
Realised capital reserve	14	(267)	(56)
Unrealised capital reserve	14	(52)	(4)
Revenue reserves	14	356	52
		21,439	5,998
Net asset value per Ordinary share	15	85.61p	93.70p
Net asset value per C share	15	95.60p	-
Net asset value per D share	15	93.26p	-

The accompanying notes on pages 33 to 43 are an integral part of the financial statements.

The financial statements were authorised for issue by the Directors on 30 June 2008 and signed on their behalf by:

Sir Robin Miller
Director

David Glick
Director

Unaudited Non-Statutory Analysis between the Ordinary, C and D Share Funds
Balance Sheet
as at 29 February 2008

	Ordinary share fund £'000	C share fund £'000	D share fund £'000
Fixed assets			
Investments	4,234	-	-
Current assets			
Debtors	29	56	-
Corporate bond & other liquidity funds	1,621	12,217	-
Cash at bank	(408)	521	3,274
	1,242	12,794	3,274
Creditors: amounts falling due within one year	3	(51)	(57)
Net current assets	1,245	12,743	3,217
Net assets	5,479	12,743	3,217
Capital and reserves			
Called up share capital	640	1,333	345
Share premium account	-	-	2,872
Special reserve	4,978	11,234	-
Realised capital reserve	(140)	(127)	-
Unrealised capital reserve	(67)	15	-
Revenue reserves	68	288	-
	5,479	12,743	3,217
Net asset value per Ordinary share, pence	85.61		
Net asset value per C share, pence		95.60	
Net asset value per D share, pence			93.26

Reconciliation of Movements in Shareholders' Funds

for the year ended 29 February 2008

	2008 £'000	2007 £'000
Total net assets attributable at 29 (28) February	5,998	-
Capital per share issues	16,716	6,356
Expenses of issue	(926)	(349)
Expenses of share redemption	-	(1)
Expenses of share premium cancellation	(10)	-
Return for the year (period)	45	(8)
Interim dividend	(384)	-
Closing shareholders' funds at 29 (28) February	21,439	5,998

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

for the year ended 29 February 2008

	Ordinary share fund £'000	C share fund £'000	D share fund £'000
Opening shareholders' funds	5,998	-	-
Share capital subscribed for in the year	-	13,307	3,409
Expenses of issue	-	(734)	(192)
Expenses of share premium cancellation	-	(10)	-
Return for the year (period)	(131)	176	-
Interim dividend	(384)	-	-
Closing shareholders' funds at 29 February 2008	5,483	12,739	3,217

Cash Flow Statement

for the year ended 29 February 2008

	Note	Year ended 29 February 2008 £'000	£'000	Period ended 28 February 2007 £'000	£'000
Operating activities					
Investment income received		457		49	
Deposit and similar interest received		170		159	
Investment manager's fees paid		(336)		(142)	
Company secretarial fees paid		(56)		(47)	
Cash paid to and on behalf of directors		(66)		(49)	
Other cash payments		(45)		(15)	
Net cash inflow/(outflow) from operating activities	16		124		(45)
Financial investment					
Purchase of unquoted investments		(1,747)		(4,259)	
Purchased interest		-		(2)	
Recovery of purchased interest		-		2	
Purchase of liquidity funds		(12,570)		-	
Sale of liquidity funds		450		-	
Net cash outflow from financial investment			(13,867)		(4,259)
Overpayments, Tax & Dividends					
Overpayments		(24)		-	
Tax		(6)		-	
Equity dividends paid		(384)		-	
Net cash outflow from overpayments, tax & dividends			(414)		-
Net cash outflow before financing			(14,157)		(4,304)
Financing					
Redemption of preference shares		(1)		-	
Cancellation of shre premium accounts		(10)		-	
New share issues		16,604		6,288	
Share issue expenses		(789)		(244)	
Net cash inflow from financing			15,804		6,044
Increase in cash			1,647		1,740

The accompanying notes on pages 33 to 43 are an integral part of the financial statements.

Notes to the Financial Statements

1. Accounting policies

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

a) Basis of accounting

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

b) Investments

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

Investments which have been made within the last twelve months are valued at cost except where the company's performance against plan is significantly below the expectations on which the investment was made, in which case provision against cost is made as appropriate

Where a company is in the early stage of development, it will normally continue to be held at cost on the basis described above

Where a company is well established after one year from the date of investment the shares may be valued by applying a suitable price-earnings ratio to that company's historical post tax earnings. The ratio used is based on a comparable listed company or sector but discounted to reflect lack of marketability. Alternative methods of valuation will include cost, provision against cost or net asset value where such factors apply that make one of these methods more appropriate.

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

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

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

c) Income

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

d) Expenses

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

e) Deferred tax

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

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

	2008 £'000	2007 £'000
Interest receivable		
- from Rothschild Preferred Income Fund	43	32
- from cash and cash equivalents	633	183
	676	215

3. Investment manager's fees

	2008 £'000	2007 £'000
Edge Investment Management	371	73

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.

The Manager will receive: (a) an annual management fee of 2.0% of the net asset value attributable to the ordinary shares and 1.75% of the net asset value attributable to the C shares and D shares, in each case plus VAT (if applicable); (b) a fixed administration fee, to cover administrative expenses, of £70,000 per annuam plus VAT (if applicable) such fee to be adjusted annually by reference to the movement in RPI; and (c) a performance fee which is outlined in more detail below.

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

Total annual operating expenses of the Company (excluding EIM's performance incentive fee, irrecoverable VAT and costs of any significant corporate activity) have been capped at 3.5% of the net asset value of the Company with any excess being borne by EIM.

Performance related incentive fee

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

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

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

Total annual operating expenses (excluding EIM's performance incentive fee, irrecoverable VAT and costs of any significant corporate activity) have been capped at 3.5% of the net asset value attributable to the ordinary shares with any excess being borne by EIM.

4. Other expenses

	2008 £'000	2007 £'000
Directors' remuneration (inc expenses)	62	49
Company secretarial fees	50	38
Audit fees – for audit services	9	9
VCT status adviser fees	8	-
Printing & stationery	7	12
Other costs	35	12
Irrecoverable VAT	18	13
	189	133

The Company has no employees.

5. Directors' and special adviser's fees

	2008 £'000	2007 £'000
Michael Eaton	11.9	9.3
Frank Presland	11.9	9.3
Amounts paid and payable to third parties for the services of:		
Sir Robin Miller	14.2	11.2
Julian Paul	11.9	9.3
David Glick	11.9	9.3
	61.8	48.4

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

6. Tax on ordinary activities

a) Analysis of tax charge

	2008 £	2007 £
Revenue charge	90,292	12,264
Credited to capital return	(67,248)	-
Current and total tax charge (note (b))	23,044	12,264

b) Factors affecting tax charge for the year

	2008 £	2007 £
Total return on ordinary activities before tax	68,186	4,461
Add: unrealised losses/(gains)	47,527	4,153
Less: non-taxable realised gains	-	509
Add: transaction costs and investment management expense charged to capital	278,214	55,427
Revenue return on ordinary activities before taxation	393,927	64,550
Corporation tax at 22.92% (2007: 19%)	90,292	12,264
Taxation on revenue return	90,292	12,264
Allowable expenditure charged to capital return	278,214	-
Taxation on allowable expenditure charged to capital return	(67,248)	-
Credited to capital return	(67,248)	-
Tax charge for year (note (a))	23,044	12,264

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 (2007: nil).

7. Dividends paid and proposed

	2008 £'000	2007 £'000
Amounts recognised as distributions to equity holders in the year	384	-

An interim dividend of 6p per ordinary share was paid in November 2007.

The Directors recommend final dividends of 7p per ordinary share (2007: nil) and 7p per C share (2007: nil) to be paid on or before 21 November 2008 to all ordinary and C shareholders respectively on the register as at close of business on 7 November 2008. The proposed final dividends are subject to approval by the shareholders at the forthcoming extraordinary general meeting and have not been included as liabilities in these financial statements.

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

	2008 £'000	2007 £'000
Interim dividend – 6p per ordinary share (2007: nil)	384	-
Proposed final dividend – 7p per ordinary share (2007: nil)	448	-
Proposed final dividend – 7p per C share (2007: nil)	933	-
Totals	1,765	-

8. Return per Share

	Revenue	Capital	2008 Total	Revenue	Capital	2007 Total
Return per Ordinary Share	0.25p	(2.29)p	(2.04)p	0.82p	(0.94)p	(0.12)p
Return per C Share	2.37p	(0.92)p	1.45p	-	-	-
Return per D Share	-	-	-	-	-	-

Basic revenue return per Ordinary Share is based on the net revenue profit from ordinary activities after taxation of £15,884 (2007: £52,286) and on 6,400,640 Ordinary Shares, being the weighted average number of shares in issue during the period from 1 March 2007 to 29 February 2008. Basic capital return per Ordinary Share is based on the net capital loss after taxation of £(146,658) (2007: £60,089) and on 6,400,640 Ordinary Shares, being the weighted average number of shares in issue during the period from 1 March 2007 to 29 February 2008.

Basic revenue return per C Share is based on the net revenue profit from ordinary activities after taxation of £287,751 (2007: n/a) and on 12,110,502 C Shares, being the weighted average number of shares in issue during the period from 1 March 2007 to 29 February 2008. Basic capital return per C Share is based on the net capital loss after taxation of £(111,836) (2007: n/a) and on 12,110,502 C Shares, being the weighted average number of shares in issue during the period from 1 March 2007 to 29 February 2008.

No revenue was earned and no expenditure was incurred in the period from date of allotment to 29 February 2008 in respect of the funds managed on behalf of the D shareholders.

9. Investments

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

	Venture capital - unquoted £'000	Total £'000
Book cost at 28 February 2007	2,552	2,552
Unrealised gains at 28 February 2007	-	-
Valuation at 28 February 2007	2,552	2,552
Movements in the year:		
- Purchases at cost	1,745	1,745
- Disposals-proceeds	-	-
- Net realised gains/(losses)	-	-
Movement in unrealised gains/(losses)	(63)	(63)
Valuation at 29 February 2008	4,234	4,234
Comprising:		
- Book cost at 29 February 2008	4,297	4,297
- Unrealised gains/losses at 29 February 2008	(63)	(63)
	4,234	4,234

10. Significant interests

As at 29 February 2008, the Company held significant investments, amounting to 3% or more of the equity capital, in the following companies:

Company	Equity investment (ordinary shares) £	Loan stock £	Total investment £	Percentage of investee company's total equity %
Martha & George Productions Limited	255,000	595,000	850,000	50
In Tandem Promotions Limited	255,000	595,000	850,000	49
My Brother Promotions Limited	255,000	595,000	850,000	45
LC Presents Limited	299,999	595,000	894,999	49
Thunderroad promotions Limited	255,000	595,000	850,000	49

11. Debtors

	2008 £'000	2007 £'000
Amounts falling due within one year:		
Accrued interest and other accrued income	40	-
Amounts due from the Investment Manager	-	57
Prepayments and other debtors	45	25
	85	82

12. Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Sundry creditors and accruals	69	42
Amounts due to the Investment Manager	36	37
	105	79

13. Called-up share capital

Authorised:	2008 £'000	2007 £'000
300,000,000 Ordinary Shares of 10p each	30,000	30,000
25,000,000 C Shares (2007: 19,800,000) of 10p each	2,500	1,980
50,000 redeemable, non-voting preference shares of £1 each	-	50
60,000,000 D Shares of 10p each	6,000	-
20,000,000 Deferred Shares (2007: 1,000) of 10p each	2,000	0.1

Allotted, called-up and fully paid:		
6,400,640 Ordinary Shares of 10p each	640	640
13,328,599 C Shares of 10p each	1,333	-
3,449,721 D Shares of 10p each	345	-

During the period, pursuant to the prospectus dated 22 December 2006, the Company issued 13,328,599 C Shares. The Company also issued 3,449,721 D Shares pursuant to a prospectus dated 5 November 2007.

Notes to the Financial Statements continued

14. Reserves

	Share premium £'000	Special reserve £'000	Capital reserve (realised) £'000	Capital reserve (unrealised) £'000	Revenue reserves £'000	Total £'000
At 1 March 2007	5,366	-	(56)	(4)	52	5,358
C share issue	11,974	-	-	-	-	11,974
C share issue expenses	(730)	(4)	-	-	-	(734)
Cancellation of share premium account	(16,610)	16,610	-	-	-	-
Fee re cancellation of share premium account	-	(10)	-	-	-	(10)
D share issue	3,064	-	-	-	-	3,064
D share issue expenses	(192)	-	-	-	-	(192)
Dividends paid	-	(384)	-	-	-	(384)
Movement in reserves	-	-	(211)	(48)	304	45
At 29 February 2008	2,872	16,212	(267)	(52)	356	19,121

15. Net asset value per share

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

	Net assets	2008 Net asset values attributable Net assets per share	Net assets	2007 Net asset values attributable Net assets per share
Ordinary shares	£5.5m	85.61p	£6.0m	93.70p
C shares	£12.8m	95.60p	-	-
D shares	£3.2m	93.26p	-	-

Net asset value per share is based on net assets at the period end and on the number of shares in each class in issue at the period end – Ordinary Shares, 6,400,640; C Shares 13,328,599; and D Shares 3,449,721.

16. Reconciliation of net return before taxation to net cash outflow from operating activities

	2008 £'000	2007 £'000
Net return before taxation for the year	68	4
(Gains)/losses on investments	48	5
(Increase)/decrease in debtors	(3)	(82)
Increase/(decrease) in creditors and accruals	15	67
Transaction costs included in cost of investments	2	(2)
Cost of preference shares' redemption charged to share premium account	1	(1)
Outstanding balance of offer fee charged to share premium account	(25)	(36)
Recovery of income tax suffered	(6)	-
Sums overpaid and recoverable	24	-
Net cash inflow/(outflow) from operating activities	124	(45)

17. Analysis of changes in net funds

	Cash £'000	Liquid funds £'000	Total £'000
At 1 March 2007	1,740	1,703	3,443
Cash flows	1,647	12,120	13,767
Unrealised adjustments in fair value	-	15	15
At 29 February 2008	3,387	13,838	17,225

18. Financial instruments

The Company's financial instruments comprise:

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

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

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

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 29 February 2008:

	2008 (Book value) £'000	2008 (Fair value) £'000	2007 (Book value) £'000	2007 (Fair value) £'000
Assets at fair value through profit and loss				
- Investment portfolio	4,297	4,234	2,552	2,552
- Current investments	13,823	13,838	1,707	1,703
- Cash at bank	3,387	3,387	1,740	1,740
Loans and receivables				
- Accrued income	40	40	-	-
- Other debtors	45	45	82	82
- Other creditors	(105)	(105)	(79)	(79)
	21,487	21,439	6,002	5,998

Unquoted investments account for 100.0% of the investment portfolio (2007: 100%). The investment portfolio has a 100% concentration of risk towards small UK based, sterling denominated companies and represents 19.7% (2007: 42.5%) of net assets at the year-end.

Current investments are money market funds which represent 64.5% (2007: 28.4%) of net assets at the year-end.

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

Credit risk

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

Market price risk

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

The equity and fixed interest stocks of the Company's unquoted investee companies are very seldom traded and, as such, their prices are more uncertain than those of more frequently traded stocks. It is estimated that a 10% fall in the carrying value of the Company's unquoted investments would reduce profit before tax for the year by £598,000 and reduce the Company's net asset values per O share and C share by 6.62p and 1.31p 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 29 February 2008, the Company's financial assets by value, excluding short-term trade debtors and creditors as permitted by Financial Reporting Standard 25 "Financial Instruments: Disclosure and Presentation", comprised:

Financial assets	£000	%	Interest rate	Weighted average interest rate %	Weighted average period for which rate is fixed, years
Ordinary shares	1,258		n/a	n/a	n/a
Loan stock – variable rate	2,976				
			Floating	n/a	n/a
Corporate bonds	840		Floating	n/a	n/a
Cash equivalents	12,998		Floating	n/a	n/a
Bank deposits	3,387		Floating	n/a	n/a

It is estimated that a one percentage point fall in interest rates would have reduced a profit before tax for the year of £68,000 to a loss before tax for the year of £61,000. 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

In April 2008, the Company completed its first qualifying venture capital investment in the C share portfolio. It invested £1million in MK Ultrasound Limited.

The Company's D share offer for subscription in respect of the 2007/08 tax year closed having raised £18,121,000 gross. The Offer in respect of the 2008/09 tax year remains open and has, as at the date of this report, raised £748,000.

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 of the Company as at 29 February 2008.

22. Transactions with the Investment Manager

During the period ended 29 February 2008, the Company paid to Edge Investment Management Limited, the Company's Investment Manager:

- An investment management fee of £370,953 (which included £55,248 of irrecoverable VAT).
- An administration fee of £58,986 (which included £8,785 of irrecoverable VAT).

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

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 Box 41 196 Rose Street Edinburgh EH2 4AT
Promoter	RAM Capital Partners LLP Bracton House 34-36 High Holborn London WC1V 6AE
Taxation advisers	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Auditors	Scott-Moncrieff 17 Melville Street Edinburgh EH3 7PH
Bankers	HSBC Private Bank (UK) Limited 78 St. James's Street London SW1A 1JB
Receiving agent & Registrar	The City Partnership (UK) Limited Box 41 196 Rose Street Edinburgh EH2 4AT