

# MATRIX INCOME & GROWTH VCT PLC **4**

A VENTURE CAPITAL TRUST

HALF-YEARLY REPORT



Unaudited Half-Yearly Report and Accounts  
for the six months ended 31 July 2007

MATRIX

## Investment Objective

The objective of Matrix Income & Growth 4 VCT plc ("the Company" or "MIG 4") is to provide shareholders with an attractive investment return, principally by maximising the stream of dividend distributions from the income and capital gains generated by a portfolio of investments in a wide variety of unquoted companies in the UK.

The portfolio comprises a number of diverse investments over a wide range of different business sectors, thus spreading risk by avoiding over-concentration in any one sector.

## Key data

	31 July 2007	31 July 2006 (restated)	31 January 2007 (audited)	Change since the year-end (%)
Net asset value per share (p)	118.69	113.61	116.34	2.02
Share price (p) <sup>1</sup>	100.50	85.00	91.00	10.44
Discount (%)	15.33	25.18	21.78	(29.61)
Cumulative dividends paid (p)	10.70	8.90	8.90	20.22
Total return since launch per share (p) <sup>2</sup>	129.39	122.51	125.24	3.31
Net assets (£'000)	24,534	9,741	9,772	151.06

<sup>1</sup> Source: London Stock Exchange

<sup>2</sup> Net Asset Value (NAV) per share plus cumulative dividends to date

Information at 31 July 2006 has been restated to incorporate the restructuring of the share capital that occurred on 18 October 2006 under which all existing Shareholders received one Ordinary Share of 1 penny for every two Ordinary Shares of 5 pence held before the restructuring.

# Chairman's Statement and Management Report

I am pleased to present the Half-Yearly Report for the six months ended 31 July 2007 – the first half-yearly report of the Company in its new form as a single manager VCT.

The early part of this period was, inevitably, dominated by the Offer for Subscription by the Company. The latter part was overshadowed by the debt and stock market turmoil. I will comment in more detail about these two events below.

## Net asset value

At 31 July 2007, the Company's Net Asset Value (NAV) per share was 118.69 pence per Ordinary 1p Share (including current year income) (31 Jan 2007: 116.34 pence per Ordinary 1p Share). Net assets rose by 151.06% from £9.8 million to £24.5 million since the year-end, most of which can be attributed to the Offer for Subscription.

## Economic and stock market background

At the end of the six-month period ended 31 July 2007, stock markets around the world have been dominated by the difficulties in the US sub-prime mortgage market. Since the period-end, this has resulted in considerable stock market turmoil with sharp daily index swings mostly amidst heavy turnover. Whilst the worst of the turmoil may be over in the short term, there can be no certainty that further falls in these stock markets will not be seen in the near future.

In the UK during the period, the FTSE 100 Index rose 4.54% and the FTSE All-Share Index rose 4.27% with the AIM Index rising by 11.37%. However, at the time of writing this Report, following the stock market turmoil, these rises have been almost entirely eroded. At this time, the effect of the very small number of AIM stocks in the portfolio has been beneficial.

On the investment side generally, there is still no

shortage of equity and debt providers looking for good prospects. Competition to finance such situations continues to remain relatively strong, although hopefully more of these providers will become more discerning or cautious. The Investment Manager continues to be wary of some high valuations being placed on businesses in the current market, but still remains confident of sourcing good quality investments.

## The portfolio

When considered by stage of development, the portfolio is dominated by investments in management buy-out situations ("MBOs"), which continues to rise, at some 71.93% with 24.25% invested in development capital companies and the remaining 3.82% of the portfolio being invested in AIM stocks and early stage investments. Following the recent change in investment strategy, the portfolio continues to invest in a wider range of market sectors with the largest of those being support services at 38.43%. Consumer services at 18.01% is the next largest investment sector. This spread of investments reflects the current investment strategy of spreading risks whilst trying to maintain a steady, if not increasing, dividend yield.

Some new investments have been made since my last report. A new investment of £1 million was made in July 2007 into DiGiCo Europe Limited, a manufacturer of digital sound mixing consoles for the live performance, theatre, post production and broadcast markets. After the period end a further investment of £445,506 was made into Blaze Signs Holdings Limited, an existing investee company, to acquire a complementary business, Active Sign Maintenance Limited.

In April 2007, Maven Management Limited was sold to Munro Global Limited. The cash proceeds

# Chairman's Statement and Management Report (continued)

from this disposal were £429k with the loan stock of £171k to be repaid in three tranches dependent on turnover over the next three years.

Within the former Elderstreet portfolio, a purchase of 4,864 shares of Mobile & Wireless Group Limited was made in February 2007. This company then changed its name to Expansys plc on 13 March 2007 prior to a listing on AIM on 11 April 2007.

During the period small additional purchases were made into Higher Nature plc, BBI Holdings plc, Sectorguard plc and VSI Limited.

It is worth commenting again that the Company now holds only a small number of relatively early stage AIM-quoted stocks as the Investment Manager's focus is on investments that finance the MBOs of privately owned companies.

## Revenue account

At 31 July 2007, distributable revenue reserves were £240,367, representing 1.16 pence per share. The total return per share in the period ended 31 July 2007 was 4.06 pence (7.15 pence in the period ended 31 July 2006).

## Dividend

The Board proposes to declare an interim dividend of 0.75 pence per share for the period ended 31 July 2007, payable on 8 November 2007 to Shareholders on the register on 12 October 2007, and hopes to be able to propose a further dividend for the year ending 31 January 2008.

## Offer for Subscription by the Company

The Offer for Subscription under the Securities Note to raise up to £20m for MIG 4 was launched in November 2006. The reaction from independent commentators and the leading IFAs was positive, and I am pleased to report that the Offer for Subscription closed on 5 April 2007 having issued 13,006,193 New Ordinary Shares at an average price of approximately 120.86 pence per share and having raised £15.7 million before costs. This outcome is particularly

pleasing as the Company has more than doubled its size and by so doing has increased its potential for capital gains going forward.

## Share buy-backs

During the period ended 31 July 2007 the Company continued to implement its buy-back policy and bought back 734,589 of the Company's Ordinary Shares (representing 3.55% of the shares in issue at the period end) at a total cost of £661,410 (net of expenses). These shares were subsequently cancelled by the Company.

This has been a busy period for the Board and the Company. Most importantly, your Board continues to be pleased with the progress that the portfolio is making, particularly given the current financial background. It is encouraging that the Company has managed to increase its net assets per share whilst in the background stock markets around the globe have been falling sharply. We look forward with confidence to the opportunities potentially being offered from investing the larger pool of funds.

## Colin Hook

Chairman

12 September 2007

## Responsibility Statement

The Directors confirm that to the best of their knowledge:

- (a) the condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, as required by Disclosure & Transparency Rule 4.2.4; and
- (b) the interim management report includes a fair review of the information required by Disclosure & Transparency Rule 4.2.7- 8 in accordance with Disclosure & Transparency Rule 4.2.10.

## Investment Manager's Review

Since appointment as sole investment manager, MPEP has continued its approach of investing in established, profitable companies, principally by way of Management Buy Outs ("MBOs"). The rate at which we have made new investments has slowed considerably, particularly compared to the rate seen in the comparable period for 2006. Competition for transactions has increased markedly. This has in part been driven by the amount of debt and equity funding available to companies, which has led to inflation in purchase prices. We have also been offered a greater number of lower quality transactions. We have therefore been adopting a highly selective and cautious approach towards new investment in the current environment.

In early July an investment of £1 million was completed as part of the MBO of DiGiCo Europe Limited, the global market leading manufacturer of digital sound mixing consoles for the live performance, theatre, post-production and broadcast markets. Two further investment opportunities have also been agreed and are proceeding through diligence and contract negotiations.

In April, Maven Management was sold to Munro Global, an acquisitive marketing services business; for its 33% shareholding MIG 4 received cash proceeds of £429k and may receive further payments of up to £171k on achievement of specified revenue levels in future years. This compared with the most recent valuation of £482k at 31 January 2007.

At 31 July 2007, the MPEP-invested portfolio comprised investments in 21 companies at an aggregate cost of £6.5 million and is valued at that date, in accordance with International Private Equity & Venture Capital Valuation ("IPEVCV") guidelines, at £8.0 million, an uplift

of 24%. Four companies have moved from cost to a discounted earnings valuation since the beginning of the period, and all have shown an increase, generally reflecting performance in line with our expectations at the time we made our investment.

Amongst these newer investments, of particular note has been the strong trading experienced by both Blaze Signs and PastaKing, the former seeing growth from its major retail customers and the latter benefiting from the increasing trend towards healthy eating in schools and colleges. Additionally, British International has recently been successful in gaining offshore work for its helicopter fleet and is in the midst of its busy summer period, and Vectair is showing impressive revenue and profit growth in Europe for its range of air fresheners and toiletry products, and is also expanding into the USA. Other, longer-standing investments including Youngman Group, BBI Holdings and Higher Nature, have again reported impressive results. However, Inca, Stortext FM and Letraset continue to suffer from disappointingly low revenues.

MPEP also manages seven investments made by a previous manager, which were valued at £125k as at 31 January 2007. One of these investments, Expansys Plc (formerly Mobile & Wireless Group), floated on AIM in April 2007, and its valuation during the period has increased from £66k to £150k. Of the other investments, Cashfac is showing encouraging progress.

Whilst unquoted companies are not immune to the wider economic environment and the recent increases in interest rates, we remain encouraged by the overall performance of the portfolio and have recently seen potential for some early realisations of newer investments.

# Investment Portfolio Summary

as at 31 July 2007

	Total cost at 31 July 2007 £	Total valuation at 31 January 2007 £	Additional investments in the period £	Total valuation at 31 July 2007 £	% of equity held	% of portfolio by value
<b>Matrix Private Equity Partners LLP</b>						
<b>Youngman Group Limited</b> Manufacturer of ladders and access towers	500,026	1,372,182	–	1,563,627	4.29%	19.01%
<b>Higher Nature plc</b> Supplier of mineral, vitamin and food supplements	500,127	1,574,137	127	1,431,139	10.69%	17.40%
<b>DiGiCo Europe Limited</b> Design and manufacture of audio mixing desks	1,000,000	–	1,000,000	1,000,000	6.52%	12.16%
<b>PXP Holdings Limited</b> (Pinewood Structures) Designer, manufacturer and supplier of timber frames for buildings	584,088	584,088	–	584,088	4.98%	7.10%
<b>Stortext FM Limited</b> Software based solutions for document management	631,719	375,968	69,899	445,867	4.60%	5.42%
<b>Ministry of Cake Limited</b> Manufacturer of frozen cakes and desserts	328,720	325,635	–	418,096	5.60%	5.08%
<b>Racoon International Limited</b> Supplier of hair extensions, hair care products and training	406,805	406,805	–	406,805	5.70%	4.95%
<b>Tottel Publishing Limited</b> Publisher of specialist legal and taxation titles	235,200	375,664	–	383,087	6.27%	4.66%
<b>VSI Limited</b> Provider of software for CAD and CAM vendors	177,217	177,213	4	326,370	4.56%	3.97%
<b>British International Holdings Limited</b> Operator of helicopter services	250,000	250,000	–	276,504	2.50%	3.36%
<b>Pastaking Holdings Limited</b> Manufacturer and supplier of fresh pasta meals	133,055	133,055	–	243,096	2.10%	2.96%
<b>Blaze Signs Holdings Limited</b> Manufacturer and installer of signs	164,510	164,510	–	239,654	4.63%	2.91%
<b>Campden Media Limited</b> Magazine publisher and conference organiser	152,620	154,040	–	153,650	1.69%	1.87%

	Total cost at 31 July 2007 £	Total valuation at 31 January 2007 £	Additional investments in the period £	Total valuation at 31 July 2007 £	% of equity held	% of portfolio by value
<b>SectorGuard plc</b> <sup>1</sup> Manned guarding, patrolling and alarm response services	150,102	160,714	102	117,926	1.38%	1.43%
<b>Munro Global Limited</b> Marketing services group	171,381	–	171,381	114,254	–	1.39%
<b>Vectair Holdings Limited</b> Designer and distributor of washroom products	100,000	100,818	–	105,342	2.14%	1.28%
<b>BBI Holdings plc</b> <sup>1</sup> Gold conjugate for the medical diagnostics industry	57,675	81,034	147	103,470	0.14%	1.26%
<b>BG Consulting Group Limited/Duncary 4 Limited</b> Provider of financial training services	230,796	52,383	–	51,371	See note 3 below	0.62%
<b>Inca Interiors Limited</b> Designer, supplier and installer of contract kitchens	350,000	50,000	–	50,000	14.75%	0.61%
<b>Maven Management Limited</b> Market research agency	–	482,206	–	–	–	0.00%
<b>Other investments in the portfolio</b> <sup>2</sup>	333,805	–	–	–	–	0.00%
<b>Total</b>	<b>6,457,846</b>	<b>6,820,452</b>	<b>1,241,660</b>	<b>8,014,346</b>	<b>–</b>	<b>97.44%</b>
<b>Former Elderstreet Private Equity Limited Portfolio</b>						
<b>Expansys plc</b> (Formerly Mobile and Wireless Group Limited) <sup>1</sup> Online retailer of digital devices	31,001	65,773	4,872	150,154	0.58%	1.83%
<b>Cashfac Limited</b> Provider of virtual banking application software	260,101	33,163	–	34,666	3.42%	0.42%
<b>Sparesfinder Limited</b> Supplier of industrial spare parts and online software vendor	250,000	25,683	–	25,683	2.19%	0.31%
<b>Other investments in the portfolio</b> <sup>2</sup>	898,062	–	–	–	–	0.00%
<b>Total</b>	<b>1,439,164</b>	<b>124,619</b>	<b>4,872</b>	<b>210,503</b>	<b>–</b>	<b>2.56%</b>
<b>Investment Managers' totals</b>	<b>7,897,010</b>	<b>6,945,071</b>	<b>1,246,532</b>	<b>8,224,849</b>	<b>–</b>	<b>100.00%</b>

<sup>1</sup> Quoted on AIM

<sup>2</sup> Other investments in the portfolio comprises those investments that have been valued at nil and from which the Directors only expect to receive small recoveries ie FH Ingredients Limited (of which the principal operating subsidiary, FHL Realisations Limited is in administration) and Letraset Limited in the MPEP portfolio and ComponentSource Holding Corporation, Sapphire International Limited (in liquidation), Sift Group Limited and Shopcreator plc in the former Elderstreet portfolio.

<sup>3</sup> The % of equity held in BG Consulting Group Limited is 2.6% and in Duncary 4 Limited is 6.64%.

## Unaudited Income Statement

(incorporating the Revenue Account of the Company for the six months ended 31 July 2007)

	Notes	Six months ended 31 July 2007 (unaudited)		
		Revenue £	Capital £	Total £
Unrealised gains on investments held at fair value		–	686,833	686,833
Realised (losses)/gains on investments held at fair value		–	(53,625)	(53,625)
Income	5	477,065	–	477,065
Investment management fees	3	(59,109)	(177,327)	(236,436)
Other expenses		(161,902)	–	(161,902)
<b>Return on ordinary activities before taxation</b>		256,054	455,881	711,935
Taxation on ordinary activities	6	(15,687)	15,687	–
<b>Return attributable to equity shareholders</b>		240,367	471,568	711,935
<b>Return per share (basic and diluted)</b>	7	1.37p	2.69p	4.06p
<b>Dividends paid</b>				
Final dividend paid for the year ended 31 January 2006 of 0.5 (restated) pence per Ordinary Share paid 7 June 2006		–	–	–
Interim dividend for the year ended 31 January 2007 of 1.8 (restated) pence per Ordinary Share paid 26 October 2006		153,988	–	153,988
		153,988	–	153,988

The total column of the Income Statement is the profit and loss account of the Company. There were no other gains. No operations were acquired or discontinued in the period.

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



Six months ended 31 July 2006 (unaudited)			Year ended 31 January 2007 (audited)		
Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
–	449,680	449,680	–	601,177	601,177
–	162,708	162,708	–	270,668	270,668
170,767	–	170,767	354,141	–	354,141
(13,641)	(40,924)	(54,565)	(32,072)	(96,215)	(128,287)
(109,426)	–	(109,426)	(288,581)	–	(288,581)
47,700	571,464	619,164	33,488	775,630	809,118
(3,101)	3,101	–	(3,119)	3,119	–
44,599	574,565	619,164	30,369	778,749	809,118
0.52p	6.63p	7.15p	0.35p	9.06p	9.41p
43,222	–	43,222	43,572	–	43,572
–	–	–	–	–	–
43,222	–	43,222	43,572	–	43,572

and losses in the six months ended 31 July 2007, or the comparative periods.

# Unaudited Balance Sheet

as at 31 July 2007

	Notes	31 July 2007 (unaudited) £	31 July 2006 (unaudited) £	31 January 2007 (audited) £
<b>Non-current assets</b>				
Investments at fair value	9	8,224,849	6,654,123	6,945,071
<b>Current assets</b>				
Debtors and prepayments		115,754	76,202	223,072
Investments at fair value	10	16,349,280	1,949,526	694,526
Cash at bank		–	1,170,317	2,040,442
		16,465,034	3,196,045	2,958,040
<b>Creditors: amounts falling due within one year</b>		(156,273)	(109,094)	(130,963)
<b>Net current assets</b>		16,308,761	3,086,951	2,827,077
<b>Net assets</b>		<b>24,533,610</b>	<b>9,741,074</b>	<b>9,772,148</b>
<b>Capital and reserves</b>	11			
Called up share capital		206,710	857,434	83,994
Share premium reserve		14,739,562	–	–
Capital redemption reserve		878,111	97,325	870,765
Capital reserve – unrealised		530,010	(717,371)	150,383
Special reserve		15,582,836	16,415,149	16,248,945
Capital reserve – realised		(7,643,986)	(7,072,357)	(7,735,927)
Revenue reserves		240,367	160,894	153,988
<b>Equity shareholders' funds</b>		<b>24,533,610</b>	<b>9,741,074</b>	<b>9,772,148</b>
<b>Net asset value per share</b>	8	<b>118.69p</b>	<b>113.61p</b>	<b>116.34p</b>

These interim accounts were approved and authorised for issue by the Board of Directors on 12 September 2007.

## Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 July 2007

	Six months ended 31 July 2007 (unaudited) £	Six months ended 31 July 2006 (unaudited) £	Year ended 31 January 2007 (audited) £
<b>Opening shareholders' funds</b>	9,772,148	9,286,678	9,286,678
Net share capital subscribed/ (bought back)	14,203,515	(121,546)	(280,076)
Return for the period before dividends	711,935	619,164	809,118
Dividends paid	(153,988)	(43,222)	(43,572)
<b>Closing shareholders' funds</b>	<b>24,533,610</b>	<b>9,741,074</b>	<b>9,772,148</b>

# Unaudited Statement of Cash Flows

for the six months ended 31 July 2007

	Notes	Six months ended 31 July 2007 (unaudited) £	Six months ended 31 July 2006 (unaudited) £	Year ended 31 January 2007 (audited) £
<b>Operating activities</b>				
Total return on activities before taxation		711,935	619,164	809,118
Unrealised (gains) on investments held at fair value		(686,833)	(449,680)	(601,177)
Realised losses/(gains) on investments held at fair value		53,625	(162,708)	(270,668)
(Increase) in debtors		(46,670)	(7,881)	(1,615)
Increase/(decrease) in creditors		43,520	(22,284)	(188,020)
Transaction costs charged to capital		(74)	(2,394)	(3,084)
Other non cash movements		(69,899)	–	–
<b>Net cash inflow/(outflow) from operating activities</b>		<b>5,604</b>	<b>(25,783)</b>	<b>(255,446)</b>
<b>Investing activities</b>				
Sale of investments	9	428,655	755,886	1,716,004
Purchase of investments	9	(1,005,252)	(808,435)	(1,799,354)
<b>Acquisitions and disposals</b>		<b>(576,597)</b>	<b>(52,549)</b>	<b>(83,350)</b>
<b>Cash outflow before financing and liquid resource management</b>		<b>(570,993)</b>	<b>(78,332)</b>	<b>(338,796)</b>
<b>Financing</b>				
Equity dividends paid		–	(43,222)	(43,572)
Share capital subscribed		14,869,624	–	–
Purchase of own shares		(694,948)	(247,247)	(217,320)
Payment to Ordinary Shareholders		–	–	(153,988)
		<b>14,174,676</b>	<b>(290,469)</b>	<b>(414,880)</b>
<b>Management of liquid resources</b>				
(Increase)/decrease in monies held in money market funds		(15,654,754)	89,389	1,344,389
<b>(Decrease)/increase in cash</b>		<b>(2,051,071)</b>	<b>(279,412)</b>	<b>590,713</b>
<b>Reconciliation of net cash flow to movement in net funds</b>				
(Decrease)/increase in cash for the period		(2,051,071)	(279,412)	590,713
Net funds at the start of the period		2,040,442	1,449,729	1,449,729
<b>Net funds at the end of the period</b>		<b>(10,629)</b>	<b>1,170,317</b>	<b>2,040,442</b>

# Notes to the Unaudited Financial Statements

## 1. Principal accounting policies

The following accounting policies have been applied consistently throughout the period. Full details of principal accounting policies will be disclosed in the Annual Report.

### a) Basis of accounting

The unaudited interim results cover the six months to 31 July 2007 and have been drawn up in accordance with applicable accounting standards and adopting the accounting policies set out in the statutory accounts for the year ended 31 January 2007, and the Accounting Standard Board's statement on half-yearly Financial Reports (2007).

### b) Investments

Investments are recognised on a trade date basis. All investments held by the Company are classified as "fair value through profit and loss", in accordance with the International Private Equity Venture Capital Valuation (IPEVCV) guidelines published in 2005. For investments actively traded in organised financial markets, fair value is generally determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are stated at fair value by the Directors in accordance with the following rules, which are consistent with the IPEVCV guidelines:

- (i) Recent investments which have been made in the last 12 months are at fair value which, unless another methodology gives a better indication of fair value, will be at cost.
- (ii) Investments in companies at an early stage of their development are valued at fair value which, unless another methodology gives a better indication of fair value, will be at cost.
- (iii) Where investments have been held for more than twelve months or gone beyond the stage in their development in (i) or (ii) above, the shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast earnings (the ratio used being based on a comparable listed company or sector but the resulting value being discounted to reflect lack of marketability). Where overriding factors apply, alternative methods of valuation will be used. These will include the application of a material arms-length transaction by an independent third party, cost, cost less provision for impairment, discounted cash flow, or a net asset basis.
- (iv) Where a value is indicated by a material arms-length transaction by a third party in the shares of a company, this value will be used.
- (v) Where fair value cannot be reliably measured under notes 1 b) i-iv above, an investment is held at the most recent carrying value, reduced where there is evidence of impairment by the estimated extent of impairment.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the capital reserve – realised and unrealised respectively, and shown in the Income Statement.

Although the Company holds more than 20% of the equity of certain companies, it is considered that the investments are held as part of an investment portfolio. Accordingly, and as permitted by FRS 9 'Associate and Joint Ventures', their value to the Company lies in their marketable value as part of that portfolio. It is not considered that any of our holdings represents investments in associated companies.

2. All revenue and capital items in the above Income Statement derive from continuing operations.
3. In accordance with the policy statement published under "Management and Administration" in the Company's prospectus dated 8th February 1999, the Directors have charged 75% of the investment management expenses to the capital account. This is in line with the Board's expectation of the long-term split of returns from the investment portfolio of the Company.
4. Earnings for the six months to 31 July 2007 should not be taken as a guide to the results for the full year.

## 5. Income

	Six months ended 31 July 2007 (unaudited) £	Six months ended 31 July 2006 (unaudited) £	Year ended 31 January 2007 (audited) £
<b>Income from investments</b>			
Dividends	31,527	40,020	79,180
Money-market funds	256,752	44,258	87,290
Loan stock interest	177,862	85,917	184,335
Bank deposit interest	10,924	572	3,336
Total Income	477,065	170,767	354,141

6. The tax charge for the period has been reduced by the utilisation of tax losses brought forward from previous periods.

## 7. Earnings and return per share

The basic earnings, revenue return and capital return per share shown below for each period are respectively based on numerators i)-iii), each divided by the weighted average number of shares in issue in the period - see iv) below

	Six months ended 31 July 2007 (unaudited) £	Six months ended 31 July 2006 (unaudited and restated) £	Year ended 31 January 2007 (audited) £
i) Total earnings after taxation	711,935	619,164	809,118
<b>Basic earnings per share (pence)</b>	<b>4.06p</b>	<b>7.15p</b>	<b>9.41p</b>
ii) Net revenue from ordinary activities after taxation	240,367	44,599	30,369
<b>Revenue return per share (pence)</b>	<b>1.37p</b>	<b>0.52p</b>	<b>0.35p</b>
iii) Capital gain	471,568	574,565	778,749
<b>Capital gain/(loss) per share (pence)</b>	<b>2.69p</b>	<b>6.63p</b>	<b>9.06p</b>
iv) Weighted average number of shares in issue in the period	17,548,791	8,661,549	8,594,860

## 8. Net asset value per share

	As at 31 July 2007 (unaudited) £	As at 31 July 2006 (unaudited and restated) £	As at 31 January 2007 (audited) £
Net assets	24,533,610	9,741,074	9,772,148
Number of shares in issue as at 31 July 2007	20,670,941	8,574,340	8,399,337
<b>Net asset value per share (pence)</b>	<b>118.69p</b>	<b>113.61p</b>	<b>116.34p</b>

## 9. Summary of non-current asset investments at fair value during the period

	Traded on AIM	Unlisted or traded on OFEX	Preference shares	Qualifying loans	Total
	£	£	£	£	£
Cost/valuation at 31 January 2007	241,748	3,914,722	18,901	2,769,700	6,945,071
Purchases at cost	250	391,524	435	854,323	1,246,532
Sales – proceeds	–	(600,036)	–	–	(600,036)
– realised losses	–	(53,551)	–	–	(53,551)
Unrealised (losses)/gains	(20,602)	714,858	(1,667)	(5,756)	686,833
<b>Cost/valuation at 31 July 2007</b>	<b>221,396</b>	<b>4,367,517</b>	<b>17,669</b>	<b>3,618,267</b>	<b>8,224,849</b>
Book cost at 31 July 2007	207,778	3,443,178	120,198	4,125,856	7,897,010
Unrealised gains/(losses) at 31 July 2007	13,618	924,340	(102,529)	(476,800)	358,629
Permanent impairment of investments	–	–	–	(30,790)	(30,790)
	<b>221,396</b>	<b>4,367,518</b>	<b>17,669</b>	<b>3,618,266</b>	<b>8,224,849</b>
<b>Gains on investments</b>	–	253,655	–	–	253,655
Less amounts recognised as unrealised gains in previous years	–	(307,206)	–	–	(307,206)
<b>Realised losses based on carrying value at 31 January 2007</b>	–	<b>(53,551)</b>	–	–	<b>(53,551)</b>
Net movement in unrealised appreciation in the period	(20,602)	714,858	(1,667)	(5,756)	686,833
<b>(Losses)/gains on investments for the period ended 31 July 2007</b>	<b>(20,602)</b>	<b>661,307</b>	<b>(1,667)</b>	<b>(5,756)</b>	<b>633,282</b>

- Purchases of investments above include deferred consideration of £171,381 and capitalised loan interest arrears totalling £241,280 settled other than by direct cash payment. Deducting this amount from purchases above leaves acquisitions of £1,005,252 as shown in the Cash Flow Statement.
- Sale proceeds above include £171,381 received in the form of a loan stock instrument, which has been included as an unrealised gain for the period within the unrealised capital reserve in note 11. Deducting this sum from sale proceeds above leaves disposal proceeds of £428,655 as shown in the Cash Flow Statement.
- Realised losses in the period were £53,625, as reported in the Income Statement. This figure is after adding transaction costs of £74 incurred in the period to realised losses of £53,551 as above.

## 10. Current asset investments at fair value

These comprise investments in 6 Dublin-based OEIC money market funds managed by Royal Bank of Scotland, Blackrock (formerly Merrill Lynch), Goldman Sachs, Barclays Global Investors, Scottish Widows Investment Management and Fidelity Investment Management.

£16,214,958 (31 July 2006: £1,528,223, 31 January 2007: £563,685) of this sum is subject to same day access, whilst £134,322 (31 July 2006: £421,303, 31 January 2007: £130,841) is subject to 2 day access.

## 11. Movement in reserves

	Called up share capital £	Share premium reserve £	Capital redemption reserve £
At 31 January 2007	83,994	-	870,765
Shares issued	130,062	14,739,562	
Shares bought back	(7,346)		7,346
Profit for the period	-		-
Realisation of previously unrealised appreciation	-		-
Dividend – ratified for year ended 31 January 2007	-		-
At 31 July 2007	206,710	14,739,562	878,111

12. The financial information for the six months ended 31 July 2007 and 31 July 2006 has not been audited. The information for the year ended 31 January 2007 does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985. The financial statements for the year ended 31 January 2007 have been filed with the Registrar of Companies. The auditors have reported on these financial statements and that report was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.



<b>Unrealised capital reserve</b> £	<b>Special reserve</b> £	<b>Realised capital reserve</b> £	<b>Revenue reserve</b> £	<b>Total</b> £
150,383	16,248,945	(7,735,927)	153,988	9,772,148
		–	–	14,869,624
–	(666,109)			(666,109)
686,833	–	(215,265)	240,367	711,935
(307,206)	–	307,206	–	–
–	–	–	(153,988)	(153,988)
530,010	15,582,836	(7,643,986)	240,367	24,533,610



# Corporate Information

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Colin Hook (Chairman)  
Christopher Moore  
Helen Sinclair

## Secretary

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