

Investec Structured Products Calculus VCT plc

Half Yearly Report
31 August 2011



Best Structured Products
Provider 2009, 10 & 11

Investec Structured Products



Best Structured
Products Provider



Winner Best EIS Fund Manager 2009

Calculus Capital



Best EIS Provider

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Investment Objective and Policy

Investment Objective

The Company's principal objectives for investors are to:

- invest in a portfolio of Venture Capital Investments and Structured Products that will provide investment returns sufficient to allow the Company to maximise annual dividends and an interim return by way of a special dividend or cash offer for shares on or before an interim return date;
- generate sufficient returns from a portfolio of Venture Capital Investments that will provide attractive long-term returns within a tax efficient vehicle beyond an interim return date;
- review the appropriate level of dividends annually to take account of investment returns achieved and future prospects; and
- maintain VCT status to enable qualifying investors to retain their income tax relief of up to 30 per cent. on the initial investment and receive tax-free dividends and capital growth.

Investment Policy

Asset allocation

It is intended that approximately 75 per cent. of the monies raised by the Company will be invested within 60 days in a portfolio of Structured Products. The balance will be used to meet initial costs and invested in cash or near cash assets (as directed by the Board) and will be available to invest in Venture Capital Investments and to fund ongoing expenses.

In order to qualify as a VCT, at least 70 per cent. of the Company's assets must be invested in Venture Capital Investments within approximately three years. Thus there will be a phased reduction in the Structured Products portfolio and corresponding build up in the portfolio of Venture Capital Investments to achieve and maintain this 70 per cent. threshold along the following lines:

Average Exposure per Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6+
Structured Products and cash/near cash	85%	75%	35%	25%	25%	0%
Venture Capital Investments	15%	25%	65%	75%	75%	100%

Note: the investment allocation set out above is only an estimate and the actual allocation will depend on market conditions, the level of opportunities and the comparative rates of returns available from Venture Capital Investments and Structured Products.

The combination of Venture Capital Investments and the Structured Products will be designed to produce ongoing capital gains and income that will be sufficient to maximise both annual dividends for the first five years from funds being raised and an interim return by an interim return date by way of a special dividend or cash tender offer for shares. After the interim return date, unless Investec Structured Products are requested to make further investments in Structured Products, the relevant fund will be left with a portfolio of Venture Capital Investments managed by Calculus Capital with a view to maximising long-term returns. Such returns will then be dependent, both in terms of amount and timing, on the performance of the Venture Capital Investments, but with the intention to source exits as soon as possible.

The portfolio of Structured Products will be constructed with different issuers and differing maturity periods to minimise risk and create a diversified portfolio. The Structured Products may also be collateralised whereby notes are issued by one issuer (such as Investec Bank plc) but with the underlying investment risk being linked to more than one issuer (as approved by the Board) reducing insolvency risks, creating diversity and potentially increasing returns for shareholders. If the Company invests in a collateralised Structured Product, the amount of the exposure to an underlying issuer will be taken into account when reviewing investments for diversification. The maximum exposure to any one issuer (or underlying issuer) will be limited, in aggregate, to 15 per cent. of the assets of the Company at the time of investment. Structured Products can and may be sold before their maturity date if required for the purposes of making Venture Capital Investments and Investec Structured Products have agreed to make a market in the Structured Products, should this be required by the Company.

The intention for the portfolio of Venture Capital Investments is to build a diverse portfolio of primarily established unquoted companies across different industries. In order to generate income and where it is felt it would enhance shareholder return, investments may be structured to include loan stock and/or redeemable preference shares as well as ordinary equity. It is intended that the amount invested in any one sector and any one company will be no more than approximately 20 per cent. and 10 per cent. respectively of the Venture Capital Investments portfolio (in both cases at the date of the investment).

Investment Objective and Policy

The Board and its Managers review the portfolio of investments on a regular basis to assess asset allocation and the need to realise investments to meet the Company's objectives or maintain VCT status. Where investment opportunities arise in one asset class which conflicts with assets held or opportunities in another asset class, the Board will make the investment/divestment decision.

Under its Articles of Association, the Company has the ability to borrow a maximum amount equal to 25 per cent. of the aggregate amount paid on all shares issued by the Company (together with any share premium thereon). The Board will consider borrowing if it is in the shareholders' interests to do so. In particular, because the Board intends to minimise cash balances, the Company may borrow on a short-term to medium-term basis (in particular, against Structured Products) for cashflow purposes and to facilitate the payment of dividends and expenses in the early years.

The Company will not vary the investment objective or the investment policy, to any material extent, without the approval of shareholders. The Company intends to be a generalist VCT investing in a wide range of sectors.

Risk diversification

The Board controls the overall risk of the Company. Calculus Capital will ensure the Company has exposure to a diversified range of Venture Capital Investments from different sectors. Investec Structured Products will ensure the Company has exposure to a diversified range of Structured Products. The Board believes that investment in these two asset classes provides further diversification.

Co-investment policy

Calculus Capital has a co-investment policy between its various funds whereby investment allocations are generally offered to each party in proportion to their respective funds available for investment, subject to: (i) a priority being given to any of the funds in order to maintain their tax status; (ii) the time horizon of the investment opportunity being compatible with the exit strategy of each fund; and (iii) the risk/reward profile of the investment opportunity being compatible with the target return for each fund. The terms of the investments may differ between the parties. In the event of any conflicts between the parties, the issues will be resolved at the discretion of the independent Directors, designated members and committees. It is not intended that the Company will co-invest with Directors or members of the Calculus Capital management team (including family members).

In respect of the Venture Capital Investments, funds attributable to separate share classes will co-invest (i.e. pro rata allocation per fund, unless one of the funds has a pre-existing investment where the incumbent fund will have priority, or as otherwise approved by the Board). Any potential conflict of interest arising will be resolved on a basis which the Board believes to be equitable and in the best interests of all shareholders. A co-investment policy is not considered necessary for the Structured Products.

Investment Managers

Calculus Capital Limited has been appointed to manage the Venture Capital Investments portfolio of VCT Qualifying Investments.

Investec Structured Products (a trading name of Investec Bank plc) has been appointed to manage the Structured Products portfolio of non VCT Qualifying Investments.

Financial Review

Ordinary Share Fund

	6 Months to 31 August 2011	13 Months to 28 February 2011	7 Months to 31 August 2010
Total return			
Total return	£(133,000)	£308,000	£2,000
Total return per ordinary share	(2.8)p	8.3p	0.1p
Revenue			
Net loss after tax	£(37,000)	£(112,000)	£(42,000)
Revenue return per ordinary share	(0.8)p	(3.0)p	(1.3)p

	As at 31 August 2011	As at 28 February 2011	As at 31 August 2010
Assets (investments valued at bid market prices)			
Net assets	£4,450,000	£4,836,000	£3,657,000
Net asset value ("NAV") per ordinary share	93.9p	102.1p	94.6p
Mid market quotation			
Ordinary shares	99.5p	99.5p	99.5p
Premium/(discount) to bid price NAV	6.0%	(2.5)%	5.2%

C Share Fund

	6 Months to 31 August 2011*
Total return	
Total return	£(16,000)
Total return per C share	(0.8)p
Revenue	
Net loss after tax	£(21,000)
Revenue return per C share	(1.1)p

	As at 31 August 2011
Assets (investments valued at bid market prices)	
Net assets	£1,806,000
NAV per C share	93.5p
Mid market quotation	
C shares	94.0p
Premium to bid price NAV	0.5%

* The C shares were issued in three tranches, on 1 April 2011, 5 April 2011 and 4 May 2011.

Chairman's Statement

I am pleased to present your Company's financial results for the six months ended 31 August 2011. This report marks the first nineteen months of the Company which has been a period of progress. In this period, a number of notable achievements occurred.

- Completion of the C share offer which raised £1.93 million.
- Payment of the first tax-free annual dividend of 5.25p per share to ordinary shareholders.
- Investment in a portfolio of Structured Products on behalf of the C Share Fund.
- Progress towards building a well-diversified portfolio of predominantly unquoted Qualifying Investments.

The Investec Structured Products Calculus VCT plc is a joint venture between Investec Structured Products (part of Investec plc which is a member of the FTSE 100) and Calculus Capital Limited, and brings together both Managers' award-winning expertise in their respective fields of Structured Products and venture capital. A net total of £6.35 million has been raised to date, with your Board and Managers committing over £1 million of this, demonstrating their confidence in the Company and the product offering. The C share fundraising undertaken earlier in the year has increased the size of the Company over which the annual running costs can be spread and will provide greater opportunities for diversification. Moreover, the Company charges some of the lowest annual management fees in the VCT sector.

The past six months have been a time of unusually high volatility for stock markets and challenging economic conditions for business as many western countries struggle to come to terms with excessive debt burdens and low growth. This can create attractive investment opportunities for those willing to take a medium-term view but it can sometimes seem a turbulent ride. I am pleased to say that your Company has continued to make good progress. As at 31 August 2011, the unaudited net asset value per ordinary share was 93.9p, and the unaudited net asset value per C share was 93.5p. The decline in the net asset value of the ordinary shares since the end of your Company's last financial year in February reflects the ex-dividend value of the net assets following payment of the tax-free annual dividend in July, but also reflects the fall in FTSE 100 Index (on which the majority of the Structured Products are based) during the period.

Structured Products Portfolio

Our non-qualifying investments are managed by Investec Structured Products, who to date have invested approximately £3.39 million in a range of Structured Products of varying durations and counterparties. Of this, £2.54 million is attributable to the Ordinary Share Fund and £850,000 is attributable to the C Share Fund. At a general meeting held on 4 August 2011, shareholders approved an investment in a collateralised Structured Product issued by Investec Bank plc on behalf of the C Share Fund.

Venture Capital Investments

Calculus Capital manages the portfolio of Venture Capital Investments made by the Company. It is intended that approximately 75 per cent. of the Company's funds will be invested over a three year period in a diversified portfolio of holdings in unquoted VCT qualifying companies. In order to achieve this, there will be a phased reduction in the Structured Products portfolio and a corresponding increase in the portfolio of Venture Capital Investments.

Calculus Capital has made Venture Capital Investments in three unquoted companies to date, totalling approximately £1 million. Of this, approximately £900,000 is attributable to the Ordinary Share Fund and £90,000 is attributable to the C Share Fund. The Ordinary Share Fund and the C Share Fund are managed separately, although they both have the same investment remit and, therefore, both have very similar portfolios.

During the period, several further investments were made on behalf of the Ordinary Share Fund. In March, an additional £50,000 was invested in Terrain Energy Limited ("Terrain") as ordinary equity, followed by £300,000 in MicroEnergy Generation Services Limited ("MicroEnergy") during April. MicroEnergy is a company setup to acquire renewable, microgeneration facilities, including (but not limited to) wind, anaerobic digestion, hydro and micro CHP (Combined Heat and Power). This investment was provided as £150,000 of ordinary equity and £150,000 in the form of long-term loan stock with a coupon of 7 per cent.

The first Venture Capital Investment was made on behalf of the C Share Fund during August, when £90,000 was invested in Terrain. Half of this investment was provided as ordinary equity, with the other £45,000 provided as long-term loan stock with a coupon of 7 per cent. The recent investments in Terrain form part of a fundraising programme intended to give the company visibility over its funding needs to meet development, appraisal and exploration commitments until the end of 2012.

A more detailed analysis of the investment portfolios can be found in the respective Investment Managers' Reviews that follow this statement.

Developments Since the Period End

The Company is in the process of completing an investment in Heritage House Media Limited which provides services to the domestic and inbound tourism industry, with particular emphasis on the heritage sector. Key brands are Hudson's and Open Britain. The Company is in negotiations on a number of other Qualifying Investments.

Outlook

Notwithstanding recent Government initiatives, access to finance for smaller UK companies remains tight and valuations have reached more realistic levels, providing an attractive investment scenario for your Company. The Company continues to build a diversified portfolio of investments which we believe will deliver sustained long-term performance. Small companies are an important source of growth for the UK economy and we are seeing a number of interesting opportunities across a variety of sectors at the present time.

Michael O'Higgins
Chairman
31 October 2011

Investment Manager's Review (Qualifying Investments)

Portfolio Developments

Calculus Capital Limited manages the VCT's portfolio of Qualifying Investments. It is intended, over a three year period, to invest approximately 75 per cent. of the Company's funds in a diversified portfolio of unquoted qualifying companies. In general, we prefer to take stakes of sufficient size to enable us to play a more influential role in helping the companies develop. Investments may be by way of loan stock and/or preference shares. This provides income for the Company to help pay regular dividends and provides a measure of risk mitigation.

The Ordinary Share Fund and the C Share Fund are managed separately although they both have the same investment remit and, therefore, both have very similar portfolios.

As at 31 August 2011, three Qualifying Investments had been made relating to the Ordinary Share Fund, in Terrain Energy Limited ("Terrain"), Lime Technology Limited ("Lime") and MicroEnergy Generation Services Limited ("MicroEnergy"). One Qualifying Investment had been made on behalf of the C Share Fund, in Terrain.

Terrain Energy Limited

Terrain holds a portfolio of oil and gas assets onshore in the UK. Its main producing well is at Keddington in Lincolnshire from which oil is shipped weekly by tanker to the Immingham oil refinery. The Company initially invested £250,000 in Terrain in July 2010, followed by another £50,000 of ordinary equity in March 2011. Both of these investments were on behalf of the Ordinary Share Fund. In August 2011, £90,000 was invested in Terrain on behalf of the C Share Fund. Half of this investment was provided as ordinary equity, with the other £45,000 provided as long-term loan stock with a coupon of 7 per cent. These recent investments form part of a fundraising programme intended to give Terrain visibility over its funding needs to meet development, appraisal and exploration commitments until the end of 2012.

Latest Audited Results: Period Ended 31 December 2010		Investment Information	Ordinary Share Fund	C Share Fund
Turnover	£271,257	Total cost	£300,000	£90,000
Pre-tax loss	£(158,185)	Total valuation	£307,000	£90,000
Net assets	£1,952,887	Income recognised in period	£7,000	–
		Total voting rights*	2.49%	1.05%
Valuation basis: Fair value based on cost of recent investment supported by discounted cash flow				

* Other funds managed by Calculus Capital have an interest in this company and have a combined equity holding of 19.2 per cent. This follows the additional investment in Terrain in August 2011.

Lime Technology Limited

Lime was founded in 2002 and is a leader in renewable lime and hemp based building products for the mainstream construction industry. At the time of investment, Lime's main product was Radical® Hemcrete® which is a negative carbon bio-composite product comprised of hemp and a lime based binder. This was supplied as raw materials for mixing on site. The very bad winter in 2010/11 severely impacted drying on site. Consequently, the company accelerated its launch of Hembuild® which is supplied as precast panels to site. Through its subsidiary, Hemp Technology, the company controls the hemp supply chain from seed to finished wall. Lime's products are being used in the construction of Marks & Spencer's flagship Cheshire Oaks store and have previously been used in the construction of 16 houses at David Cameron's constituency at Stanton Harcourt, an Adnams distribution centre and in a temperature controlled warehouse for the Wine Society. The Company has subscribed under two rights issues during the year to maintain its percentage investment.

As a small company, Lime is exempt from filing full accounts.

Latest Audited Results: Period Ended 4 November 2010		Investment Information	Ordinary Share Fund
		Total cost	£304,000
Net assets	£1,358,275	Total valuation	£280,000
		Income recognised in period	£9,000
		Total voting rights*	0.60%
Valuation basis: Fair value based on cost of recent investment			

* Other funds managed by Calculus Capital have an interest in this company and have a combined equity holding of 15.59 per cent.

MicroEnergy Generation Services Limited

In early April, £300,000 was invested in MicroEnergy on behalf of the Ordinary Share Fund. MicroEnergy is a company set up to acquire renewable, microgeneration facilities, including (but not limited to) wind, anaerobic digestion, hydro and micro CHP (Combined Heat and Power). The investment was provided as £150,000 of ordinary equity and £150,000 in the form of long-term loan stock with a coupon of 7 per cent. MicroEnergy has acquired five 5kW wind turbines to date in East Anglia and has plans to acquire approximately thirty-five by 5 April 2012.

As a relatively new company, MicroEnergy has not yet filed statutory accounts.

Latest Audited Results	Investment Information	Ordinary Share Fund
No statutory accounts have been filed	Total cost	£300,000
	Total valuation	£300,000
	Income recognised in period	–
	Total voting rights*	8.67%
Valuation basis: Fair value based on cost of recent investment		

* Other funds managed by Calculus Capital have an interest in this company and have a combined equity holding of 9.89 per cent.

Developments Since the Period End

The Company is in the process of completing an investment in Heritage House Media Limited which provides services to the domestic and inbound tourism industry with particular emphasis on the heritage sector. Key brands are Hudson's and Open Britain.

Outlook

The Investment Manager believes that the current market remains attractive for investment as access to finance for smaller UK companies remains tight and valuations have reached more realistic levels. Although the UK economic outlook remains uncertain, we are seeing a number of interesting opportunities across a variety of sectors. Any improvement to the economic climate will assist small companies which are an important source of growth for the UK economy.

Calculus Capital Limited
31 October 2011

Investment Manager's Review (Structured Products)

In line with the Company's strategy set out in the original Offer documents, a large percentage of the initial cash raised has been used to build a portfolio of Structured Products. The portfolio of Structured Products has been constructed with different issuers and differing maturity periods to minimise risk and create a diversified portfolio. The FTSE 100 Initial Index Levels for these investments range from 4,805.75 to 5,718.13.

Except for the RBS Autocallable product, all of the Structured Product investments to date have potential returns that are by way of a fixed amount payable as long as the Final Index Level is higher than the Initial Index Level (e.g. for the Abbey National Treasury Services Structured Product the fixed amount is 85 per cent. (plus 100 per cent. of the initial notional amount) if the Final Index Level is higher than the Initial Index Level of 4,940.68). All of the products have capital at risk on a one-to-one basis if the FTSE 100 falls by more than 50 per cent. and fails to recover at maturity.

The RBS Autocallable will mature early with a fixed payout of 10.5 per cent. per annum if, on any anniversary of the strike date, the closing level of the Index is above the Initial Index Level. Capital is at risk on a one-to-one basis if the FTSE 100 falls by more than 50 per cent. and fails to recover at maturity.

At the end of the reporting period the FTSE 100 closing level was 5,394.53. The amount invested in Structured Products during the period was £950,000, of which £100,000 was invested in the Ordinary Share Fund and the rest in the C Share Fund. The total amount to date invested in Structured Products stands at £2,543,000 for the ordinary shares and £850,000 for the C shares, representing 56 per cent. and 47 per cent. of the net funds raised respectively. As at 31 August 2011 the Structured Products portfolio was valued at £2,928,000 for the ordinary shares and £861,000 for the C shares. At the time of writing, the FTSE 100 closing level was 5,488.65 (close 21 October 2011) which has had a small positive effect on the performance of the Structured Products portfolio.

The Investment Manager constantly reviews the portfolio of investments to assess asset allocation and the need to realise investments.

Ordinary Share Fund Structured Products Portfolio as at 31 August 2011

Issuer	Strike Date	Maturity Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Cost	Price as at 31 August 2011	Valuation as at 31 August 2011	Return/Capital at Risk ("CAR")†
The Royal Bank of Scotland plc	05/05/2010	12/05/2015	5,341.93	£275,000	£0.96	£264,000	£1.0309	£283,498	162.5% if FTSE 100* higher; CAR if FTSE 100 falls by more than 50%
Investec Bank plc	14/05/2010	19/11/2015	5,262.85	£500,000	£0.98	£489,550	£1.1349	£567,429	185% if FTSE 100* higher; CAR if FTSE 100 falls by more than 50%
Abbey National Treasury Services	25/05/2010	18/11/2015	4,940.68	£350,000	£0.99	£346,430	£1.2373	£433,055	185% if FTSE 100* higher; CAR if FTSE 100 falls by more than 50%

The above investments have been designed to meet the 43.75p per ordinary share interim return by 14 December 2015. A total of £1,099,980 (24.72 per cent. of net monies raised) was invested in the above Structured Products. Assuming no issuer defaults and if the FTSE 100 Final Index Level is higher than the Initial Index Level, then these investments will return £2,019,375, equivalent to 46.62p per ordinary share.

Issuer	Strike Date	Maturity Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Cost	Price as at 31 August 2011	Valuation as at 31 August 2011	Return/Capital at Risk ("CAR")†
Nomura Bank International	28/05/2010	20/02/2013	5,188.43	£350,000	£0.98	£343,000	£1.1455	£400,925	137% if FTSE 100* higher; CAR if FTSE 100 falls by more than 50%
Morgan Stanley International	10/06/2010	17/12/2012	5,132.50	£500,000	£1.00	£500,000	£1.1452	£572,575	134% if FTSE 100* higher; CAR if FTSE 100 falls by more than 50%
HSBC Bank plc	01/07/2010	06/07/2012	4,805.75	£500,000	£1.00	£500,000	£1.1533	£576,650	125.1% if FTSE 100* higher; CAR if FTSE 100 falls by more than 50%
The Royal Bank of Scotland plc**	18/03/2011	20/03/2017	5,718.13	£50,000	£1.00	£50,000	£0.93	£46,315	Autocallable 10.5% p.a.; CAR if FTSE 100 falls more than 50%
Abbey National Treasury Services**	03/08/2011	05/02/2014	5,584.51	£50,000	£1.00	£50,000	£0.96	£48,010	126% if FTSE 100* higher; CAR if FTSE 100 falls more than 50%

The above investments are aimed to provide additional return as dividends. These investments may be sold prior to maturity if it is deemed that a greater return can be made by Calculus Capital investing in Qualifying Investments.

C Share Fund Structured Products Portfolio as at 31 August 2011

Issuer	Strike Date	Maturity Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Cost	Price as at 31 August 2011	Valuation as at 31 August 2011	Return/Capital at Risk ("CAR")†
Investec Bank plc**	05/08/2011	10/03/2017	5,246.99	£450,000	£1.00	£450,000	£1.0739	£483,237	182% if FTSE 100* higher; CAR if FTSE 100 falls more than 50%

The above Investec Structured Product investment in the C Share Fund (£450,000) is a collateralised product. The collateral comprises a portfolio of securities issued by each of HSBC Bank plc (Aa2), Nationwide Building Society (A2), Santander UK plc (A1), The Royal Bank of Scotland plc (A2) and Lloyds TSB Bank plc (A1), and/or cash and/or UK government debt (Moody's Ratings as at 21 October 2011 in brackets). Insolvency risk to Investec is replaced with a risk spread across these named institutions.

A total of £450,000 (25.92 per cent. of net assets) was invested in the above Structured Product of the C Share Fund. Assuming no issuer defaults and if the FTSE 100 Final Index Level is higher than the Initial Index Level, then this investment will return £819,000, equivalent to 42.4p per C share. Further investments into the Structured Products portfolio will be required to produce an interim return of 47.5p per C share by 14 March 2017.

Investment Manager's Review (Structured Products) (continued)

C Share Fund Structured Products Portfolio as at 31 August 2011 (continued)

Issuer	Strike Date	Maturity Date	FTSE 100 Initial Index Level	Notional Investment	Purchase Price	Cost	Price as at 31 August 2011	Valuation as at 31 August 2011	Return/Capital at Risk ("CAR") [†]
The Royal Bank of Scotland plc**	18/03/2011	20/03/2017	5,718.13	£200,000	£1.00	£200,000	£0.9263	£185,260	Autocallable 10.5% p.a.; CAR if FTSE 100 falls more than 50%
Abbey National Treasury Services**	03/08/2011	05/02/2014	5,584.51	£200,000	£1.00	£200,000	£0.9602	£192,040	126% if FTSE 100* higher; CAR if FTSE 100 falls more than 50%

The above investments target an average return of 9.58 per cent. per annum. These investments may be sold prior to maturity if it is deemed that a greater return can be made by Calculus Capital by investing in Qualifying Investments.

* The Final Index Level is calculated using 'averaging', meaning that we take the average of the closing levels of the FTSE 100 on each business day over the 2–6 months of the Structured Product plan term (the length of the averaging period may differ for each plan). The use of averaging to calculate the return can reduce adverse effects of a falling market or sudden market falls shortly before maturity. Equally, it can reduce the benefits of an increasing market or sudden market rises shortly before maturity.

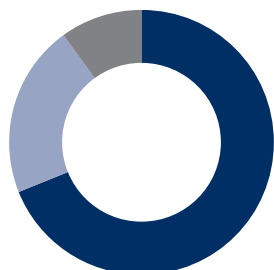
[†] All of the investments in Structured Products in respect of the two funds will either be capital protected or capital at risk on a one-to-one basis where the FTSE 100 Index falls by more than 50 per cent. and the Final Index Level is below the Initial Index Level. If the FTSE 100 Index does fall by more than 50 per cent. at any time during the investment period and fails to recover at maturity, the capital will be at risk on a maximum one-to-one basis (Capital at Risk ("CAR")) (i.e. if the FTSE 100 Index falls by more than 50 per cent. during the investment period and on maturity is down 25 per cent., capital within that Structured Product will be reduced by 25 per cent.).

**These investments have been purchased during the 2011–2012 financial year.

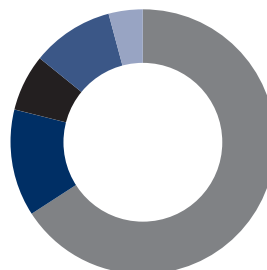
Investec Structured Products
31 October 2011

Investment Portfolio as at 31 August 2011 – Ordinary Share Fund

Sector	Net Assets
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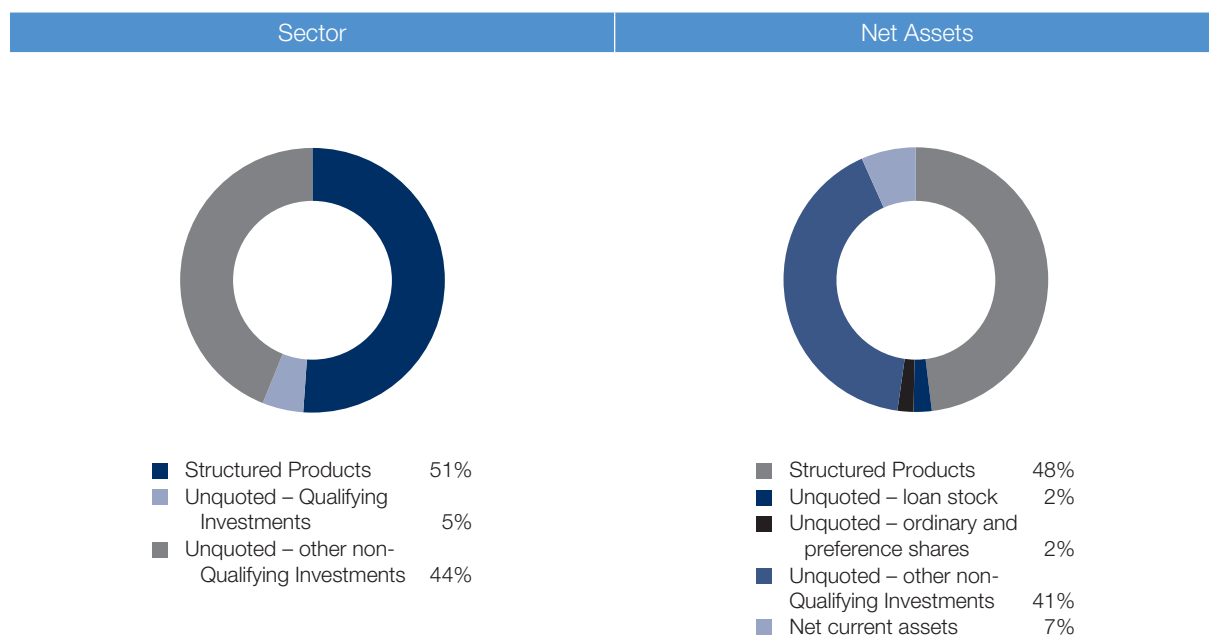
■ Structured Products	69%
■ Unquoted – Qualifying Investments	21%
■ Unquoted – other non-Qualifying Investments	10%



■ Structured Products	66%
■ Unquoted – loan stock	13%
■ Unquoted – ordinary and preference shares	7%
■ Unquoted – other non-Qualifying Investments	10%
■ Net current assets	4%

Company	Nature of Business	Book Cost £'000	Valuation £'000	% of Net Assets	% of Portfolio
Structured Products					
Investec Bank plc	Banking	490	567	13%	13%
The Royal Bank of Scotland plc	Banking	314	329	7%	8%
Abbey National Treasury Services	Banking	396	481	11%	11%
Nomura Bank International	Banking	343	401	9%	10%
Morgan Stanley International	Banking	500	573	13%	13%
HSBC Bank plc	Banking	500	577	13%	14%
Total Structured Products		2,543	2,928	66%	69%
Qualifying Investments					
Terrain Energy Limited	Oil and gas production	300	307	7%	7%
Lime Technology Limited	Construction	304	280	6%	7%
MicroEnergy Generation Services Limited	Energy	300	300	7%	7%
Total Qualifying Investments		904	887	20%	21%
Other Non-Qualifying Investments					
Fidelity Liquidity Fund	Liquidity fund	81	81	2%	2%
Goldman Sachs Liquidity Fund	Liquidity fund	50	50	1%	1%
Scottish Widows Liquidity Fund	Liquidity fund	314	314	7%	7%
Total Other Non-Qualifying Investments		445	445	10%	10%
Total investments		3,892	4,260	96%	100%
Net current assets less creditors due after one year			190	4%	
Net assets			4,450	100%	

Investment Portfolio as at 31 August 2011 – C Share Fund



Company	Nature of Business	Book Cost £'000	Valuation £'000	% of Net Assets	% of Portfolio
Structured Products					
Investec Bank plc	Banking	450	484	27%	29%
The Royal Bank of Scotland plc	Banking	200	185	10%	11%
Abbey National Treasury Services	Banking	200	192	11%	11%
Total Structured Products		850	861	48%	51%
Qualifying Investments					
Terrain Energy Limited	Oil and gas production	90	90	4%	5%
Total Qualifying Investments		90	90	4%	5%
Other Non-Qualifying Investments					
Fidelity Liquidity Fund	Liquidity fund	251	251	14%	15%
Goldman Sachs Liquidity Fund	Liquidity fund	100	100	6%	6%
Scottish Widows Liquidity Fund	Liquidity fund	382	382	21%	23%
Total Other Non-Qualifying Investments		733	733	41%	44%
Total investments		1,673	1,684	93%	100%
Net current assets less creditors due after one year			122	7%	
Net assets			1,806	100%	

Interim Management Report and Directors' Responsibility Statement

Interim Management Report

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal uncertainties for the remaining six months of the financial year are set out in the Chairman's Statement and Investment Managers' Reviews.

The principal risks facing the Company are substantially unchanged since the date of the Annual Report and Accounts for the period ended 28 February 2011 and continue to be as set out in that report.

Risks faced by the Company include, but are not limited to, loss of approval as a venture capital trust and other regulatory breaches, risks of making Venture Capital Investments, risks attaching to investment in Structured Products, liquidity/marketability risk, changes in legislation/taxation, engagement of third party advisers, C shares versus ordinary shares, market price risk and credit risk.

Responsibility Statement

The Directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with the Statement on Half Yearly Financial Reports issued by the UK Accounting Standards Board and gives a true and fair view of the assets, liabilities and financial position of the Company; and
- this Half Yearly Financial Report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

This Half Yearly Financial Report was approved by the Board of Directors on 31 October 2011 and the above responsibility statement was signed on its behalf by Michael O'Higgins, Chairman.

Condensed Income Statement for the period from 1 March 2011 to 31 August 2011 (Unaudited)

Note	6 Months Ended 31 August 2011			7 Months Ended 31 August 2010			13 Months Ended 28 February 2011*		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000

Ordinary Share Fund

Investment holding (losses)/gains										
Income	23	(78)	(78)	5	55	55	20	446	446	
Investment management fee	(6)	–	23	(4)	–	5	(9)	–	20	
Other operating expenses	(54)	(18)	(24)	(43)	(11)	(15)	(123)	(26)	(35)	
	(54)	–	(54)	(43)	–	(43)	(123)	–	(123)	
(Loss)/profit on ordinary activities before taxation	(37)	(96)	(133)	(42)	44	2	(112)	420	308	
Taxation on ordinary activities	3	–	–	–	–	–	–	–	–	
(Loss)/profit on ordinary activities after taxation	(37)	(96)	(133)	(42)	44	2	(112)	420	308	
Return per ordinary share – basic	2	(0.8)p	(2.0)p	(2.8)p	(1.3)p	1.4p	0.1p	(3.0)p	11.3p	8.3p

C Share Fund

Investment holding gains									
Income	3	11	11	3	–	3			
Investment management fee	(2)	–	3	(2)	–	3			
Other operating expenses	(22)	(6)	(8)	(22)	(6)	(8)			
	(22)	–	(22)	(22)	–	(22)			
(Loss)/profit on ordinary activities before taxation	(21)	5	(16)	(21)	5	(16)			
Taxation on ordinary activities	3	–	–	–	–	–			
(Loss)/profit on ordinary activities after taxation	(21)	5	(16)	(21)	5	(16)			
Return per C share – basic	2	(1.1)p	0.3p	(0.8)p					

* These figures are audited.

The total column of these statements represent the Income Statement of the Ordinary Share Fund and C Share Fund.

The supplementary revenue return and capital return columns are both prepared in accordance with the Association of Investment Companies (“AIC”) Statement of Recommended Practice (“SORP”).

No operations were acquired or discontinued during the period.

All items in the above statements derive from continuing operations.

The notes on pages 23 to 27 form an integral part of these Accounts.

Note	6 Months Ended 31 August 2011			7 Months Ended 31 August 2010			13 Months Ended 28 February 2011*		
	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000	Revenue Return £'000	Capital Return £'000	Total £'000

Total

Investment holding (losses)/gains		-	(67)	(67)	-	55	55	-	446	446
Income		26	-	26	5	-	5	20	-	20
Investment management fee		(8)	(24)	(32)	(4)	(11)	(15)	(9)	(26)	(35)
Other operating expenses		(76)	-	(76)	(43)	-	(43)	(123)	-	(123)
(Loss)/profit on ordinary activities before taxation		(58)	(91)	(149)	(42)	44	2	(112)	420	308
Taxation on ordinary activities	3	-	-	-	-	-	-	-	-	-
(Loss)/profit on ordinary activities after taxation		(58)	(91)	(149)	(42)	44	2	(112)	420	308
Return per ordinary share – basic	2	(0.8)p	(2.0)p	(2.8)p	1.3p	1.4p	0.1p	(3.0)p	11.3p	8.3p
Return per C share – basic	2	(1.1)p	0.3p	(0.8)p						

* These figures are audited.

The total column of this statement represents the Company's Income Statement.

The supplementary revenue return and capital return columns are both prepared in accordance with the Association of Investment Companies ("AIC") Statement of Recommended Practice ("SORP").

No operations were acquired or discontinued during the period.

All items in the above statement derive from continuing operations.

The notes on pages 23 to 27 form an integral part of these Accounts.

Condensed Reconciliation of Movements in Shareholders' Funds for the period from 1 March 2011 to 31 August 2011 (Unaudited)

	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
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Ordinary Share Fund

For the 6 month period to

31 August 2011

1 March 2011	47	752	3,729	(26)	446	(112)	4,836
Loss for the period	-	-	-	(18)	(78)	(37)	(133)
Expenses of share issues	-	(4)	-	-	-	-	(4)
Dividends paid (Note 8)	-	-	(249)	-	-	-	(249)
31 August 2011	47	748	3,480	(44)	368	(149)	4,450

For the 7 month period to

31 August 2010

1 February 2010	-	-	-	-	-	-	-
(Loss)/gain for the period	-	-	-	(11)	55	(42)	2
Issue of redeemable non-voting shares	50	-	-	-	-	-	50
Redemption of redeemable non-voting shares	(50)	-	-	-	-	-	(50)
Issue of ordinary shares	39	3,829	-	-	-	-	3,868
Expenses of share issues	-	(213)	-	-	-	-	(213)
31 August 2010	39	3,616	-	(11)	55	(42)	3,657

For the 13 month period to

28 February 2011*

1 February 2010	-	-	-	-	-	-	-
(Loss)/gain for the period	-	-	-	(26)	446	(112)	308
Issue of redeemable non-voting shares	50	-	-	-	-	-	50
Redemption of redeemable non-voting shares	(50)	-	-	-	-	-	(50)
Increase in share capital in issue	47	4,740	-	-	-	-	4,787
Expenses of share issues	-	(259)	-	-	-	-	(259)
Share premium cancelled during period	-	(3,729)	3,729	-	-	-	-
28 February 2011	47	752	3,729	(26)	446	(112)	4,836

C Share Fund

For the 6 month period to

31 August 2011

1 March 2011	-	-	-	-	-	-	-
(Loss)/gain for the period	-	-	-	(6)	11	(21)	(16)
Increase in share capital in issue	19	1,912	-	-	-	-	1,931
Expenses of share issues	-	(109)	-	-	-	-	(109)
31 August 2011	19	1,803	-	(6)	11	(21)	1,806

* These figures are audited.

The notes on pages 23 to 27 form an integral part of these Accounts.

	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Reserve Realised £'000	Capital Reserve Unrealised £'000	Revenue Reserve £'000	Total £'000
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Total

For the 6 month period to 31 August 2011

1 March 2011	47	752	3,729	(26)	446	(112)	4,836
Loss for the period	-	-	-	(24)	(67)	(58)	(149)
Increase in share capital in issue	19	1,912	-	-	-	-	1,931
Expenses of share issues	-	(113)	-	-	-	-	(113)
Dividends paid (Note 8)	-	-	(249)	-	-	-	(249)
31 August 2011	66	2,551	3,480	(50)	379	(170)	6,256

For the 7 month period to 31 August 2010

1 February 2010	-	-	-	-	-	-	-
(Loss)/gain for the period	-	-	-	(11)	55	(42)	2
Issue of redeemable non-voting shares	50	-	-	-	-	-	50
Redemption of redeemable non-voting shares	(50)	-	-	-	-	-	(50)
Issue of ordinary shares	39	3,829	-	-	-	-	3,868
Expenses of share issues	-	(213)	-	-	-	-	(213)
31 August 2010	39	3,616	-	(11)	55	(42)	3,657

For the 13 month period to 28 February 2011*

1 February 2010	-	-	-	-	-	-	-
(Loss)/gain for the period	-	-	-	(26)	446	(112)	308
Issue of redeemable non-voting shares	50	-	-	-	-	-	50
Redemption of redeemable non-voting shares	(50)	-	-	-	-	-	(50)
Increase in share capital in issue	47	4,740	-	-	-	-	4,787
Expenses of share issues	-	(259)	-	-	-	-	(259)
Share premium cancelled during period	-	(3,729)	3,729	-	-	-	-
28 February 2011	47	752	3,729	(26)	446	(112)	4,836

* These figures are audited.

The notes on pages 23 to 27 form an integral part of these Accounts.

Condensed Balance Sheet as at 31 August 2011 (Unaudited)

	Note	31 August 2011 £'000	31 August 2010 £'000	28 February 2011* £'000
Ordinary Share Fund				
Fixed assets				
Investments at fair value through profit or loss	4	4,260	2,748	4,488
Current assets				
Debtors		302	157	214
Cash at bank and on deposit		147	911	326
		449	1,068	540
Creditors: amounts falling due within one year				
Creditors		(141)	(141)	(176)
Due to C Share Fund		(100)	–	–
Net current assets		208	927	364
Non-current liabilities				
IFA trail commission		(18)	(18)	(16)
Total net assets		4,450	3,657	4,836
Capital and reserves				
Called-up share capital	7	47	39	47
Share premium account		748	3,616	752
Special reserve		3,480	–	3,729
Capital reserve – unrealised		368	55	446
Capital reserve – realised		(44)	(11)	(26)
Revenue reserve		(149)	(42)	(112)
Total shareholders' funds		4,450	3,657	4,836
Net asset value per ordinary share	5	93.9p	94.6p	102.1p

* These figures are audited.

The notes on pages 23 to 27 form an integral part of these Accounts.

C Share Fund

Fixed assets

Investments at fair value through profit or loss	4	1,684
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Current assets

Debtors		55
Cash at bank and on deposit		29

84

Creditors: amounts falling due within one year

Creditors		(51)
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Due From Ordinary Share Fund		100
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Net current assets		133
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Non-current liabilities

IFA trail commission		(11)
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Total net assets		1,806
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Capital and reserves

Called-up share capital	7	19
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Share premium account		1,803
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Special reserve		–
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Capital reserve – unrealised		11
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Capital reserve – realised		(6)
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Revenue reserve		(21)
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Total shareholders' funds		1,806
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Net asset value per C share	5	93.5p
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The notes on pages 23 to 27 form an integral part of these Accounts.

Condensed Balance Sheet as at 31 August 2011 (Unaudited) (continued)

	Note	31 August 2011 £'000	31 August 2010 £'000	28 February 2011* £'000
Total				
Fixed assets				
Investments at fair value through profit or loss	4	5,944	2,748	4,488
Current assets				
Debtors		357	157	214
Cash at bank and on deposit		176	911	326
		533	1,068	540
Creditors: amounts falling due within one year				
Creditors		(192)	(141)	(176)
Net current assets		341	927	364
Non-current liabilities				
IFA trail commission		(29)	(18)	(16)
Total net assets		6,256	3,657	4,836
Capital and reserves				
Called-up share capital	7	66	39	47
Share premium account		2,551	3,616	752
Special reserve		3,480	–	3,729
Capital reserve – unrealised		379	55	446
Capital reserve – realised		(50)	(11)	(26)
Revenue reserve		(170)	(42)	(112)
Total shareholders' funds		6,256	3,657	4,836
Net asset value per ordinary share	5	93.9p	94.6p	102.1p
Net asset value per C share	5	93.5p		

* These figures are audited.

The notes on pages 23 to 27 form an integral part of these Accounts.

Condensed Cash Flow Statement

for the period from 1 March 2011 to 31 August 2011

(Unaudited)

	6 Months Ended 31 August 2011 £'000	7 Months Ended 31 August 2010 £'000	13 Months Ended 28 February 2011* £'000
Note			

Ordinary Share Fund

Operating activities				
Investment income received		10	–	7
Deposit interest received		2	3	6
Investment management fees		(23)	–	(24)
Other cash payments		(64)	(54)	(169)
Cash expended from operations	6	(75)	(51)	(180)
Cash flow from investing activities				
Purchase of investments		(455)	(2,693)	(4,042)
Sale of investments		605	–	–
Net cash inflow/(outflow) from investing activities		150	(2,693)	(4,042)
Net cash inflow/(outflow) before financing		75	(2,744)	(4,222)
Cash flow from financing activities				
Equity dividend paid	8	(249)	–	–
Redeemable non-voting shares issued		–	50	50
Redemption of redeemable non-voting shares		–	(50)	(50)
Shares issued		–	3,868	4,787
Expenses of share issues		(5)	(213)	(239)
Net cash (outflow)/inflow from financing activities		(254)	3,655	4,548
(Decrease)/increase in cash at bank and on deposit		(179)	911	326

C Share Fund

Operating activities	
Investment income received	1
Other cash payments	(155)
Cash expended from operations	6
(154)	
Cash flow from investing activities	
Purchase of investments	(1,673)
Net cash outflow before financing	(1,827)
Cash flow from financing activities	
Redeemable non-voting shares issued	1,931
Expenses of share issues	(75)
Net cash inflow from financing activities	1,856
Increase in cash at bank and on deposit	29

* These figures are audited.

The notes on pages 23 to 27 form an integral part of these Accounts.

Condensed Cash Flow Statement

for the period from 1 March 2011 to 31 August 2011

(Unaudited) (continued)

	Note	6 Months Ended 31 August 2011 £'000	7 Months Ended 31 August 2010 £'000	13 Months Ended 28 February 2011* £'000
Total				
Operating activities				
Investment income received		11	–	7
Deposit interest received		2	3	6
Investment management fees		(23)	–	(24)
Other cash payments		(219)	(54)	(169)
Cash expended from operations	6	(229)	(51)	(180)
Cash flow from investing activities				
Purchase of investments		(2,128)	(2,693)	(4,042)
Sale of investments		605	–	–
Net cash outflow from investing activities		(1,523)	(2,693)	(4,042)
Net cash outflow before financing		(1,752)	(2,744)	(4,042)
Cash flow from financing activities				
Equity dividend paid	8	(249)	–	–
Redeemable non-voting shares issued		–	50	50
Redemption of redeemable non-voting shares		–	(50)	(50)
Shares issued		1,931	3,868	4,787
Expenses of share issues		(80)	(213)	(239)
Net cash inflow from financing activities		1,602	3,655	4,548
(Decrease)/increase in cash at bank and on deposit		(150)	911	326

* These figures are audited.

The notes on pages 23 to 27 form an integral part of these Accounts.

Condensed Notes to the Accounts

1. Nature of Financial Information

Basis of accounting

These Accounts have been prepared under the historical cost convention, except for the valuation of financial assets at fair value through profit or loss, in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"). These Accounts cover the six month period ended 31 August 2011. The comparatives cover the seven month period from incorporation on 1 February 2010 to 31 August 2010, and the thirteen month period from 1 February 2010 to 28 February 2011.

In determining the analysis of total income and expenses as between capital return and revenue return, the Directors have followed the guidance contained in the AIC SORP, as revised in 2009, and on the assumption that the Company maintains VCT status.

The Accounts are prepared on the basis of the accounting policies set out in the Annual Report and Accounts for the period ended 28 February 2011.

The financial information contained in this report does not constitute full statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the six months to 31 August 2011 and the period to 31 August 2010 has not been audited or reviewed by the Company's Auditors pursuant to the Auditing Practices Board guidance on such reviews.

The information for the period ended 28 February 2011 has been extracted from the latest published Annual Report and Accounts, which have been filed with the Registrar of Companies. The report of the Auditors on those Accounts contained no qualification or statement under Sections 498(2) or (3) of the Companies Act 2006.

Going concern

After making enquiries, and having reviewed the portfolio, balance sheet and projected income and expenditure for the next twelve months, the Directors have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Directors have therefore adopted the going concern basis in preparing these Accounts.

2. Return per Share

	6 Months Ended 31 August 2011			7 Months Ended 31 August 2010			13 Months Ended 28 February 2011		
	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence	Revenue pence	Capital pence	Total pence
Return per ordinary share	(0.8)	(2.0)	(2.8)	(1.3)	1.4	0.1	(3.0)	11.3	8.3
Return per C share	(1.1)	0.3	(0.8)						

Ordinary shares

Revenue return per ordinary share is based on the net revenue loss on ordinary activities after taxation of £37,000 (31 August 2010: £42,000; 28 February 2011: £112,000) and on 4,738,463 ordinary shares (31 August 2010: 3,121,857; 28 February 2011: 3,721,530), being the weighted average number of ordinary shares in issue during the period.

Capital return per ordinary share is based on the net capital loss for the period of £96,000 (31 August 2010: £44,000 gain; 28 February 2011: £420,000 gain) and on 4,738,463 ordinary shares (31 August 2010: 3,121,857; 28 February 2011: 3,721,530), being the weighted average number of ordinary shares in issue during the period.

Condensed Notes to the Accounts

2. Return per Share (continued)

Total return per ordinary share is based on the net loss on ordinary activities for the period of £133,000 (31 August 2010: £2,000 gain; 28 February 2011: £308,000 gain) and on 4,738,463 ordinary shares (31 August 2010: 3,121,857; 28 February 2011: 3,721,530), being the weighted average number of ordinary shares in issue during the period.

C shares

Revenue return per C share is based on the net revenue loss on ordinary activities after taxation of £21,000 and on 1,904,924 C shares, being the weighted average number of C shares in issue during the period.

Capital return per C share is based on the net capital gain for the period of £5,000 and on 1,904,924 C shares, being the weighted average number of C shares in issue during the period.

Total return per C share is based on the total loss for the period of £16,000 and on 1,904,924 C shares, being the weighted average number of C shares in issue during the period.

3. Taxation on Ordinary Activities

The estimated effective tax rate at the year end is 0% for both share funds. This remains unchanged from the prior period.

4. Investments at Fair Value through Profit or Loss

	31 August 2011 £'000	31 August 2010 £'000	28 February 2011 £'000
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Ordinary Share Fund

Investment portfolio summary			
Investments in Structured Products	2,928	2,498	2,882
Unquoted investments	887	250	556
Other investments	445	–	1,050
	4,260	2,748	4,488

C Share Fund

Investment portfolio summary	
Investments in Structured Products	861
Unquoted investments	90
Other investments	733
	1,684

Total

Investment portfolio summary			
Investments in Structured Products	3,789	2,498	2,882
Unquoted investments	977	250	556
Other investments	1,178	–	1,050
	5,944	2,748	4,488

5. Net Asset Value per Share

	31 August 2011 pence	31 August 2010 pence	28 February 2011 pence
Ordinary shares of 1 pence each	93.9	94.6	102.1
C shares of 1 pence each	93.5		

The basic net asset value per ordinary share is based on net assets of £4,450,000 (31 August 2010: £3,657,000; 28 February 2011: £4,836,000) and on 4,738,463 ordinary shares (31 August 2010: 3,867,917; 28 February 2011: 4,738,463), being the number of ordinary shares in issue at the period end.

The basic net asset value per C share is based on net assets of £1,806,000 and on 1,931,095 C shares, being the number of C shares in issue at the period end.

6. Reconciliation of Net (Loss)/Profit before Tax to Cash Expended from Operating Activities

	31 August 2011 £'000	31 August 2010 £'000	28 February 2011 £'000
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Ordinary Share Fund

(Loss)/profit on ordinary activities before taxation	(133)	2	308
Losses/(gains) on investments	78	(55)	(446)
Interfund receipt	(2)	–	–
Increase in debtors	(85)	(159)	(214)
Increase in creditors	67	161	172
Cash expended from operating activities	(75)	(51)	(180)

C Share Fund

Loss on ordinary activities before taxation	(16)
Gains on investments	(11)
Interfund payment	2
Increase in debtors	(155)
Increase in creditors	26
Cash expended from operating activities	(154)

Total

(Loss)/profit on ordinary activities before taxation	(149)	2	308
Losses/(gains) on investments	67	(55)	(446)
Increase in debtors	(140)	(159)	(214)
(Decrease)/increase in creditors	(7)	161	172
Cash expended from operating activities	(229)	(51)	(180)

Condensed Notes to the Accounts

7. Called-up Share Capital

	Number	31 August 2011 £'000
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Ordinary shares of 1p each

1 March 2011	4,738,463	47
Shares issued in period	-	-
	4,738,463	47

The Ordinary Share Fund had 3,867,917 shares in issue (£39,000) on 31 August 2010.

C shares of 1p each

1 March 2011	-	-
Shares issued in period	1,931,095	19
	1,931,095	19

An offer for subscription for C shares of 1p each was launched in January 2011 and the shares were issued in April and May 2011.

8. Dividends

For the period to 28 February 2011 the Ordinary Share Fund declared a final dividend of 5.25p per ordinary share on 4,738,463 shares amounting to £248,769. The dividend was paid on 29 July 2011 to ordinary shareholders on the register at 3 June 2011.

9. Related Party Transactions

Investec Structured Products is a related party in respect of its appointment as an investment manager to the Company and is entitled to a performance incentive fee. Investec Structured Products will receive an arrangement fee of 0.75 per cent. of the amount invested in each Structured Product. This arrangement fee shall be paid to Investec Structured Products by the issuer of the relevant Structured Product. No arrangement fee will be paid to Investec Structured Products in respect of any decision to invest in Investec-issued Structured Products. Investec Structured Products has agreed not to earn an annual management fee from the Company.

As at 31 August 2011, £81,000 (31 August 2010: £67,000; 28 February 2011: £81,000) was payable to Investec Structured Products in relation to the initial fee of 5 per cent. of the gross funds raised pursuant to the original ordinary share offer. £22,000 was payable to Investec Structured Products in relation to the initial fee of 5 per cent. of the gross funds raised pursuant to the C share offer. In addition, £230,000 (31 August 2010: £128,000; 28 February 2011: £185,000) was owed to the Ordinary Share Fund by Investec Structured Products as claw back of costs in excess of the agreed expenses cap of 3 per cent. £33,000 was owed to the C Share Fund.

Calculus Capital is regarded as a related party in respect of its appointment as an investment manager to the Company. For the period ended 31 August 2011, fees of £32,000 (31 August 2010: £15,000; 28 February 2011: £35,000) were payable to Calculus Capital, of which £20,000 (31 August 2010: £15,000; 28 February 2011: £10,000) were outstanding as at 31 August 2011. Calculus Capital is also entitled to a performance incentive fee.

John Glencross, a Director of the Company, has an interest in Calculus Capital and is a director of Terrain Energy Limited and Lime Technology Limited, companies in which the Company has invested.

Calculus Capital receives an annual fee from Terrain Energy Limited for the provision of John Glencross as a director, as well as an annual monitoring fee which also covers the provision of certain administrative support services. In the period ended 31 August 2011, the amount paid to Calculus Capital which was attributable to the investment made by the Company was £4,200 (excluding VAT) (31 August 2010: £nil; 28 February 2011: £2,713).

9. Related Party Transactions (continued)

Calculus Capital also receives an annual fee from Lime Technology Limited for the provision of John Glencross as a director, as well as an annual monitoring fee. In the period ended 31 August 2011, the amount paid to Calculus Capital which was attributable to the investment made by the Company was £2,400 (excluding VAT) (31 August 2010: £nil; 28 February 2011: £1,626).

After the period end Calculus Capital received arrangement fees of £9,000 (excluding VAT) (31 August 2010: £nil; 28 February 2011: £nil) in relation to the investment in MicroEnergy Generation Services Limited.

No incentive fee accrued to either Investment Manager during the period.

The following Directors are/were considered to be related parties due to their connection with one of the Investment Managers: John Glencross is a director of Calculus Capital, Ian Wohlman is a director of Investec Bank plc (of which Investec Structured Products is a trading division). Ian Wohlman retired as a Director at the Annual General Meeting held on 30 June 2011. Both Directors have agreed not to receive any remuneration from the Company.

Company Information

Directors

Michael O'Higgins (Chairman)
Kate Cornish-Bowden
John Glencross
Steven Meeks
Mark Rayward
Philip Swatman

Registered Office

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Company Number

07142153

Structured Products Investment Manager

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Venture Capital Investments Manager

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Telephone: 020 7493 4940
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Fund Administrator and Company Secretary

Capita Sinclair Henderson
*(Trading as Capita Financial Group –
Specialist Fund Services)*
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Auditors

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Solicitors and VCT Status Adviser

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Sponsor and Broker

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Registrars

Capita Registrars
The Registry
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(Calls cost 10p per minute plus network extras.
Lines are open Monday to Friday 8.30am to 5.30pm)

Investec Structured Products is a trading name of Investec Bank plc, registered address 2 Gresham Street, London EC2V 7QP. Investec Bank plc is authorised and regulated by the Financial Services Authority. Registered under Financial Services Authority No. 172330.

Calculus Capital Limited, registered address 104 Park Street, London W1K 6NF, is authorised and regulated by the Financial Services Authority. Registered under Financial Services Authority No. 190854.