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# OCTOPUS

## ECLIPSE VCT 4 PLC

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# FINANCIAL HEADLINES

(2.3)% Total return (NAV plus cumulative dividends) for the half-year to 31 January 2011

66.1p Net asset value (NAV) at 31 January 2011

1.5p Interim dividend declared for the half-year to 31 January 2011

11.7p Cumulative dividends paid and declared since launch

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# SHAREHOLDER INFORMATION AND CONTACT DETAILS

## Financial Calendar

The Company's financial calendar is as follows:

6 May 2011 – 2011 interim dividend paid

November 2011 – Annual results for the year to 31 July 2011 announced; Annual Report and financial statements published

January 2012 – 2011 final dividend paid

## Dividends

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, by calling 0871 664 0300 (calls cost 10p per minute plus network extras), or by writing to them at:

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4BR

The table opposite shows the net asset value per share (NAV) and lists the dividends that have been paid since the launch of Octopus Eclipse VCT 4 plc:

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends (total return)
28 February 2006	94.9p	–	94.9p
31 August 2006	95.7p	–	95.7p
28 February 2007	103.0p	0.7p	103.7p
31 August 2007	101.1p	–	101.8p
29 February 2008	94.1p	1.5p	96.3p
31 August 2008	78.0p	1.0p	81.2p
28 February 2009	67.6p	1.5p	72.3p
31 July 2009	64.5p	1.0p	70.2p
31 January 2010	64.7p	1.5p	71.9p
31 July 2010	69.4p	1.5p	78.1p
31 January 2011	66.1p	1.5p	76.3p

The interim dividend of 1.5p per share for the six months ending 31 January 2011 will be paid on 6 May 2011, to those shareholders on the register on 8 April 2011.

## Share Price

The Company's share price can be found on various financial websites including [www.londonstockexchange.com](http://www.londonstockexchange.com), with the following TIDM/EPIC code:

	Ordinary shares
TIDM/EPIC code	OEC4
Latest share price (31 March 2011)	59.0p per share

## Buying and Selling Shares

The Company's ordinary shares can be bought and sold in the same way as any other company quoted on the London Stock Exchange via a stockbroker. There may be tax implications in respect of selling all or part of your holdings, so shareholders should contact their independent financial adviser if they have any queries.

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares or trading in the secondary market, please contact the Company's corporate broker, Matrix Corporate Capital LLP ('Matrix').

Matrix is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has brought in shares. Matrix can be contacted as follows:

Chris Lloyd	0203 206 7176 chris.lloyd@matrixgroup.co.uk
Paul Nolan	0203 206 7177 paul.nolan@matrixgroup.co.uk

## Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Capita Registrars, as well as Octopus Investments under the signature of the registered holder. Their contact details are provided on page 20.

## Other Information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Investment Manager's website at [www.octopusinvestments.com](http://www.octopusinvestments.com) by navigating to Services, Investor Services, Venture Capital Trusts, Octopus Eclipse VCT 4. All other statutory information will also be found there.

## Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offer to buy shares at a discount or offer for free company reports.

Please note that it is very unlikely that either the Company or the Company's Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment 'advice'.

If you are in any doubt about the veracity of an unsolicited phone call, please call either Octopus Investments, or the Registrar, at the numbers provided at the back of this report.

# ABOUT OCTOPUS ECLIPSE VCT 4 PLC

Octopus Eclipse VCT 4 plc ('Eclipse 4', 'VCT' or 'Company') is a venture capital trust ('VCT') which aims to provide shareholders with attractive tax-free dividends and long-term capital growth.

Eclipse 4 invests primarily in unquoted and AIM-quoted companies and aims to deliver absolute returns on its investments. Eclipse 4 was launched in August 2005 and raised approximately £29.1 million (£28.7 million net of expenses) through an offer for subscription. The Investment Manager is Octopus Investments Limited ('Octopus' or 'Investment Manager').

Eclipse 4 co-invests with the three other Eclipse funds which are all managed by the same investment team at Octopus. This is viewed as a benefit as it means Eclipse 4 will not only be able to invest in a wider range of opportunities but also in larger and more developed companies than are typically available to a single VCT.

## Venture Capital Trusts (VCTs)

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unlisted companies in the UK. Subsequent Finance Acts have introduced changes to VCT legislation. The tax benefits currently available to eligible new investors in VCTs include:

- up to 30% up-front income tax relief;
- exemption from income tax on dividends paid; and
- exemption from capital gains tax on disposals of shares in VCTs.

Eclipse 4 has been approved as a VCT by HM Revenue & Customs (HMRC). In order to maintain its approval the Company must comply with certain requirements on a continuing basis. By the end of the Company's third accounting period at least 70% of the Company's investments must comprise 'qualifying holdings' of which at least 30% must be in eligible ordinary shares. A 'qualifying holding' consists of up to £1 million invested in any one year in new shares or securities in an unquoted company (or companies listed on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed £7 million at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing. The Company will continue to ensure its compliance with these qualification requirements.

# FINANCIAL SUMMARY

	Six months to 31 January 2011	Six months to 31 January 2010	Year to 31 July 2010
Net assets (£'000s)	<b>18,085</b>	18,206	19,265
Net return after tax (£'000s)	<b>(506)</b>	419	2,112
Net asset value per share (NAV)	<b>66.1p</b>	64.7p	69.4p
Cumulative dividends since launch – paid and declared/proposed	<b>11.7p</b>	8.7p	10.2p

# CHAIRMAN'S STATEMENT

I am pleased to present the half-yearly results for the six month period ended 31 January 2011.

As at 31 January 2011 the NAV stood at 66.1p, compared to 69.4p at 31 July 2010 which represents a reduction in total return (being the change in NAV plus cumulative dividends paid) of 2.3%. The main driver of this fall in NAV has been the reduced value of the unquoted portfolio of investments during the period to 31 January 2011 in addition to the standard running costs of the VCT.

The VCT is invested in 13 unquoted and 11 AIM-quoted companies. The Investment Manager continues to focus on the existing portfolio which is being financially supported where appropriate. Limited new additions to the portfolio are envisaged in the near future. By value, 78.1% of the VCT's net assets are in unquoted investments, 5.0% in AIM-quoted investments and 16.9% of the VCT's net assets are currently in cash or cash equivalents.

The Board's strategy is to maintain an appropriate level of liquidity in the balance sheet to achieve four aims:

- to support further investment in existing portfolio companies, if required;
- to take advantage of new investment opportunities as they arise;
- to assist liquidity in the shares through the buyback facility; and
- to support a consistent dividend flow.

## Dividend and Dividend Policy

It is your Board's policy to strive to maintain a regular dividend flow where possible and this primarily relies on the level of profitable realisations and available cash reserves. In the

current credit and economic environment we have to be conscious that the funding options for portfolio companies are more restricted than usual. We thus continue to place priority on maintaining a suitable quantum of cash reserves. Taking these factors into account, for the period ended 31 January 2011 the Board has declared an interim dividend of 1.5p per share. On 6 May 2011, this dividend will be paid to shareholders who are on the register as at 8 April 2011.

## Investment Portfolio Review

Since 31 July 2010, the VCT's previous period end, the performance of the portfolio has been mixed. In many cases companies have progressed and recovered some of the ground lost in 2009. However, with a minority of companies, that progress has been muted and the last quarter of 2010 saw some further slippage in a small number of cases. Your Investment Manager is therefore continuing to take a cautious view about the prospects for companies in the short term, while the recovery across the economy gains traction. Notwithstanding this, the AIM portfolio has seen a rise in value, largely reflecting increased earnings multiples for companies which are performing satisfactorily. The unquoted portfolio has seen a small fall in value, with some prudent increases in the better performing companies being outweighed by further cautionary provisions in those companies that have not returned to growth. It is not unusual to see the valuation of unquoted portfolios lag changes in the stock market as the latter tends to anticipate change whilst valuations of unquoted companies are based on actual performance.

## Unquoted

Over the last six months, the Investment Manager has continued to focus on supporting existing portfolio companies with both advice

and funding. Eclipse 4 has made small follow-on investments into several businesses and the Investment Manager continues to work closely with all portfolio companies to help them take appropriate action to manage through the downturn and take advantage as the economy recovers. In addition, the Investment Manager's involvement is now turning towards helping companies move towards a successful exit and we expect to see a small number of full or partial exits in the coming year or two.

I am pleased to report that despite tough trading conditions over the last 18 months, many portfolio companies have promising news to report. The first of these is CSL, which continues to expand its estate of dual path alarms on commercial properties and has seen profits grow by over 40% in the current year. The business has also connected 1,000 units in Ireland, which is its first international expansion. Since the period end Eclipse 4 has refinanced 50% of its loan notes in CSL together with a substantial premium paid on redemption and the payment of accrued interest.

Additionally, Audio Visual Machines has had a positive year: Whilst sales to public sector clients in education have seen a drop, this has been counteracted by an uplift in other areas to give an overall sales increase. Profits have risen by 10% in the year to date. T4 Holdings and Hydrobolt have each seen a small value increase. The latter has recently seen an encouraging uplift in the order book as activity levels in the oil industry increase. This company has also developed significant international sales since our investment, which is the result of the high quality of product and service it delivers. Finally, Tristar has also made some good progress with its international operations which have been started in New York and Hong Kong.

Some portfolio companies are still finding it hard to recover from the downturn. Perfect Pizza has had a further reduction in fair value during the year. Despite a number of positive strategic improvements, the Investment Manager has not yet seen the material increase in performance anticipated. Similarly Sweet Cred continues to suffer from a lack of liquidity, which is constraining sales both in the UK and overseas. Although sales have increased in the year, the Investment Manager believes it is prudent to take a further provision. Brandspace has been affected by weakness in the outdoor advertising market this year. Whilst sales have continued to grow strongly, profits have been impacted by weak results in their poster business. We believe the company has taken actions to redress these problems in 2011.

Finally, much of the portfolio engaged in direct consumer sales and media have yet to return to growth and, as with much of the wider economy, the last quarter of 2010 was particularly sluggish. The reductions in valuation in portfolio companies are believed to be prudent and actions have been taken by these companies to address performance issues. On balance, the Investment Manager is encouraged by the performance of the portfolio and, subject to there being no further economic upheaval, believes that the portfolio will make further progress in the coming period.

#### **AIM-quoted**

Since 31 July 2010, we are pleased to report that the AIM element of the portfolio has seen an overall increase in valuation of £100,000, increasing the NAV by 0.4p. This is primarily due to the holding in Plastics Capital almost doubling in value since the year end. The only transaction in the 6 months to 31 January 2011 was to fully

# CHAIRMAN'S STATEMENT (continued)

dispose of the holding in Pressure Technologies, realising a small profit of £17,000. The recovery in AIM continued throughout 2010, however much of this was led by the resources sectors, with the recovery in small domestically based companies being later in the cycle. The AIM companies in the portfolio continue to be valued on very low ratings, so we expect further share price appreciation during 2011.

## VCT Qualifying Status

PricewaterhouseCoopers LLP provides the Board and Investment Manager with advice on the ongoing compliance with HMRC's rules and regulations concerning VCTs. The Board has been advised that Eclipse 4 is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT. As at 31 January 2011, over 82% of the portfolio (as measured by HMRC rules) was invested in VCT qualifying investments, in line with our expectations at this stage of the Fund's life. There is an ongoing requirement to maintain the level of qualifying investments above the 70% threshold which will be supported by the continuing deal flow from the Investment Manager.

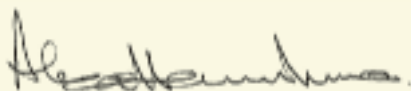
## Principal Risks and Uncertainties

The Company's assets consist of equity and fixed-rate interest investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a VCT, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the ways in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 31 July 2010. The Company's principal risks and uncertainties have not changed materially since the date of that report.

## Outlook

Commentators and the media continue to reiterate their concerns about the major issues facing the world and about the difficulty politicians will have in finding and implementing solutions. These remain substantially as they have been over the past year – the sustainability of recovery, inflationary pressures, the fragile condition of public finances and the long-term effects of some of the measures being taken. These difficulties have been complicated more recently by a sharply higher oil price, itself reflecting political turmoil in the Middle East and North Africa. As a result stock markets have remained volatile. In addition to this, there are continued pressures on consumer income which may have an impact on some of the investee companies in the current climate.

However, the majority of small companies have reported improving trading conditions so far in 2011, despite the persistent reluctance of banks to lend to them as a group. It seems likely that this will present investment opportunities for Eclipse 4 and also begin to reinforce distinctions between better and poorly managed companies which, to the extent that they are companies held in the portfolio, may have a beneficial impact on the NAV. At present, the UK economy does seem set to grow again this year and this should provide a better background against which the VCT's NAV can make progress.



**Alex Hambro**  
Chairman  
31 March 2011

# INVESTMENT PORTFOLIO

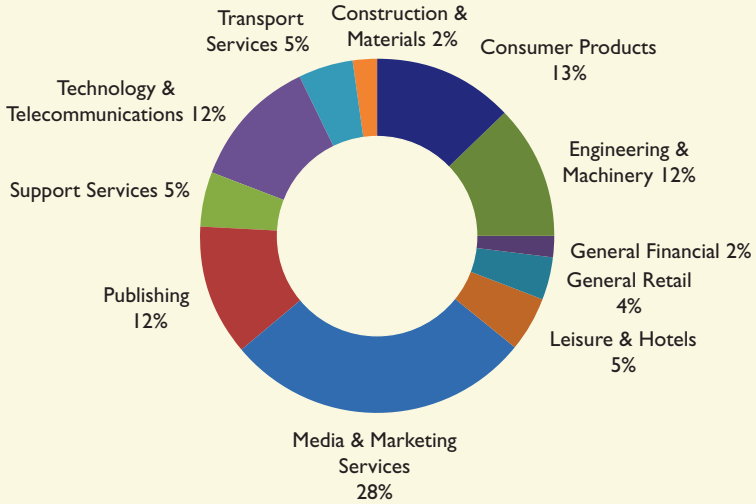
Unquoted investments	Sector	Investment cost at 31 January 2011 £'000	Unrealised profit/(loss) £'000	Carrying value at 31 January 2011 £'000	% equity held by Eclipse 4	% equity held by all funds managed by Octopus
CSL DualCom Limited	Technology & Telecommunications	944	2,283	3,227	11.5%	45.8%
The History Press Limited	Publishing	2,247	–	2,247	15.2%	60.0%
Brandspace Limited	Media & Marketing Services	2,025	22	2,047	13.1%	40.5%
Hydrobolt Limited	Engineering & Machinery	1,396	484	1,880	16.3%	43.5%
Audio Visual Machines Limited	Technology & Telecommunications	711	388	1,099	10.1%	40.4%
Tristar Worldwide Limited	Transport Services	1,000	–	1,000	10.0%	30.0%
Bruce Dunlop & Associates Limited	Media & Marketing Services	1,524	(600)	924	12.5%	31.9%
T4 Holdings Limited	Media & Marketing Services	1,141	(477)	664	14.2%	53.3%
Sweet Cred Holdings Limited	Consumer Products	2,315	(1,705)	610	14.7%	45.0%
Convivial London Pubs plc	Leisure & Hotels	200	(51)	149	1.1%	7.8%
Perfect Pizza Limited	Leisure & Hotels	526	(391)	135	9.6%	65.0%
Blanc Brasseries Holdings plc	Leisure & Hotels	92	16	108	0.7%	3.0%
Lilestone Holdings Limited	General Retail	448	(411)	37	2.0%	18.8%
<b>Total unquoted investments</b>		<b>14,569</b>	<b>(442)</b>	<b>14,127</b>		
<b>AIM-quoted investments</b>						
Plastics Capital plc	Engineering & Machinery	500	(175)	325	1.8%	16.5%
Hasgrove plc	Media & Marketing Services	400	(217)	183	1.4%	12.0%
Vertu Motors plc	General Retail	250	(127)	123	0.2%	3.6%
Brulines Group plc	Support Services	94	(17)	77	0.3%	4.6%
CBG Group plc	General Financial	383	(329)	54	1.7%	17.2%
Autoclenz Holdings plc	Support Services	125	(87)	38	1.0%	11.6%
Tanfield Group plc	Engineering & Machinery	143	(107)	36	0.1%	2.0%
Cohort plc	Engineering & Machinery	69	(34)	35	0.1%	4.2%
Northern Bear plc	Construction & Materials	299	(270)	29	1.1%	6.6%
Cantono plc*	Technology & Telecommunications	420	(420)	–	n/a	n/a
Hexagon Human Capital plc*	Support Services	677	(677)	–	n/a	n/a
<b>Total AIM-quoted investments</b>		<b>3,360</b>	<b>(2,460)</b>	<b>900</b>		
<b>Total investments</b>		<b>17,929</b>	<b>(2,902)</b>	<b>15,027</b>		
Money market securities		2,947	–	2,947		
Cash at bank		175	–	175		
<b>Total investments and cash at bank</b>		<b>21,051</b>	<b>(2,902)</b>	<b>18,149</b>		
Net current assets				(64)		
<b>Total net assets</b>				<b>18,085</b>		

\*in administration

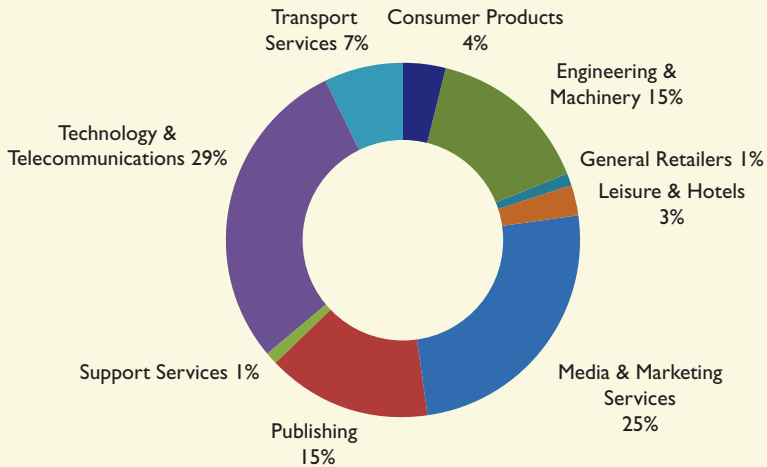
# INVESTMENT PORTFOLIO (continued)

## SECTOR ANALYSIS

### Total investments by book cost



### Total investments by value

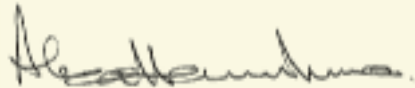


# RESPONSIBILITY STATEMENT OF THE DIRECTORS' IN RESPECT OF THE HALF-YEARLY REPORT

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with the statement 'Half-Yearly Financial Reports' issued by the UK Accounting Standards Board;
- the half-yearly report includes a fair review of the information required by the Financial Services Authority Disclosure and Transparency Rules, being:
  - an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
  - a description of the principal risks and uncertainties for the remaining six months of the year; and
  - a description of related party transactions that have taken place in the first six months of the current financial year; that may 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.

On behalf of the Board



**Alex Hambro**

Chairman  
31 March 2011

# INCOME STATEMENT

	Six months to 31 January 2011		
	Revenue £'000	Capital £'000	Total £'000
Realised (loss)/gain on disposal of fixed asset investments	–	(38)	(38)
Realised gain on disposal of current asset investments	–	2	2
Fixed asset investment holding (losses)/gains	–	(577)	(577)
Current asset investment holding gains	–	–	–
Other income	451	–	451
Investment management fees	(48)	(145)	(193)
Other expenses	(151)	–	(151)
Return on ordinary activities before tax	252	(758)	(506)
Taxation on return on ordinary activities	–	–	–
Return on ordinary activities after tax	252	(758)	(506)
Earnings per share – basic and diluted	0.9p	(2.7)p	(1.8)p

	Six months to 31 January 2010			Year to 31 July 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised (loss)/gain on disposal of fixed asset investments	–	57	57	–	411	411
Realised gain on disposal of current asset investments	–	–	–	–	–	–
Fixed asset investment holding (losses)/gains	–	467	467	–	1,970	1,970
Current asset investment holding gains	–	19	19	–	32	32
Other income	193	–	193	364	–	364
Investment management fees	(44)	(130)	(174)	(95)	(284)	(379)
Other expenses	(143)	–	(143)	(286)	–	(286)
Return on ordinary activities before tax	6	413	419	(17)	2,129	2,112
Taxation on return on ordinary activities	–	–	–	–	–	–
Return on ordinary activities after tax	6	413	419	(17)	2,129	2,112
Earnings per share – basic and diluted	0.0p	1.4p	1.4p	(0.1)p	7.4p	7.3p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.
- The Company has no recognised gains or losses other than the results for the period as set out above.
- The accompanying notes are an integral part of the half-yearly report.

# RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Six months to 31 January 2011 £'000	Six months to 31 January 2010 £'000	Year to 31 July 2010 £'000
Shareholders' funds at start of period	19,265	18,531	18,539
Return on ordinary activities after tax	(506)	419	2,112
Cancellation of equity	(260)	(315)	(535)
Dividends paid	(414)	(429)	(851)
Shareholders' funds at end of period	18,085	18,206	19,265

# BALANCE SHEET

	As at 31 January 2011		As at 31 January 2010		As at 31 July 2010	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments*		<b>15,027</b>		15,279		16,478
Current assets:						
Money market securities and other deposits*	<b>2,947</b>		2,569		2,667	
Debtors	112		338		11	
Cash at bank	175		99		243	
	<b>3,234</b>		3,006		2,921	
Creditors: amounts falling due within one year	<b>(176)</b>		(79)		(134)	
Net current assets		<b>3,058</b>		2,927		2,787
Net assets		<b>18,085</b>		18,206		19,265
Called up equity share capital	<b>2,733</b>		2,815		2,775	
Special distributable reserve	<b>23,228</b>		24,288		23,488	
Capital redemption reserve	<b>220</b>		138		177	
Capital reserve						
– losses on disposal	<b>(5,537)</b>		(5,133)		(4,472)	
– holding losses	<b>(2,902)</b>		(4,152)		(2,794)	
Revenue reserve	<b>343</b>		250		91	
Total equity shareholders' funds		<b>18,085</b>		18,206		19,265
Net asset value per share		<b>66.1p</b>		64.7p		69.4p

\*Held at fair value through profit and loss

Company Number: 05487744

# CASH FLOW STATEMENT

	Six months to 31 January 2011 £'000	Six months to 31 January 2010 £'000	Year to 31 July 2010 £'000
Net cash inflow/(outflow) from operating activities	48	(236)	(38)
Financial investment:			
Purchase of fixed asset investments	(209)	(831)	(871)
Sale of fixed asset investments	1,047	213	911
Management of liquid resources:			
Purchase of cash asset investments	(3,034)	(194)	(1,485)
Sale of cash asset investments	2,754	1,828	3,038
Dividends paid	(414)	(429)	(851)
Financing:			
Repurchase of own shares	(260)	(315)	(535)
(Decrease)/increase in cash resources at bank	(68)	36	169

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Six months to 31 January 2011 £'000	Six months to 31 January 2010 £'000	Year to 31 July 2010 £'000
(Decrease)/increase in cash resources at bank	(68)	36	169
Movement in cash equivalents	280	(1,615)	(1,521)
Opening net cash resources	2,910	4,247	4,262
Net funds at period end	3,122	2,668	2,910

## RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Six months to 31 January 2011 £'000	Six months to 31 January 2010 £'000	Year to 31 July 2010 £'000
Return on ordinary activities before tax	(506)	419	2,112
Loss/(gain) on disposal of fixed asset investments	38	(57)	(411)
Gain on disposal of current asset investments	(2)	-	-
Loss/(gain) on valuation of fixed asset investments	577	(467)	(1,970)
Gain on valuation of current asset investments	-	(19)	(32)
(Increase)decrease in debtors	(101)	(8)	318
Increase/(decrease) in creditors	42	(104)	(55)
Inflow/(outflow) from operating activities	48	(236)	(38)

# NOTES TO THE HALF-YEARLY REPORT

## 1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 January 2011 have been prepared in accordance with the Accounting Standard Board's (ASB) statement on half-yearly financial reports (July 2007) and adopting the accounting policies set out in the statutory accounts of the Company for the year ended 31 July 2010, which were prepared under UK GAAP and in accordance with the Statement of Recommended Practice for Investment Companies issued by the Association of Investment Companies in January 2009.

## 2. Publication of non-statutory accounts

The unaudited half-yearly results for the six months ended 31 January 2011 do not constitute statutory accounts within the meaning of Section 415 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The comparative figures for the year ended 31 July 2010 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements, in accordance with chapter 3, part 16 of the Companies Act 2006, was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

## 3. Earnings per share

The total earnings per share is based on 27,652,042 (31 January 2010: 28,444,194 and 31 July 2010: 28,668,324) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

There are no potentially dilutive capital instruments in issue and, therefore no diluted returns per share figures are relevant. The basic and diluted earnings per share are therefore identical.

## 4. Net asset value per share

The calculation of NAV per share as at 31 January 2011 is based on 27,344,694 (31 January 2010: 28,158,774 and 31 July 2010: 27,774,104) ordinary shares in issue at that date.

## 5. Dividends

The interim dividend declared of 1.5p per share for the six months ending 31 January 2011 will be paid on 6 May 2011, to those shareholders on the register on 8 April 2011.

A final dividend of 1.5p per share was paid on 10 January 2011 to those shareholders on the register on 10 December 2010.

## 6. Buy Backs

During the six months ended 31 January 2011 the Company bought back 429,410 shares at a weighted average price of 60.3p per share (six months ended 31 January 2010: 557,840 shares at a weighted average price of 56.5p per share and year ended 31 July 2010: 944,882 shares at a weighted average price of 56.6p per share). No shares were issued during the period.

## 7. Related Party Transactions

Octopus acts as the Investment Manager of the Company. Under the management agreement, Octopus receives a fee of 2.0 per cent per annum of the net assets of the Company for the investment management services. During the period, the Company incurred management fees of £193,000 payable to Octopus (31 January 2010: £174,000 and 31 July 2010: £379,000). At the period end there was £nil outstanding to Octopus (31 January 2010: £nil and 31 July 2010: £nil). Furthermore, Octopus provides administration and company secretarial services to the Company. Octopus receives a fee of 0.3 per cent per annum of net assets of the Company for administration services and £10,000 per annum for company secretarial services.

8. Copies of this report are available from the registered office of the Company at 20 Old Bailey, London, EC4M 7AN.

# DIRECTORS AND ADVISERS

## Board of Directors

Alex Hambro (Chairman)  
Rob Mills  
Matt Cooper

## Company Number

Registered in England & Wales  
No. 05487744

## Secretary and Registered office

Celia L Whitten FCIS  
Octopus Investments Limited  
20 Old Bailey  
London EC4M 7AN

## Investment and Administration Manager

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London EC4M 7AN  
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## Independent Auditor and Taxation Adviser

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## VCT Status Adviser

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## Registrars

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(calls cost 10p per minute plus network extras)  
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