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Eclipse VCT 4 plc

Unaudited interim results for the 6 months to 28 February 2007

Financial highlights	28 February 2007	28 February 2006	31 August 2006
• Net assets	£30,431,000	£12,311,000	£28,247,000
• Net Asset Value ('NAV') per share	103.0p	94.9p	95.7p
• Revenue return after tax	£255,000	£16,000	£218,000
• Revenue return per share*	0.9p	0.2p	1.1p
• Total return/(loss) per share*	8.1p	(0.2)p	1.0p

*Based on a weighted average of 29,541,147 shares in issue during the period (28 February 2006: 6,540,148 and 31 August 2006: 18,516,747).

Eclipse VCT 4 plc ('Eclipse 4' or 'Fund') is a venture capital trust ('VCT') and the investments are managed by Octopus Investments Limited ('Octopus' or 'Manager'). Eclipse 4 was launched in August 2005 and raised over £29 million (£28 million net of expenses) through an offer for subscription which closed on 5 April 2006. It invests primarily in unquoted and AIM-quoted companies.

Chairman's Statement

It gives me great pleasure to present the interim results for the six months ended 28 February 2007. The first six months of the accounting period have seen a strong performance from both the unquoted and AIM portfolios, resulting in a substantial increase in the net asset value of the Fund.

Background

In conjunction with Eclipse 3, Eclipse 4 was the largest VCT fundraising in the 2005/06 tax year, raising £29.1 million (£28.1 million net of expenses) in each of the funds. This takes the total funds raised across the Eclipse VCTs to £106 million. Having four Eclipse VCTs enables Octopus to invest up to £4 million per investee company (i.e. £1 million from each of the four VCTs) in a single tax year. This allows Octopus to invest in more developed, lower-risk companies than typical VCTs.

Net Asset Value ('NAV')

The NAV per share at 28 February 2007 was 103.0p, an increase of 7.6% since 31 August 2006. During the period under review, nine new investments were made in unquoted and AIM-quoted companies, meaning that at 28 February 2007, Eclipse 4 had a portfolio of 21 investments in qualifying companies, representing 29.7% of the Fund.

Unquoted investment portfolio

Four new unquoted investments were made in the six months to 28 February 2007 at a cost of £3.8 million. The overall value of the portfolio of nine unquoted investments was £5.7 million representing an increase of 3.6% compared with a cost of £5.5 million.

I am pleased to report that the valuation of one unquoted investment (Gyro International Limited) has been increased in our accounts to reflect the growth in the investee company's profitability. I am also pleased to report the successful sale of our holding in James Harvard International Limited. James Harvard is a specialist recruitment company in the clinical research sector. On sale, Eclipse 4 received 2.4 times the original amount invested, which represents a compound annual return of 98%.

A partial provision has been made against one investment, where the underlying performance has been below expectations. Further details of the valuations of the Fund's investments are set out within the Investment Manager's review.

AIM investment portfolio

I am pleased to report that the AIM portfolio has continued to perform well and five new investments have been completed over the period. The deal flow on AIM remained strong throughout 2006 and following a slow start to 2007, the team are again seeing an increase in investment opportunities.

The overall value of the portfolio of 12 AIM investments was £4.0 million representing an increase of 68% compared with a cost of £2.4 million.

Dividend

The Fund is at an early stage of its investment cycle and dividends are largely derived from the income earned from money market securities. No dividend is proposed at this interim stage of the year. In the medium-term, Octopus aims to produce a regular tax-free income stream for shareholders. The level of dividends will be driven by realised profits when investments are sold and income from the portfolio as investments mature.

Share price and buy-back facility

Eclipse 4 has a share buy-back facility, proposing to buy-back shares at no more than a 10% discount to the prevailing NAV. This should assist the marketability of the shares and help prevent the shares from trading at a wide discount to NAV. The Fund's mid market share price currently stands at 97p.

Shareholders should note that if they sell their shares within three years of the original purchase they forfeit any income tax relief obtained. If you need to sell your shares, please contact Octopus on 020 7710 2800.

VCT Qualifying Status

Eclipse 4 must be 70% invested in qualifying companies by 31 August 2008 and maintain this level on a day by day basis thereafter in order to comply with VCT regulations. The Directors continue to monitor the Fund's progress towards meeting and maintaining HM Revenue and Customs conditions for VCT approval and have retained PricewaterhouseCoopers LLP, one of the UK's leading firms of accountants, to advise in this area.

At 28 February 2007, Eclipse 4 was approximately 29.7% invested in qualifying holdings. Two further unquoted investments have been made since the period end. In light of the current deal flow we are confident that Eclipse 4 will meet the relevant VCT regulations by its deadline of 31 August 2008 and be able to maintain them thereafter.

Outlook

Eclipse 4 is in the initial investment period and has built a broad portfolio of investments in unquoted and AIM-quoted investments. Our intention is to build on this progress in the coming period by focusing on generating value from the existing portfolio of investments, while also making further investments from the flow of attractive opportunities that the Manager is seeing.

The early signs from the portfolio are encouraging and I expect to be able to update you on further good progress in the coming months.

R Gregory Melgaard
Chairman
25 May 2007

Investment Manager's Review

We are delighted to report significant progress across the portfolio over the last six months. Since 31 August 2006 the net assets of the fund have increased by 7.6% to £30.4 million. This represents a net asset value of 103.0p per share, an uplift of 7.3p. The total return of the Fund after adding back the dividend of 0.7p that was paid in December 2006 equates to 103.7p per share, compared to an initial investment cost of 60p after the 40% upfront income tax relief.

During the six months to 28 February 2007 the Fund invested a further £5.4 million in nine new investments and several follow-on investments. This takes the total invested by Eclipse 4 to almost £7.9 million, with unrealised gains on investment of £1.8 million taking the value of the portfolio to over £9.7 million, an increase of more than 22% on cost.

Qualifying Status

VCTs have three years to invest 70% of the money raised into qualifying companies. We are pleased to report that, at 28 February 2007, halfway through the three year period, Eclipse 4 was 29.7% invested in qualifying companies.

Review of Investments

At 28 February 2007, the Eclipse portfolio comprised investments in 12 AIM-quoted and 9 unquoted companies. The remainder of the Fund was invested in money market securities.

Once we have made an investment, we take an active approach in monitoring its performance. This includes regular meetings with management teams and, in the case of most unquoted investments, attending board meetings of the portfolio companies. We are keen to invest in additional rounds of funding in portfolio companies where we are familiar with the qualities of the management team and where the performance has been closely monitored.

Portfolio Activity

During the period, the Fund made nine new investments. These investments are discussed below:

Adrenalin Design Limited

Adrenalin Design was formed to acquire Golddigga in an £18.5 million transaction in which Eclipse 4 participated alongside the other Eclipse funds. Golddigga is a fast growing fashion brand which is aimed at girls aged between 15 and 25. The brand is sold through 650 outlets across the UK and Europe. The strategy is to focus on growing domestic and overseas sales through increased investment in marketing and sales support.

Audio Visual Machines Limited

Audio Visual Machines ('AVM') is a leading audio visual systems integrator and service provider. It works with some of the UK's leading businesses including BP, PwC and Lloyds TSB and provides its clients with everything from a simple projector installation through to a fully integrated video conferencing suite. Funding was provided to finance the management buy out of the business and Eclipse 4 participated alongside the other Eclipse funds.

Brulines (Holdings) plc

Brulines provides draught beer dispense monitoring and revenue protection systems for over 16,000 pubs in the UK. The company listed on AIM in October 2006 having raised £7 million.

Concateno plc

Concateno was created as a vehicle to identify and acquire companies in the support services and utility sectors. In October 2006 Concateno announced the acquisition of Medscreen, a company specialising in drug and alcohol testing in key market sectors such as the maritime sector and Her Majesty's Prisons.

Hasgrove plc

Hasgrove is an integrated communications group with operations in four European countries, delivering solutions in public relations, public affairs, advertising, design and online marketing.

Hexagon Human Capital plc

Hexagon is a recruitment firm specialising in interim management and executive search. It was formed in 2004 and has grown through acquisition, most recently by acquiring BIE in December 2006. Eclipse 4 initially invested alongside the other Eclipse funds and Barclays Bank to support the acquisition. Hexagon floated on AIM in February 2007 generating a significant uplift in the value for the Eclipse funds.

Vertu Motors plc

Vertu Motors was founded in November 2006 by senior members of the highly successful Reg Vardy plc team (Reg Vardy was acquired by Pendragon plc in February 2006). The company raised a total of £25 million at 60p per share with a strategy of consolidating the motor dealership sector and driving operational efficiencies and organic growth. In February 2007, the company announced a further fundraising and the acquisition of the Bristol Street Group for £40 million.

NPI Media Group Limited

In January 2007, Eclipse 4 participated in a £15 million funding package to support the purchase by NPI of three competitors to form the leading UK publisher of distinctive 'local interest' history books. The company is based in Stroud and has subsidiary operations in France, Germany, Ireland and the US. In total the Eclipse funds provided £5.5 million of investment.

Gyro International Limited

In October 2006 Eclipse 4 participated in a £6 million fund raising by Gyro International, alongside the other Eclipse funds and third party funds. Eclipse VCT had previously invested in Gyro in February 2005, and the company and its management team is therefore well known to Octopus. Gyro provides an integrated range of marketing services to businesses and has clients such as Virgin Atlantic, Sony and Palm. Gyro operates through seven European offices, including London, and two offices based in the USA.

Portfolio Valuation

At 28 February 2007, the Fund's portfolio comprised investments in 21 companies with a total cost of £7.9 million and a carrying value of £9.7 million. The Fund also held £19.1 million in cash and money market securities awaiting investment in qualifying holdings.

		Investment at Cost £'000	Unrealised appreciation/ depreciation £'000	Carrying Value £'000
Unquoted investments				
NPI Media Group Limited	Ordinary shares	153	-	153
	Loan notes	1,338	-	1,338
		1,491	-	1,491
Gyro International Limited	Ordinary shares	200	306	506
	Loan notes	504	-	504
		704	306	1,010
Adrenalin Design Limited	Ordinary shares	102	-	102
	Loan notes	803	-	803
		905	-	905
CSL Dualcom Limited	Ordinary shares	82	-	82
	Loan notes	723	-	723
		805	-	805
Audio Visual Machines Limited	Ordinary shares	73	-	73
	Loan notes	638	-	638
		711	-	711
Perfect Pizza Limited	Ordinary shares	35	-	35
	Loan notes	337	-	337
		372	-	372
Capital Pubs Company 2 plc	Ordinary shares	200	-	200
		200	-	200
Red-M Group Limited	Ordinary shares	120	(120)	-
	Loan notes	121	-	121
		241	(120)	121
Blanc Brasseries Holdings plc	Ordinary shares	55	-	55
		55	-	55
Total unquoted investments		5,484	186	5,670
AIM-quoted investments				
Worthington Nicholls Group plc		303	663	966
Hexagon Human Capital plc		677	145	822
Tanfield Group plc		140	443	583
Hasgrove plc		400	77	477
Vertu Motors plc		250	167	417
Brulines (Holdings) plc		148	43	191
Concateno plc		85	55	140
Healthcare Locums plc		100	5	105
Autoclenz Holdings plc		125	(30)	95
Cohort plc		68	27	95
BBI Holdings plc		64	29	93
Invocas plc		40	11	51
Total AIM-quoted investments		2,400	1,635	4,035
Total investments		7,884	1,821	9,705
Comprising:	Ordinary shares	3,420	1,821	5,241
	Loan notes	4,464	-	4,464

Ten Largest Holdings

NPI Media Group Limited

NPI Media Group is the UK market leader in the publishing of distinctive 'local interest' history books. In January 2007, Eclipse 4 invested as part of a £5.5 million investment from the Eclipse funds. Funding was provided to facilitate the acquisitions of NPI's three largest competitors to make it the dominant player within its publishing niche.

Further information can be found on the company's website, www.tempus-publishing.com.

Investment date	24 January 2007
Equity held	12.6%
Cost	£1,491,000
Valuation	£1,491,000
Valuation basis	Cost (New Investment)
Dividends/interest received during the period	Nil

The first audited financial information will be available for the period to 30 June 2007.

Gyro International Limited

Gyro, which was founded in 1991, provides an integrated suite of marketing services including brand strategy, direct marketing, web marketing and event management. The company is one of Europe's leading independent integrated marketing companies and clients include Sony, Sun Microsystems, and Virgin Atlantic. Octopus led a £3 million funding round in February 2005 in which Eclipse invested £1 million. A further £6 million funding round was led in which Eclipse 4 invested £704,000 alongside other Octopus funds.

Gyro has offices in London, Geneva, Stockholm, Amsterdam, New York, Dublin, Hamburg and San Francisco and has recently acquired an agency in Paris. The company was ranked the number one B2B agency in the UK in 2005 and 2006.

The company has performed well with sales increasing from £11 million in 2004 to over £25 million in the last financial year and, based on strong trading results, the carrying value has been increased.

Further information can be found at the company's website, www.gyointernational.com.

Investment date	23 October 2006
Equity held	2.9%
Cost	£704,000
Valuation	£1,010,000
Valuation basis	Adjusted earnings multiple
Dividends/interest received during the period	£6,000
Last audited accounts	October 2005
Net assets	£3,831,000
Loss before taxation	£(66,000)

Worthington Nicholls Group plc

Worthington Nicholls is one of the UK's largest air conditioning contractors providing services to the hotel, retail and leisure sectors. The company has three divisions: project management, design and installation of machines; maintenance of machines, and ventilation hygiene. The company listed on AIM in June 2006 after raising £7.5 million.

Further information can be found at the company's website, www.worthington-nicholls.co.uk.

Investment date	27 September 2006
Equity held	0.92%
Cost	£303,000
Valuation	£966,000
Valuation basis	AIM investment - bid price
Dividends/interest received during the period	Nil
Last audited accounts	September 2006
Net assets	£33,040,000
Profit before taxation	£1,958,000

Adrenalin Design Limited

Adrenalin Design was formed to acquire Golddigga, a fast growing fashion brand which is aimed at girls aged between 15 and 25. Golddigga, which is based in Derby, was founded in 1997. The brand is sold through 650 outlets across the UK and Europe and the management's strategy is to focus on growing domestic and overseas sales through increased investment in marketing and sales support. Eclipse 4 invested £905,000 as part of a total of £3.3m provided by the Eclipse funds. The transaction was valued at £18.5m and included bank debt, provided by Yorkshire Bank.

Further information can be found at the company's website, www.golddigga.com.

Investment date	10 September 2006
Equity held	10.9%
Cost	£905,000
Valuation	£905,000
Valuation basis	Cost (new investment)
Dividends/interest received during the period	Nil
Last audited accounts	August 2006
Net assets	£17,562,000
Profit before taxation	£1,993,000

Hexagon Human Capital plc

Hexagon is a recruitment firm that was established in 2004 with a strategy for growth by acquisition. To date the company has bought three executive search businesses and created a joint venture with a fourth.

In December 2006 funds managed by Octopus provided the company with £2.5 million of funding, alongside £10 million from Barclays Bank, to finance the acquisition of a fifth business, BIE, which is the UK's leading interim management business. The enlarged group now has a complementary balance between executive search and interim management, which should give it greater stability in the event of a market downturn. The business floated on AIM in February 2007.

Further information can be found at the company's website, www.hexagonhc.com.

Investment date	23 December 2006
Equity held	2.7%
Cost	£677,000
Valuation	£822,000
Valuation basis	AIM investment - bid price
Dividends/interest received during the period	Nil
Last audited accounts	December 2005
Net liabilities	£(138,907)
Loss before taxation	£(85,000)

CSL Dualcom Limited

CSL is a leading supplier of dual path alarm signalling devices which link intruder alarms via an alarm receiving centre to the police. The devices communicate using both a telephone line and a Vodafone wireless link for maximum integrity. Eclipse 4 invested £805,000 alongside the other Eclipse funds to finance the £6 million management buy out of CSL Dualcom.

Further information can be found at the company's website, www.csl-communications.com.

Investment date	12 June 2006
Equity held	10.0%
Cost	£805,000
Valuation	£805,000
Valuation basis	Cost (new investment)
Dividends/interest received during the period	£19,575
Last audited accounts	March 2006
Net liabilities	£(318,000)
Profit before taxation	£86,445

Audio Visual Machines Limited

Audio Visual Machines ('AVM') is a leading audio visual systems integrator and service provider with a blue chip client base. It generates revenue from the installation of AV systems and from providing ongoing maintenance and support to its customers. The strategy is to grow by acquisition over the next two to three years. Eclipse 3 invested £711,000 alongside the other Eclipse funds to support the management buy out of AVM from shareholders including The Parkmead Group.

Further information can be found at the company's website, www.avmachines.com.

Investment date	29 September 2006
Equity held	11.3%
Cost	£711,000
Valuation	£711,000
Valuation basis	Cost (new investment)
Dividends/interest received during the period	Nil
Last audited accounts	June 2006
Net assets	£1,217,000
Profit before taxation	£327,000

Tanfield Group plc

Tanfield is a leading manufacturer of zero emission vehicles and aerial work platforms. Smiths Electric Vehicles is the leading manufacturer of road-going commercial electric vehicles and its product portfolio of zero emission trucks has recently won orders from TNT, Sainsbury, Marks & Spencer and Scottish & Southern. UpRight is the UK's largest manufacturer of self propelled aerial work platforms that has successfully broadened its distribution network and range of product. Tanfield is expected to achieve a pre tax profit of £14.0 million on turnover of £94.8 million for the year ending December 2007.

Further information can be found at the company's website, www.tanfieldgroup.com.

Investment date	26 May 2005
Equity held	0.35%
Cost	£140,000
Valuation	£583,000
Valuation basis	AIM investment - bid price
Dividends/interest received during the year	Nil
Last audited accounts	December 2006
Net assets	£43,418,000
Profit before taxation	£3,458,000

Hasgrove plc

Hasgrove is a pan European marketing and communications services group which floated on AIM in November 2006 raising £6 million. The company, which focuses on public affairs, public relations and brand management, is expected to achieve a profit £3.4 million on turnover of £15.1 million for the year ending December 2007.

Further information can be found at the company's website, www.hasgrove.com.

Investment date	
Equity held	1.79%
Cost	£400,000
Valuation	£477,000
Valuation basis	AIM investment - bid price
Dividends/interest received during the period	Nil
Last audited accounts	10 month period ended 31 December 2006
Net assets	£13,011,000
Loss before taxation	£1,821,000

Vertu Motors plc

Vertu Motors floated on AIM during December 2006, raising £25 million, as an acquisition vehicle in the motor retail sector. Vertu completed the acquisition of Bristol Street Motors for £40 million during February 2007 and further acquisitions are anticipated over the next twelve months.

Further information can be found at the company's website, www.vertumotors.com.

Investment date	18 December 2007
Equity held	0.46%
Cost	£250,000
Valuation	£417,000
Valuation basis	AIM investment - bid price
Dividends/interest received during the period	Nil

First audited financial information will be available for the period to 28 February 2007.

Recent Transactions

Since the end of the period under review, we have completed two further unquoted investments:

Sweet Cred Holdings Limited

In March 2007, Octopus committed a total of £5 million from all four Eclipse funds into Sweet Cred Holdings Limited. Sweet Cred sells a wide range of products which combine sweets with toys that are themed around the five cartoon characters in the Sweet Cred gang.

Promotion Space Limited

In April 2007, Octopus committed a total of £2.1 million from all four Eclipse funds into Promotion Space. Promotion Space is based in Wilmslow, Cheshire and organises promotions, brand awareness campaigns and events in shopping centres across the UK. This funding will be used to finance growth and assist with the strategic development of the business.

Summary of investments made by other funds managed by Octopus Investments Limited

It is a requirement that Octopus discloses if any of its other funds are also invested in any of the Eclipse VCT 4 portfolio companies. Details of these are shown below.

	<i>% equity held by Eclipse VCT 4</i>	<i>% equity held by other funds managed by Octopus</i>
Adrenalin Design Limited	10.95	31.85
Audio Visual Machines Limited	11.27	33.73
Autoclenz Holdings plc	0.96	11.88
BBI Holdings plc	0.26	3.35
Blanc Brasseries Holdings plc	0.66	2.64
Brulines (Holdings) plc	0.50	2.10
Capital Pubs Company 2 plc	1.19	6.98
Cohort plc	0.19	1.68
Concateno plc	0.17	0.98
Dualcom Holdings Limited	10.00	30.00
Gyro International Limited	2.93	19.38
Hasgrove plc	1.79	7.17
Healthcare Locums plc	0.19	0.73
Hexagon Human Capital plc	2.71	8.88
Invocas plc	0.13	1.14
NPI Media Group Limited	12.64	37.35
Perfect Pizza Limited	4.90	30.10
Red-M Group Limited	0.25	7.55
Tanfield Group plc	0.23	3.63
Vertu Motors plc	0.46	2.76
Worthington Nicholls plc	0.92	3.07

Personal Service

At Octopus, we pride ourselves not only on our team's track record but also on our personalised customer service. We believe in open communication and our regular updates are designed to keep you involved and informed.

If you have any questions about this review, or if it would help to speak to one of the fund managers, please do not hesitate to contact us on 020 7710 2800.

*Simon Rogerson
Chief Executive*

Income Statement

	Six months ended 28 February 2007			Six months ended 28 February 2006			Period to 31 August 2006		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gains on investments	-	698	698	-	-	-	-	-	-
Unrealised gains on investments	-	1,625	1,625	-	20	20	-	196	196
Income	506	-	506	92	-	92	600	-	600
Investment management fees	(82)	(247)	(329)	(18)	(52)	(70)	(93)	(282)	(375)
Other expenses	(109)	-	(109)	(54)	-	(54)	(238)	-	(238)
Return on ordinary activities before tax	315	2,076	2,391	20	(32)	(12)	269	(86)	183
Tax	(60)	60	-	(4)	4	-	(51)	51	-
Return on ordinary activities after tax	255	2,136	2,391	16	(28)	(12)	218	(35)	183
Basic and diluted return per share	0.9p	7.2p	8.1p	0.2p	(0.4)p	(0.2)p	1.1p	(0.1)p	1.0p

- The total column of this statement is the profit and loss account of the Company.
- All revenue and capital items in the above statement derive from continuing operations.
- The accompanying notes are an integral part of the interim financial information.
- 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 securities.

Reconciliation of movements in shareholders' funds

	28 February 2007 £'000	28 February 2006 £'000	31 August 2006 £'000
Equity shareholders' funds as at 1 September 2006	28,247	-	-
Total gains and (losses) recognised in period	2,391	(12)	183
Shares purchased for cancellation	-	(3)	(3)
Issue of redeemable non-voting preference shares	-	(50)	(50)
Redemption of redeemable non-voting preference shares	-	50	50
Net proceeds of share issue	-	12,326	28,067
Dividends recognised in period	(207)	-	-
Shareholders' funds at 28 February 2007	30,431	12,311	28,247

Balance Sheet

	as at 28 February 2007		as at 28 February 2006		as at 31 August 2006	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments		9,705		1,496		3,280
Current assets						
Investments	18,557				25,045	
Debtors	1,690		49		15	
Cash at bank	584		11,872		11	
	20,831		11,921		25,071	
Creditors: amounts falling due within one year	(105)		(1,106)		(104)	
Net current assets		20,726		10,815		24,967
Net assets		30,431		12,311		28,247
Called up equity share capital		2,953		1,297		2,953
Share premium		25,114		11,029		25,114
Capital reserve realised		208		(48)		(231)
Capital reserve unrealised		1,893		20		196
Revenue reserve		263		13		215
Total equity shareholders' funds		30,431		12,311		28,247
Net asset value per share		103.0p		94.9p		95.7p

Cash flow statement

	Six months ended 28 February 2007		Six months ended 28 February 2006		Period to 31 August 2006	
	£'000	£'000	£'000	£'000	£'000	£'000
Net cash (outflow)/inflow from operating activities		(1,606)		(51)		76
Financial investment :						
Purchase of investments	(5,384)		(1,476)		(3,084)	
Sale of investments	1,282		-		-	
Net cash outflow from financial investment		(4,102)		(1,476)		(3,084)
Management of liquid resources :						
Decrease/(increase) in cash funds	6,488			-		(25,045)
Equity dividends paid	(207)					
Financing :						
Issue of own shares			12,723		29,131	
Share issue expenses			(397)		(1064)	
Repurchase of own shares			(3)		(3)	
Shares awaiting issue			1,076			
Total financing		6,281		13,399		28,064
Increase in cash resources		573		11,872		11

Reconciliation of operating profit to net cash inflow from operating activities

	28 February 2007	28 February 2006	31 August 2006
	£'000	£'000	£'000
Profit/(loss) on ordinary activities	2,391	(12)	183
Increase in debtors	(1,675)	(49)	(15)
Increase in creditors	1	30	104
Increase in capital value of investments	(1,625)	(20)	(196)
Profit on disposal of fixed assets	(698)	-	-
Net cash (outflow)/inflow from operating activities	(1,606)	(51)	76

Notes to the interim results

1. Basis of preparation

The interim financial information has been prepared in accordance with applicable accounting standards and under the historical cost convention except for the revaluation of investments. The principal accounting policies of the Company have remained unchanged from those set out in its 2006 annual report and financial statements.

2. Publication of non-statutory accounts

The unaudited interim results for the six months ended 28 February 2007 and the six months ended 28 February 2006 do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies. The comparative figures for the period ended 31 August 2006 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditors' report on those financial statements under Section 235 of the Companies Act 1985 was unqualified.

3. The calculation of the revenue and capital return per share is based on the return on ordinary activities after tax for the period and on 29,541,147 ordinary shares, being the weighted average number of shares in issue during the period from 1 September 2006 to 28 February 2007. (February 2006: 6,540,148 and August 2006: 18,516,747).

4. The calculation of net asset value per share is based on the net assets at 28 February 2007 of £30,431,000 and on 29,541,147 (28 February 2006: 12,311,000 and 31 August 2006: 28,247,000) being the number of shares in issue at the same date.

5. Copies of this statement are being sent to all shareholders. Copies are available from the registered office of the Company at 8 Angel Court, London, EC2R 7HP.