



ELDERSTREET

VCT plc

Half-Yearly Report
for the six months ended
30 June 2016

SHAREHOLDER INFORMATION

Recent performance summary

	30 Jun 2016 pence	31 Dec 2015 pence	30 Jun 2015 pence
Net asset value per share	68.9	70.6	67.5
Cumulative distributions paid per share	93.5	91.0	88.5
Total return per share	162.4	161.6	156.0

Recent/forthcoming dividends

	Amount per share	Date of payment	Ex-div date	Record date
2015 Final	2.5p	30 Jun 2016	19 May 2016	20 May 2016
2016 Interim	2.5p	16 Dec 2016	3 Nov 2016	4 Nov 2016

A full dividend history for the Company can be found at www.downing.co.uk

Dividends are 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 (forms can be downloaded from www.capitaassetservices.com). Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's Registrar, Capita Asset Services, on 0871 664 0324 (calls cost 10p per minute plus network extras, lines open 8:30am to 5:30pm Monday to Friday), or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Share price

The Company's share price can be found on various financial websites with the TIDM/EPIC code **EDV**. A link to the share price is also available on Elderstreet Investment Limited's website (www.elderstreet.com) and on Downing LLP's website (www.downing.co.uk).

Latest share price 27 September 2016: 58.5p per share

Share scam warning

We are aware that a significant number of shareholders of VCTs have recently received unsolicited telephone calls from a company purporting to be acting on behalf of a client who is looking to acquire their VCT shares at an attractive price. We believe these calls to be part of a "Boiler Room Scam".

Shareholders are warned to be very suspicious if they receive any similar type of telephone call.

Further information can be found on Downing's website under "Existing Investments". If you have any concerns, please contact Downing on 020 7416 7780.

Shareholder information is continued on the inside back cover

CHAIRMAN'S STATEMENT

I am pleased to present the Half-Yearly Report for Elderstreet VCT plc for the six month period ended 30 June 2016.

Net asset value, results and dividends

At 30 June 2016, the Company's net asset value ("NAV") per share stood at 68.9p, an increase of 0.8p or 1.1% since 31 December 2015 after adjusting for the total dividends of 2.5p per share paid during the period.

The return on activities after taxation for the period was £316,000 (2015: £1.4 million), comprising a revenue return of £333,000 and a capital loss of £17,000.

An interim dividend of 2.5p per share will be paid on 16 December 2016 to Shareholders on the register at 4 November 2016.

Venture capital investments

The Company invested £1.5 million in the period in one new and two follow-on investments.

In March 2016, the Company invested £499,000 in a new venture, Ridee Limited, which trades as Jinn, a fast growing digital solution for last mile deliveries from restaurants and stores.

A further investment of £750,000 was made into Concorde Solutions Limited to grow the company. In addition, £253,000 was invested in AngloINFO Limited to provide working capital for the further development of the business.

There was one small part disposal in the period. Proceeds of £99,000 were received from the investment Uvenco UK plc (formerly Snacktime plc) where part of the holding was sold to ensure the Company maintains compliance with the new VCT rules. A further retention payment was received in respect of Wessex Advanced Switching Products Limited ("WASP"), the investment that was sold in 2014, of £440,000. Total realised gains for the period were £539,000.

At the period end, the Board reviewed the unquoted investment valuations and made a small number of adjustments. The value of AngloINFO Limited was adjusted downwards by £405,000, reflecting the fact that the company requires further funding to develop its product. The Manager does, however, continue to believe that the company has potential. Concorde Solutions Limited was also decreased by £142,000 as sales are growing more slowly than planned.

Within the AIM-quoted investments there were some significant moves over the period, with Fulcrum Utility Services Limited increasing by £479,000, Access Intelligence plc increasing by £128,000 and Proxama plc decreasing by £277,000. Overall, the full portfolio showed net unrealised losses of £373,000 over the six months.

At the period end, the Company held a portfolio of 22 venture capital investments, valued at £19.8 million.

Fixed income securities

The Company continues to hold a small portfolio of fixed income investments that is managed by Smith & Williamson. The portfolio, valued at £1.6 million at the period end, recognised unrealised capital gains of £14,000 and produced income of £9,000 in the period.

Fundraising and share issues

During the period, the Company issued 2.6 million new shares at an average price of 70.96p per share under a further Top-up Offer for Subscription that launched in December 2015. The offers closed being fully subscribed and having raised a total of £1.8 million.

CHAIRMAN'S STATEMENT (continued)

Share buybacks

The Company has a policy of buying in shares that become available in the market at approximately a 7.5% discount to the latest published net asset value (subject to applicable regulations and liquidity considerations).

In line with this policy during the period the Company purchased 145,500 shares for cancellation for an aggregate consideration of £93,000 at an average price of 63.6p per share.

Any Shareholders who are considering selling their shares will need to use a stockbroker. Such Shareholders should ask their stockbroker to register their interest in selling their shares with Shore Capital, who act as the Company's corporate broker.

Future strategy and developments

The UK's decision to leave the European Union has clearly been a major event that will have some impact, one way or another, on the UK economy over the coming years. In light of this the Board has reviewed the portfolio and concluded that there is unlikely to be any significant negative effect on the Company's investments in the short term and, indeed, the weaker pound may be favourable to some investments. The Board will, of course, continue to monitor developments.

The Board has had some discussions with the Manager about future fundraising and general strategy. As a result it is expected that the Company will launch a new Offer for Subscription later in the year. Full details of the new offer will be available in due course.

Outlook

The portfolio has continued to perform satisfactorily and the Board believes that it continues to include investments which can ultimately deliver good rewards for Shareholders.

I look forward to updating Shareholders in my statement with the next Annual Report.



David Brock
Chairman

28 September 2016

SUMMARY OF INVESTMENT PORTFOLIO

as at 30 June 2016

	Cost £'000	Valuation £'000	Valuation movement in period £'000	% of portfolio by value
Top ten venture capital investments				
Lyalvale Express Limited	1,915	3,332	-	14.0%
Access Intelligence plc*	2,333	3,246	128	13.6%
Fords Packaging Topco Limited	2,883	3,239	-	13.6%
Baldwin & Francis Limited	1,534	2,252	-	9.4%
Fulcrum Utility Services Limited*	500	1,625	479	6.8%
Concorde Solutions Limited	1,650	1,525	(142)	6.4%
AngloINFO Limited	1,887	1,072	(405)	4.5%
Lyalvale Property Limited	300	914	-	3.8%
Macranet Limited	863	863	-	3.6%
Ridee Limited	499	499	-	2.1%
	<u>14,364</u>	<u>18,567</u>	<u>60</u>	<u>77.8%</u>
Other venture capital investments	5,099	1,195	(447)	5.0%
Fixed income securities	<u>1,516</u>	<u>1,557</u>	<u>14</u>	<u>6.5%</u>
	<u>20,979</u>	<u>21,319</u>	<u>(373)</u>	<u>89.3%</u>
Cash at bank and in hand		<u>2,560</u>		<u>10.7%</u>
Total investments		<u>23,879</u>		<u>100.0%</u>

All venture capital investments are unquoted unless otherwise stated.

* Quoted on AIM

SUMMARY OF INVESTMENT MOVEMENTS

for the six months ended 30 June 2016

Additions

£'000

Venture capital investments

Concorde Solutions Limited	750
Ridee Limited	499
AngloINFO Limited	253
	<u>1,502</u>

Disposals

	Cost £'000	Value at 1 January 2016 £'000	Proceeds £'000	Profit vs cost £'000	Realised profit £'000
Part disposal					
Uvenco UK plc (formerly Snacktime plc)	-	-	99	99	99
Retention proceeds					
Wessex Advanced Switching Products Limited	-	-	440	440	440
	-	-	539	539	539

UNAUDITED BALANCE SHEET

as at 30 June 2016

	Note	30 Jun 2016 £'000	30 Jun 2015 £'000	31 Dec 2015 £'000
Fixed assets				
Investments		21,319	20,667	20,189
Current assets				
Debtors		1,853	125	1,757
Cash at bank and in hand		2,560	2,846	3,113
		<u>4,413</u>	<u>2,971</u>	<u>4,870</u>
Creditors: amounts falling due within one year		<u>(151)</u>	<u>(244)</u>	<u>(601)</u>
Net current assets		<u>4,262</u>	<u>2,727</u>	<u>4,269</u>
Net assets		<u>25,581</u>	<u>23,394</u>	<u>24,458</u>
Capital and reserves				
Called up share capital	7	1,855	1,733	1,733
Capital redemption reserve	8	481	474	474
Share premium	8	5,452	3,743	3,743
Merger Reserve	8	1,828	1,828	1,828
Special reserve	8	2,394	2,592	2,629
Capital reserve - unrealised	8	4,060	5,671	4,433
Capital reserve - realised	8	9,064	6,792	9,132
Revenue reserve	8	<u>447</u>	<u>561</u>	<u>486</u>
Equity shareholders' funds	6	<u>25,581</u>	<u>23,394</u>	<u>24,458</u>
Basic and diluted net asset value per share	6	68.9p	67.5p	70.6p

UNAUDITED INCOME STATEMENT

for the six months ended 30 June 2016

	Six months ended 30 Jun 2016			Six months ended 30 Jun 2015			Year ended 31 Dec 2015	
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	
Income		526	-	526	529	-	529	688
Gains/(losses) on investments:								
- realised		-	539	539	-	492	492	754
- unrealised		-	(373)	(373)	-	880	880	3,152
		<u>526</u>	<u>166</u>	<u>692</u>	<u>529</u>	<u>1,372</u>	<u>1,901</u>	<u>4,594</u>
Investment management fees		(61)	(183)	(244)	(59)	(178)	(237)	(472)
Performance incentive fees		-	-	-	-	(107)	(107)	(454)
Other expenses		<u>(132)</u>	<u>-</u>	<u>(132)</u>	<u>(133)</u>	<u>-</u>	<u>(133)</u>	<u>(314)</u>
Return on ordinary activities before tax		333	(17)	316	337	1,087	1,424	3,354
Tax on total comprehensive income and ordinary activities		-	-	-	-	-	-	-
Return attributable to equity shareholders	4	333	(17)	316	337	1,087	1,424	3,354
Basic and diluted return per share	4	0.9p	0.0p	0.9p	1.0p	3.2p	4.2p	9.8p

All Revenue and Capital items in the above statement derive from continuing operations. The total column within the Income Statement represents the profit and loss account of the Company.

UNAUDITED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2016

	Called up share capital £'000	Capital redemption reserve £'000	Share Premium £'000	Merger reserve £'000	Special reserve £'000	Capital reserve- unrealised £'000	Capital reserve- realised £'000	Revenue reserve £'000	Total £'000
At 1 January 2016	1,733	474	3,743	1,828	2,629	4,433	9,132	486	24,458
Issue of new shares	129	-	1,709	-	-	-	-	-	1,838
Share Issue costs	-	-	-	-	(9)	-	-	-	(9)
Purchase of own shares	(7)	7	-	-	(93)	-	-	-	(93)
Expenses charged to capital	-	-	-	-	-	-	(183)	-	(183)
Gains on investments	-	-	-	-	-	(373)	539	-	166
Transfer between reserves	-	-	-	-	(133)	-	133	-	-
Dividends paid	-	-	-	-	-	-	(557)	(372)	(929)
Revenue return for the period	-	-	-	-	-	-	-	333	333
At 30 June 2016	1,855	481	5,452	1,828	2,394	4,060	9,064	447	25,581

UNAUDITED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2016

	Six months ended 30 Jun 2016 £'000	Six months ended 30 Jun 2015 £'000	Year ended 31 Dec 2015 £'000
Cash flow from operating activities			
Return on ordinary activities before taxation	316	1,424	3,354
Gains/(losses) on investments	(166)	(1,372)	(3,906)
(Increase)/decrease in other debtors	(101)	3,437	(20)
Decrease in other creditors	(459)	(544)	(185)
Net cash (outflow)/inflow generated from operating activities	(410)	2,945	(757)
Cash flow from investing activities			
Purchase of investments	(1,502)	(876)	(2,677)
Sale of investments	544	881	7,509
Net cash (outflow)/inflow from investing activities	(958)	5	4,832
Cash flows from financing activities			
Proceeds from share issue	1,839	782	773
Proceeds from shares issued under Dividend Reinvestment Scheme	-	258	-
Share issue costs	-	(9)	-
Purchase of own shares	(93)	(113)	(114)
Equity dividends paid	(931)	(2,584)	(3,183)
Net cash inflow/(outflow) from financing activities	815	(1,666)	(2,524)
(Decrease)/increase in cash	(553)	1,284	1,551
Net movement in cash			
Beginning of period	3,113	1,562	1,562
Net cash (outflow)/inflow	(553)	1,284	1,551
End of period	2,560	2,846	3,113

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS for the six months ended 30 June 2016

- The unaudited half yearly results cover the six months to 30 June 2016 and have been prepared in accordance with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" revised January 2009 and in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2015, which were prepared in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law), including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland.
- The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.
- The comparative figures are in respect of the six months ended 30 June 2015 and the year ended 31 December 2015 respectively.

4. Basic and diluted return per share

	Six months ended 30 Jun 2016	Six months ended 30 Jun 2015	Year ended 31 Dec 2015
Return per share based on:			
Net revenue gain for the period (£'000)	333	337	262
Capital return per share based on:			
Net capital (loss)/gain for the period (£'000)	(17)	1,087	3,092
Weighted average number of shares	35,889,194	34,046,369	34,356,056

5. Dividends

		Six months ended 30 Jun 2016			Year ended 31 Dec 2015
	Per share pence	Revenue £'000	Capital £'000	Total £'000	Total £'000
Paid in the period					
2015 Final	2.5p	372	557	929	-
2015 Interim	2.5p	-	-	-	866
2015 Special	5.0p	-	-	-	1,714
2014 2 nd interim	2.5p	-	-	-	861
		372	557	929	3,441

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued) for the six months ended 30 June 2016

6. Basic and diluted net asset value per share

	Six months ended 30 Jun 2016	Six months ended 30 Jun 2015	Year ended 31 Dec 2015
Net asset value per share based on:			
Net assets (£'000)	<u>25,581</u>	<u>23,394</u>	<u>24,458</u>
Number of shares in issue at the period end	<u>37,106,366</u>	<u>34,660,694</u>	<u>34,660,694</u>
Net asset value per share	<u>68.9p</u>	<u>67.5p</u>	<u>70.6p</u>

7. Called up share capital

	Six months ended 30 Jun 2016	Six months ended 30 Jun 2015	Year ended 31 Dec 2015
Ordinary shares of 5p each			
Number of shares in issue at the period end	<u>37,106,366</u>	<u>34,660,694</u>	<u>34,660,694</u>
Nominal value (£'000)	<u>1,855</u>	<u>1,733</u>	<u>1,733</u>

In April 2016 the Company allotted 2,591,172 Ordinary Shares of 5p each ("Ordinary Shares") under a Top-up Offer for Subscription that launched in December 2015, at an average price of 70.96p per share. Gross proceeds received thereon were £1.8 million with issue costs in respect of the offer amounting to £9,000.

During the period, the Company purchased 145,500 shares for cancellation for an aggregate consideration of £93,000 at an average price of 63.6p per share (approximately equal to a 9.9% discount to the most recently published NAV at the time of purchase) and representing 0.4% of the issued share capital in issue at 1 January 2016.

8. Reserves

The special reserve is available to the Company to enable the purchase of its own shares in the market without affecting its ability to pay dividends, and also allows the Company to write back realised capital losses arising on disposals and impairments.

Distributable reserves are calculated as follows:

	Six months ended 30 Jun 2016 £'000	Six months ended 30 Jun 2015 £'000	Year ended 31 Dec 2015 £'000
Special reserve	2,394	2,592	2,629
Capital reserve - realised	9,064	6,792	9,132
Revenue reserve	447	561	486
Merger reserve – distributable element	423	477	423
Unrealised losses			
– excluding unrealised unquoted gains	57	(678)	414
	<u>12,385</u>	<u>9,744</u>	<u>13,084</u>

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued) for the six months ended 30 June 2016

8. Reserves (continued)

The Company has categorised its financial instruments using the fair value hierarchy as follows:

- Level a Reflects financial instruments quoted in an active market (fixed interest investments, and investments in shares quoted on either the Main or AIM Markets);
- Level b Reflects financial instruments that have prices that are observable either directly or indirectly; and
- Level c i) Reflects financial instruments that use valuation techniques that are based on observable market data; or
ii) Reflects financial instruments that use valuation techniques that are not based on observable market data (unquoted equity investments and loan note investments).

	Six months ended 30 June 2016				Year ended 31 Dec 2015			
	Level a	Level b	Level c(ii)	Total	Level a	Level b	Level c(ii)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed interest securities	1,557	-	-	1,557	1,542	-	-	1,542
AIM quoted shares	4,330	-	262	4,592	4,199	-	233	4,432
Loan notes	-	-	4,916	4,916	-	-	4,820	4,820
Unquoted shares	-	-	10,254	10,254	-	-	9,395	9,395
	<u>5,887</u>	<u>-</u>	<u>15,432</u>	<u>21,319</u>	<u>5,741</u>	<u>-</u>	<u>14,448</u>	<u>20,189</u>

9. Risks and uncertainties

Under the Disclosure and Transparency Directive, the Board is required in the Company's half-yearly results to report on principal risks and uncertainties facing the Company over the remainder of the financial year.

The Board has concluded that the key risks facing the Company over the remainder of the financial period are as follows:

- investment risk associated with investing in small and immature businesses;
- liquidity risk arising from investing mainly in unquoted businesses; and
- failure to maintain approval as a VCT.

In all cases the Board is satisfied with the Company's approach to these risks. As a VCT, the Company is forced to have significant exposure to relatively immature businesses. This risk is mitigated to some extent by holding a well-diversified portfolio.

With a reasonably illiquid venture capital investment portfolio, the Board ensures that it maintains an appropriate proportion of its assets in cash and liquid instruments.

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS (continued) for the six months ended 30 June 2016

9. Risks and uncertainties (continued)

The Company's compliance with the VCT regulations is continually monitored by the Administration Manager, who regularly reports to the Board on the current position. The Company also retains Philip Hare and Associates LLP to provide regular reviews and advice in this area. The Board considers that this approach reduces the risk of a breach of the VCT regulations to a minimal level.

10. Going concern

The Company has considerable financial resources at the period end, and holds a diversified portfolio of investments. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

11. The Directors confirm that, to the best of their 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 and the 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 current 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 entity during that period, and any changes in the related party transactions described in the last annual report that could do so.
12. The unaudited financial statements set out herein do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The figures for the year ended 31 December 2015 have been extracted from the financial statements for that year, which have been delivered to the Registrar of Companies; the Auditor's report on those financial statements was unqualified.
13. Copies of the unaudited half-yearly results will be sent to Shareholders shortly. Further copies can be obtained from the Company's registered office or downloaded from www.elderstreet.com and www.downing.co.uk.

SHAREHOLDER INFORMATION (continued)

Selling shares

The Company's shares are listed on the London Stock Exchange and can be bought or sold like any other listed shares using a stockbroker. If you wish to sell your shares, you should ask your stockbroker to contact Shore Capital, who act as the Company's Corporate Broker.

The Company will usually buy back shares several times each year. If you have any queries regarding the process, please contact the Administration Manager, Downing LLP on 020 7416 7780. Any Shareholder considering selling some or all of their shareholding should ensure that they are fully aware of any tax consequences, especially if they purchased shares within the last five years or took part in the Enhanced Share Buyback offer. If you are in any doubt please contact your financial adviser.

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 Asset Services, under the signature of the registered holder.

Other information for Shareholders

Up-to-date Company information (including financial statements, company announcements and share price) may be obtained from Downing's website at www.downing.co.uk. Financial information is also available on Elderstreet Investment Limited's website at www.elderstreet.com by clicking on "investor information".

If you have any queries regarding your shareholding in Elderstreet VCT plc, please contact the Registrar on 0871 664 0324 or visit Capita's website at www.capitaassetservices.com and click on "Products and Services" and then "Shareholders".

Directors

David Brock (Chairman)
Hugh Aldous
Barry Dean
Michael Jackson
Nicholas Lewis

Company Secretary and Registered Office

Grant Whitehouse
Ergon House
Horseferry Road
London SW1P 2AL
Tel: 020 7416 7780

Registered No. 3424984

Investment Manager

Elderstreet Investments Limited
10-11 Charterhouse Square
London EC1M 6EH

www.elderstreet.com

Administration Manager

Downing LLP
Ergon House
Horseferry Road
London SW1P 2AL

www.downing.co.uk
Tel: 020 7416 7780

Registrar

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

www.capitaassetservices.com

Tel: 0871 664 0324
(calls cost 10p per minute plus network extras)