

To: RNS  
Date: 14 October 2010  
From: Active Capital Trust plc

**Interim Management Statement**  
**For the three month period from 1 June 2010 to 31 August 2010**

**Investment objective**

To realise value from the Company's portfolio of investments and progressively return cash to Ordinary Shareholders.

**Performance summary**

<b>Capital return</b>	<b>As at 31 August 2010</b>	<b>As at 31 May 2010</b>	<b>Movement</b>
Total Assets	£14.2 million	£21.4 million	-2.4%*
Net asset value per ordinary share	27.6p	41.6p	-2.4%†
Ordinary Share price	23.0p	33.0p	+9.1%†
FTSE Small Cap (ex IC) Index	2299.85	2248.59	+2.3%
FTSE AIM All-Share Index	690.38	686.56	+0.6%
Discount	16.6%	20.7%	
Actual Gearing# (100 = nil geared position)	95	71	

\* Adjusted for return of capital to shareholders of £6.7 million

† Adjusted for return of capital to shareholders of 13 pence per share.

**For the three month period ended 31  
August 2010**

**Total return**

Net asset value per ordinary share*	-2.4%
Ordinary Share price*	+9.1%
FTSE Small Cap (ex IC) Index	+3.1%
FTSE AIM All-Share Index	+0.7%

\* Including return of capital to shareholders of 13 pence per share

Source: F&C Investment Business Limited, Datastream.

# Explanation of gearing as per Annual Report.

**Review**

At the Company's Annual General Meeting in August 2009, shareholders approved a new Investment Objective and Policy. Since then the Company has not made any new investments and the portfolio has been managed to realise investments in an orderly manner, with a view to balancing the return of cash to shareholders and maximising value.

The Company's bank borrowings of GBP10.4 million were repaid in 2009. To date, four returns to shareholders have been made, by way of capital distribution, totalling 41 pence per share, with the most recent being a return being paid in July of 13 pence per share.

During the quarter ended 31 August 2010, the Company realised £1.2 million from the sale of investments. The stocks remaining after the year-end, which have not yet been sold represent those investments where the Investment Manager believes that the potential for capital gains significantly outweigh the short-term realisation potential. An analysis conducted by the Investment Manager suggests these holdings could realise some GBP30-GBP35 million over the next 2-3 years. This represents a significant upside if exit strategies are

successful. On the other hand, if these holdings were realised in the short-term a discount on current values would be incurred.

Following a consultation process with Shareholders representing in excess of 70% of the shareholder base, the Board found that a substantial majority were in favour of maximising the capital growth potential from the remaining portfolio by utilising the ongoing realisation strategies identified by the Investment Manager, and not liquidating the portfolio in the short term - which would likely incur a substantial discount to the current net asset value.

The Board is mindful that as the size of the Company diminishes through selling investments and returning cash to shareholders, the annual running costs are becoming a larger percentage of total assets. The Board is appraising options to maximise the returns to shareholders whilst minimising the ongoing running costs and will revert to shareholders in due course.

### **Return of Capital**

A fourth return of capital of 13 pence per share was paid on 23 July 2010.

### **Top Ten Holdings**

<b>Company</b>	<b>Percentage of total assets 31 August 2010</b>
Amerisur Resources	25.7
AI Claims Solutions	25.7
Cambridge Sensors	15.2
AorTech International	9.7
IS Solutions	8.9
Netcall	3.7
Ranier	1.7
Infrastructure	1.4
Transense Technologies	1.4
Tissuemed	<u>1.0</u>
	<u>94.4</u>

### **Sector breakdown**

	<b>Percentage of total assets at 31 August 2010</b>
Health Care	27.6
Oil & Gas	27.1
Financials	26.1
Technology	12.6
Consumer Goods	1.3
Cash	<u>5.3</u>
Total	<u>100.0</u>

The Board is not aware of any significant events or transactions which have occurred between 31 August 2010 and the date of publication of this statement which would have a material impact on the financial position of the Company.

## Daily and key information

Further information regarding the Company, including daily net asset values published since the end of the period can be found at the Company's website [www.activecapitaltrust.co.uk](http://www.activecapitaltrust.co.uk), or at [www.fandc.com](http://www.fandc.com).

Year end: 31 May  
Issued share capital: 51,437,364 ordinary shares

This Interim Management Statement has been prepared solely to provide information to meet the requirements of the UK Listing Authority's Disclosure and Transparency Rules.

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