



UNAUDITED HALF-YEARLY REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2009

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About Hygea vct plc

Hygea vct plc (“Hygea”, “Company” or “Fund”) is a Venture Capital Trust (“VCT”) which aims to provide shareholders with attractive long-term returns by investing in quoted and unquoted MedTech companies.

The Board manages the Company. The Company was launched in October 2001 and raised over £7.0 million (£6.8 million net of expenses) through an offer for subscription.

Financial Summary

	Six months to 30 June 2009	Six months to 30 June 2008	Year to 31 December 2008
Net assets ('000)	£6,115	£4,619	£5,155
Net profit/(loss) after tax ('000s)	£781	£(65)	£418
Net asset value per share (“NAV”)	75.3p	60.1p	66.2p
Revenue loss per share	(0.8)p	(0.9)p	(1.6)p
Earnings per share	9.9p	(0.8)p	5.4p

Chairman's Statement

I present the results for the six months ended 30 June 2009.

I am delighted to report that the Company's net asset value per share at 30 June 2009 was 75.3p compared to 66.2p at 31 December 2008 and 60.1p at 30 June 2008. This increase is the result of continuing progress at DxS and the successful realisation of our investment in BioAnaLab where, post the period end, we have received £822,000 in cash, a realised gain of £544,000 over cost and £93,000 over the previous carrying value with the potential for deferred consideration. Following this realisation, the Company has around £800,000 in cash: your Board proposes to use these funds as follows:

- there are portfolio companies which are making good progress and which are currently undertaking fundraisings – part of the funds will be used to maintain Hygea's holding in those companies;
- subject to the outlook for the portfolio at the year end, we propose to recommence the payment of dividends.

Portfolio review

At 30 June 2009, the Fund consisted of 15 holdings: five companies quoted on AIM or PLUS Markets and ten unquoted companies.

During the period the Company subscribed for further shares in Insense at a total cost of £26,700 and a small further investment in Arecor. Since the period end we have made an investment of £100,000 in Prosurjics at a reduced valuation and have consequently written down our investment to reflect the new fundraising terms.

DxS continues to perform well and we have taken the opportunity to further increase our valuation in line with that ascribed by the lead investor.

The share prices of the majority of our quoted portfolio valuations have fallen in line with the general market sentiment, but I am pleased to report that Epistem's share price has performed strongly following the collaboration agreement with Novartis announced in March 2009. Also the share price of Omega Diagnostics has strengthened during the period and its final results to March 2009 were encouraging.

Shares

We have been pleased by the response to the continuation of our top up offer. We have raised a total of £179,000 following the allotment of 327,185 shares at prices between 54p and 57p each. In addition to the issue of new shares we have also seen a small but significant number of transactions in the secondary market and we will continue to take steps to communicate the potential of our portfolio. In view of the current cash position of the Company, it is not presently intended to issue any further shares. We remain committed to our policy of not buying back shares.

Value added tax

As previously reported, HM Revenue & Customs ("HMRC") have recently agreed that Investment Company management fees are not subject to VAT and that this situation should have applied previously. We have estimated that this refund will amount to £25,000, which is included in our accounts. We are close to agreeing this settlement with HMRC.

VCT qualifying status


PricewaterhouseCoopers LLP continues to provide the Board with advice on the ongoing compliance with HMRC rules and regulations concerning VCTs. The Board believes that Hygea continues to comply with the conditions laid down by HMRC for maintaining approval as a VCT.

Principal Risks and Uncertainties

The principal risks and uncertainties are set out in note 6 of the Notes to the Half-Yearly Report on page 9.

Outlook

We are delighted that our confidence in the portfolio is at last being realised. In the light of the sale of BioAnaLab and the consequent cash position, we will be better able to support our investee companies and hope to be in a position to propose a final dividend for 2009. We continue to have confidence in our strategy of focussing on the MedTech sector by investing in those companies seeking to offer better patient outcomes at lower total cost.



James Otter
Chairman
19 August 2009

Investment Portfolio

	Investment at cost (£'000)	Unrealised profit/(loss) (£'000)	Carrying value at 30 June 2009 (£'000)
Unquoted Investments			
DxS Limited	325	2,133	2,458
BioAnaLab Limited	279	544	823
ImmunoBiology Limited	600	202	802
Hallmarq Veterinary Imaging Limited	885	(276)	609
Wound Solutions Limited	350	(113)	237
Glide Pharmaceutical Technologies Limited	105	195	300
ProSurgics Limited	490	(315)	175
Insense Limited	309	(139)	170
Arecor Limited	2	(1)	1
Purely Proteins Limited	372	(372)	–
Total unquoted investments	3,717	1,858	5,575
Quoted Investments			
Scancell Holdings plc	760	(531)	229
EpiStem Holdings plc	62	96	158
Omega Diagnostics plc	75	(23)	52
Stem Cell Sciences plc	89	(87)	2
York Pharma plc	250	(250)	–
Total quoted investments	1,236	(795)	441
Total investments	4,953	1,063	6,016

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;
 - 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



James Otter
Chairman
19 August 2009

Income Statement

	Six months to 30 June 2009			Six months to 30 June 2008			Year to 31 December 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain/(loss) on disposal of fixed asset investments	-	-	-	-	3	3	-	(25)	(25)
Gain on valuation of fixed asset investments	-	846	846	-	2	2	-	547	547
Gain on valuation of current asset investments	-	-	-	-	1	1	-	-	-
Income	-	-	-	6	-	6	7	-	7
Investment management fees	-	-	-	-	-	-	-	-	-
VAT management fee rebate	-	-	-	-	-	-	6	19	25
Other expenses	(65)	-	(65)	(77)	-	(77)	(136)	-	(136)
(Loss)/profit on ordinary activities before tax	(65)	846	781	(71)	6	(65)	(123)	541	418
Taxation on (loss)/profit on ordinary activities	-	-	-	-	-	-	-	-	-
(Loss)/profit on ordinary activities after tax	(65)	846	781	(71)	6	(65)	(123)	541	418
Earnings per share – basic and diluted	(0.8)p	10.7p	9.9p	(0.9)p	0.1p	(0.8)p	(1.6)p	7.0p	5.4p

- 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 accompanying notes are an integral part of the half-yearly report.
- The Company has no recognised gains or losses other than those disclosed in the income statement.

Reconciliation of Movements in Shareholders' Funds

	Six months ended 30 June 2009 £'000	Six months ended 30 June 2008 £'000	Year to 31 December 2008 £'000
Shareholders' funds at start of period	5,155	4,608	4,608
Profit/(loss) on ordinary activities after tax	781	(65)	418
Issue of equity	179	76	129
Shareholders' funds at end of period	6,115	4,619	5,155

Balance Sheet

	As at 30 June 2009		As at 30 June 2008		As at 31 December 2008	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments		6,016		4,616		5,142
Current assets:						
Debtors	36		17		79	
Cash at bank	92		15		–	
	128		32		79	
Creditors: amounts falling due within one year	(29)		(29)		(32)	
Overdraft	–		–		(34)	
Net current assets		99		3		13
Net assets		6,115		4,619		5,155
Called-up equity share capital	4,057		3,841		3,894	
Share premium	1,738		1,722		1,722	
Special distributable reserve	1,660		1,660		1,660	
Capital redemption reserve	38		38		38	
Capital reserve – realised	(1,595)		(1,471)		(1,595)	
– unrealised	1,063		(437)		217	
Revenue reserve	(846)		(734)		(781)	
Total equity shareholders' funds		6,115		4,619		5,155
Net asset value per share		75.3p		60.1p		66.2p

Cash Flow Statement

	Six months to 30 June 2009 £'000	Six months to 30 June 2008 £'000	Year to 31 December 2008 £'000
Net cash outflow from operating activities	(25)	(80)	(173)
Financial investment:			
Purchase of fixed asset investments	(28)	(262)	(297)
Disposal of fixed asset investments	-	9	35
Financing:			
Issue of own shares	179	76	129
Increase/(decrease) in cash at bank	126	(257)	(306)

Reconciliation of Net Cash Flow to Movement in Net Cash Resources

	Six months to 30 June 2009 £'000	Six months to 30 June 2008 £'000	Year to 31 December 2008 £'000
Increase/(decrease) in cash at bank	126	(257)	(306)
Opening net cash resources	(34)	272	272
Net cash resources at end of period	92	15	(34)

Reconciliation of Profit before Taxation to Cash Flow from Operating Activities

	Six months to 30 June 2009 £'000	Six months to 30 June 2008 £'000	Year to 31 December 2008 £'000
Gain/(loss) on ordinary activities before tax	781	(65)	418
(Gain)/loss on valuation of fixed asset investments	(846)	(2)	(547)
(Gain)/loss on disposal of fixed asset investments	-	(3)	25
Decrease/(increase) in debtors	43	(14)	(76)
(Decrease)/increase in creditors	(3)	4	7
Net cash outflow from operating activities	(25)	(80)	(173)

Notes to the Half-Yearly Report

1. Basis of preparation

The unaudited half-yearly results which cover the six months to 30 June 2009 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 December 2008, 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 30 June 2009 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 year ended 31 December 2008 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 under Section 235 of the Companies Act 1985 was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

3. Earnings per share

The earnings per share at 30 June 2009 are calculated on the basis of 7,918,276 (31 December 2008: 7,684,458 and 30 June 2008: 7,596,691) being the weighted average number of 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.

4. Net asset value per share

The net asset value per share is based on net assets as at 30 June 2009 divided by 8,115,376 (31 December 2008: 7,788,191 and 30 June 2008: 7,682,191) shares in issue at that date.

5. Issue of equity

During the six months ended 30 June 2009 the Company issued the following shares:

- 3 April 2009: 185,185 shares at a weighted average price of 54.0p;
- 5 May 2009: 67,000 shares at a weighted average price of 54.0p;
- 15 May 2009: 5,000 shares at a weighted average price of 54.0p;
- 19 May 2009: 70,000 shares at a weighted average price of 57.0p.

6. Principal risks and uncertainties

The Company's assets consist of equity and fixed 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 Venture Capital Trust, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 31 December 2008. The Company's principal risks and uncertainties have not changed materially since the date of that report.

7. Related party transactions

The Board of Hygea acts as the investment manager ("Commercial Advisory Committee") of the Company. During the period under review, no remuneration was paid to the Board in their capacity as investment manager. The Directors received remuneration for their roles as non-executive Directors to Hygea on the terms as set out in the Directors' Remuneration Report of the Company's Annual Report and Accounts for the year ended 31 December 2008.

The Commercial Advisory Committee shall be entitled to receive a performance incentive fee which shall be calculated as 20% of sums returned to shareholders by way of dividends and capital distributions of whatever nature, which in aggregate exceeds the sum of 80p per share (including dividends paid to date, i.e. 1.25p, but excluding any sums returned to shareholders from HMRC in the year of subscription).

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

Details of Advisers

Board of Directors

James Otter (Chairman)
John Hustler
Charles Breese

Registered office

8 Angel Court
London
EC2R 7HP
Registered in England No 04221489

Company Secretary

Craig Hunter
8 Angel Court
London
EC2R 7HP

Administration manager

Octopus Investments Limited
8 Angel Court
London
EC2R 7HP

Solicitors

Pinsent Masons
30 Aylesbury Street
London
EC1R 0ER

Independent auditor and taxation adviser

Hyman Capital Services Limited
25 Duke Street
London
W1U 1LD

VCT status adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Financial adviser

Beaumont Cornish Limited
2nd Floor, Bowman House
29 Wilson Street
London
EC2M 2SJ

Bankers

The Royal Bank of Scotland plc
62/63 Threadneedle Street
London
EC2R 8LA

Registrars

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

