

Bamboo

INVESTMENTS PLC

‘..... a look to the future’

Interim Statement 2004

BAMBOO INVESTMENTS PLC

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DIRECTORY

Non-executive directors	M C Stoddart (Chairman) I M Laing S M D Oliver G Ross Russell J R B Stoddart
Company Secretary	C Kinnear
Company Number	0733533
Registered Office	10 Crown Place London EC2A 4FT
Investment Manager	Close Venture Management 4 Crown Place London EC2A 4BT
Auditors	Deloitte & Touche LLP London
Legal advisor	MacFarlanes 10 Norwich Street London EC4A 1BD
Registrars	Computershare Services The Pavilions Bridgewater Road Bristol BS99 1XW

CHAIRMAN'S STATEMENT

Introduction

I am pleased to report that the company continues to make good progress with a further increase in the net asset value. We have sold our shareholding in Active Hotels to Priceline.com for £5.2 million receivable in cash, of which the great majority has now been received. This represents an aggregate value on the business of £90 million which has yielded a return of over 10 times for Bamboo shareholders in under three years.

Investment activity

In March, we invested £475,000 into Grosvenor Healthcare, a business providing healthcare outsourcing services to large corporates. In April, we invested £300,000 into Bango, a company that enables content to be provided to mobile users. In addition, we took up our rights in APR Smartlogik (£27,000) and Itim Group PLC (£6,000). Since the half year we made four further investments totalling £260,000, and we continue to review appropriate investment opportunities utilising the cash retained in the Company following the tender offer in 2003.

Net Asset Value

In the six months to 30 June 2004, the net asset value per share increased from 100.6p to 103.5p. We have not made provision for the management performance fee of 7 p per share, which is detailed as a contingent liability in note 7 to these accounts. The net asset value at 30 June 2004 reflects the value received on sale of Active Hotels less the retention amount. In addition, there has been some movement in other portfolio companies, with Dr Foster, Cassium and Automotive Technik showing an increase in valuation over the period while we have made provisions against TM Property Service, ETT, ITIM and APR.

We have revised the basis on which we report the numbers in the accounts from cost less provision to the more standard directors' valuation made in accordance with BVCA guidelines. Comparative figures have been restated for the previous period ending 30 June 2003 and 31 December 2003.

Results

The company made a net operating loss of just under £240,000 for the period. This is lower than last year, but is higher than we had hoped for and reflects professional fees incurred in limiting the company's tax liability on the current and future sale of investments, as explained further below. Since the sale of Active Hotels, the Company now has a significant sum on deposit earning interest to offset against future costs.

Outlook

Since the period end, the Board has established a new 100% owned subsidiary, Bamboo Investments (No. 2) Limited. The shareholding in several portfolio companies have been or are being transferred to this new "guarantee company", which will enable the profit on the sale of Active Hotels be offset against unrealised losses in other portfolio companies. The Board continues to examine the tax position of the company with regard to future realisations.

It remains the Board's intention to return cash to shareholders, most likely in the form of further tender offers. The Board will be looking to distribute the proceeds of Active Hotels back to shareholders in the first half of 2005 together with any other realisations made over the next six months. We believe that some of the companies in the portfolio are showing considerable promise and that the overall prospects for the business are improving.

Michael Stoddart
Chairman

5 October 2004

INVESTMENT PORTFOLIO

Ten largest venture capital investments by value	Historic Cost	Directors' valuation	% of net assets
	£	£	%
Active Hotels Limited	500,113	4,964,933	50%
Cassium Technologies Limited	500,000	618,783	6%
Grosvenor Healthcare Limited	475,000	480,549	5%
Automotive Technik (Holdings) Limited	260,000	337,000	3%
Dr Foster Limited	500,032	319,358	3%
Bango.net Limited	300,000	300,000	3%
Jewson Associates Limited	268,736	268,736	3%
Infrared Integrated Systems Limited	472,062	252,390	3%
Careforce Group Limited	219,999	227,965	2%
TM Property Services Limited	398,352	109,308	1%
	3,894,294	7,879,022	79%
18 other venture capital investments	4,211,739	334,872	3%
Total venture capital portfolio	8,106,033	8,213,894	82%
Cash and other net assets		1,820,142	18%
Total net assets		10,034,036	100%
Net asset value per share (pence)		103.5p	

PROFIT AND LOSS ACCOUNT (UNAUDITED)

	Note	Six months ended 30 June 2004 (unaudited)	Six months ended 30 June 2003 restated (unaudited)	Year ended 31 December 2003 restated *
Turnover		£ -	£ 13,015	£ 13,015
Investment income	2	104,959	185,182	277,373
Other income		-	8,674	8,673
Total income		104,959	206,871	299,061
Administrative expenses		(343,733)	(454,018)	(595,527)
Operating loss		(238,774)	(247,147)	(296,466)
Realised gains on investments		-	16,551	16,553
Provisions for impairment of investments		(270,726)	(703,151)	(346,996)
Interest payable and similar charges		-	-	-
Loss on ordinary activities before taxation		(509,500)	(933,747)	(626,909)
Taxation on ordinary activities		-	-	230
Loss on ordinary activities after taxation		(509,500)	(933,747)	(626,679)
Dividends		-	-	-
Retained loss		(509,500)	(933,747)	(626,679)
Loss per ordinary share (pence)	3	(5.3p)	(5.3p)	(4.6p)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (UNAUDITED)

	Six months ended 30 June 2004 (unaudited)	Six months ended 30 June 2003 (unaudited)	Year ended 31 December 2003 *
Loss for the period	£ (509,500)	£ (933,747)	£ (626,679)
Unrealised gains in the period	793,229	532,146	3,670,436
Total recognised gains and losses	283,729	(401,601)	3,043,757
Total recognised gains and losses per share	2.9p	(2.2p)	22.2p

**The figures for the year ended 31 December 2003 are based upon the audited figures for that period with the exception that they have been restated to reflect the change in accounting policy with respect to the valuation of investments.*

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BALANCE SHEET (UNAUDITED)

	Note	30 June 2004 (unaudited)	30 June 2003 restated (unaudited)	31 December 2003 restated *
		£	£	£
Fixed assets				
Venture capital portfolio	4	8,213,894	2,848,229	6,862,346
		8,213,894	2,848,229	6,862,346
Current assets				
Debtors		46,532	11,396	27,254
Cash at bank		2,060,640	3,528,537	3,007,385
		2,107,172	3,539,933	3,034,639
Creditors: amounts falling due within one year		(287,030)	(83,213)	(146,678)
Net current assets		1,820,142	3,456,720	2,887,961
Total assets less current liabilities		10,034,036	6,304,949	9,750,307
Net assets		10,034,036	6,304,949	9,750,307
Shareholders' funds				
Called up share capital		484,784	484,784	484,784
Capital redemption reserve		545,231	545,231	545,231
Special reserve		9,336,140	9,336,140	9,336,140
Profit and loss account		(4,955,643)	(4,761,206)	(4,446,142)
Revaluation reserve		4,623,524	700,000	3,830,294
Total equity shareholders' funds	5	10,034,036	6,304,949	9,750,307
Net asset value per share (pence)		103.5p	65.0p	100.6p

Michael Stoddart
Chairman

5 October 2004

**The figures for the year ended 31 December 2003 are based upon the audited figures for that period with the exception that they have been restated to reflect the change in accounting policy with respect to the valuation of investments.*

CASH FLOW STATEMENT (UNAUDITED)

	Six months ended 30 June 2004 (unaudited)	Six months ended 30 June 2003 (unaudited)	Year ended 31 December 2003 (audited)
	£	£	£
Net cash flow from operating activities	(138,742)	(162,231)	(185,507)
Returns on investments and servicing of finance			
Interest paid	-	-	-
Taxation			
Corporation tax	-	-	230
Capital expenditure and financial investment			
Disposal of tangible fixed assets	-	783	783
Purchase of fixed asset investments	(808,003)	(61,405)	(559,475)
Disposal of fixed asset investments	-	3,179,654	3,179,618
Net cash inflow from financial investment	(808,003)	3,119,032	2,620,926
Equity dividends paid	-	-	-
Net cash inflow before financing	(946,745)	2,956,801	2,435,649
Financing			
Redemption of shares	-	(6,954,244)	(6,954,244)
Stamp duty	-	(34,810)	(34,810)
Net cash outflow from financing	-	(6,989,054)	(6,989,054)
Decrease in cash	(946,745)	(4,032,253)	(4,553,405)

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NOTES TO THE INTERIM REPORT (UNAUDITED)

Note 1. Accounting policies

The interim financial statements have been prepared in accordance with the accounting policies used for the statutory accounts to 31 December 2003 with the exception of fixed asset investments. The interim results are prepared in accordance with applicable accounting standards, prepared under the historical cost convention with the exception of fixed asset investments which are held at Directors' valuation. The accounting policy with respect to the valuation of fixed asset investments has been changed with effect from 1 January 2004. As the investment portfolio matures the Directors feel that it is more appropriate to value investments at Directors valuation in accordance with BVCA guidelines. The comparative figures have been restated to reflect the change in accounting policy. The effect on prior year results is to show an increase in the net assets of £3,860,406, £3,631,413 is reflected in the results for the year ended 31 December 2003.

Note 2. Investment income

	Six months ended 30 June 2004 (unaudited)	Six months ended 30 June 2003 (unaudited)	Year ended 31 December 2003 (audited)
	£	£	£
Income from Treasury Bills and loan stock	55,478	61,966	98,847
Income from cash deposits	49,481	123,216	178,526
	<u>104,959</u>	<u>185,182</u>	<u>277,373</u>

Note 3. Earnings per share

The calculation of earnings per share for the six months to 30 June 2004 is based upon the loss attributable to shareholders after taxation of £509,500 and the weighted average number of shares in issue being 9,695,670. The six months to 30 June 2003 was based upon a loss attributable to shareholders after taxation of £933,747 and 17,721,042 shares being the weighted average number of shares in issue throughout the period.

Note 4. Fixed asset investments

	Venture Capital investments
	£
Cost	
At 1 January 2004	7,999,319
Additions	808,003
Disposals	<u>(701,289)</u>
At 30 June 2004	8,106,033
Surplus/(deficit) on revaluation	
At 1 January 2004	(1,166,536)
Revaluations in the year	522,503
Disposals	<u>701,289</u>
At 30 June 2004	57,256
Accumulated loan stock premium	
At 1 January 2004	29,563
Revaluations in the year	<u>21,042</u>
At 30 June 2004	50,605
Directors' valuation at 30 June 2004	8,213,894
Directors' valuation 1 January 2004	<u>6,862,346</u>

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Note 5. Reconciliation of movement in shareholders funds

	Six months ended 30 June 2004 (unaudited)	Six months ended 30 June 2003 restated (unaudited)	Year ended 31 December 2003 restated
	£	£	£
Opening shareholders' funds	9,750,307	13,458,617	13,458,617
Prior year adjustment	-	228,992	228,992
Loss for the period	(509,500)	(933,747)	(626,679)
Revaluation of investments in the period	793,229	532,146	3,670,436
Stamp duty in respect of the Tender Offer	-	(34,810)	(34,810)
Funds returned to investors under the Tender Offer	-	(6,946,249)	(6,946,249)
Closing shareholders' funds	10,034,036	6,304,949	9,750,307

Note 6. Post balance sheet events

On 2 September 2004 Bamboo Investments PLC established a 100% owned subsidiary, Bamboo Investments (No 2) Limited. This company has been set up as a guarantee company and certain investments have been or are being transferred into this subsidiary.

On 21 September 2004, Bamboo Investments (No 2) Limited sold its shares in Active Hotels for total consideration of £5.2 million.

Note 7. Contingent liabilities

As at 30 June 2004, if the investment portfolio were to be liquidated at current values and the gross proceeds returned to shareholders under the arrangements pertaining to the management performance fee, the liability to the Company would be approximately £700,000 or 7.2p per share.

Note 8. Other information on the interim report

The financial information for the six months to 30 June 2004 and for the six months to 30 June 2003 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The financial information for the year ended 31 December 2003, which does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985, is derived from the statutory accounts for that period which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

Copies of this report have been sent to shareholders and copies are available from the registered office.

