

## Kings Arms Yard VCT PLC

# Contents

## Page

2	Company information
3	Investment objective and policy
3	Financial calendar
4	Financial highlights
5	Interim management report
7	Responsibility statement
8	Portfolio of investments
10	Condensed income statement
11	Condensed balance sheet
12	Condensed statement of changes in equity
13	Condensed statement of cash flows
14	Notes to the Condensed Financial Statements
20	Financial summary for the Company and for previous funds
21	Merger and dividend history for the Company and for previous funds

**This Half-yearly Financial Report has not been audited or reviewed by the Auditor.**

# Company information

<b>Company number</b>	03139019
<b>Directors</b>	R A Field, Chairman T W Chambers M G Fiennes
<b>Country of incorporation</b>	United Kingdom
<b>Legal form</b>	Public Limited Company
<b>Manager, company secretary, AIFM and registered office</b>	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
<b>Registrar</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
<b>Auditor</b>	BDO LLP 55 Baker Street London, W1U 7EU
<b>Taxation adviser</b>	Philip Hare & Associates LLP 1st Floor 4 Staple Inn London, WC1V 7QH
<b>Legal adviser</b>	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Kings Arms Yard VCT PLC is a member of The Association of Investment Companies ([www.theaic.co.uk](http://www.theaic.co.uk)).

<b>Shareholder information</b>	<p>For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0370 873 5858 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon-Fri, calls may be recorded) Website: <a href="http://www.investorcentre.co.uk">www.investorcentre.co.uk</a></p> <p>Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.</p>
<b>Financial adviser information</b>	<p>For enquiries relating to the performance of the Company, and information for financial advisers, please contact Albion Ventures LLP: Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon-Fri, calls may be recorded) Email: <a href="mailto:info@albion-ventures.co.uk">info@albion-ventures.co.uk</a> Website: <a href="http://www.albion-ventures.co.uk">www.albion-ventures.co.uk</a></p>

**Please note that these contacts are unable to provide financial or taxation advice.**

## Investment objective and policy

The Company is a Venture Capital Trust. The investment policy is intended to produce a regular and predictable dividend stream with an appreciation in capital value as set out below.

- The Company's strategy is to adopt an investment policy for new investments which over time will rebalance the portfolio such that approximately 50% of the portfolio comprises an asset-backed portfolio of more stable, ungeared businesses, principally operating in the healthcare, environmental and leisure sectors (the "Asset-Backed Portfolio"). The balance of the portfolio, other than funds retained for liquidity purposes, are invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These range from more stable, income producing businesses to a limited number of higher risk technology companies (the "Growth Portfolio").
- In neither category does portfolio companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of qualifying investments by cost comprise loan stock secured with a first charge on the portfolio company's assets.
- The Company's investment portfolio is structured to provide a balance between income and capital growth for the longer term. The Asset-Backed Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide highly diversified exposure through its portfolio of investments in unquoted UK companies.
- Funds held pending investment or for liquidity purposes are held as cash on deposit with banks or other financial institutions with high credit ratings assigned by international credit rating agencies.

## Financial calendar

Record date for second dividend	7 October 2016
Payment date of second dividend	31 October 2016
Financial year end	31 December

# Financial highlights

	<b>Unaudited six months ended 30 June 2016 (pence per share)</b>	Unaudited six months ended 30 June 2015 (pence per share)	Audited year ended 31 December 2015 (pence per share)
Dividends paid	<b>0.50</b>	0.50	1.00
Revenue return	<b>0.17</b>	0.16	0.40
Capital (loss)/return	<b>(0.12)</b>	0.92	1.37
Net asset value enhancement as a result of share buy-backs	–	0.01	0.03
Net asset value	<b>19.66</b>	19.90	20.11

<b>Shareholder total return</b>			
	From Launch to 31 December 2010 (pence per share)	1 January 2011* to 30 June 2016 (pence per share)	From Launch to 30 June 2016 (pence per share)
Subscription price per share at launch	100.00	–	100.00
Dividends paid	58.66	5.17	63.83
(Decrease)/increase in net asset value	(83.40)	3.06	(80.34)
Shareholder total return	<u>75.26</u>	<u>8.23</u>	<u>83.49</u>

\* Date that Albion Ventures LLP was appointed Manager.

<b>Current annual dividend objective (pence per share)</b>	<b>1.00</b>
--	-------------

The Directors have declared a second dividend of 0.5 pence per share for the year ending 31 December 2016, which will be paid on 31 October 2016 to shareholders on the register as at 7 October 2016.

The above financial summary is for the Company, Kings Arms Yard VCT PLC only. Details of the financial performance of the various Quester, SPARK and Kings Arms Yard VCT 2 PLC companies, which have been merged into the Company, can be found on page 20.

# Interim management report

## Introduction

We are pleased to present the results for the six month period to 30 June 2016. The Manager continues to rebalance the portfolio with new investment into both asset backed investments (currently 39% of net asset value) and new growth investments alongside various disposals. The Company reported a profit in the period, excluding the uplift in portfolio valuation, as investment income covered the annual operating costs (management fee and other expenses).

## Results

Net asset value decreased from 20.11 pence per share at 31 December 2015 to 19.66 pence per share at 30 June 2016, following the payment of a 0.50 pence per share dividend on 29 April 2016. Both the Asset-Backed portfolio and the Growth portfolio have shown overall improvements in value offset by a decline in the share price of the two quoted stocks held (ErgoMed PLC and Oxford Immunotec Global PLC).

## Dividends

Progress to date gives the Board confidence in the sustainability of our dividend policy and we are therefore pleased to announce a further dividend of 0.50 pence per share to be paid on 31 October 2016, to shareholders on the register as at 7 October 2016. The total dividend per share paid in the last year of 1.0p represents a tax free yield of 5.7% on the bid price of 17.5 pence per share as at 24 August 2016. The Company continues to offer a Dividend Reinvestment Scheme which continues to be popular amongst existing shareholders.

## Valuations

Once again the Board has rigorously examined and revalued the portfolio. The net effect has been a small increase in valuation. Overall the asset backed investments have increased in value by £0.3m and the growth companies have increased in value by £0.3m offset by a decline in the share prices of Oxford Immunotec Global PLC (£0.3m) and ErgoMed PLC (£0.2m).

## Investment activity

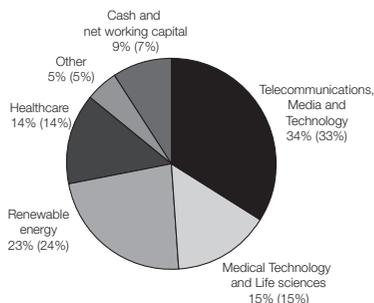
There has been a significant level of investment activity in the six months ended 30 June 2016 with £3.9m invested in a combination of new and existing portfolio companies (compared with £2.2m in the equivalent period last year).

New investments in the period included Earnside Energy Limited, Black Swan Data Limited and InCrowd Sports Limited and post the period end new investments were made in Oviva AG and Secured by Design Limited. Earnside Energy Limited is the operator of an anaerobic digestion plant in Perth, Scotland. Black Swan Data Limited provides data analysis to support corporate decision making. InCrowd Sports Limited is a sports marketing company that has developed a mobile platform that gives sports clubs and brands access to fans at live events. Oviva AG is a technology enabled service business in medical nutritional therapy. Secured by Design Limited is an automotive technology research and consultancy provider.

The most significant follow-on investments included: approximately £2.0m invested in the construction of three new build freehold care homes in Cumnor Hill (Oxford), Hillingdon (Uxbridge) and Shinfield (Reading); Perpetuum Limited (£0.3m); Elateral Group Limited (£0.2m) and Proveca Limited (£0.2m).

During the period, the Company exchanged its shares in Haemostatix for shares in AiM listed ErgoMed PLC and sold its entire holdings in Silent Herdsman, Uniservity and Xtera and sold part of its holdings in Anthropics and Relayware. Although the net effect of these disposals was a small uplift over the combined carrying values, the subsequent fall in share price of ErgoMed PLC has since reversed this gain. For more information please see the realisation table on page 9.

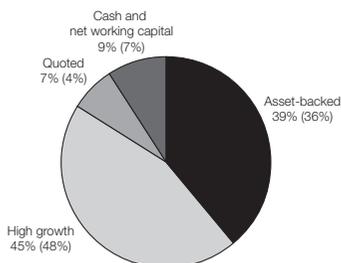
## Distribution of net assets at carrying value, by sector as at 30 June 2016



Comparatives for 31 December 2015 are in brackets  
Source: Albion Ventures LLP

# Interim management report (continued)

## Distribution of net assets at carrying value, by asset class as at 30 June 2016



Comparatives for 31 December 2015 are in brackets  
Source: Albion Ventures LLP

## Transactions with the Manager

Details of transactions with the Manager for the reporting period can be found in note 4 of this Half-yearly Financial Report. Details of related party transactions can be found in note 10.

## Albion VCTs Top Up Offers

The Company is pleased to announce that the Albion VCTs Prospectus Top Up Offers 2015/2016 were fully subscribed and closed early. The proceeds of the Offer are being used to provide further resources at a time when a number of attractive new investment opportunities are being seen.

## Share buy-backs

It remains the Board's policy to buy-back shares in the market, subject to the overall constraint that such purchases are in the Company's interest. This includes the maintenance of sufficient cash resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders. It is the Board's intention over time for such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

In view of other investment opportunities available, the Company intends to limit the amount of buy-backs during the period to 31 December 2016 to approximately £0.75m, unless a material investment exit occurs.

At 30 June 2016 the Company holds £4.27m in cash and cash equivalents and £3.19m in readily realisable securities.

## Risks and uncertainties

The prospective exit of the UK from the EU has had a negative effect on consumer and business confidence and it would be wise to prepare for a renewed economic slowdown in the UK. Meanwhile, global growth is muted and many countries are close to recession. Overall investment risk, however, is mitigated through a variety of processes, including our policies of first ensuring that the Company has a first charge over portfolio companies' assets wherever possible, and second of aiming to achieve balance in the portfolio through the inclusion of sectors that are less exposed to the business consumer cycles.

Other risks and uncertainties remain as set out on pages 13 and 14 of the Annual Report and Financial Statements for the year ended 31 December 2015.

## Outlook

Your Board believes the current investment policy of combining asset-backed, income yielding investments with investments offering a higher risk/return profile, offers the best prospect of improvement in capital value and a sustainable dividend over the long term. Overall, given the growth opportunities within a number of our investments, we remain positive of the Company's medium term prospects.

## Robin Field

Chairman  
25 August 2016

# Responsibility statement

The Directors, Robin Field, Thomas Chambers and Martin Fiennes, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 June 2016 we, the Directors of the Company, confirm that to the best of our knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4R;
- (b) the Interim management report, includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

- (c) the Interim management report, includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

This Half-yearly Financial Report has not been audited or reviewed by the Auditor.

By order of the Board

**Robin Field**  
Chairman  
25 August 2016

# Portfolio of investments

The following is a summary of fixed asset investments as at 30 June 2016:

Fixed asset investments	% voting rights	Cost <sup>(1)</sup> £'000	Cumulative movement in value in value £'000	Value £'000	Change in value for the period <sup>(2)</sup> £'000
<b>Asset-backed unquoted investments</b>					
Active Lives Care Limited	20.3	3,650	238	3,888	82
Chonais River Hydro Limited	6.5	2,428	521	2,949	23
Ryefield Court Care Limited	17.4	2,312	140	2,452	50
Alto Prodotto Wind Limited	11.1	1,000	540	1,540	67
The Street by Street Solar Programme Limited	10.0	1,040	464	1,504	28
Regenerco Renewable Energy Limited	9.8	988	276	1,264	(19)
Dragon Hydro Limited	17.2	736	361	1,097	13
Bravo Inns II Limited	5.0	800	53	853	31
Earnside Energy Limited	5.2	835	9	844	9
Gharagain River Hydro Limited	5.0	620	205	825	(56)
Shinfield Lodge Care Limited	2.9	525	105	630	101
AVESI Limited	14.8	484	110	594	(21)
Greenenerco Limited	8.6	300	172	472	14
Erin Solar Limited	5.7	160	(3)	157	–
Infinite Ventures (Goathill) Limited	2.7	112	22	134	22
Harvest AD Limited	0.0	70	–	70	–
<b>Total asset-backed unquoted investments</b>		<b>16,060</b>	<b>3,213</b>	<b>19,273</b>	<b>344</b>
<b>High growth unquoted investments</b>					
Elateral Group Limited	37.7	3,843	1,888	5,731	(190)
Proveca Limited	17.3	1,109	789	1,898	527
Sift Limited	42.1	2,306	(679)	1,627	(191)
Perpetuum Limited	15.0	2,073	(652)	1,421	(1)
MyMeds&Me Limited	10.9	848	371	1,219	(101)
Antenova Limited	28.7	1,733	(597)	1,136	219
Hilson Moran Holdings Limited	10.4	345	779	1,124	(231)
OmPrompt Holdings Limited	7.1	900	26	926	5
Academia Inc.	5.3	351	546	897	15
Sift Digital Limited	38.6	923	(82)	841	(82)
Anthropics Technologies Limited	14.9	19	768	787	327
Symetrica Limited	3.5	389	370	759	118
Egress Software Technology Limited	4.3	430	279	709	79
Grapeshot Limited	2.5	434	60	494	–
Abcodia Limited	4.8	428	(38)	390	(146)
Celoxica Holdings plc	4.4	513	(144)	369	–
Relayware Limited	1.1	324	(6)	318	(12)
Aridhia Informatics Limited	2.2	349	(94)	255	3
Mirada Medical Limited	1.1	254	(1)	253	2
Cisiv Limited	2.8	216	(1)	215	(43)
Black Swan Data Limited	0.5	170	–	170	–
Sandcroft Avenue Limited (T/A payasugym.com)	1.3	120	11	131	–
The Wentworth Wooden Jigsaw Company Limited	5.4	–	114	114	(25)
Panaseer Limited	1.0	50	–	50	–
Dickson Financial Services Limited	4.5	45	–	45	–
Xention Limited	10.5	38	(2)	36	3
InCrowd Sports Limited	0.8	36	–	36	–
Ario Pharma Limited	3.6	24	(23)	1	–
Furzeland Limited	0.0	–	1	1	–
De Novo Pharmaceuticals Limited	0.0	–	1	1	–
Keronite Group Limited	1.1	–	1	1	–
Lectus Therapeutics Limited	4.5	–	1	1	–
Oxonica Limited	2.1	1	–	1	–
TeraView Limited	1.0	1	–	1	–
<b>Total high growth unquoted investments</b>		<b>18,272</b>	<b>3,686</b>	<b>21,958</b>	<b>276</b>
<b>Total unquoted investments</b>		<b>34,332</b>	<b>6,899</b>	<b>41,231</b>	<b>620</b>

## Portfolio of investments (continued)

Quoted investments	Cost <sup>(1)</sup> £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period <sup>(2)</sup> £'000
Oxford Immunotec Global PLC (NASDAQ)	1,114	812	1,926	(298)
ErgoMed PLC	1,468	(200)	1,268	(200)
<b>Total quoted investments</b>	<b>2,582</b>	<b>612</b>	<b>3,194</b>	<b>(498)</b>
<b>Total fixed asset investments</b>	<b>36,914</b>	<b>7,511</b>	<b>44,425</b>	<b>122</b>

<b>Total change in value of investments for the period</b>	<b>122</b>
Movement in loan stock accrued interest	(117)
<b>Unrealised gains sub-total</b>	<b>5</b>
Realised gains in current period	54
<b>Total gains on investments as per Income statement</b>	<b>59</b>

(1) Amounts shown as cost represent the acquisition cost in the case of investments originally made by the Company and/or the valuation attributed to the investments acquired from Quester VCT 2 plc and Quester VCT 3 plc at the date of the merger in 2005, plus any subsequent acquisition costs, as reduced in certain cases by amounts written off as representing an impairment in value.

(2) As adjusted for additions and disposals during the period.

Fixed asset realisations in the period to 30 June 2016	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Realised (loss)/gain on cost £'000	Gain/(loss) on opening or acquired value £'000
Haemostatix Limited	1,877	1,550	1,639	(238)	89
UniServity Limited	88	88	166	78	78
Anthropics Limited	6	153	150	144	(3)
Silent Herdsman Holdings Limited	153	138	137	(16)	(1)
Xtera Inc.	85	227	98	13	(129)
Relayware Limited	93	93	93	-	-
Hilson Moran Limited (loan stock repayment)	36	48	48	12	-
Atego Limited (escrow adjustment)	-	-	20	20	20
<b>Total</b>	<b>2,338</b>	<b>2,297</b>	<b>2,351</b>	<b>13</b>	<b>54</b>

# Condensed income statement

		Unaudited six months ended 30 June 2016			Unaudited six months ended 30 June 2015			Audited year ended 31 December 2015		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	2	-	59	59	-	2,251	2,251	-	3,784	3,784
Investment income	3	661	-	661	582	-	582	1,412	-	1,412
Investment management fees	4	(118)	(355)	(473)	(101)	(303)	(404)	(212)	(636)	(848)
Performance incentive fee	4	-	-	-	-	-	-	(60)	(182)	(242)
Other expenses		(137)	-	(137)	(132)	-	(132)	(263)	-	(263)
Exchange rate movement		4	-	4	(9)	-	(9)	(8)	-	(8)
<b>Return/(loss) on ordinary activities before tax</b>		<b>410</b>	<b>(296)</b>	<b>114</b>	340	1,948	2,288	869	2,966	3,835
Tax on ordinary activities		-	-	-	-	-	-	-	-	-
<b>Return/(loss) on ordinary activities after tax</b>		<b>410</b>	<b>(296)</b>	<b>114</b>	340	1,948	2,288	869	2,966	3,835
Basic and diluted return/(loss) per share (pence)	6	0.17	(0.12)	0.05	0.16	0.92	1.08	0.40	1.37	1.77

The accompanying notes on pages 14 to 19 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2015 and the audited statutory accounts for the year ended 31 December 2015.

The total column of this Condensed income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with The Association of Investment Companies' Statement of Recommended Practice.

There is no other comprehensive income other than the results for the periods disclosed above. Accordingly a Statement of comprehensive income is not required.

The difference between the reported return/(loss) on ordinary activities before tax and the historical profit/(loss) is due to the fair value movements on investments.

# Condensed balance sheet

	Note	Unaudited 30 June 2016 £'000	Unaudited 30 June 2015 £'000	Audited 31 December 2015 £'000
<b>Fixed asset investments</b>		<b>44,425</b>	39,829	41,257
<b>Current assets</b>				
Trade and other receivables less than one year		<b>618</b>	835	388
Cash and cash equivalents		<b>4,267</b>	3,648	3,518
		<b>4,885</b>	4,483	3,906
<b>Total assets</b>		<b>49,310</b>	44,312	45,163
<b>Creditors: amounts falling due within one year</b>				
Trade and other payables less than one year		<b>(383)</b>	(341)	(551)
<b>Total assets less current liabilities</b>		<b>48,927</b>	43,971	44,612
<b>Equity attributable to equityholders</b>				
Called up share capital	7	<b>2,833</b>	2,501	2,533
Share premium		<b>14,103</b>	7,796	8,399
Capital redemption reserve		<b>11</b>	11	11
Unrealised capital reserve		<b>7,217</b>	5,969	7,170
Realised capital reserve		<b>3,488</b>	2,939	3,830
Other distributable reserve		<b>21,275</b>	24,755	22,669
<b>Total equity shareholders' funds</b>		<b>48,927</b>	43,971	44,612
Basic and diluted net asset value per share (pence)*		<b>19.66</b>	19.90	20.11

\* Excluding treasury shares

The accompanying notes on pages 14 to 19 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2015 and the audited statutory accounts for the year ended 31 December 2015.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 25 August 2016 and were signed on its behalf by

**Robin Field**  
Chairman

Company number: 03139019

# Condensed statement of changes in equity

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
<b>1 January 2016</b>	<b>2,533</b>	<b>8,399</b>	<b>11</b>	<b>7,170</b>	<b>3,830</b>	<b>22,669</b>	<b>44,612</b>
Return/(loss) and total comprehensive income for the period	-	-	-	5	(301)	410	114
Transfer of previously unrealised losses on disposal of investments	-	-	-	41	(41)	-	-
Purchase of treasury shares	-	-	-	-	-	(548)	(548)
Issue of equity	300	5,863	-	-	-	-	6,163
Cost of issue of equity	-	(159)	-	-	-	-	(159)
Dividends paid	-	-	-	-	-	(1,256)	(1,256)
<b>As at 30 June 2016</b>	<b>2,833</b>	<b>14,103</b>	<b>11</b>	<b>7,217</b>	<b>3,488</b>	<b>21,275</b>	<b>48,927</b>
<b>1 January 2015</b>	2,265	3,444	11	3,981	2,978	26,262	38,941
Return/(loss) and total comprehensive income for the period	-	-	-	2,737	(788)	340	2,288
Transfer of previously unrealised gains on disposal of investments	-	-	-	(749)	749	-	-
Purchase of treasury shares	-	-	-	-	-	(767)	(767)
Issue of equity	236	4,484	-	-	-	-	4,720
Cost of issue of equity	-	(132)	-	-	-	-	(132)
Dividends paid	-	-	-	-	-	(1,079)	(1,079)
<b>As at 30 June 2015</b>	<b>2,501</b>	<b>7,796</b>	<b>11</b>	<b>5,969</b>	<b>2,939</b>	<b>24,755</b>	<b>43,971</b>
<b>1 January 2015</b>	2,265	3,444	11	3,981	2,978	26,262	38,941
Return/(loss) and total comprehensive income for the period	-	-	-	3,523	(557)	869	3,835
Transfer of previously unrealised gains on disposal or write off of investments	-	-	-	(334)	334	-	-
Purchase of treasury shares	-	-	-	-	-	(1,192)	(1,192)
Issue of equity	268	5,105	-	-	-	-	5,373
Cost of issue of equity	-	(150)	-	-	-	-	(150)
Transfer from other distributable reserve to realised capital reserve	-	-	-	-	1,075	(1,075)	-
Dividends paid	-	-	-	-	-	(2,195)	(2,195)
<b>As at 31 December 2015</b>	<b>2,533</b>	<b>8,399</b>	<b>11</b>	<b>7,170</b>	<b>3,830</b>	<b>22,669</b>	<b>44,612</b>

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2015 and the audited statutory accounts for the year ended 31 December 2015.

\* The total distributable reserves are £24,763,000 (30 June 2015: £27,694,000; 31 December 2015: £26,499,000).

## Condensed statement of cash flows

	Unaudited six months ended 30 June 2016 £'000	Unaudited six months ended 30 June 2015 £'000	Audited year ended 31 December 2015 £'000
<b>Cash flow from operating activities</b>			
Loan stock income received	480	384	1,036
Deposit interest received	18	9	37
Dividend income received	46	62	282
Investment management fees paid	(450)	(596)	(1,024)
Performance incentive fee paid	(242)	–	–
Other cash payments	(135)	(164)	(313)
Exchange rate movement on a part disposal of an asset	4	(11)	(10)
	<u>(279)</u>	<u>(316)</u>	<u>8</u>
<b>Net cash flow from operating activities</b>			
<b>Cash flow from investing activities</b>			
Purchase of fixed asset investments	(3,873)	(2,164)	(4,375)
Disposal of fixed asset investments	651	3,136	5,250
	<u>(3,222)</u>	<u>972</u>	<u>875</u>
<b>Net cash flow from investing activities</b>			
<b>Cash flow from financing activities</b>			
Issue of share capital	5,880	3,918	5,059
Equity Dividends paid*	(1,131)	(1,003)	(1,192)
Cost of issue of equity	–	(6)	(2)
Purchase of own shares (including costs)	(499)	(715)	(2,028)
	<u>4,250</u>	<u>2,194</u>	<u>1,837</u>
<b>Net cash flow from financing activities</b>			
<b>Increase in cash and cash equivalents</b>	<b>749</b>	<b>2,850</b>	<b>2,720</b>
Cash and cash equivalents at start of period	3,518	798	798
	<u>4,267</u>	<u>3,648</u>	<u>3,518</u>
<b>Cash and cash equivalents at end of period</b>			
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand	4,267	3,648	3,518
Cash equivalents	–	–	–
	<u>4,267</u>	<u>3,648</u>	<u>3,518</u>
<b>Total cash and cash equivalents</b>			

The accompanying notes on pages 14 to 19 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2015 and the audited statutory accounts for the year ended 31 December 2015.

\* The dividend paid in the cash flow is different to the dividend disclosed in note 5 due to the non-cash effect of the Dividend Reinvestment Scheme.

# Notes to the condensed Financial Statements

## 1. Basis of preparation

The condensed Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 ("FRS 102"), Financial Reporting Standard 104 – Interim Financial Reporting ("FRS 104"), and with the 2014 Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the Association of Investment Companies ("AIC").

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss ("FVTPL"). The Company values investments by following the IPEVCV Guidelines and further detail on the valuation techniques used are outlined below.

The half-yearly report has not been audited, nor has it been reviewed by the auditor pursuant to the FRC's guidance on Review of interim financial information.

### Accounting policies

#### Fixed asset investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the Board.

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at FVTPL.

Upon initial recognition (using trade date accounting) investments, including loan stock, are classified by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the income statement).

Subsequently, the investments are valued at 'fair value', which is measured as follows:

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations;
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the

IPEVCV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, the level of third party offers received, prices of recent investment rounds, net assets and industry valuation benchmarks. Where the Company has an investment in an early stage enterprise, the price of a recent investment round is often the most appropriate approach to determining fair value. In situations where a period of time has elapsed since the date of the most recent transaction, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:

- the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
- a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
- market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the Other distributable reserve when a share becomes ex-dividend.

Debtors and creditors and cash are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than creditors.

### Gains and losses on investments

Gains and losses arising from changes in the fair value of the investments are included in the Condensed income statement for the period as a capital item and are allocated to the Unrealised capital reserve.

### Investment income

#### Unquoted equity income

Dividend income is shown in revenue when the investment is quoted ex-dividend.

# Notes to the condensed Financial Statements (continued)

## *Unquoted loan stock and other preferred income*

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

## *Bank interest income*

Interest income is recognised on an accruals basis using the rate of interest agreed with the bank.

## **Investment management fees and expenses**

All expenses have been accounted for on an accruals basis. Expenses are charged through the other distributable reserve except the following which are charged through the realised capital reserve:

- 75 per cent. of management fees are allocated to realised capital reserve. This is in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

## **Performance incentive fee**

Any performance incentive fee will be allocated between other distributable and realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

## **Taxation**

Taxation is applied on a current basis in accordance with FRS 102. Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the financial reporting date. Taxation associated with capital expenses is applied in accordance with the SORP.

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT in the foreseeable future. The Company therefore, should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

## **Foreign exchange**

The currency of the primary economic environment in which the Company operates (the functional currency)

is pounds Sterling ("Sterling"), which is also the presentational currency of the Company. Transactions involving currencies other than Sterling are recorded at the exchange rate ruling on the transaction date. At each Balance sheet date, monetary items and non-monetary assets and liabilities that are measured at fair value, which are denominated in foreign currencies, are retranslated at the closing rates of exchange. Exchange differences arising on settlement of monetary items and from retranslating at the Balance sheet date of investments and other financial instruments measured at fair value through profit or loss, and other monetary items, are included in the Income statement. Exchange differences relating to investments and other financial instruments measured at fair value are subsequently included in the unrealised capital reserve.

## **Reserves**

### *Share premium account*

This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to other distributable reserve.

### *Capital redemption reserve*

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

### *Unrealised capital reserve*

Increases and decreases in the valuation of investments held at the year end against cost are included in this reserve.

### *Realised capital reserve*

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments, or permanent diminutions in value;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders.

### *Other distributable reserve*

The special reserve, treasury share reserve and the revenue reserve were combined in 2012 to form a single reserve named other distributable reserve.

This reserve accounts for movements from the revenue column of the Income statement, the payment of dividends, the buy-back of shares and other non-capital realised movements.

## **Dividends**

Dividends by the Company are accounted for in the period in which the dividend is paid or approved at the Annual General Meeting.

## Notes to the condensed Financial Statements (continued)

### 2. Gains on investments

	<b>Unaudited six months ended 30 June 2016 £'000</b>	Unaudited six months ended 30 June 2015 £'000	Audited year ended 31 December 2015 £'000
Unrealised gains on fixed asset investments	5	2,737	3,523
Realised gains/(losses) on fixed asset investments	54	(486)	261
	<u>59</u>	<u>2,251</u>	<u>3,784</u>

### 3. Investment income

	<b>Unaudited six months ended 30 June 2016 £'000</b>	Unaudited six months ended 30 June 2015 £'000	Audited year ended 31 December 2015 £'000
<b>Income recognised on investments</b>			
Interest from loans to portfolio companies	596	505	1,095
Dividends	46	62	282
Bank deposit interest	19	15	35
	<u>661</u>	<u>582</u>	<u>1,412</u>

### 4. Investment management fees

	<b>Unaudited six months ended 30 June 2016 £'000</b>	Unaudited six months ended 30 June 2015 £'000	Audited year ended 31 December 2015 £'000
Investment management fees charged to revenue	118	101	212
Investment management fees charged to capital	355	303	636
Performance incentive fee charged to revenue	-	-	60
Performance incentive fee charged to capital	-	-	182
	<u>473</u>	<u>404</u>	<u>1,090</u>

Further details of the management agreement under which the investment management fee is paid are given in the Strategic report on page 11 of the Annual Report and Financial Statements for the year ended 31 December 2015.

During the period, services with a value of £473,000 (30 June 2015: £404,000; 31 December 2015: £848,000) and £25,000 (30 June 2015: £25,000; 31 December 2015: £50,000) were purchased by the Company from Albion Ventures LLP in respect of investment management and administration fees respectively. At the period end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals was £263,000 (30 June 2015: £221,000; 31 December 2015: £468,000). For the period to 30 June 2016, no performance incentive fee is due to be paid (30 June 2015: nil; 31 December 2015: £248,000).

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the period, fees of £118,000 (30 June 2015: £52,000; 31 December 2015: £189,000) attributable to the investments of the Company were received pursuant to these arrangements.

Albion Ventures LLP holds 86,291 Ordinary shares in the Company.

# Notes to the condensed Financial Statements (continued)

## 5. Dividends

	<b>Unaudited six months ended 30 June 2016 £'000</b>	Unaudited six months ended 30 June 2015 £'000	Audited year ended 31 December 2015 £'000
First dividend of 0.5 pence per share paid on 30 April 2015	-	1,109	1,109
Second dividend of 0.5 pence per share paid on 30 October 2015	-	-	1,116
First dividend of 0.5 pence per share paid on 29 April 2016	<b>1,256</b>	-	-
Unclaimed dividends returned to Company	-	(30)	(30)
	<b>1,256</b>	1,079	2,195

The Directors have declared a second dividend of 0.5 pence per share for the year ending 31 December 2016, which will be paid on 31 October 2016 to shareholders on the register as at 7 October 2016.

## 6. Basic and diluted return/(loss) per share

	<b>Unaudited six months ended 30 June 2016</b>		Unaudited six months ended 30 June 2015		Audited year ended 31 December 2015	
	<b>Revenue</b>	<b>Capital</b>	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to shares (£'000)	<b>410</b>	<b>(296)</b>	340	1,948	869	2,966
Weighted average shares in issue (excluding treasury shares)	<b>240,621,271</b>		212,279,721		216,878,531	
Return/(loss) per share (pence)	<b>0.17 (0.12)</b>		0.16 0.92		0.40 1.37	

The weighted average number of Ordinary shares is calculated excluding the treasury shares of 34,461,000 (30 June 2015: 29,132,000; 31 December 2015: 31,463,000)

There are no convertible instruments, derivatives or contingent share agreements in issue so basic and diluted return/(loss) per share are the same.

## 7. Called up share capital

	<b>Unaudited 30 June 2016 £'000</b>	Unaudited 30 June 2015 £'000	Audited 31 December 2015 £'000
<b>Allotted, issued and fully paid:</b>			
283,344,311 Ordinary shares of 1 penny each (30 June 2015: 250,103,228; 31 December 2015: 253,303,558)	<b>2,833</b>	2,501	2,533

### Voting rights

248,883,311 Ordinary shares of 1 penny each (net of treasury shares) (30 June 2015: 220,971,228; 31 December 2015: 221,840,558).

# Notes to the condensed Financial Statements (continued)

## 7. Called up share capital (continued)

The Company operates a share buy-back programme, as detailed in the Interim management report on page 6. During the period the Company purchased 2,998,000 Ordinary shares at a nominal value of £29,980 at a cost of £548,000 including stamp duty (30 June 2015: £767,000; 31 December 2015; £1,192,000) to be held in treasury. The Company holds a total of 34,461,000 Ordinary shares in treasury, representing 12.2 per cent. of the issued Ordinary share capital as at 30 June 2016. The shares purchased for treasury were funded from other distributable reserve.

During the period from 1 January 2016 to 30 June 2016, the Company issued the following new shares of 1 penny each under the terms of the Dividend Reinvestment Scheme Circular dated 19 April 2011:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
29 April 2016	636,545	6	19.61	123	18.50

Under the terms of the Albion VCTs Prospectus Top Up Offers 2015/2016, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2016:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
29 January 2016	8,861,834	89	20.20	1,754	18.25
29 January 2016	4,851,404	48	20.30	961	18.25
31 March 2016	15,306,074	153	20.80	3,088	18.25
6 April 2016	175,236	2	20.60	35	18.25
6 April 2016	44,280	–	20.70	9	18.25
6 April 2016	165,380	2	20.80	33	18.25
	<u>29,404,208</u>	<u>294</u>		<u>5,880</u>	

## 8. Commitments, contingencies and guarantees

As at 30 June 2016, the Company had the following financial commitments totalling £1,058,000 (30 June 2015: £3,634,000; 31 December 2015: £2,396,000), which are expected to be invested during the next 12 months:

- £490,000 Active Lives Care Limited;
- £486,000 Ryefield Court Care Limited;
- £72,000 Proveca Limited; and
- £10,000 Shinfield Lodge Care Limited.

## 9. Post balance sheet events

Since 30 June 2016, the Company has made investments in the following:

- £336,000 in Ryefield Court Care Limited;
- £260,000 in Secured By Design Limited;
- £245,000 in Active Lives Care Limited;
- £92,000 in Oviva AG; and
- £56,000 in Proveca Limited.

## 10. Related party disclosures

Other than transactions with the Manager as described in note 4, there are no other related party transactions.

# Notes to the condensed Financial Statements (continued)

## 11. Going concern

The Board's assessment of liquidity risk remains unchanged and is detailed on page 54 of the Annual Report and Financial Statements for the year ended 31 December 2015.

The Company has adequate cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014.

## 12. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 435 of the Companies Act 2006 for the periods ended 30 June 2016 and 30 June 2015, and is unaudited. The information for the year ended 31 December 2015 does not constitute statutory accounts within the terms of section 435 of the Companies Act 2006 and is derived from the statutory accounts for that financial year, which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

## 13. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at [www.albion-ventures.co.uk/funds/KAY](http://www.albion-ventures.co.uk/funds/KAY), where the Report can be accessed as a PDF document in the 'Financial Reports and Circulars' section.

# Financial summary for the Company and for previous funds

	<b>Unaudited six months ended 30 June 2016 (pence per share)</b>	Unaudited six months ended 30 June 2015 (pence per share)	Audited year ended 31 December 2015 (pence per share)
<b>Net asset value of the Company</b>	<b>19.66</b>	19.90	20.11
<b>Dividends paid to shareholders of the Company</b>			
Dividends paid during the period	<b>0.50</b>	0.50	1.00
Cumulative dividend paid	<b>63.83</b>	62.83	63.33
<b>Shareholder total return<sup>(1)</sup> (per 100p invested)</b>			
To shareholders of the Company (formerly SPARK VCT plc; Quester VCT plc)	<b>83.49</b>	82.73	83.44
Shareholder total return including tax benefits <sup>(2)</sup>	<b>103.49</b>	102.73	103.44
<b>Shareholder total return to former shareholders of:</b>			
<b>Quester VCT 2 plc, per 100p invested in shares of that company</b>			
Shareholder total return	<b>69.63</b>	68.85	69.58
Shareholder total return including tax benefits <sup>(2)</sup>	<b>89.63</b>	88.85	89.58
<b>Quester VCT 3 plc, per 100p invested in shares of that company</b>			
Shareholder total return	<b>43.15</b>	42.40	43.10
Shareholder total return including tax benefits <sup>(2)</sup>	<b>63.15</b>	62.40	63.10
<b>Quester VCT 4 plc (renamed SPARK VCT 2 PLC and then Kings Arms Yard VCT 2 PLC), per 100p invested in shares of that company</b>			
Shareholder total return	<b>39.84</b>	38.87	39.78
Shareholder total return including tax benefits <sup>(2)</sup>	<b>59.84</b>	58.87	59.78
<b>Quester VCT 5 plc (renamed SPARK VCT 3 PLC), per 100p invested in shares of that company</b>			
Shareholder total return	<b>51.63</b>	50.21	51.54
Shareholder total return including tax benefits <sup>(2)</sup>	<b>71.63</b>	70.21	71.54

(1) Net asset value plus cumulative dividend per share to ordinary shareholders in the Company since the launch of the Company (then called Quester VCT plc) in April 1996.

(2) Return after 20 per cent. income tax relief but excluding capital gains deferral.

The total returns stated are applicable only to shareholders of shares at the time of each companies launch. They do not represent the return to subsequent subscribers or purchasers of shares.

Source: Albion Ventures LLP

## Merger history for the Company and for previous funds

<b>February 1996</b>	Quester VCT PLC (QVCT) launched
<b>June 2005</b>	QVCT2 and QVCT3 merged into QVCT
<b>June 2008</b>	All Quester names changed to SPARK: QVCT became Spark VCT plc (SVCT) QVCT4 became Spark VCT 2 plc (SVCT2) QVCT5 became Spark VCT 3 plc (SVCT3)
<b>November 2008</b>	SVCT3 merged into SVCT2
<b>January 2011</b>	Albion Ventures became Manager
<b>February 2011</b>	All SPARK names changed to Kings Arms Yard: SVCT became Kings Arms Yard VCT PLC (KAY) SVCT2 became Kings Arms Yard VCT 2 PLC (KAY2)
<b>September 2011</b>	KAY2 merged into KAY

## Dividend history for the Company and for previous funds

### Kings Arms Yard VCT PLC (KAY)

Dividends paid to shareholders of KAY launched in 1996 (formerly SPARK VCT plc ("SVCT") and originally Quester VCT PLC ("QVCT")).

	(pence per share)
31 January 1997	0.937
31 January 1998	2.547
31 January 1999	2.875
31 January 2000	7.110
31 January 2001	26.650
31 January 2002	1.350
28 February 2006	1.250
28 February 2007	3.910
31 December 2007	4.220
31 December 2008	2.810
31 December 2010	5.000
31 December 2011	0.670
31 December 2012	1.000
31 December 2013	1.000
31 December 2014	1.000
31 December 2015	1.000
30 June 2016	0.500
<b>Total dividends paid to 30 June 2016</b>	<b>63.829</b>
Net asset value as at 30 June 2016	19.660
<b>Shareholder total return to 30 June 2016</b>	<b>83.489</b>

# Dividend history for the Company and for previous funds

(continued)

## Quester VCT 2 PLC (QVCT2)

QVCT2 was launched in 1998 and was merged with KAY (formerly SPARK VCT plc ("SVCT")) and originally Quester VCT PLC ("QVCT") in June 2005 with a share exchange ratio of 1.0249 QVCT shares for each QVCT2 share.

	(pence per share)
28 February 1999	1.000
28 February 2000	3.065
28 February 2001	20.500
28 February 2002	2.000
28 February 2006	1.281
28 February 2007	4.007
31 December 2007	4.325
31 December 2008	2.880
31 December 2010	5.125
31 December 2011	0.687
31 December 2012	1.025
31 December 2013	1.025
31 December 2014	1.025
31 December 2015	1.025
30 June 2016	0.512
<b>Total dividends paid to 30 June 2016</b>	<b>49.482</b>
Net asset value as at 30 June 2016	20.150
<b>Shareholder total return to 30 June 2016</b>	<b>69.632</b>

## Quester VCT 3 PLC (QVCT3)

QVCT3 was launched in 2000 and was merged with KAY (formerly SPARK VCT plc ("SVCT")) and originally Quester VCT PLC ("QVCT") in June 2005 with a share exchange ratio of 0.9816 QVCT shares for each QVCT3 share.

	(pence per share)
28 February 2001	0.750
28 February 2002	1.000
28 February 2003	0.150
28 February 2006	1.227
28 February 2007	3.838
31 December 2007	4.142
31 December 2008	2.758
31 December 2010	4.908
31 December 2011	0.658
31 December 2012	0.982
31 December 2013	0.982
31 December 2014	0.982
31 December 2015	0.982
30 June 2016	0.491
<b>Total dividends paid to 30 June 2016</b>	<b>23.850</b>
Net asset value as at 30 June 2016	19.298
<b>Shareholder total return to 30 June 2016</b>	<b>43.148</b>

# Dividend history for the Company and for previous funds

(continued)

## Quarter VCT 4 PLC (QVCT4)

QVCT4 was launched in 2000 and was renamed SPARK VCT 2 plc ("SVCT2") and then Kings Arms Yard VCT 2 PLC ("KAY2"). KAY2 merged with Kings Arms Yard VCT PLC ("KAY") in September 2011 with a share exchange ratio of 1.2806 KAY shares for each KAY2 share.

(pence per share)

31 October 2002	1.750
31 October 2003	1.150
31 October 2005	1.000
31 October 2006	1.000
31 December 2007	1.000
31 December 2008	1.000
31 December 2010	1.000
31 December 2011	1.000
31 December 2012	1.281
31 December 2013	1.281
31 December 2014	1.281
31 December 2015	1.281
30 June 2016	0.640
<b>Total dividends paid to 30 June 2016</b>	<b>14.664</b>
Net asset value as at 30 June 2016	25.177

## Shareholder total return to 30 June 2016

**39.841**

## Quarter VCT 5 PLC (QVCT5)

QVCT5 was launched in 2002 and was renamed SPARK VCT 3 plc ("SVCT3") and merged with SPARK VCT 2 plc ("SVCT2") (originally QVCT4) in November 2008 with a share exchange ratio of 1.4613 SVCT2 shares for each SVCT3 share. The merged company was then renamed Kings Arms Yard VCT 2 PLC ("KAY2"). KAY2 merged with Kings Arms Yard VCT PLC ("KAY") in September 2011 with a share exchange ratio of 1.2806 KAY shares for each KAY2 share.

(pence per share)

31 December 2003	0.500
31 December 2004	1.000
31 December 2006	1.000
31 December 2007	1.000
31 December 2010	1.461
31 December 2011	1.461
31 December 2012	1.871
31 December 2013	1.871
31 December 2014	1.871
31 December 2015	1.871
30 June 2016	0.936
<b>Total dividends paid to 30 June 2016</b>	<b>14.842</b>
Net asset value as at 30 June 2016	36.791
<b>Shareholder total return to 30 June 2016</b>	<b>51.633</b>



aic

The Association of  
Investment Companies

A member of The Association of Investment Companies



This report is printed on Amadeus offset a totally recycled paper produced using 100% recycled waste at a mill that has been awarded the ISO 14001 certificate for environmental management. The pulp is bleached using a totally chlorine free (TCF) process.

ALBION VENTURES