

Half-yearly Financial
Report (unaudited) for
the six months to
30 September 2016



Albion Enterprise VCT PLC

ALBIONVENTURES

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

Company information

Company number	05990732
Directors	M G Packe, Chairman Lady Balfour of Burleigh Lord St John of Bletso P H Reeve
Country of incorporation	United Kingdom
Legal form	Public Limited Company
Manager, company secretary, AIFM and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Taxation adviser	Philip Hare & Associates LLP 1st Floor 4 Staple Inn London, WC1V 7QH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Enterprise VCT PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder information For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:
Tel: 0370 873 5860 (UK National Rate call, lines are open 8:30am – 5:30pm; Mon – Fri; calls may be recorded)
Website: www.investorcentre.co.uk

Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.

Financial adviser information 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: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

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

Investment objective and policy

The investment objective of Albion Enterprise VCT PLC (“the Company”) is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth.

The Company achieves this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of more stable businesses (the “Asset-based Portfolio”). The balance of the net funds raised, 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 higher risk technology companies (the “Growth Portfolio”). In neither category do 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. Funds awaiting investment in Qualifying Investments or retained for liquidity purposes are held on deposit with banks or other financial institutions with high credit ratings assigned by international credit ratings agencies.

The Company’s investment portfolio is structured to provide a balance between income and capital growth for the longer term. The Asset-based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide diversified exposure through its portfolio of investments in unquoted UK companies. Stock specific risk will be reduced by the Company’s policy of holding a diversified portfolio of Qualifying Investments.

Financial calendar

Record date for second dividend	10 February 2017
Payment date for second dividend	28 February 2017
Financial year end	31 March

Financial highlights

	Unaudited six months ended 30 September 2016 (pence per share)	Unaudited six months ended 30 September 2015 (pence per share)	Audited year ended 31 March 2016 (pence per share)
Dividends paid	2.50	2.50	5.00
Revenue return	0.53	0.94	1.85
Capital return	2.90	3.16	3.48
Net asset value	97.39	97.68	96.41

(pence per share)

Total shareholder return to 30 September 2016:

Dividends paid during the year ended:

31 March 2008	0.70
31 March 2009	1.65
31 March 2010	2.00
31 March 2011	3.00
31 March 2012	3.00
31 March 2013	3.50
31 March 2014	5.00
31 March 2015	5.00
31 March 2016	5.00

Dividends paid in the six months to 30 September 2016	2.50
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Total dividends paid to 30 September 2016	31.35
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Net asset value as at 30 September 2016	97.39
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Total shareholder return to 30 September 2016	128.74
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In addition to the dividends summarised above, the Directors have declared a second dividend of 2.50 pence per share, payable on 28 February 2017 to shareholders on the register as at 10 February 2017.

Notes

- The dividend of 0.70 pence per share paid during the period ended 31 March 2008 and first dividend of 0.40 pence per share paid during the year ended 31 March 2009 were paid to shareholders who subscribed in the 2006/2007 offer only.
- All dividends paid by the Company are free of income tax. It is an H. M. Revenue & Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on the dividend voucher and need not disclose any income they receive from a VCT on their tax return.
- The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies – VCTs section of the Financial Times on a daily basis.
- Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value as tax reliefs are only obtainable on initial subscription.

Interim management report

Introduction

I am pleased to report a total return of 3.4 pence per share for the six months to 30 September 2016 (30 September 2015: 4.1 pence per share). These results illustrate a continuing number of positive developments within our portfolio companies.

Investment progress and prospects

During the period £1.5 million was invested in existing and new companies including £190,000 into Black Swan, a company which provides predictive analytics platforms to provide market research for consumer brands; £159,000 into Oviva AG, a Zurich based company which provides a dietetics platform and associated services; £280,000 into Secured by Design, a company focused on providing research and consulting for the global automotive sector; follow on investments were made into Proveca of £99,000, following the recent approval of its first pediatric drug; and £397,000 into DySIS.

Following the period end, a further new investment of £583,000 was made into Convertr, a company which provides digital sales lead generation software.

In general, the portfolio continues to perform well, and saw an uplift following the third party valuation for Radnor House Sevenoaks, the second school within the Radnor House group. In addition, Proveca was revalued sharply following the approval of its first drug and the Exco Intouch valuation increased as profitability

rises. Our two medical analytics companies, Abcodia and DySIS valuations were reduced, as a result of slower than hoped for progress. Notwithstanding this, we are confident that the portfolio as a whole will continue to provide good returns for shareholders.

Risks & uncertainties

The outlook for the UK and global economies continues to be the key risk affecting the Company, despite continued growth in the UK. Investment risk is mitigated in a number of ways, including our policy that the portfolio should be balanced across sectors and it should include a significant level of asset backing.

Other risks and uncertainties remain unchanged and are as detailed on pages 11 and 12 in the Strategic report of the Annual Report and Financial Statements for the year ended 31 March 2016.

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, including the maintenance of sufficient resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders. It is the Board's intention 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.

Interim management report continued

Transactions with the Manager

Details of the transactions that took place with the Manager during the period can be found in note 5.

There are no related party transactions or balances that require disclosure.

Albion VCTs Prospectus Top Up Offers 2016/17

Your Board, in conjunction with the boards of other VCTs managed by Albion Ventures LLP, is intending to launch shortly a top up offer of new Ordinary shares, aiming to raise circa £4 million out of a target of £24 million in aggregate that the Albion VCTs are seeking to raise. In addition, the Board may elect to allot up to a further £2 million if there is sufficient demand and the Board deems it prudent to do so. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen. A Securities Note, which will form part of the Prospectus, will be emailed or posted to shareholders shortly.

Results and dividends

On 30 September 2016, the net asset value was £44.9 million or 97.4 pence per share compared to £44.5 million or 96.4 pence per share on 31 March 2016. The revenue return before taxation was £305,000 compared to £451,000 for the six months to 30 September 2015. In line with the annual dividend target of 5 pence per share, the Directors declare a second dividend for the year of 2.5 pence per share payable on 28 February 2017 to shareholders on the register as at 10 February 2017.

M G Packe

Chairman

25 November 2016

Responsibility statement

The Directors, Maxwell Packe, Lady Balfour of Burleigh, Lord St John of Bletso and Patrick Reeve, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 September 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", give 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

M G Packe

Chairman

25 November 2016

Portfolio of investments

The following is a summary of investments as at 30 September 2016:

Portfolio company	% voting rights held by the Company	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Asset-based investments					
Radnor House School (Holdings) Limited	9.8	3,225	2,753	5,978	805
Bravo Inns II Limited	13.1	2,150	166	2,316	43
Regenerco Renewable Energy Limited	12.5	1,261	435	1,696	79
Earnside Energy Limited	8.7	1,394	283	1,677	130
Greenenerco Limited	28.6	985	554	1,539	–
Alto Prodotto Wind Limited	11.1	999	540	1,539	12
The Street by Street Solar Programme Limited	8.6	892	431	1,323	60
Bravo Inns Limited	8.4	755	(270)	485	–
AVESI Limited	5.5	179	52	231	13
The Charnwood Pub Company Limited	1.2	83	(1)	82	(1)
Total asset-based investments		11,923	4,943	16,866	1,141
Growth investments					
Exco Intouch Limited	6.0	1,015	1,738	2,753	835
Mirada Medical Limited	15.1	885	906	1,791	(27)
Egress Software Technologies Limited	8.8	880	674	1,554	173
Proveca Limited	10.5	660	607	1,267	593
Process Systems Enterprise Limited	4.1	407	746	1,153	57
Relayware Limited	3.5	1,065	1	1,066	(5)
DySIS Medical Limited	7.8	2,121	(1,058)	1,063	(429)
Grapeshot Limited	5.0	859	123	982	–
Masters Pharmaceuticals Limited	7.3	553	339	892	(216)
Hilson Moran Holdings Limited	6.9	201	682	883	116
Aridhia Informatics Limited	6.6	1,060	(279)	781	11
OmPrompt Holdings Limited	5.1	650	23	673	8
Cisiv Limited	8.6	663	(3)	660	(133)
Mi-Pay Group plc	6.3	1,504	(873)	631	26
MyMeds&Me Limited	5.4	418	165	583	(68)
memmstar Limited	8.8	383	129	512	(13)
Abcodia Limited	6.1	555	(264)	291	(336)
Secured by Design Limited	1.9	280	1	281	1
Oxsensis Limited	3.8	588	(329)	259	–
Black Swan Data Limited	0.6	190	–	190	–
Sandcroft Avenue Limited (payasUgym.com)	1.8	160	–	160	(15)
Oviva AG	2.1	159	–	159	–
Dickson Financial Services Limited (Innovation Broking)	8.4	84	39	123	39
Panaseer Limited	1.6	80	–	80	–
InCrowd Sports Limited	1.5	66	–	66	–
Total growth investments		15,486	3,367	18,853	617
Total fixed asset investments		27,409	8,310	35,719	1,758

* As adjusted for additions and disposals during the period.

Portfolio of investments continued

Total change in value of investments for the period	1,758
Movement in loan stock accrued interest	(56)
Unrealised gains sub-total	1,702
Realised losses in current period	(5)
Total gains on investments as per Income statement	1,697

	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Loss on opening value £'000
Fixed asset realisations					
Relayware Limited <i>(loan stock repayment & part equity disposal)</i>	304	304	304	–	–
Radnor House School (Holdings) Limited <i>(loan stock repayment)</i>	98	98	98	–	–
Hilson Moran Holdings Limited <i>(loan stock and redemption premium repayment)</i>	36	48	48	12	–
Greenenerco Limited <i>(loan stock repayment)</i>	12	17	17	5	–
The Street by Street Programme Limited <i>(loan stock repayment)</i>	3	4	4	1	–
Regenerco Limited <i>(loan stock repayment)</i>	2	3	3	1	–
AVESI Limited <i>(loan stock repayment)</i>	1	2	2	1	–
Alto Prodotto Wind Limited <i>(loan stock repayment)</i>	1	2	2	1	–
Escrow adjustments	–	–	(5)	(5)	(5)
Total realisations	457	478	473	16	(5)

Condensed income statement

	Note	Unaudited six months ended 30 September 2016			Unaudited six months ended 30 September 2015			Audited year ended 31 March 2016		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	1,697	1,697	–	1,529	1,529	–	2,003	2,003
Investment income	4	560	–	560	678	–	678	1,367	–	1,367
Investment management fees	5	(139)	(419)	(558)	(116)	(347)	(463)	(247)	(741)	(988)
Other expenses		(116)	–	(116)	(111)	–	(111)	(209)	–	(209)
Return on ordinary activities before taxation		305	1,278	1,583	451	1,182	1,633	911	1,262	2,173
Tax (charge)/ credit on ordinary activities		(59)	59	–	(80)	69	(11)	(159)	148	(11)
Return and total comprehensive income attributable to shareholders		246	1,337	1,583	371	1,251	1,622	752	1,410	2,162
Basic and diluted return per share (pence)*	7	0.53	2.90	3.43	0.94	3.16	4.10	1.85	3.48	5.33

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2015 and the audited statutory accounts for the year ended 31 March 2016.

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

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 on ordinary activities before tax and the historical profit is due to the fair value movements on investments.

Condensed balance sheet

	Note	Unaudited 30 September 2016 £'000	Unaudited 30 September 2015 £'000	Audited 31 March 2016 £'000
Fixed asset investments		35,719	31,697	32,971
Current assets				
Trade and other receivables less than one year		855	670	2,880
Cash and cash equivalents		8,629	7,481	8,980
		9,484	8,151	11,860
Total assets		45,203	39,848	44,831
Creditors: amounts falling due within one year				
Trade and other payables less than one year		(341)	(372)	(361)
Total assets less current liabilities		44,862	39,476	44,470
Equity attributable to equityholders				
Called up share capital	8	521	457	518
Share premium		17,564	11,455	17,285
Capital redemption reserve		104	104	104
Unrealised capital reserve		8,070	5,588	6,389
Realised capital reserve		(320)	666	24
Other distributable reserve		18,923	21,206	20,150
Total equity shareholders' funds		44,862	39,476	44,470
Basic and diluted net asset value per share (pence)*		97.39	97.68	96.41

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2015 and the audited statutory accounts for the year ended 31 March 2016.

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

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

M G Packe

Chairman

Company number: 05990732

Condensed statement of changes in equity

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 April 2016	518	17,285	104	6,389	24	20,150	44,470
Return/(loss) and total comprehensive income for the period	-	-	-	1,702	(365)	246	1,583
Transfer of previously unrealised gains on disposals of investments	-	-	-	(21)	21	-	-
Purchase of shares for treasury	-	-	-	-	-	(317)	(317)
Issue of equity	3	283	-	-	-	-	286
Cost of issue of equity	-	(4)	-	-	-	-	(4)
Equity dividends paid	-	-	-	-	-	(1,156)	(1,156)
As at 30 September 2016	521	17,564	104	8,070	(320)	18,923	44,862
As at 1 April 2015	409	6,969	104	4,189	814	22,177	34,662
Return/(loss) and total comprehensive income for the period	-	-	-	1,522	(271)	371	1,622
Transfer of previously unrealised gains on disposal of investments	-	-	-	(123)	123	-	-
Purchase of shares for treasury	-	-	-	-	-	(343)	(343)
Issue of equity	48	4,624	-	-	-	-	4,672
Cost of issue of equity	-	(138)	-	-	-	-	(138)
Equity dividends paid	-	-	-	-	-	(999)	(999)
As at 30 September 2015	457	11,455	104	5,588	666	21,206	39,476
As at 1 April 2015	409	6,969	104	4,189	814	22,177	34,662
Return/(loss) and total comprehensive income for the year	-	-	-	2,047	(637)	752	2,162
Transfer of previously unrealised losses on disposal of investments	-	-	-	153	(153)	-	-
Purchase of shares for treasury	-	-	-	-	-	(692)	(692)
Issue of equity	109	10,610	-	-	-	-	10,719
Cost of issue of equity	-	(294)	-	-	-	-	(294)
Equity dividends paid	-	-	-	-	-	(2,087)	(2,087)
As at 31 March 2016	518	17,285	104	6,389	24	20,150	44,470

* Included within the aggregate of these reserves is an amount of £18,603,000 (30 September 2015: £21,872,000; 31 March 2016: £20,174,000) which is considered distributable.

Condensed statement of cash flows

	Unaudited six months ended 30 September 2016 £'000	Unaudited six months ended 30 September 2015 £'000	Audited year ended 31 March 2016 £'000
Cash flow from operating activities			
Loan stock income received	442	572	1,098
Dividend income received	10	50	117
Deposit interest received	50	42	84
Investment management fees paid	(556)	(433)	(927)
Other cash payments	(128)	(122)	(208)
Corporation tax refund	–	35	8
Net cash flow from operating activities	(182)	144	172
Cash flow from investing activities			
Purchase of fixed asset investments	(2,135)	(1,594)	(2,941)
Disposal of fixed asset investments	526	739	1,114
Net cash flow from investing activities	(1,609)	(855)	(1,827)
Cash flow from financing activities			
Issue of ordinary share capital	2,743	3,748	7,499
Cost of issue of equity	(5)	(2)	(7)
Dividends paid	(981)	(861)	(1,786)
Purchase of own shares (including costs)	(317)	(314)	(692)
Net cash flow from financing activities	1,440	2,571	5,014
(Decrease)/increase in cash and cash equivalents	(351)	1,860	3,359
Cash and cash equivalents at start of period	8,980	5,621	5,621
Cash and cash equivalents at end of period	8,629	7,481	8,980
Cash and cash equivalents comprise			
Cash at bank and in hand	8,629	7,481	8,980
Cash equivalents	–	–	–
Total cash and cash equivalents	8,629	7,481	8,980

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.

2. 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 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.

Notes to the condensed Financial Statements

continued

Investment income

Equity income

Dividend income from investments is included in revenue in the period in which the dividend is paid or approved by the portfolio company.

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 expected 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 other 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 the 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.

Reserves

Share premium account

This reserve accounts for the difference between the price paid for shares and the nominal value of the share, less issue costs and transfers to the 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;
- 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 2013 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 buyback 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

3. Gains on investments

	Unaudited six months ended 30 September 2016	Unaudited six months ended 30 September 2015	Audited year ended 31 March 2016
	£'000	£'000	£'000
Unrealised gains on fixed asset investments	1,702	1,522	2,047
Realised (losses)/gains on fixed asset investments	(5)	7	(44)
	<u>1,697</u>	<u>1,529</u>	<u>2,003</u>

4. Investment income

	Unaudited six months ended 30 September 2016	Unaudited six months ended 30 September 2015	Audited year ended 31 March 2016
	£'000	£'000	£'000
Income recognised on investments			
Loan stock interest and other fixed returns	499	587	1,166
UK dividend income	10	50	117
Bank deposit interest	51	41	84
	<u>560</u>	<u>678</u>	<u>1,367</u>

All of the Company's income is derived from operations based in the United Kingdom.

5. Investment management fees

	Unaudited six months ended 30 September 2016	Unaudited six months ended 30 September 2015	Audited year ended 31 March 2016
	£'000	£'000	£'000
Investment management fee charged to revenue	139	116	247
Investment management fee charged to capital	419	347	741
	<u>558</u>	<u>463</u>	<u>988</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 March 2016.

During the period, services of a total value of £558,000 (30 September 2015: £463,000; 31 March 2016: £988,000) were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP in respect of these services disclosed within creditors was £280,000 (30 September 2015: £247,000; 31 March 2016: £278,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the period, the Company was charged £12,000 including VAT (30 September 2015: £10,800; 31 March 2016: £21,600) by Albion Ventures LLP in respect of Patrick Reeve's services as a Director. At the financial period end, the amount due to Albion Ventures LLP in respect of these services disclosed as creditors was £6,000 (30 September 2015: £5,400; 31 March 2016: £5,400).

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the period to 30 September 2016, fees of £84,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2015: £82,000; 31 March 2016: £162,000).

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6. Dividends

	Unaudited six months ended 30 September 2016 £'000	Unaudited six months ended 30 September 2015 £'000	Audited year ended 31 March 2016 £'000
Dividend of 2.50p per share paid on 28 August 2015	–	999	999
Dividend of 2.50p per share paid on 29 February 2016	–	–	1,088
Dividend of 2.50p per share paid on 31 August 2016	1,156	–	–
	1,156	999	2,087

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2017 of 2.50 pence per share which will be paid on 28 February 2017 to shareholders on the register as at 10 February 2017. This is expected to amount to approximately £1,152,000.

7. Basic and diluted return per share

	Unaudited six months ended 30 September 2016			Unaudited six months ended 30 September 2015			Audited year ended 31 March 2016		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	246	1,337	1,583	371	1,251	1,622	911	1,262	2,173
Weighted average shares in issue (excluding treasury shares)	46,172,950			39,600,517			40,534,139		
Return attributable per Ordinary share (pence) (basic and diluted)	0.53	2.90	3.43	0.94	3.16	4.10	1.85	3.48	5.33

The weighted average number of shares is calculated excluding treasury shares of 6,029,443 (30 September 2015: 5,288,000; 31 March 2016: 5,670,000).

There are no convertible instruments, derivatives or contingent share agreements in issue for the Company, hence there are no dilution effects to the return per share. The basic return per share is therefore the same as the diluted return per share.

Notes to the condensed Financial Statements

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8. Called up share capital

	Unaudited 30 September 2016 £'000	Unaudited 30 September 2015 £'000	Audited 31 March 2016 £'000
Allotted, called up and fully paid			
52,094,810 Ordinary shares of 1 penny each (30 September 2015: 45,702,613; 31 March 2016: 51,796,503)	521	457	518

Voting rights

46,065,367 shares of 1 penny each (net of treasury shares) (30 September 2015: 40,414,613; 31 March 2016: 46,126,503).

In the six months to 30 September 2016, the Company purchased 359,443 shares (30 September 2015: 381,000; 31 March 2016: 763,000) to be held in treasury at a cost of £317,000 (30 September 2015: £343,000; 31 March 2016: £692,000), representing 0.7 per cent. of the shares in issue (excluding treasury shares) as at 30 September 2016.

The Company holds a total of 6,029,443 shares (30 September 2015: 5,288,000; 31 March 2016: 5,670,000) in treasury representing 11.6 per cent. of the shares in issue as at 30 September 2016.

Under the terms of the Dividend Reinvestment Scheme Circular dated 26 November 2009, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 September 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)
31 August 2016	184,698	2	94.66	173	88.50

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 September 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)
6 April 2016	53,319	0.5	97.70	51	91.50
6 April 2016	7,296	-	98.20	7	91.50
6 April 2016	52,994	0.5	98.70	51	91.50
	113,609	1		109	

Notes to the condensed Financial Statements

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9. Commitments and contingencies

As at 30 September 2016, the Company had the following financial commitments totalling £245,000 (30 September 2015: £285,000; 31 March 2016: £319,000), which are expected to be invested during the next 12 months:

- £245,000 Proveca Limited

There are no contingencies or guarantees of the Company as at 30 September 2016 (30 September 2015: £nil, 31 March 2016: £nil).

10. Post balance sheet events

Since 30 September 2016, the Company has had the following post balance sheet events:

- Investment of £583,000 in Convertr Limited
- Investment of £157,000 in Abcodia Limited

On 4 November 2016 the Company announced its intention to launch a prospectus in relation to an offer for subscription for new Ordinary shares subject to obtaining regulatory approval. The Company is aiming to raise circa £4 million out of a target of £24 million in aggregate that the Albion VCTs are seeking to raise. A Securities Note, which forms part of the Prospectus, will be sent to shareholders shortly.

11. Related party transactions

Other than transactions with the Manager as described in Note 5, there are no other related party transactions.

12. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 March 2016, and is detailed on page 53 of those accounts. The Company has adequate cash and liquid resources and has no borrowing. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, share buy-backs and dividends) 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.

13. 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 September 2016 and 30 September 2015, and is unaudited. The information for the year ended 31 March 2016 does not constitute statutory accounts within the terms of section 435 of the Companies Act 2006 but is derived from the statutory accounts for the financial year, which were unqualified and have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

14. 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/AAEV.

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