

Half-yearly Financial
Report (unaudited) for
the six months to
30 September 2015



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 Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P H Reeve
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	Robertson Hare LLP 1st Floor 4 Stable 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: 0870 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 or invested in floating rate notes 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	12 February 2016
Payment date for second dividend	29 February 2016
Financial year end	31 March 2016

Financial highlights

	Unaudited six months ended 30 September 2015 (pence per share)	Unaudited six months ended 30 September 2014 (pence per share)	Audited year ended 31 March 2015 (pence per share)
Dividends paid	2.50	2.50	5.00
Revenue return	0.94	0.94	2.07
Capital return	3.16	0.30	2.18
Net asset value	97.68	95.67	96.22

(pence per share)

Total shareholder return to 30 September 2015:

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

Dividends paid in the six months to 30 September 2015	2.50
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Total dividends paid to 30 September 2015

26.35

Net asset value as at 30 September 2015

97.68

Total shareholder return to 30 September 2015

124.03

In addition to the dividends summarised above, the Directors have declared a second dividend of 2.50 pence per share, payable on 29 February 2016 to shareholders on the register at 12 February 2016.

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 announce that the Company achieved a total return for the six months to 30 September 2015 of 4.1 pence per share compared to 1.2 pence per share for the same period last year. These results reflect positive developments in a number of our portfolio companies and we are encouraged to see a further 11 per cent. increase in income received.

Investment progress and prospects

During the period £1.6 million was invested in existing and new companies, including £635,000 into Radnor House School to help develop Combe Bank School in Kent, which was bought earlier in the year. There were no exits during the period, although £624,000 was received through the repayment of loan stock by Masters Pharmaceuticals and Hilson Moran.

In general, the investment portfolio continues to perform well, with continued growth at Radnor House School, which now has 390 pupils and recorded strong GCSE results. Encouraging growth was also seen in Exco Intouch, MyMeds&Me, Hilson Moran, Grapeshot and Egress.

Changes in VCT legislation

The July budget introduced a number of changes to VCT legislation, including restrictions over the age of investments, a prohibition on management buyouts or the purchase of existing businesses and an overall lifetime investment cap of £12 million from tax-advantaged funds into any portfolio company. While these

changes are significant, the Company has been advised that had they been in place previously they would have affected only a relatively small minority of the investments that we have made into new portfolio companies over recent years. The Board's current view is that there will be no material change in our investment policy as a result.

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 2015.

Discount management and 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

The launch of the Albion VCTs Prospectus Top Up Offers 2015/16 was announced on 17 November 2015 with the aim of raising £25.5m across the six Albion VCTs, including Albion Enterprise VCT PLC. There is an “Early Bird” offer for subscribers who apply by 29 January 2016. The 2014/15 Top Up Offers raised £34.7 million in aggregate, including £5.7 million for the Company.

Results and dividends

As at 30 September 2015, the net asset value was £39.5 million or 97.7 pence per share compared to £34.7 million or 96.2 pence per share at 31 March 2015. The revenue return before taxation was £451,000 compared to £401,000 for the six months to 30 September 2014. 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 29 February 2016 to shareholders on the register as at 12 February 2016.

M Packe

Chairman

26 November 2015

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 2015 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 the pronouncement on interim reporting issued by the Accounting Standards Board, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4;
- (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 Packe
Chairman
26 November 2015

Portfolio of investments

The following is a summary of fixed asset investments as at 30 September 2015:

Fixed asset investments	% 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	3,323	1,972	5,295	484
Bravo Inns II Limited	13.1	2,150	49	2,199	14
Regenerco Renewable Energy Limited	12.5	1,263	371	1,634	65
Greenenerco Limited	28.6	1,000	519	1,519	21
Earnside Energy Limited (formerly TEG Biogas (Perth) Limited)	16.4	1,314	195	1,509	(83)
Alto Prodotto Wind Limited	11.1	1,000	483	1,483	21
The Street by Street Solar Programme Limited	8.6	894	379	1,273	45
Bravo Inns Limited	8.4	755	(264)	491	3
AVESI Limited	5.5	181	48	229	11
The Charnwood Pub Company Limited	1.2	235	(152)	83	(19)
Total asset-based investments		12,115	3,600	15,715	562
Growth investments					
Mirada Medical Limited	15.1	800	898	1,698	9
Exco Intouch Limited	6.0	1,015	420	1,435	378
Egress Software Technologies Limited	8.8	880	271	1,151	91
Relayware Limited	6.3	1,065	50	1,115	17
Masters Pharmaceuticals Limited	7.3	553	533	1,086	40
DySIS Medical Limited	8.4	1,439	(372)	1,067	(46)
Process Systems Enterprise Limited	3.9	365	621	986	53
Hilson Moran Holdings Limited	10.0	271	538	809	193
Grapeshot Limited	5.0	629	117	746	117
Mi-Pay Group PLC	6.3	1,504	(793)	711	196
Cisiv Limited	8.1	522	185	707	16
OmPrompt Holdings Limited	5.3	650	15	665	4
MyMeds&Me Limited	5.4	418	228	646	229
Abcodia Limited	6.5	555	72	627	36
Aridhia Informatics Limited	2.3	909	(302)	607	(95)
Proveca Limited	8.3	470	120	590	(74)
memsstar Limited	8.8	384	192	576	5
Oxsensis Limited	3.8	588	(330)	258	-
Silent Herdsman Holdings Limited	11.3	466	(223)	243	(82)
Lowcosttravelgroup Limited	1.0	270	(138)	132	(141)
Sandcroft Avenue Limited (payasUgym.com)	1.7	112	15	127	28
Total growth investments		13,865	2,117	15,982	974
Total fixed asset investments		25,980	5,717	31,697	1,536

* As adjusted for additions and disposals during the period.

Portfolio of investments continued

Total change in value of investments for the period	1,536
Movement in loan stock accrued interest	(14)
Unrealised gains sub-total	1,522
Realised gain in current period	7
Total gains on investments as per Income statement	1,529

	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain on opening value £'000
Fixed asset realisations					
Masters Pharmaceuticals Limited <i>(loan stock and redemption premium repayment)</i>	440	545	552	112	7
Radnor House School (Holdings) Limited <i>(loan stock repayment)</i>	88	88	88	–	–
Hilson Moran Holdings Limited <i>(loan stock and redemption premium repayment)</i>	53	72	72	19	–
The Charnwood Pub Company Limited <i>(loan stock repayment)</i>	13	13	13	–	–
Total fixed asset realisations	594	718	725	131	7

Condensed income statement

	Note	Unaudited six months ended 30 September 2015			Unaudited six months ended 30 September 2014			Audited year ended 31 March 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	-	1,529	1,529	-	348	348	-	1,264	1,264
Investment income	4	678	-	678	606	-	606	1,258	-	1,258
Investment management fees	5	(116)	(347)	(463)	(103)	(309)	(412)	(210)	(628)	(838)
Other expenses		(111)	-	(111)	(102)	-	(102)	(201)	-	(201)
Return on ordinary activities before taxation		451	1,182	1,633	401	39	440	847	636	1,483
Tax (charge)/ credit on ordinary activities		(80)	69	(11)	(75)	65	(10)	(119)	131	12
Return attributable to shareholders		371	1,251	1,622	326	104	430	728	767	1,495
Basic and diluted return per share (pence)*	7	0.94	3.16	4.10	0.94	0.30	1.24	2.07	2.18	4.25

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2014 and the audited statutory accounts for the year ended 31 March 2015.

The accompanying notes on pages 14 to 20 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.

All revenue and capital items in the above statement derive from continuing operations.

There are no recognised gains or losses 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. As a result a note on historical cost profit and losses has not been prepared.

Condensed balance sheet

	Note	Unaudited 30 September 2015 £'000	Unaudited 30 September 2014 £'000	Audited 31 March 2015 £'000
Fixed asset				
Investments		31,697	28,508	29,283
Current assets				
Trade and other receivables less than one year		670	757	66
Cash and cash equivalents		7,481	4,771	5,621
		<u>8,151</u>	<u>5,528</u>	<u>5,687</u>
Total assets		39,848	34,036	34,970
Creditors: amounts falling due within one year				
Trade and other payables less than one year		(372)	(291)	(308)
Net assets		39,476	33,745	34,662
Equity attributable to equityholders				
Called up share capital	8	457	395	409
Share premium		11,455	5,572	6,969
Capital redemption reserve		104	104	104
Unrealised capital reserve		5,588	4,299	4,189
Realised capital reserve		666	41	814
Other distributable reserve		21,206	23,334	22,177
Total equity shareholders' funds		39,476	33,745	34,662
Basic and diluted net asset value per share (pence)*		97.68	95.67	96.22

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2014 and the audited statutory accounts for the year ended 31 March 2015.

The accompanying notes on pages 14 to 20 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 26 November 2015 and were signed on its behalf by

M 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 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	-	-	-	(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 2014	367	3,015	104	4,164	72	24,334	32,056
Return/(loss) and total comprehensive income for the period	-	-	-	300	(196)	326	430
Transfer of previously unrealised gains	-	-	-	(165)	165	-	-
Purchase of shares for treasury	-	-	-	-	-	(451)	(451)
Issue of equity	28	2,617	-	-	-	-	2,645
Cost of issue of equity	-	(60)	-	-	-	-	(60)
Equity dividends paid	-	-	-	-	-	(875)	(875)
As at 30 September 2014	395	5,572	104	4,299	41	23,334	33,745
As at 1 April 2014	367	3,015	104	4,164	72	24,334	32,056
Return and total comprehensive income for the period	-	-	-	649	118	728	1,495
Transfer of previously unrealised gains	-	-	-	(624)	624	-	-
Purchase of shares for treasury	-	-	-	-	-	(1,094)	(1,094)
Issue of equity	42	4,045	-	-	-	-	4,087
Cost of issue of equity	-	(91)	-	-	-	-	(91)
Equity dividends paid	-	-	-	-	-	(1,791)	(1,791)
As at 31 March 2015	409	6,969	104	4,189	814	22,177	34,662

* Included within the aggregate of these reserves is an amount of £21,872,000 (30 September 2014: £23,375,000; 31 March 2015: £22,991,000) which is considered distributable.

Condensed statement of cash flows

	Note	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
Cash flow from operating activities				
Loan stock income received		572	535	1,047
Deposit interest received		42	35	65
Dividend income received		50	47	84
Investment management fees paid		(433)	(401)	(823)
Other cash payments		(122)	(118)	(203)
Corporation tax refund/(paid)		35	–	(15)
Net cash flow from operating activities	9	144	98	155
Cash flow from investing activities				
Purchase of fixed asset investments		(1,594)	(1,780)	(4,918)
Disposal of fixed asset investments		739	226	3,579
Disposal of current asset investments		–	69	177
Net cash flow from investing activities		(855)	(1,485)	(1,162)
Cash flow from financing activities				
Issue of ordinary share capital		3,748	1,872	3,791
Cost of issue of equity		(2)	(1)	(3)
Equity dividends paid (net of costs of shares issued under the Dividend Reinvestment Scheme)		(861)	(776)	(1,580)
Purchase of own shares (including costs)		(314)	(451)	(1,094)
Net cash flow from financing activities		2,571	644	1,114
Increase/(decrease) in cash and cash equivalents		1,860	(743)	107
Cash and cash equivalents at start of period		5,621	5,514	5,514
Cash and cash equivalents at end of period		7,481	4,771	5,621
Cash and cash equivalents comprise				
Cash at bank and in hand		7,481	4,771	5,621
Cash equivalents		–	–	–
Total cash and cash equivalents		7,481	4,771	5,621

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"), 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"). This is the first period in which the financial statements have been prepared under FRS 102. On adoption of, and in accordance with, FRS 102, loans and receivables previously measured at amortised cost using the effective interest rate method less impairment have been classified at fair value through profit and loss ("FVTPL"). This has not led to a material change in value and so has not led to a restatement of comparatives.

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.

Upon initial recognition (using trade date accounting) investments are classified by the Company as 'at fair value through profit or loss' 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.

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 fair value through profit and loss.

Notes to the condensed Financial Statements

continued

Investment income

Unquoted equity income

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

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.

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 revenue account 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.

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.

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 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	<u>1,522</u>	<u>300</u>	<u>649</u>
Unrealised gains sub-total	<u>1,522</u>	<u>300</u>	<u>649</u>
Realised gains on fixed asset investments held at fair value through profit or loss	7	9	583
Realised gains on current asset investments held at fair value through profit or loss	<u>-</u>	<u>39</u>	<u>32</u>
Realised gains sub-total	<u>7</u>	<u>48</u>	<u>615</u>
	<u>1,529</u>	<u>348</u>	<u>1,264</u>

4. Investment income

	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
Income recognised on investments held at fair value through profit or loss			
Loan stock interest	587	531	1,114
UK dividend income	50	39	76
Bank deposit interest	<u>41</u>	<u>36</u>	<u>68</u>
	<u>678</u>	<u>606</u>	<u>1,258</u>

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

Notes to the condensed Financial Statements

continued

5. Investment management fees

	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
Investment management fee charged to revenue	116	103	210
Investment management fee charged to capital	347	309	628
	463	412	838

Further details of the management agreement under which the investment management fee is paid are given in the Strategic report on page 9 of the Annual Report and Financial Statements for the year ended 31 March 2015.

During the period, services of a total value of £463,000 (30 September 2014: £412,000; 31 March 2015: £838,000) 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 £247,000 (30 September 2014: £211,000; 31 March 2015: £216,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the period, the Company was charged £10,800 including VAT (30 September 2014: £10,800; 31 March 2015: £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 £5,400 (30 September 2014: £5,400; 31 March 2015: £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 2015, fees of £82,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2014: £79,000; 31 March 2015: £194,000).

6. Dividends

	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
Dividend of 2.50p per share paid on 29 August 2014	–	875	875
Dividend of 2.50p per share paid on 27 February 2015	–	–	916
Dividend of 2.50p per share paid on 28 August 2015	999	–	–
	999	875	1,791

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2016 of 2.50 pence per share which will be paid on 29 February 2016 to shareholders on the register as at 12 February 2016. This is expected to amount to approximately £1,010,000.

Notes to the condensed Financial Statements

continued

7. Basic and diluted return per share

	Unaudited six months ended 30 September 2015			Unaudited six months ended 30 September 2014			Audited year ended 31 March 2015		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	<u>371</u>	<u>1,251</u>	<u>1,622</u>	326	104	430	<u>728</u>	<u>767</u>	<u>1,495</u>
Weighted average shares in issue (excluding treasury shares)	<u>39,600,517</u>			34,705,763			<u>35,154,858</u>		
Return attributable per Ordinary share (pence) (basic and diluted)	<u>0.94</u>	<u>3.16</u>	<u>4.10</u>	0.94	0.30	1.24	<u>2.07</u>	<u>2.18</u>	<u>4.25</u>

The weighted average number of shares is calculated excluding treasury shares of 5,288,000 (30 September 2014: 4,179,000; 31 March 2015: 4,907,000).

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.

8. Called up share capital

	Unaudited 30 September 2015 £'000	Unaudited 30 September 2014 £'000	Audited 31 March 2015 £'000
Allotted, called up and fully paid			
45,702,613 Ordinary shares of 1 penny each (30 September 2014: 39,453,306; 31 March 2015: 40,931,339)	<u>457</u>	<u>395</u>	<u>409</u>

Voting rights

40,414,613 shares of 1 penny each (net of treasury shares) (30 September 2014: 35,274,306; 31 March 2015: 36,024,339).

In the six months to 30 September 2015, the Company purchased 381,000 shares (30 September 2014: 505,000; 31 March 2015: 1,233,000) to be held in treasury at a cost of £343,000 (30 September 2014: £451,000; 31 March 2015: £1,094,000), representing 0.9 per cent. of the shares in issue (excluding treasury shares) as at 30 September 2015.

The Company holds a total of 5,288,000 shares (30 September 2014: 4,179,000; 31 March 2015: 4,907,000) in treasury representing 11.6 per cent. of the shares in issue as at 30 September 2015.

Notes to the condensed Financial Statements

continued

8. Called up share capital (continued)

Under the terms of the Dividend Reinvestment Scheme, Circular dated 26 November 2009, the following Ordinary shares of nominal value 1 penny were allotted during the period to 30 September 2015:

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)
28 August 2015	143,182	1	96.51	136	90.50

Under the terms of the Albion VCTs Prospectus Top Up Offers 2014/2015, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 September 2015:

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)
2 April 2015	3,295,686	33	97.40	3,114	87.50
30 June 2015	609,587	6	99.20	586	87.50
30 June 2015	37,437	–	98.20	36	87.50
30 June 2015	11,988	–	98.70	12	87.50
30 September 2015	673,394	7	99.50	650	90.50
	4,628,092	46		4,398	

9. Reconciliation of revenue return on ordinary activities before taxation to net cash flow from operating activities

	Unaudited six months ended 30 September 2015 £'000	Unaudited six months ended 30 September 2014 £'000	Audited year ended 31 March 2015 £'000
Revenue return on ordinary activities before taxation	451	401	847
Investment management fee charged to capital	(347)	(309)	(628)
Movement in accrued amortised loan stock interest	(14)	4	(65)
(Increase)/decrease in debtors	(4)	7	4
Increase/(decrease) in creditors	23	(5)	12
Corporation tax recovered/(paid)	35	–	(15)
Net cash flow from operating activities	144	98	155

Notes to the condensed Financial Statements

continued

10. Commitments and contingencies

As at 30 September 2015, the Company had the following financial commitments in respect of investments:

- DySIS Medical Limited, £285,000
(30 September 2014: £399,000; 31 March 2015: £872,000).

There are no contingent liabilities or guarantees given by the Company as at 30 September 2015 (30 September 2014: £nil, 31 March 2015: £nil).

11. Post balance sheet events

Since 30 September 2015, the Company has had the following post balance sheet events:

Investment of £304,000 in Relayware Limited;
Investment of £211,000 in DySIS Medical Limited;
Investment of £115,000 in Grapeshot Limited;
Investment of £84,000 in Dickson Financial Services Limited (t/a Innovation Broking);
Investment of £80,000 in Panaseer Limited;
Investment of £76,000 in Aridhia Informatics Limited;
Investment of £48,000 in Sandcroft Avenue Limited; and
Investment of £41,000 in Process Systems Enterprise Limited.

On 17 November 2015 the Company announced the publication of a prospectus in relation to an offer for subscription for new Ordinary shares. The Company is aiming to raise circa £4.25 million out of a target of £25.5 million in aggregate that the Albion VCTs are seeking to raise. In addition, the Board may elect to allot up to a further £1.75 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 forms part of the Prospectus, will be sent to shareholders shortly.

12. Related party transactions

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

13. 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 2015, and is detailed on pages 50 and 51 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 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council.

14. 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 2015 and 30 September 2014, and is unaudited. The information for the year ended 31 March 2015 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.

15. 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/ourfunds/AAEV.htm.

Albion Enterprise VCT PLC

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