

Half-yearly Financial
Report (unaudited) for
the six months to
30 September 2009



Albion Enterprise VCT PLC

ALBIONVENTURES

Contents

Page

- 2 Company information
- 3 Investment objectives and financial calendar
- 4 Financial highlights
- 5 Interim management report
- 7 Responsibility statement
- 8 Portfolio of investments
- 10 Summary income statement
- 11 Summary balance sheet
- 12 Summary reconciliation of movements in shareholders' funds
- 14 Summary cash flow statement
- 15 Notes to the summarised financial statements

Company information

Company number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P Reeve
Company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
Manager	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
Registrar	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Legal advisor	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA

Albion Enterprise VCT PLC is a member of the Association of Investment Companies.

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Capita Registrars Limited: Tel: 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am – 5.30pm Mon-Fri) Email: ssd@capitaregistrars.com Website: www.capitaregistrars.com For enquiries relating to the performance of the Fund please contact Albion Ventures LLP: Tel: 020 7601 1850 Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk
IFA information	Independent financial advisors with questions please contact Albion Ventures LLP: Tel: 08442 579 722 (calls cost 4p per minute plus network extras, lines are open 9.00am – 5.30pm Mon-Fri) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk

Investment objectives

The aim of Albion Enterprise VCT is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth. Once invested, the Company intends to achieve this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-Based Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a growth portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be held in gilts, on deposit or invested in floating rate notes or similar instruments, in the latter two cases with banks with a Moody's credit rating of 'A' or above.

The Company's investment portfolio will thus be 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 highly diversified exposure through its portfolio of investments in unquoted UK companies.

Financial calendar

Record date for second dividend	4 December 2009
Payment of second dividend	6 January 2010
Financial year end	31 March 2010

Financial highlights

	30 September 2009 (pence per share)	30 September 2008 (pence per share)	31 March 2009 (pence per share)
Net asset value per share	87.71	92.52	88.82
Dividends paid	1.00	0.40	1.65
Revenue return per share	0.48	1.38	2.11
Capital return per share	(0.59)	(2.77)	(5.93)

(pence per share)

Net asset value total return to shareholders since launch:

Dividends paid during the period ended 31 March 2008*	0.70
Dividends paid during the year ended 31 March 2009*	1.65
Dividends paid during the six months ended 30 September 2009	1.00
	<hr/>
Total dividends paid to 30 September 2009	3.35
Net asset value as at 30 September 2009	87.71
	<hr/>

Total shareholder net asset value return to 30 September 2009

91.06

* These dividends were paid to shareholders who subscribed in the 2006/2007 offer only.

In addition to the above dividends, the Company will pay a second dividend of 1 penny per share on 6 January 2010 to shareholders on the register at 4 December 2009.

Notes

- *All dividends paid by the Company are free of income tax. It is an HMRC requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their 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.*

Interim management report

Introduction

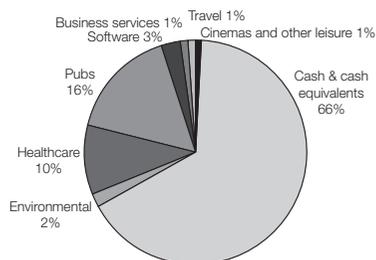
Your Company showed respectable results for the six months to 30 September 2009 against a difficult economic background, with net asset value per share at 87.7 pence, after a first dividend of 1 penny, against 88.8 pence at 31 March 2009. Income fell sharply during the period, as interest on cash deposits and instruments fell in line with the decline in market rates, which was partly offset by increased income from the qualifying unquoted investment portfolio. The first tranche of the VCT's funds that were raised in 2007 are now 56 per cent. invested, and based on investments committed or identified are set to exceed 70 per cent. by the Company's third anniversary of 31 March 2010.

Investment progress and prospects

The investment portfolio continues to be built up in line with the VCT's strategy of balancing an asset-based with a growth portfolio. The trading within the portfolio of pub investments has proved to be resilient in a difficult climate, with improved performance following the merger of Welland Inns VCT Limited with the Charwood Pub Company Limited. Meanwhile we have invested up to £2.8 million in Geronimo Inns I and II VCT Limited, which have acquired four landmark freehold London pubs, and where early performance is promising. A further investment is due shortly in Taunton Hospital Limited, which is due to develop a specialist psychiatric unit on a freehold site outside Taunton.

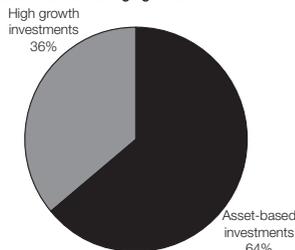
The growth portfolio is continuing to develop, with particular emphasis on the healthcare sector, including medical diagnostics. Although a provision was made against Oxsensis Limited, a developer of ultra-high temperature sensors, following slightly slower progress than originally hoped for, the portfolio as a whole is showing resilience and the prospects for further growth.

The following is the current split of the investment portfolio by sector.



Source: Albion Ventures LLP

Split of investment portfolio between asset-based and high growth investments



Source: Albion Ventures LLP

Related party transactions

Details of material related party transactions for the reporting period can be found in note 13 to this Half-yearly Financial Report.

Going concern

The Board's assessment is that liquidity risk remains low, and this is as detailed on page 47 of the Annual Report and Financial Statements for the year ended 31 March 2009. The Company has significant cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Accordingly, after making reasonable 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 the accounts in accordance with Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009, published by the Financial Reporting Council.

Interim management report continued

Risks and uncertainties

The key risks affecting the Company remain the recession in the UK and the difficult continuing outlook for the world economy in general. It is our policy that portfolio companies do not have external gearing, and as a result, our portfolio remains relatively well equipped to cope with this broader, negative climate. Other risks and uncertainties remain unchanged, and are as detailed on page 20 of the Annual Report & Financial Statements for the year ended 31 March 2009.

Dividend Reinvestment Scheme

I draw shareholders' attention to the introduction of a Dividend Reinvestment Scheme whereby shareholders may elect to reinvest future dividends by subscribing for New Ordinary Shares. Benefits to individual shareholders arising on participation in the Dividend Reinvestment Scheme include:

- income tax relief on the reinvestment at the rate of 30 per cent. (VCT investments cannot exceed £200,000 in one tax year to be able to obtain this relief and new shares need to be held for at least five years);
- any gains arising on disposal of shares in a VCT will be exempt from tax (any loss will not be an allowable capital loss); and
- any future dividends on the new shares are not subject to income tax.

The Circular dated 26 November 2009 which is enclosed with this Half-yearly Financial Report, 'Introduction of a Dividend Reinvestment Scheme', details the mechanics of this Scheme. When making a decision to participate, shareholders should bear in mind the fact that the price at which shares trade in the stock market normally represents a discount to net asset value; currently, this discount is 20 per cent. This is expected to narrow in due course.

Outlook

The fact that it is not our policy for portfolio companies to have external borrowings, combined with the unique market positions of many of our portfolio companies, leads us to be positive about the portfolio's prospects. In addition, with significant cash resources, and investment opportunities being available at attractive valuations, we believe that the Company is well positioned to deliver value to shareholders over the long term.

Results and dividends

As at 30 September 2009, the net asset value of the Company was £26.6 million or 87.7 pence per share, its revenue attributable to shareholders was £145,000 and your Board now declares a second dividend for the year of 1 penny per share which will be paid on 6 January 2010 to those shareholders on the register at 4 December 2009.

M Packe

Chairman

26 November 2009

Responsibility statement

The Directors, as listed on page 2 of this Report, are responsible for preparing the Half-yearly Financial Report. The Directors have chosen to prepare this Half-yearly Financial Report for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

In preparing these summarised financial statements for the period to 30 September 2009, we the Directors of the Company, confirm that to the best of our knowledge:

- (a) the summarised set of financial statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;
- (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);
- (c) the summarised set of financial statements gives a true and fair view in accordance with UK GAAP of the assets, liabilities, financial position

and profit and loss of the Company for the six months ended 30 September 2009 and comply with UK GAAP and Companies Act 1985 and 2006 and;

- (d) 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).

The accounting policies applied to the Half-yearly Financial Report have been consistently applied in current and prior periods and are those applied in the Annual Report and Financial Statements for the year ended 31 March 2009.

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

By order of the Board of Directors

M Packe

Chairman

26 November 2009

Portfolio of investments

The following is a summary of qualifying fixed asset investments as at 30 September 2009:

Qualifying investments	% voting rights	% voting rights of AVL* managed companies	Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000
Investee company					
Asset-based investments					
Bravo Inns II Limited	14.0	49.6	1,455	(45)	1,410
Geronimo Inns VCT I Limited	18.0	50.0	1,000	18	1,018
Geronimo Inns VCT II Limited	18.0	50.0	1,000	18	1,018
Taunton Hospital Limited	18.7	50.0	1,000	(3)	997
Bravo Inns Limited	8.4	50.0	750	(348)	402
The Charnwood Pub Company Limited	1.2	50.0	290	(96)	194
CS (Norwich) Limited	6.3	50.0	100	(33)	67
Total asset-based investments			5,595	(489)	5,106
Growth investments					
Forth Photonics Limited	4.5	12.2	555	-	555
Prime Care Holdings Limited	11.1	48.5	457	20	477
Mi-Pay Limited	7.3	38.5	586	(127)	459
Dexela Limited	5.6	34.8	430	-	430
Opta Sports Data Limited	2.8	14.0	300	26	326
Point 35 Microstructures Limited	5.1	26.0	384	(124)	260
Oxsensis Limited	4.1	22.3	380	(190)	190
Vibrant Energy Assessors Limited	14.0	50.0	618	(450)	168
Mirada Medical Limited	15.0	45.0	167	-	167
Process Systems Enterprise Limited	2.3	11.9	295	(147)	148
Lowcosttravelgroup Limited	1.0	26.0	270	(173)	97
Total growth investments			4,442	(1,165)	3,277
Total qualifying investments			10,037	(1,654)	8,383

The following is a summary of non-qualifying fixed asset investments as at 30 September 2009:

Non-qualifying investments	% voting rights	% voting rights of AVL* managed companies	Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000
Geronimo Inns VCT I Limited	-	50.0	400	-	400
Geronimo Inns VCT II Limited	-	50.0	400	-	400
Total non-qualifying investments			800	-	800

Portfolio of investments continued

The following is a summary of current asset investments as at 30 September 2009:

Current asset investments

	Investment at cost £'000	Cumulative movement in carrying/fair value £'000	Total carrying/fair value £'000
Bank of America floating rate note 2 February 2011	1,899	54	1,953
Bank of Nova Scotia floating rate note 22 September 2010	2,186	12	2,198
Barclays Bank floating rate note 2 July 2010	3,760	19	3,779
HBOS floating rate note 17 December 2009	447	2	449
Nationwide Building Society floating rate note 7 June 2010	1,864	(16)	1,848
UBS AG floating rate note 20 May 2011	2,500	33	2,533
Total current asset investments	12,656	104	12,760

* AVL is Albion Ventures LLP.

Summary income statement

	Note	Unaudited six months ended 30 September 2009			Unaudited six months ended 30 September 2008			Audited year ended 31 March 2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	36	36	-	(618)	(618)	-	(1,434)	(1,434)
Investment income	4	351	-	351	734	-	734	1,248	-	1,248
Investment management fees		(84)	(255)	(339)	(100)	(299)	(399)	(181)	(542)	(723)
Recovery of VAT		-	-	-	-	-	-	10	28	38
Other expenses		(83)	-	(83)	(93)	-	(93)	(203)	-	(203)
Return/(loss) on ordinary activities before taxation		184	(219)	(35)	541	(917)	(376)	874	(1,948)	(1,074)
Tax (charge)/credit on ordinary activities		(39)	39	-	(124)	79	(45)	(234)	153	(81)
Return/(loss) attributable to equity holders		145	(180)	(35)	417	(838)	(421)	640	(1,795)	(1,155)
Basic and diluted return/(loss) per share (pence)*	6	0.48	(0.59)	(0.11)	1.38	(2.77)	(1.39)	2.11	(5.93)	(3.82)

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the period ended 30 September 2008 and the audited statutory accounts for the year ended 31 March 2009.

The accompanying notes on pages 15 to 19 form an integral part of this Half-yearly Financial Report.

The total column of this Summary 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 total recognised gains and losses is not required. The difference between the reported loss 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.

Summary balance sheet

	Note	Unaudited 30 September 2009 £'000	Unaudited 30 September 2008 £'000	Audited 31 March 2009 £'000
Investments				
Qualifying		8,383	3,742	5,804
Non-qualifying		800	–	–
Total fixed asset investments	7	9,183	3,742	5,804
Current assets				
Trade and other debtors		25	100	30
Current asset investments	7	12,760	18,605	12,123
Cash at bank	10	4,961	6,029	9,319
		17,746	24,734	21,472
Creditors: amounts falling due within one year		(345)	(386)	(348)
Net current assets		17,401	24,348	21,124
Net assets		26,584	28,090	26,928
Capital and reserves				
Called up share capital	8	15,180	15,180	15,180
Share premium		–	4,703	–
Unrealised capital reserve		(1,645)	(863)	(1,681)
Special reserve		13,473	8,787	13,473
Treasury shares reserve		(37)	–	(31)
Realised capital reserve		(830)	(475)	(614)
Revenue reserve		443	758	601
Total equity shareholders' funds		26,584	28,090	26,928
Net asset value per share (pence)*		87.71	92.52	88.82

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the period ended 30 September 2008 and the audited statutory accounts for the year ended 31 March 2009.

The accompanying notes on pages 15 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 26 November 2009 and were signed on its behalf by

M Packe
Chairman

Summary reconciliation of movements in shareholders' funds

	Called up share capital £'000	Share premium £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 April 2009 (audited)	15,180	-	(1,681)	13,473	(31)	(614)	601	26,928
Unrealised gains on investments	-	-	36	-	-	-	-	36
Capitalised investment management fees	-	-	-	-	-	(255)	-	(255)
Tax relief on costs charged to capital	-	-	-	-	-	39	-	39
Purchase of own treasury shares	-	-	-	-	(6)	-	-	(6)
Revenue return attributable to shareholders	-	-	-	-	-	-	145	145
Dividends paid	-	-	-	-	-	-	(303)	(303)
As at 30 September 2009 (unaudited)	15,180	-	(1,645)	13,473	(37)	(830)	443	26,584
As at 1 April 2008 (audited)	9,897	-	(262)	8,787	-	(238)	420	18,604
Issue of share capital	5,283	5,283	-	-	-	-	-	10,566
Issue costs	-	(580)	-	-	-	-	-	(580)
Net realised losses on investments in the period	-	-	-	-	-	(17)	-	(17)
Unrealised losses on investments	-	-	(601)	-	-	-	-	(601)
Capitalised investment management fees	-	-	-	-	-	(299)	-	(299)
Tax relief on costs charged to capital	-	-	-	-	-	79	-	79
Revenue return attributable to shareholders	-	-	-	-	-	-	417	417
Dividends paid	-	-	-	-	-	-	(79)	(79)
As at 30 September 2008 (unaudited)	15,180	4,703	(863)	8,787	-	(475)	758	28,090

Summary reconciliation of movements in shareholders' funds continued

	Called up share capital £'000	Share premium £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 April 2008 (audited)	9,897	–	(262)	8,787	–	(238)	420	18,604
Issue of share capital	5,283	5,283	–	–	–	–	–	10,566
Issue costs	–	(580)	–	–	–	–	–	(580)
Cost of cancellation of share premium account	–	–	–	(17)	–	–	–	(17)
Cancellation of share premium account	–	(4,703)	–	4,703	–	–	–	–
Net realised losses on investments in the year	–	–	–	–	–	(15)	–	(15)
Unrealised losses on investments	–	–	(1,419)	–	–	–	–	(1,419)
Capitalised investment management fees	–	–	–	–	–	(542)	–	(542)
Tax relief on costs charged to capital	–	–	–	–	–	153	–	153
Recovery of VAT capitalised	–	–	–	–	–	28	–	28
Purchase of own treasury shares	–	–	–	–	(31)	–	–	(31)
Revenue return attributable to shareholders	–	–	–	–	–	–	640	640
Dividends paid	–	–	–	–	–	–	(459)	(459)
As at 31 March 2009 (audited)	<u>15,180</u>	<u>–</u>	<u>(1,681)</u>	<u>13,473</u>	<u>(31)</u>	<u>(614)</u>	<u>601</u>	<u>26,928</u>

*Included within these reserves is an amount of £11,404,000 (30 September 2008: £8,207,000; 31 March 2009: £11,748,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution. As the Company has not revoked its Investment Company Status under Section 833 of the Companies Act 2006, the Company can only pay dividends out of the Revenue reserve.

Summary cash flow statement

	Note	Unaudited six months ended 30 September 2009 £'000	Unaudited six months ended 30 September 2008 £'000	Audited year ended 31 March 2009 £'000
Operating activities				
Investment income received		375	582	776
Deposit interest received		43	247	311
Investment management fees paid		(393)	(272)	(527)
Other cash (payments)/receipts		(112)	9	(188)
Net cash (outflow)/inflow from operating activities	9	(87)	566	372
Taxation				
UK corporation tax received/(paid)		27	–	(126)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(3,419)	(1,493)	(4,286)
Net cash outflow from investing activities		(3,419)	(1,493)	(4,286)
Management of liquid resources				
Purchase of current asset investments		(4,399)	(21,298)	(22,544)
Disposal of current asset investments		3,836	3,983	11,933
Net cash outflow from management of liquid resources		(563)	(17,315)	(10,611)
Equity dividends paid				
Dividends paid		(303)	(79)	(459)
Net cash outflow before financing		(4,345)	(18,321)	(15,110)
Financing				
Issue of ordinary share capital		–	10,567	10,568
Purchase of own shares		(13)	–	(24)
Expenses of issue of ordinary share capital		–	(580)	(478)
Net cash (outflow)/inflow from financing		(13)	9,987	10,066
Decrease in cash	10	(4,358)	(8,334)	(5,044)

Notes to the summarised financial statements for the six months to 30 September 2009

1. Accounting convention

The 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 and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Fixed and current asset investments

Unquoted equity investments

In accordance with FRS 26 "Financial Instruments: Recognition and Measurement", unquoted equity investments are designated as fair value through profit or loss ("FVTPL"). Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement in accordance with the AIC SORP. Realised gains or losses on the sale of investments will be reflected in the Realised capital reserve, and unrealised gains or losses arising from the revaluation of investments will be reflected in the Unrealised capital reserve.

Warrants, convertibles and unquoted equity derived instruments

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date, and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

Unquoted loan stock and Euro commercial paper

Unquoted loan stock and Euro Commercial Paper are classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method ("EIR") less impairment. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the Revenue reserve, and movements in respect of capital provisions are reflected in the capital column of the

Income statement, and are reflected in the Realised capital reserve following sale, or in the Unrealised capital reserve on revaluation.

For all unquoted loan stock, whether re-negotiated, past due or impaired, the Board considers that the fair value is equal to or greater than the security value of these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the effective interest rate.

Unquoted loan stocks are classified as fixed asset investments in the balance sheet.

Floating rate notes

In accordance with FRS 26 "Financial Instruments: Recognition and Measurement", floating rate notes are designated as FVTPL. Floating rate notes are valued at market bid price at the balance sheet date. Floating rate notes are classified as current asset investments as they are investments held for the short term.

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.

Loan stock accrued interest is recognised in the Balance sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

It is not the Company's policy to exercise control or significant influence over investee companies. Therefore in accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent. of the equity are not regarded as associated undertakings.

Investment income

Unquoted equity income

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

Unquoted loan stock and Euro commercial paper income and other preferred income

The returns on non-equity shares and debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

Notes to the summarised financial statements for the six months to 30 September 2009 continued

2. Accounting policies continued

Bank interest income

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

Floating rate note income

Floating rate note income is recognised on an accruals basis using the interest rate applicable to the floating rate note at that time.

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 the capital account to the extent that these relate to an enhancement in the value of the investments. 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.

Under the terms of the management agreement, total expenses including management fees and excluding performance fees will not exceed 3.5 per cent. of the net asset value per annum.

Taxation

Taxation is applied on a current basis in accordance with FRS 16 "Current tax". Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 "Deferred tax", deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

The specific nature of taxation of venture capital trusts means that it is unlikely that any deferred tax will arise. The Directors have considered the requirements of FRS 19 and do not believe that any provision should be made.

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between Revenue and Realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

Reserves

Unrealised capital reserves

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

Special reserve

This reserve was created on the cancellation of the Company's share premium account, is distributable and amongst other purposes, can be used for making market purchases and effecting tender offers of Ordinary shares, offsetting of losses to enable the Company to pay dividends, or can be used for the same purposes that the Company could use a share premium account.

Treasury shares reserve

This reserve accounts for amounts by which the distributable reserves of the Company are diminished through the repurchase of the Company's own shares for treasury.

Realised capital reserves

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments; and
- expenses, together with the related taxation effect, charged in accordance with the above policies.

Dividends

In accordance with FRS 21 "Events after the balance sheet date", dividends declared by the Company are accounted for in the period in which the dividend has been paid or approved by shareholders in an Annual General Meeting.

Notes to the summarised financial statements for the six months to 30 September 2009 continued

3. Gains/(losses) on investments

	Unaudited six months ended 30 September 2009 £'000	Unaudited six months ended 30 September 2008 £'000	Audited year ended 31 March 2009 £'000
Unrealised losses on fixed asset investments held at fair value through profit or loss account	(162)	(610)	(1,251)
Unrealised gains/(losses) on investments held at amortised cost	11	–	(108)
Unrealised losses on fixed asset investments	(151)	(610)	(1,359)
Unrealised gains/(losses) on current asset investments held at fair value through profit or loss account	187	9	(60)
Unrealised gains/(losses) sub total	36	(601)	(1,419)
Realised losses on current asset investments held at fair value through profit or loss account	–	(17)	(15)
	36	(618)	(1,434)

Investments valued on amortised cost basis are unquoted loan stock investments as described in note 2.

4. Investment income

	Unaudited six months ended 30 September 2009 £'000	Unaudited six months ended 30 September 2008 £'000	Audited year ended 31 March 2009 £'000
Income recognised on investments held at fair value through profit or loss			
Floating rate note interest	90	173	317
Bank deposit interest	37	233	312
Treasury gilt edged stock interest	–	255	348
	127	661	977
Income recognised on investments held at amortised cost			
Return on loan stock investments	173	64	159
Euro commercial paper interest	51	9	112
	351	734	1,248

5. Dividends

	Unaudited six months ended 30 September 2009 £'000	Unaudited six months ended 30 September 2008 £'000	Audited year ended 31 March 2009 £'000
Dividend of 0.4p per share paid on 15 August 2008	–	79	79
Dividend of 1.25p per share paid on 9 January 2009	–	–	380
Dividend of 1.0p per share paid on 7 August 2009	303	–	–
	303	79	459

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2010 of 1 penny per share to be paid on 6 January 2010 to shareholders on the register on 4 December 2009. This is expected to amount to approximately £303,000.

Notes to the summarised financial statements for the six months to 30 September 2009 continued

6. Basic and diluted return per share

Return per share has been calculated on 30,309,252 shares (30 September 2008: 30,187,643; 31 March 2009: 30,266,779), being the weighted number of shares in issue for the year, excluding treasury shares of 51,633 (30 September 2008: nil; 31 March 2009: 43,300).

There are no convertible instruments, derivatives or contingent share agreements in issue for Albion Enterprise VCT PLC 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.

7. Investments

Fixed asset investments held at fair value through profit or loss total £3,640,000 (30 September 2008: £1,998,000; 31 March 2009: £2,624,000). Fixed asset investments held at amortised cost total £5,543,000 (30 September 2008: £1,744,000; 31 March 2009: £3,180,000).

Current asset investments held at fair value through profit or loss total £12,760,000 (30 September 2008: £14,749,000; 31 March 2009: £8,174,000). Current asset investments held at amortised cost total £nil (30 September 2008: £3,846,000; 31 March 2009: £3,949,000).

8. Called up share capital

	Unaudited 30 September 2009 £'000	Unaudited 30 September 2008 £'000	Audited 31 March 2009 £'000
Authorised			
50,000,000 Ordinary shares of 50p each (30 September 2008 and 31 March 2009: 50,000,000)	25,000	25,000	25,000
Allotted, called up and fully paid			
30,360,885 Ordinary shares of 50p each (30 September 2008 and 31 March 2009: 30,360,885)	15,180	15,180	15,180

During the period to 30 September 2009, the Company purchased 8,333 Ordinary shares to be held in treasury at a cost of £6,000, representing 0.03 per cent. of its issued share capital as at 1 April 2009. The shares purchased for treasury were funded from the treasury shares reserve. The total number of Ordinary shares held in treasury as at 30 September 2009 was 51,633 (30 September 2008: nil; 31 March 2009: 43,300) representing 0.17 per cent. of share capital as at 1 April 2009.

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

	Unaudited six months ended 30 September 2009 £'000	Unaudited six months ended 30 September 2008 £'000	Audited year ended 31 March 2009 £'000
Revenue return on ordinary activities before taxation	184	541	874
Investment management fee charged to capital	(255)	(299)	(542)
Recovery of VAT charged to capital	-	-	28
Movement in accrued amortised loan stock interest	51	(21)	(30)
Decrease/(increase) in operating debtors	4	180	(128)
(Decrease)/increase in operating creditors	(71)	165	170
Net cash (outflow)/inflow from operating activities	(87)	566	372

Notes to the summarised financial statements for the six months to 30 September 2009 continued

10. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2009 £'000	Unaudited six months ended 30 September 2008 £'000	Audited year ended 31 March 2009 £'000
Opening cash balances	9,319	14,363	14,363
Net cash outflow	(4,358)	(8,334)	(5,044)
Closing cash balances	4,961	6,029	9,319

11. Contingencies, guarantees and financial commitments

At 30 September 2009 the Company had no guarantees or commitments (30 September 2008: nil; 31 March 2009: nil).

12. Post balance sheet events

Since 30 September 2009, the Company has completed the following transactions:

- Investment in Mi-Pay Limited of £28,000
- Investment in Vibrant Energy Assessors Limited of £14,000
- Disposal of Bank of America floating rate note (maturity date 2 February 2011) for £1,972,000
- Disposal of Nationwide Building Society floating rate note (maturity date 7 June 2010) for £1,869,000
- Disposal of Barclays Bank floating rate note (maturity date 2 July 2010) for £3,788,000

13. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that Patrick Reeve, a Director of the Company, is also a Partner of the Manager. The Manager is party to a management agreement from the Company. During the period, services of a total value of £339,000 (30 September 2008: £399,000; 31 March 2009: £723,000) were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP disclosed as accruals and deferred income was £166,000 (30 September 2008: £189,000; 31 March 2009: £219,000).

Patrick Reeve, is a Director of the Company, and is also the Managing Partner of Albion Ventures LLP, which is the Manager of the Fund. During the period, the Company was charged £10,000 including VAT (30 September 2008: £10,000; 31 March 2009: £20,000) 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 accruals and deferred income was £5,000 (30 September 2008: £6,000; 31 March 2009: £5,000).

Maxwell Packe is the Chairman of the Board and a shareholder in Vibrant Energy Assessors Limited, a company in which Albion Enterprise VCT PLC is invested. During the period, the Company invested £56,000 in Vibrant Energy Assessors Limited. At the financial period end, the Company held equity with a value of £18,000, and loan stock with a value of £150,000. During the period, the Company received loan stock interest of £5,000.

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 434 of the Companies Act 2006 for the periods ended 30 September 2009 and 30 September 2008, and is unaudited. The information for the year ended 31 March 2009 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 and is derived from the statutory accounts for the financial year, which have been delivered to the Registrar of Companies. The auditors reported on these accounts; their reports were 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 FSA viewing facility and also electronically at www.albion-ventures.co.uk under the 'Our Funds' section.

Albion Enterprise VCT PLC

ALBIONVENTURES