

Half-yearly Financial
Report (unaudited) for
the six months to
30 September 2010



Albion Enterprise VCT PLC

ALBIONVENTURES

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Company information

Company number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P Reeve
Investment manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF Tel: 020 7601 1850 Fax: 020 7601 1875 www.albion-ventures.co.uk
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 adviser	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 Monday to Friday)
Email: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

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

For enquiries relating to the performance of the Fund please contact Albion Ventures LLP:
Tel: 020 7601 1850 (calls may be recorded; lines are open 9.00am – 5.30pm Monday to Friday)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

IFA information

Independent Financial Advisers with questions please contact Albion Ventures LLP:
Tel: 020 7601 1850 (calls may be recorded, lines are open 9.00am – 5.30pm Monday to Friday)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

Investment objectives

The aim of Albion Enterprise VCT (the 'Company') 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	28 January 2011
Payment date for second dividend	28 February 2011
Financial year end	31 March 2011

Financial highlights (unaudited)

	Unaudited six months ended 30 September 2010 (pence per share)	Unaudited six months ended 30 September 2009 (pence per share)	Audited year ended 31 March 2010 (pence per share)
Net asset value per share	88.10	87.70	88.25
Dividends paid	1.50	1.00	2.00
Revenue return per share	0.72	0.48	1.01
Capital return/(loss) per share	0.62	(0.59)	0.43

(pence per share)

Net asset value total return to shareholders since launch:

Dividends paid during the period ended:

31 March 2008	0.70
31 March 2009	1.65
31 March 2010	2.00
30 September 2010	1.50

Total dividends paid to 30 September 2010 5.85

Net asset value as at 30 September 2010 88.10

Total net asset value return to 30 September 2010 **93.95**

In addition to the above dividends, the Company will pay a second dividend of 1.5 pence per share on 28 February 2011 to shareholders on the register at 28 January 2011.

Notes

- The dividend of 0.7 pence per share paid during the period ended 31 March 2008 and first dividend of 0.4 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 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's results for the six months to 30 September 2010 show a total return of 1.34 pence per share. This is encouraging progress against a continued, subdued economic background; as the investment portfolio continues to be built up, income increased by over 30 per cent. against the same period last year, while a number of our portfolio companies are beginning to show increasing progress. Net asset value, after the payment of the first dividend for the year of 1.5 pence per share on 7 August 2010, was 88.10 pence per share.

Investment progress and prospects

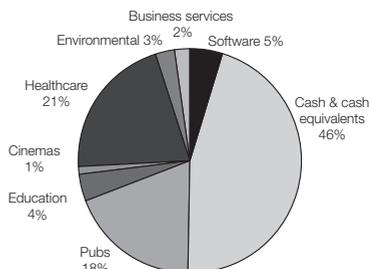
The investment portfolio continues to be built up in line with the VCT's strategy, of balancing an asset-based with a growth portfolio. During the period, some £4.0 million was committed for investment in three portfolio companies. This included £1.7 million in Radnor House School, a new independent school being developed as a freehold site on the Thames at Twickenham, £1.3 million in TEG Biogas (Perth), which is developing a waste-to-energy power station in Scotland and £980,000 in Masters Pharmaceuticals, a distributor of pharmaceuticals to the developing world, in particular Central and South America.

As regards the existing portfolio, strong performance was seen from Dexela, which develops imaging products for the cancer diagnostics market, Mirada Medical, which produces software products, again for the cancer diagnostics market and Point 35 Microstructures, which designs and manufactures capital equipment for the semi conductor market. In addition, Geronimo Inns, which owns and operates four landmark freehold pubs in central London, showed continued growth. Against this, the rapid market penetration seen to date at Opta Sports Data has shown signs of slowing, resulting in a partial provision against the investment.

Looking forwards, your Company still has sufficient cash resources to take advantage of the many opportunities that are currently arising. The two key areas for investment that we are currently concentrating on are the broader healthcare market (ranging from care services to medical technology) and the environment (concentrating particularly on renewable energy projects). We believe that both these areas will provide a good source of growth in

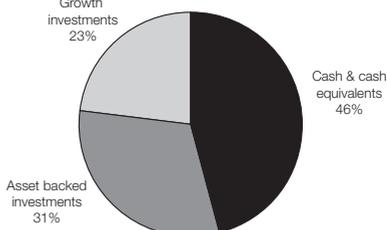
the future and that opportunities are currently available at attractive values.

The following shows the current split of the investment portfolio by sector and by nature of investment.



Source: Albion Ventures LLP

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



Source: Albion Ventures LLP

Albion VCTs Linked Top Up Offer

On 1 November 2010, the Company announced the launch of the Albion VCTs Linked Top Up Offer. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across all of the seven VCTs managed by Albion Ventures LLP, of which the Company's share will be approximately £2.25 million.

The maximum amount raised by each of the Albion VCTs will be the lower of Euros 2.5 million, and 10 per cent. of its issued share capital (over any one 12 month period, and including any shares issued under Dividend Reinvestment Schemes), being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus. The number of new shares available may change depending on the £: euro exchange rate at the date of allotment.

The proceeds of the Offer will be used to provide further resources to the Albion VCTs at a time when

Interim management report continued

a number of attractive new investment opportunities are being seen.

An Investor Guide and Offer Document have been sent to shareholders.

Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company. Although current indications are that renewed growth in the UK economy has become more firmly established, continuing uncertainty remains as to the impact on the economy of the Coalition Government's impending public spending cuts. Your Company continues, however, to be cash generative while investment risk is mitigated through our policy of ensuring that the Company has a first charge over portfolio companies' assets. Meanwhile, opportunities within our target sectors continue to arise at attractive valuations, including the healthcare sector which continues to be one of our core areas of concentration.

Other risks and uncertainties remain unchanged, and are as detailed on pages 17 and 18 of the Annual Report and Financial Statements for the year ended 31 March 2010.

Related party transactions

Details of material related party transactions for the reporting period can be found in note 12 to this Half-yearly Financial Report.

Results and dividends

As at 30 September 2010, the net asset value of the Company was 88.10 pence per share or £26.7 million, compared to 88.25 pence on 31 March 2010, or £26.8 million. The return on ordinary activities before taxation was £290,000 compared to £184,000 for the six months to 30 September 2009. The Directors declare a second dividend for the year of 1.5 pence per share payable on 28 February 2011 to shareholders on the register on 28 January 2011.

M Packe

Chairman

26 November 2010

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 2010, 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 2010 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 2010.

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 2010

Portfolio of investments

The following is a summary of qualifying fixed asset investments as at 30 September 2010:

	% voting rights	% voting rights of AVL* managed companies	Investment at cost £'000	Cumulative movement in carrying value £'000	Total carrying value £'000
Asset-based investments					
Geronimo Inns VCT I Limited	17.5	50.0	1,400	208	1,608
Geronimo Inns VCT II Limited	17.5	50.0	1,400	208	1,608
Bravo Inns II Limited	13.9	50.0	1,455	(66)	1,389
Taunton Nursing Home Limited	15.8	50.0	1,000	18	1,018
Radnor House School Limited	9.8	50.0	1,000	4	1,004
Orchard Portman Hospital Limited	10.2	50.0	664	24	688
Bravo Inns Limited	8.4	50.0	750	(342)	408
The Charnwood Pub Company Limited	1.2	50.0	290	(99)	191
CS (Norwich) Limited	6.3	50.0	100	(12)	88
Total asset-based investments			8,059	(57)	8,002
Growth investments					
Prime Care Holdings Limited	12.5	49.9	938	62	1,000
Masters Pharmaceuticals Limited	6.3	17.1	980	17	997
Forth Photonics Limited	6.8	18.4	925	-	925
Mi-Pay Limited	8.2	43.7	746	63	809
Opta Sports Data Limited	2.8	14.0	600	(57)	543
Mirada Medical Limited	15.0	45.0	278	213	491
Dexela Limited	5.6	34.8	430	-	430
Point 35 Microstructures Limited	5.1	26.0	384	-	384
Oxsensis Limited	3.8	20.7	503	(122)	381
TEG Biogas (Perth) Limited	16.4	50.0	296	-	296
Process Systems Enterprise Limited	3.1	16.0	295	(66)	229
Lowcosttravelgroup Limited	1.0	26.0	270	(194)	76
Green Energy Property Services Group Limited	6.5	23.4	79	(40)	39
Total growth investments			6,724	(124)	6,600
Total qualifying investments			14,783	(181)	14,602

The following is a summary of current asset investments as at 30 September 2010:

	Investment at cost £'000	Cumulative movement in carrying value £'000	Total carrying value £'000
UBS AG floating rate note 20 May 2011	2,500	18	2,518
Total current asset investments	2,500	18	2,518

* AVL is Albion Ventures LLP

Summary income statement

	Note	Unaudited six months ended 30 September 2010			Unaudited six months ended 30 September 2009			Audited year ended 31 March 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Profits on investments	3	–	374	374	–	36	36	–	547	547
Investment income	4	470	–	470	351	–	351	733	–	733
Investment management fees		(83)	(249)	(332)	(84)	(255)	(339)	(168)	(505)	(673)
Other expenses		(97)	–	(97)	(83)	–	(83)	(177)	–	(177)
Return/(loss) on ordinary activities before taxation		290	125	415	184	(219)	(35)	388	42	430
Tax (charge)/credit on ordinary activities		(73)	64	(9)	(39)	39	–	(83)	89	6
Return/(loss) attributable to equityholders		217	189	406	145	(180)	(35)	305	131	436
Basic and diluted return/(loss) per share (pence)*	6	0.72	0.62	1.34	0.48	(0.59)	(0.11)	1.01	0.43	1.44

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the period ended 30 September 2009 and the audited statutory accounts for the year ended 31 March 2010.

The accompanying notes on pages 13 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 2010 £'000	Unaudited 30 September 2009 £'000	Audited 31 March 2010 £'000
Fixed asset investments	7	14,602	9,183	11,908
Current assets				
Trade and other debtors		102	25	111
Current asset investments		2,518	12,760	2,536
Cash at bank	10	9,722	4,961	12,281
		12,342	17,746	14,928
Creditors: amounts falling due within one year		(238)	(345)	(78)
Net current assets		12,104	17,401	14,850
Net assets		26,706	26,584	26,758
Capital and reserves				
Called up share capital	8	15,204	15,180	15,189
Share premium		6	–	–
Unrealised capital reserve		(371)	(1,645)	(797)
Special reserve		13,435	13,473	13,473
Treasury shares reserve		(64)	(37)	(39)
Realised capital reserve		(1,721)	(830)	(1,368)
Revenue reserve		217	443	300
Total equity shareholders' funds		26,706	26,584	26,758
Basic and diluted net asset value per share (pence)*		88.10	87.70	88.25

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the period ended 30 September 2009 and the audited statutory accounts for the year ended 31 March 2010.

The accompanying notes on pages 13 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 2010 and were signed on its behalf by

M Packe

Chairman

Company number 05990732

Summary reconciliation of movement 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 2010 (audited)	15,189	–	(797)	13,473	(39)	(1,368)	300	26,758
Issue of share capital (net of costs)	15	6	–	–	–	–	–	21
Capitalised investment management fees	–	–	–	–	–	(249)	–	(249)
Tax relief on costs charged to capital	–	–	–	–	–	64	–	64
Purchase of own treasury shares	–	–	–	–	(25)	–	–	(25)
Net realised gains on investments	–	–	–	–	–	28	–	28
Unrealised gains on investments	–	–	346	–	–	–	–	346
Transfer of previously unrealised losses on sale of investments	–	–	80	–	–	(80)	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	217	217
Dividends paid	–	–	–	(38)	–	(116)	(300)	(454)
As at 30 September 2010 (unaudited)	15,204	6	(371)	13,435	(64)	(1,721)	217	26,706
As at 1 April 2009 (audited)	15,180	–	(1,681)	13,473	(31)	(614)	601	26,928
Capitalised investment management fees	–	–	–	–	–	(255)	–	(255)
Tax relief on costs charged to capital	–	–	–	–	–	39	–	39
Purchase of own treasury shares	–	–	–	–	(6)	–	–	(6)
Unrealised gains on investments	–	–	36	–	–	–	–	36
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 2009 (audited)	15,180	–	(1,681)	13,473	(31)	(614)	601	26,928
Issue of share capital (net of costs)	9	–	–	–	–	–	–	9
Capitalised investment management fees	–	–	–	–	–	(505)	–	(505)
Tax relief on costs charged to capital	–	–	–	–	–	89	–	89
Purchase of own treasury shares	–	–	–	–	(8)	–	–	(8)
Net realised gains on investments	–	–	–	–	–	198	–	198
Unrealised gains on investments	–	–	349	–	–	–	–	349
Transfer of previously unrealised losses on sale of investments	–	–	536	–	–	(536)	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	305	305
Dividends paid	–	–	–	–	–	–	(606)	(606)
As at 31 March 2010 (audited)	15,189	–	(797)	13,473	(39)	(1,368)	300	26,758

* Included within these reserves is an amount of £11,496,000 (30 September 2009: £11,404,000; 31 March 2010: £11,569,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Summary cash flow statement

	Note	Unaudited six months ended 30 September 2010 £'000	Unaudited six months ended 30 September 2009 £'000	Audited year ended 31 March 2010 £'000
Operating activities				
Investment income received		306	375	626
Deposit interest received		90	43	136
Investment management fees paid		(169)	(393)	(890)
Other cash payments		(73)	(112)	(229)
Net cash inflow/(outflow) from operating activities	9	154	(87)	(357)
Taxation				
UK corporation tax received/(paid)		6	27	(134)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(3,112)	(3,419)	(5,644)
Net cash outflow from investing activities		(3,112)	(3,419)	(5,644)
Management of liquid resources				
Purchase of current asset investments		(3,004)	(4,399)	(4,399)
Disposal of current asset investments		3,851	3,836	14,108
Net cash inflow/(outflow) from management of liquid resources		847	(563)	9,709
Equity dividends paid (net of costs of shares issued under the Dividend Reinvestment Scheme)		(433)	(303)	(597)
Net cash (outflow)/inflow before financing		(2,538)	(4,345)	2,977
Financing				
Purchase of own shares		(21)	(13)	(15)
Net cash outflow from financing		(21)	(13)	(15)
Cash (outflow)/inflow in the period	10	(2,559)	(4,358)	2,962

Notes to the unaudited summarised financial statements for the six months ended 30 September 2010

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

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.

Unquoted loan stock

Unquoted loan stock is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method 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 fully performing, 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.

Floating rate notes

In accordance with FRS 26, 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 portfolio 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 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 on a time apportionment basis using the 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.

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.

Notes to the unaudited summarised financial statements for the six months ended 30 September 2010 continued

2. Accounting policies continued

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.

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.

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.

Reserves

Unrealised capital reserve

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

Special reserve

The cancellation of the share premium account has created a special reserve that can be used to fund market purchases and subsequent cancellation of own shares, to cover gross realised losses, and for other distributable purposes.

Reserves

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 reserve

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 unaudited summarised financial statements for the six months ended 30 September 2010 continued

3. Gains/(losses) on investments

	Unaudited six months ended 30 September 2010 £'000	Unaudited six months ended 30 September 2009 £'000	Audited year ended 31 March 2010 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	340	(162)	425
Unrealised gains/(losses) on investments held at amortised cost	24	11	(112)
Unrealised gains/(losses) on fixed asset investments	364	(151)	313
Unrealised (losses)/gains on current asset investments held at fair value through profit or loss account	(18)	187	36
Unrealised gains sub-total	346	36	349
Realised losses on fixed asset investments held at fair value through profit or loss account	(1)	–	–
Realised losses on fixed asset investments held at amortised cost	(18)	–	–
Realised gains on current asset investments held at fair value through profit or loss account	47	–	198
Realised gains sub-total	28	–	198
Total	374	36	547

Investments valued on amortised cost basis are unquoted loan stock instruments.

4. Investment income

	Unaudited six months ended 30 September 2010 £'000	Unaudited six months ended 30 September 2009 £'000	Audited year ended 31 March 2010 £'000
Income recognised on investments held at fair value through profit or loss			
Floating rate note interest	36	90	145
Bank deposit interest	89	37	135
	125	127	280
Income recognised on investments held at amortised cost			
Return on loan stock investments	345	173	402
Euro Commercial Paper interest	–	51	51
	470	351	733

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

Notes to the unaudited summarised financial statements for the six months ended 30 September 2010 continued

5. Dividends

	Unaudited six months ended 30 September 2010 £'000	Unaudited six months ended 30 September 2009 £'000	Audited year ended 31 March 2010 £'000
Dividend of 1.0p per share paid on 7 August 2009	–	303	303
Dividend of 1.0p per share paid on 6 January 2010	–	–	303
Dividend of 1.5p per share paid on 7 August 2010	454	–	–
	454	303	606

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2011 of 1.5 pence per share to be paid on 28 February 2011 to shareholders on the register on 28 January 2011. This is expected to amount to approximately £455,000.

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

	Unaudited six months ended 30 September 2010			Unaudited six months ended 30 September 2009			Audited year ended 31 March 2010		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return/(loss) attributable to equity shares (£'000)	217	189	406	145	(180)	(35)	305	131	436
Weighted average shares in issue (excluding treasury shares)		30,320,927			30,309,252			30,314,795	
Return/(loss) attributable per Ordinary share (pence) (basic and diluted)	0.72	0.62	1.34	0.48	(0.59)	(0.11)	1.01	0.43	1.44

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.

The Company's policy is to sell treasury shares at a price greater than the purchase price hence the net asset value per share on a diluted basis would be equal to or greater than the basic net asset value per share, depending on the actual price achieved for selling the treasury shares.

Notes to the unaudited summarised financial statements for the six months ended 30 September 2010 continued

7. Fixed asset investments

Fixed asset investments held at fair value through profit or loss total £6,907,000 (30 September 2009: £3,640,000; 31 March 2010: £5,526,000). Fixed asset investments held at amortised cost total £7,695,000 (30 September 2009: £5,543,000; 31 March 2010: £6,382,000).

8. Called up share capital

	Unaudited 30 September 2010 £'000	Unaudited 30 September 2009 £'000	Audited 31 March 2010 £'000
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Authorised

50,000,000 Ordinary shares of 50p each
(30 September 2009 and 31 March 2010: 50,000,000)

	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
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Allotted, called up and fully paid

30,408,962 Ordinary shares of 50p each
(30 September 2009: 30,360,885; 31 March 2010:
30,377,492)

	<u>15,204</u>	<u>15,180</u>	<u>15,189</u>
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Voting rights

30,321,151 shares of 50p each (net of treasury shares) (30 September 2009: 30,309,252; 31 March 2010: 30,322,525).

During the period to 30 September 2010, the Company purchased 32,844 Ordinary shares to be held in treasury at a cost of £25,000, representing 0.1 per cent. of its issued share capital as at 1 April 2010. 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 2010 was 87,811 (30 September 2009: 51,633; 31 March 2010: 54,967) representing 0.3 per cent. of share capital as at 1 April 2010.

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

	Unaudited six months ended 30 September 2010 £'000	Unaudited six months ended 30 September 2009 £'000	Audited year ended 31 March 2010 £'000
Revenue return on ordinary activities before taxation	290	184	388
Investment management fee charged to capital	(249)	(255)	(505)
Movement in accrued amortised loan stock interest	(74)	51	14
Increase in operating debtors	3	4	5
Increase/(decrease) in operating creditors	184	(71)	(259)
Net cash inflow/(outflow) from operating activities	<u>154</u>	<u>(87)</u>	<u>(357)</u>

Notes to the unaudited summarised financial statements for the six months ended 30 September 2010 continued

10. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2010 £'000	Unaudited six months ended 30 September 2009 £'000	Audited year ended 31 March 2010 £'000
Opening cash balances	12,281	9,319	9,319
Net cash (outflow)/inflow	(2,559)	(4,358)	2,962
Closing cash balances	9,722	4,961	12,281

11. Post balance sheet events

Since 30 September 2010, the Company has completed the following material transactions:

- Investment of £340,000 in Bravo Inns II Limited
- Investment of £222,000 in Mirada Limited

On 1 November 2010, the Company announced the launch of the Albion VCTs Linked Top Up Offer. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across all of the seven VCTs managed by Albion Ventures LLP, of which the Company's share will be approximately £2.25 million.

The maximum amount raised by each of the Albion VCTs will be the lower of Euros 2.5 million, and 10 per cent. of its issued share capital (over any one 12 month period, and including any shares issued under Dividend Reinvestment Schemes), being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus. The number of new shares available may change depending on the £: euro exchange rate at the date of allotment.

The proceeds of the Offer will be used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities are being seen.

An Investor Guide and Offer Document have been sent to shareholders.

12. 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 £249,000 (30 September 2009: £339,000; 31 March 2010: £673,000) 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 £165,000 (30 September 2009: £166,000; 31 March 2010: £2,000).

During the period, the Company was charged £10,000 including VAT (30 September 2009: £10,000; 31 March 2010: £21,000) 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 2009: £5,000; 31 March 2010: £5,000).

During the period, Maxwell Packe was the Chairman of Green Energy Property Services Group Limited, a company in which Albion Enterprise VCT PLC was invested. During the period, Green Energy Property Services Group Limited paid Albion Enterprise VCT PLC loan stock interest of £nil (2009: £5,000). Mr Packe has now resigned from the Board of this company.

Notes to the unaudited summarised financial statements for the six months ended 30 September 2010 continued

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 2010, and is detailed on page 45 of those accounts. 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 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 434 of the Companies Act 2006 for the periods ended 30 September 2010 and 30 September 2009, and is unaudited. The information for the year ended 31 March 2010 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 National Storage Mechanism and also electronically at www.albion-ventures.co.uk under the 'Our Funds' section.

Albion Enterprise VCT PLC

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