

Half-yearly Financial
Report (unaudited) for
the six months to
30 September 2012



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 H Reeve
Manager, company secretary 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	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London EC4A 1JP

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 Computershare Investor Services PLC:
Tel: 0870 873 5860 (UK National Rate call, lines are open 8:30am – 5:30pm; Monday to Friday)
Website: www.computershare.co.uk

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

For enquiries relating to the performance of the Fund and for IFA information please contact Albion Ventures LLP:
Tel: 020 7601 1850 (lines are open 9:00am – 5:30pm; Monday to Friday; 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 objectives

The aim 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 intends to achieve this by investing around 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 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	1 February 2013
Payment date for second dividend	28 February 2013
Financial year end	31 March 2013

Financial highlights (unaudited)

	Unaudited six months ended 30 September 2012 (pence per share)	Unaudited six months ended 30 September 2011 (pence per share)	Audited year ended 31 March 2012 (pence per share)
Net asset value	84.60	85.40	84.90
Dividends paid	1.75	1.50	3.00
Revenue return	0.80	0.60	1.40
Capital (loss)	–	(0.90)	(0.60)

(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
31 March 2011	3.00
31 March 2012	3.00
30 September 2012	1.75

Total dividends paid to 30 September 2012	12.10
Net asset value as at 30 September 2012	84.60

Net asset value total return to 30 September 2012 96.70

In addition to the above dividends, the Company will pay a second dividend of 1.75 pence per share on 28 February 2013 to shareholders on the register at 1 February 2013.

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 as tax reliefs are only obtainable on initial subscription.*

Interim management report

Introduction

The Company's results for the six months to 30 September 2012 show a positive return of 0.8 pence per share. Income showed a slight improvement over the 6 month period to 30 September 2012, while net asset value, after payment of the first dividend of 1.75 pence per share on 31 August 2012, was 84.6 pence per share, compared to 84.9 pence at 31 March 2012.

Investment progress and prospects

A total of £280,000 was invested in existing portfolio companies during the period in order to fund further growth. Strong performances were seen by Radnor House School, which now has 240 pupils and continues to grow comfortably ahead of budget; and also by Process Systems Enterprise, which provides computer simulation for complex industrial processes, where a new product range providing safety systems for offshore oil platforms has considerable potential. The value of both of these investments improved over the period.

The main write-downs within the portfolio were, first, PrimeCare Holdings, which provides domiciliary care service to the elderly on the South Coast, where local authority funding cuts have reduced margins and squeezed income. In addition, Dysis required further financing following a slower take off in its sales of imaging systems for the detection of cervical cancer. Nevertheless, Dysis has now received strong support from the National Institute for Clinical Excellence (NICE) and is currently experiencing promising level of

sales both to NHS in the UK and to hospitals in the US.

In general, we believe that there is good potential within the portfolio to deliver growth in future years. We see the healthcare section of the portfolio, which now accounts for 24 per cent. of the Company, being a particular driver of this growth. In addition, as we complete the installation of our renewable energy projects, which cover solar, wind and anaerobic digestion, we expect the Company's income to continue to rise. These projects now account for 19 per cent. of the investment portfolio.

Discount management and share buy-backs

The Board has changed its policy regarding the discount applied to the buying back of shares by the Company.

With immediate effect, the Company's target is to be able to buy back shares at a discount to net asset value of around 5 per cent.

This policy is subject to the overall constraint that such purchases are in the Company's interest so far as market conditions and liquidity permit. This includes the maintenance of sufficient cash resources for investment in new and existing investee companies and in continued payment of dividends to shareholders.

Albion VCTs Top Up Offers 2012/2013

The Company has announced the launch of the third of the Albion VCTs Top Up Offers for 2012/2013. In aggregate the Albion

Interim management report continued

VCTs will again be aiming to raise up to £15 million across six of the VCTs managed by Albion Ventures, of which the Company's share will be approximately £2.5 million, being the maximum amount that the Company can raise without issuing a prospectus. The proceeds of the Offer will be used to provide further resources at a time when we see a number of attractive new investment opportunities. An Investor Guide and Offers Document is available on www.albion-ventures.co.uk.

Reduction in share capital and increase in distributable reserves

The resolutions to authorise the reduction in the nominal value of the Company's shares and for the cancellation of the share premium account were passed at the Company's Annual General Meeting on 4 September 2012.

On 31 October 2012, the Court approved the reconstruction and from that date, the nominal value of the Company's shares will be one penny per share. The additional distributable reserves created by this reconstruction are approximately £18 million. No new share certificates will be posted to shareholders and existing share certificates will remain valid.

Risks and uncertainties

The outlook for UK and the international economies continues to be the key risk affecting your company. Slow growth in the UK and recession in the Eurozone will impact a number of the markets in which our portfolio companies operate. However, your Company's balanced mix of asset-based and high growth investments is

designed to be an "all weather" portfolio while investment risk is further mitigated through our policy of ensuring that portfolio companies have no external bank borrowings.

Other risks and uncertainties remain unchanged and are detailed on pages 17 to 19 of the Annual Report and financial statements for the year ended 31 March 2012.

Related party transactions

Details for 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 2012 the net asset value of the Company was 84.6 pence per share or £27.3 million, compared to 84.9 pence per share on 31 March 2012 or £28.0 million. The revenue return on ordinary activities before taxation was £272,000 compared with £257,000 for the six months to 30 September 2011. The Directors declare a second dividend for the year of 1.75 pence per share, payable on 28 February 2013 to shareholders on the register as at 1 February 2013

Maxwell Packe

Chairman

28 November 2012

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 six months to 30 September 2012, 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 2012 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 2012.

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

By order of the Board of Directors

M Packe
Chairman
28 November 2012

Portfolio of investments

The following is a summary of fixed asset investments as at 30 September 2012:

	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period ⁽¹⁾ £'000
Asset-based investments					
Radnor House School (Holdings) Limited	9.8	1,700	717	2,417	201
Bravo Inns II Limited	13.7	1,973	4	1,977	(5)
Nelson House Hospital Limited	18.5	1,856	58	1,914	49
Regenerco Renewable Energy Limited	18.1	1,195	9	1,204	–
TEG Biogas (Perth) Limited	16.4	986	94	1,080	86
Alto Prodotto Wind Limited	11.1	1,000	6	1,006	6
Greenenerco Limited	29.3	1,000	–	1,000	–
Taunton Hospital Limited	15.8	1,000	(78)	922	(81)
The Street by Street Solar Programme Limited	8.6	860	7	867	–
Orchard Portman Hospital Limited	10.2	690	(38)	652	(41)
Bravo Inns Limited	8.4	750	(275)	475	2
AVESI Limited	5.5	172	–	172	–
CS (Norwich) Limited	6.3	100	46	146	22
The Charnwood Pub Company Limited	1.2	257	(116)	141	(2)
Total asset-based investments		13,539	434	13,973	237
Growth investments					
Masters Pharmaceuticals Limited	6.2	1,239	(37)	1,202	23
Mi-Pay Limited	9.4	1,279	(378)	901	–
Opta Sports Data Limited	2.8	653	158	811	98
Mirada Medical Limited	16.7	389	411	800	(38)
Hilson Moran Holdings Limited	10.0	710	–	710	(18)
Process Systems Enterprise Limited	3.6	365	276	641	164
Prime Care Holdings Limited	12.5	1,016	(412)	604	(135)
DySIS Medical Limited	7.0	1,117	(613)	504	(112)
Memsstar Limited	5.5	384	60	444	98
Oxsensis Limited	3.8	559	(310)	249	(34)
Abcodia Limited	6.4	225	–	225	–
Lowcosttravelgroup Limited	1.0	269	(114)	155	–
Total growth investments		8,205	(958)	7,247	46
Total fixed asset investments		21,744	(524)	21,220	283
Realised gains on fixed asset investments					6
Realised and unrealised movements on current asset investments					12
Movement in loan stock accrued interest					(40)
Total gains on investments as per Income statement					261

⁽¹⁾ After adjustment for additions and disposals.

Summary income statement (unaudited)

		Unaudited six months ended 30 September 2012			Unaudited six months ended 30 September 2011			Audited year ended 31 March 2012		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	261	261	-	(80)	(80)	-	199	199
Investment income	4	454	-	454	436	-	436	934	-	934
Investment management fees		(86)	(259)	(345)	(86)	(257)	(343)	(172)	(517)	(689)
Other expenses		(96)	-	(96)	(93)	-	(93)	(191)	-	(191)
Return/(loss) on ordinary activities before taxation		272	2	274	257	(337)	(80)	571	(318)	253
Tax (charge)/credit on ordinary activities		-	-	-	(60)	60	-	(134)	134	-
Return/(loss) attributable to equityholders		272	2	274	197	(277)	(80)	437	(184)	253
Basic and diluted return/(loss) per share (pence)*	6	0.80	-	0.80	0.60	(0.90)	(0.30)	1.40	(0.60)	0.80

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2011 and the audited statutory accounts for the year ended 31 March 2012.

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 return/(loss) on ordinary activities before tax and the historical return/(loss)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 (unaudited)

	Note	Unaudited 30 September 2012 £'000	Unaudited 30 September 2011 £'000	Audited 31 March 2012 £'000
Fixed asset investments		21,220	18,901	20,683
Current assets				
Trade and other debtors		81	316	213
Current asset investments		1,518	1,002	1,632
Cash at bank	9	4,906	7,339	5,673
		6,505	8,657	7,518
Creditors: amounts falling due within one year		(380)	(188)	(238)
Net current assets		6,125	8,469	7,280
Net assets		27,345	27,370	27,963
Capital and reserves				
Called up share capital	7	17,055	16,213	16,703
Share premium		1,362	733	1,065
Capital redemption reserve		97	–	–
Unrealised capital reserve		(641)	(1,151)	(776)
Special reserve		10,304	11,987	11,015
Treasury shares reserve		(1,290)	(284)	(359)
Realised capital reserve		(923)	(518)	(795)
Revenue reserve		1,381	390	1,110
Total equity shareholders' funds		27,345	27,370	27,963
Basic and diluted net asset value per share (pence)*		84.60	85.40	84.90

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2011 and the audited statutory accounts for the year ended 31 March 2012.

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 28 November 2012 and were signed on its behalf by

M Packe

Chairman

Company number 05990732

Summary reconciliation of movement in shareholders' funds (unaudited)

	Called up share capital £'000	Share premium £'000	Capital Redemption reserve £'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 2012 (audited)	16,703	1,065	-	(776)	11,015	(359)	(795)	1,110	27,963
Issue of share capital (net of costs)	449	297	-	-	-	-	-	-	746
Cancellation of share capital (net of costs)	(97)	-	97	-	(137)	-	-	-	(137)
Capitalised investment management fees	-	-	-	-	-	-	(259)	-	(259)
Purchase of treasury shares	-	-	-	-	-	(931)	-	-	(931)
Unrealised losses on investments	-	-	-	261	-	-	-	-	261
Transfer of previously unrealised gains on sale of investments	-	-	-	(126)	-	-	126	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	272	272
Dividends paid	-	-	-	-	-	-	-	(571)	(571)
Transfer from special reserve	-	-	-	-	(574)	-	3	571	-
As at 30 September 2012 (unaudited)	17,055	1,362	97	(641)	10,304	(1,290)	(923)	1,381	27,345
As at 1 April 2011 (audited)	15,937	535	-	(518)	11,987	(207)	(874)	673	27,533
Issue of share capital (net of costs)	276	198	-	-	-	-	-	-	474
Capitalised investment management fees	-	-	-	-	-	-	(257)	-	(257)
Tax relief on costs charged to capital	-	-	-	-	-	-	60	-	60
Purchase of treasury shares	-	-	-	-	-	(77)	-	-	(77)
Net realised gains on investments	-	-	-	-	-	-	132	-	132
Unrealised losses on investments	-	-	-	(212)	-	-	-	-	(212)
Transfer of previously unrealised gains on sale of investments	-	-	-	(421)	-	-	421	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	197	197
Dividends paid	-	-	-	-	-	-	-	(480)	(480)
As at 30 September 2011 (unaudited)	16,213	733	-	(1,151)	11,987	(284)	(518)	390	27,370
As at 1 April 2011 (audited)	15,937	535	-	(518)	11,987	(207)	(874)	673	27,533
Issue of share capital (net of costs)	766	530	-	-	-	-	-	-	1,296
Capitalised investment management fees	-	-	-	-	-	-	(517)	-	(517)
Tax relief on costs charged to capital	-	-	-	-	-	-	134	-	134
Purchase of treasury shares	-	-	-	-	-	(152)	-	-	(152)
Net realised gains on investments	-	-	-	-	-	-	12	-	12
Unrealised gains on investments	-	-	-	187	-	-	-	-	187
Transfer of previously unrealised gains on sale of investments	-	-	-	(445)	-	-	445	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	437	437
Dividends paid	-	-	-	-	-	-	-	(967)	(967)
Transfer from special reserve	-	-	-	-	(972)	-	5	967	-
As at 31 March 2012 (audited)	16,703	1,065	-	(776)	11,015	(359)	(795)	1,110	27,963

* Included within the aggregate of these reserves is an amount of £8,831,000 (30 September 2011: £10,424,000; 31 March 2012: £10,195,000) which is considered distributable. The special reserve has been treated as distributable in determining the amounts available for distribution.

The special reserve allows the Company, amongst other things, to facilitate the payment of dividends earlier than would otherwise have been possible as transfers can be made from this reserve to the realised capital reserve to offset gross losses on disposal of investments. Accordingly, a transfer of £3,000 representing gross realised losses on disposal of investments during the period to 30 September 2012 has been made from the special reserve to the realised capital reserve.

In addition, a transfer of £571,000 representing the dividend payment from the revenue reserve has been made from the special reserve to the revenue reserve.

Summary cash flow statement (unaudited)

	Note	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Operating activities				
Investment income received		347	381	767
Deposit interest received		39	36	134
Investment management fees paid		(350)	(166)	(519)
Other cash payments		(118)	(120)	(176)
Net cash flow from operating activities	8	(82)	131	206
Taxation				
UK corporation tax		81	-	-
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,190)	(2,119)	(3,673)
Disposal of fixed asset investments		1,077	889	940
Net cash flow from investing activities		(113)	(1,230)	(2,733)
Management of liquid resources				
Purchase of current asset investments		-	(1,000)	(1,000)
Disposal of current asset investments		203	2,517	3,500
Net cash flow from management of liquid resources		203	1,517	2,500
Equity dividends paid				
(net of costs of shares issued under the Dividend Reinvestment Scheme)		(523)	(445)	(893)
Net cash flow before financing		(434)	(27)	(920)
Financing				
Issue of ordinary share capital (including issue costs)		698	445	1,247
Purchase of own shares (including costs)		(1,031)	(81)	(156)
Net cash flow from financing		(333)	364	1,091
Cash flow in the period	9	(767)	337	171

Notes to the unaudited summarised Financial Statements (unaudited)

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, debt issued at a discount and convertible bonds

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Desk top reviews are carried out by independent RICS qualified surveyors by updating previously prepared full valuations for current trading and market indices. Full valuations are prepared by similarly qualified surveyors but in full compliance with the RICS Red Book.

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 and 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 and unquoted equity derived instruments

Warrants and unquoted equity derived instruments are only valued 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

Unquoted loan stock (excluding debt issued at a discount and convertible bonds) are classified as loans and receivables as permitted by FRS 26 and measured at amortised cost using the effective interest rate

method less impairment. Movements in 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 impairments arising from revaluations of the fair value of the security.

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 original effective interest rate. The future cash flows are estimated based on the fair value of the security less the estimated selling costs.

Current asset investments

In accordance with FRS 26, bonds and floating rate notes are designated as fair value through profit or loss and 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.

Contractual future contingent receipts on the disposal of fixed asset investments are designated at fair value through profit and loss and are subsequently measured at fair value.

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 revenue reserve when a share becomes ex-dividend.

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.

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 as part of an investment portfolio are not accounted for using the equity method.

Notes to the unaudited summarised Financial Statements (unaudited) continued

2. Accounting policies (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 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.

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.

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 Directors have considered the requirements of FRS 19 and do not believe that any provision should be made for deferred tax.

Reserves

Share premium account

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

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.

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;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders.

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 (unaudited) continued

3. Gains/(losses) on investments

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	145	(173)	79
Unrealised gains/(losses) on investments held at amortised cost	98	(39)	108
Unrealised gains/(losses) on fixed asset investments	243	(212)	187
Unrealised gains on current asset investments held at fair value through profit or loss account	18	–	–
Unrealised gains/(losses) sub-total	261	(212)	187
Realised gains/(losses) on fixed asset investments held at fair value through profit or loss account	6	78	(18)
Realised gains on fixed asset investments held at amortised cost	–	61	37
Realised (losses)/gains on current asset investments held at fair value through profit or loss account	(6)	(7)	(7)
Realised gains sub-total	–	132	12
	261	(80)	199

Investments measured at amortised cost are unquoted loan stock instruments as described in note 2.

4. Investment income

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Income recognised on investments held at fair value through profit or loss			
Floating rate note and bond income	–	13	20
Interest on convertible bonds and debt issued at a discount	113	52	227
	113	65	247
Income recognised on investments held at amortised cost			
Return on loan stock investments	276	305	552
Bank deposit interest	65	66	135
	341	371	687
	454	436	934

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

Notes to the unaudited summarised Financial Statements (unaudited) continued

5. Dividends

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Dividend of 1.50p per share paid on 31 August 2011	–	480	480
Dividend of 1.50p per share paid on 29 February 2012	–	–	487
Dividend of 1.75p per share paid on 31 August 2012	571	–	–
	571	480	967

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2013 of 1.75 pence per share which will be paid on 28 February 2013 to shareholders on the register on 1 February 2013. This is expected to amount to approximately £591,000.

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

	Unaudited six months ended 30 September 2012			Unaudited six months ended 30 September 2011			Audited year ended 31 March 2012		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return/(loss) attributable to equity shares (£'000)	272	2	274	197	(277)	(80)	437	(184)	253
Weighted average shares in issue (excluding treasury shares)		33,159,628			32,051,434			32,144,835	
Return/(loss) attributable per share (pence) (basic and diluted)	0.80	–	0.80	0.60	(0.90)	(0.30)	1.40	(0.60)	0.80

There are no convertible instruments, derivatives or contingent share agreements in issue for Albion Enterprise VCT PLC and therefore no dilution affecting the return per share. The basic return per share is therefore the same as the diluted return per share.

The weighted average number of shares is calculated excluding treasury shares of 1,792,255 (30 September 2011: 373,010 and 31 March 2012: 473,010).

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 (unaudited) continued

7. Called up share capital

	Unaudited 30 September 2012	Unaudited 30 September 2011	Audited 31 March 2012
	£'000	£'000	£'000
Allotted, called up and fully paid			
Allotted, called up and fully paid			
34,110,228 Ordinary shares of 50p each			
(30 September 2011: 32,425,893;			
31 March 2012: 33,405,846)	17,055	16,213	16,703

Voting rights

32,317,973 shares of 50p each (net of treasury shares) (30 September 2011: 32,052,883; 31 March 2012: 32,932,836).

In the six months to 30 September 2012 the Company purchased 1,375,666 shares (30 September 2011: 99,000 and 31 March 2012: 199,000) to be held in treasury at a cost of £931,000, representing 4.1 per cent. (30 September 2011: 0.3 per cent. and 31 March 2012: 0.6 per cent.) of the shares in issue (excluding treasury shares) as at 31 March 2012.

In addition, the Company bought 137,063 shares for cancellation during the period at a cost of £96,000, and cancelled 56,421 shares from treasury.

The Company holds a total of 1,792,255 shares (30 September 2011: 373,010 and 31 March 2012: 473,010) in treasury representing 5.5 per cent. (30 September 2011: 1.2 per cent. and 31 March 2012: 1.4 per cent.) of the shares in issue as at 30 September 2012.

Under the terms of the Dividend Reinvestment Scheme Circular dated 26 November 2009, the following Ordinary shares of nominal value 50 pence were allotted in the six months to 30 September 2012:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Mid-market price per share on allotment date (pence per share)
31 August 2012	57,071	83.50	48	73.38

During the period from 1 April to 30 September 2012, the Company issued the following New Ordinary shares of nominal value 50 pence under the Albion VCTs Linked Top Up Offers 2011/2012:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Mid-market price per share on allotment date (pence per share)
5 April 2012	755,882	87.80	627	71.75
31 May 2012	84,913	87.80	71	67.25
	<u>840,795</u>		<u>698</u>	

Notes to the unaudited summarised Financial Statements (unaudited) continued

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

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Revenue return on ordinary activities before taxation	272	257	571
Investment management fees charged to capital	(259)	(257)	(517)
Movement in accrued amortised loan stock interest	(40)	(23)	(39)
(Increase)/decrease in operating debtors	(28)	(21)	9
(Decrease)/increase in operating creditors	(27)	175	182
	<u>(82)</u>	<u>131</u>	<u>206</u>
Net cash flow from operating activities	(82)	131	206

9. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Opening cash balances	5,673	7,002	5,502
Net cash flow	(767)	337	171
	<u>4,906</u>	<u>7,339</u>	<u>5,673</u>
Closing cash balances	4,906	7,339	5,673

10. Commitments and contingencies

As at 30 September 2012, the Company had no further commitments (30 September 2011: £244,000, 31 March 2012: £145,000).

There are no contingent liabilities or guarantees given by the Company as at 30 September 2012 (30 September 2011: £nil, 31 March 2012: £nil).

11. Post balance sheet events

On 19 October 2012 the Company announced the launch of the Albion VCTs Top Up Offers 2012/2013. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across six of the VCTs managed by Albion Ventures LLP, of which Albion Enterprise VCT PLC's share will be approximately £2.5 million. The maximum amount raised by each of the Albion VCTs will be the lower of 10 per cent. of its issued share capital (over any one 12 months period, including any shares issued under Dividend Reinvestment Schemes), and €5m being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus.

The proceeds of the Offer will be used to provide further resources to the Company at a time when a number of attractive new investment opportunities are being seen. An Investor Guide and Offers Document is available on www.albion-ventures.co.uk.

The resolutions to authorise the reduction in the nominal value of the Company's shares and for the cancellation of the share premium account were passed at the Company's Annual General Meeting on 4 September 2012. On 31 October 2012, the Court approved the reconstruction and from that date, the nominal value of the Company's shares will be one penny per share. The additional distributable reserves created by this reconstruction are approximately £18 million. No new share certificates will be posted to shareholders and existing share certificates will remain valid.

Notes to the unaudited summarised Financial Statements (unaudited) continued

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 Managing Partner of the Manager. The Manager is party to a management agreement from the Company (details disclosed on page 20 of the Annual Report and Financial Statements for the year ended 31 March 2012).

During the period, services of a total value of £345,000 (30 September 2011: £343,000; 31 March 2012: £689,000) 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 accruals and deferred income was £171,000 (30 September 2011: £171,000; 31 March 2012: £175,000).

During the period, the Company was charged £10,000 including VAT (30 September 2011: £10,000; 31 March 2012: £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 accruals and deferred income was £5,000 (30 September 2011: £5,000; 31 March 2012: £5,000).

The Company raised funds through the Albion VCTs Linked Top Up Offers 2011/2012 during the period. The total cost of the issue of these shares was 5.5 per cent. of the sums subscribed. Of these costs, an amount of £6,740 was paid to the Manager Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of these services as at 30 September 2012.

13. Going concern

The Board's assessment of liquidity risk remains unchanged and is detailed on page 27 of the Annual Report and Financial Statements for the year ended 31 March 2012. 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, 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 434 of the Companies Act 2006 for the periods ended 30 September 2012 and 30 September 2011, and is unaudited. The information for the year ended 31 March 2012 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 Auditor reported on those accounts; their report was unqualified and did not contain statements under section 498 (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 by clicking on Albion Enterprise VCT PLC, and looking in the Financial Reports and Circulars section for the Half-yearly Financial Report to 30 September 2012.

Albion Enterprise VCT PLC

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