

Half-yearly Financial
Report (unaudited) for
the six months to
30 September 2013



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	BDO LLP 55 Baker Street London, W1U 7EU
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; Mon-Fri, calls may be recorded)
Website: www.investorcentre.co.uk

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

IFA information

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; Mon-Fri, calls may be recorded)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

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

Investment 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 up to 50 per cent. of the net funds raised in an asset-based portfolio of more stable, 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 more stable, income producing businesses to higher risk technology companies (the “Growth Portfolio”). In neither category would portfolio companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of qualifying investments by cost will comprise loan stock secured with a first charge on the portfolio company’s assets. Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be held on deposit, invested in floating rate notes (in both cases with banks with a Moody’s credit rating of ‘A’ or above) or invested in government gilts.

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 diversified exposure through its portfolio of investments in unquoted UK companies. Stock specific risk will be reduced by the Company’s policy of holding a diversified portfolio of Qualifying Investments.

Financial calendar

Record date for second dividend	7 February 2014
Payment date for second dividend	28 February 2014
Financial year end	31 March 2014

Financial highlights (unaudited)

	Unaudited six months ended 30 September 2013 (pence per share)	Unaudited six months ended 30 September 2012 (pence per share)	Audited year ended 31 March 2013 (pence per share)
Net asset value	95.40	84.60	92.90
Dividends paid	2.50	1.75	3.50
Revenue return	0.80	0.80	1.80
Net asset value uplift from buy-backs	0.10	0.60	1.00
Capital return	4.10	–	8.70

(pence per share)

Total shareholder net asset value return to 30 September 2013:

Dividends paid during the year ended:

31 March 2008	0.70
31 March 2009	1.65
31 March 2010	2.00
31 March 2011	3.00
31 March 2012	3.00
31 March 2013	3.50

Total dividends paid in the six months to 30 September 2013	2.50
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Total dividends paid to 30 September 2013

16.35

Net asset value as at 30 September 2013

95.40

Total shareholder net asset value return to 30 September 2013

111.75

In addition to the above dividends, the Company will pay a second dividend of 2.50 pence per share, payable on 28 February 2014 to shareholders on the register at 7 February 2014.

Notes

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

Interim management report

Introduction

I am pleased to announce that the Company achieved a total return for the six months to 30 September 2013 of 4.90 pence per share against 0.80 pence per share for the same period last year. Investment income increased by 13 per cent. over the same period, while net asset value, after the payment of the first dividend of 2.50 pence per share on 30 August 2013, was 95.40 pence per share compared to 92.90 pence per share at 31 March 2013.

Investment progress and prospects

During the period £1.3 million was invested in existing and new portfolio companies with an additional £1.3 million invested following the period end. There were two exits in the period. The first was Opta Sports Data, where we realised proceeds of £1.5 million against a cost of £653,000; after interest received over the life of our investment, the investment returned over 2.5 times cost. In addition, we sold our investment in Prime Care for £440,000 against a cost of £1 million; after interest received, we realised a loss of 47 per cent. of the sum invested and this loss is mainly a reflection of cuts in local authority funding for domiciliary care.

The remaining investment portfolio has performed strongly with a further substantial write-up of Radnor House School following its most recent independent professional valuation which in turn follows the granting of planning to increase the size of the school to 440 pupils. In addition, our investments in Mirada Medical, Hilson Moran and Masters Pharmaceuticals all benefitted from further write-ups as a result of strong trading. Partial provisions, however, were made against

Mi-Pay and DySIS due to slower than anticipated progress.

In general, we remain positive on the outlook of the Company and anticipate further progress, particularly in our renewable energy and healthcare investments. It is also encouraging to note that, in what is becoming a mature portfolio, there are sufficient available funds to add promising new investments. These include Relayware (£761,000) which provides software for the managing of channel partners, and Aridhia (£760,000) which provides health informatics to key healthcare providers in the UK and the Middle East.

Risks & uncertainties

The outlook for the UK and global economies continue to be the key risk affecting your Company, despite the welcome return of the UK to growth. Investment risk is mitigated in a number of ways, including our policy that portfolio companies should have no external borrowing, and that the portfolio should be balanced across sectors and should include a significant level of asset backing.

Other risks and uncertainties remain unchanged and are as detailed on pages 16 to 18 of the Annual Report and Financial Statements for the year ended 31 March 2013.

Discount management and share buy-backs

It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interest, including the maintenance of sufficient resources for investment in new

Interim management report continued

and existing portfolio companies and the continued payment of dividends to shareholders. It is the Board's intention for such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Transactions with Manager

Details of the transactions that took place with the Manager during the period can be found in note 5 to this Half-yearly Financial Report.

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

Albion VCTs Top Up Offers 2013/2014

Your Board, in conjunction with the boards of other VCTs managed by Albion Ventures LLP, has recently launched a top up offer of new Ordinary shares. Albion Enterprise VCT PLC will be aiming to raise circa £2.5 million out of the target of £15 million in aggregate that the Albion VCTs are seeking to raise. The proceeds will be used to provide further

resources at a time when a number of attractive investment opportunities are being seen. An Investor Guide and Offer Document is being posted to shareholders.

Results and dividends

As at 30 September 2013, the net asset value was 95.40 pence per share or £31.1 million compared to 92.90 pence per share or £29.6 million at 31 March 2013. The revenue return before taxation was £325,000 compared to £272,000 for the six months to 30 September 2012. In line with the annual dividend target of 5 pence per share, the Directors declare a second dividend for the year of 2.50 pence per share payable on 28 February 2014 to shareholders on the register as at 7 February 2014.

M Packe

Chairman

29 November 2013

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 2013, 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 2013 and comply with UK GAAP and Companies Act 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 2013.

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

By order of the Board

M Packe

Chairman
29 November 2013

Portfolio of investments (unaudited)

The following list is a summary of fixed asset investments as at 30 September 2013:

	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Fixed asset investments					
Asset-based investments					
Radnor House School (Holdings) Limited	9.8	1,700	1,299	2,999	667
Bravo Inns II Limited	13.1	2,150	31	2,181	10
Regenerco Renewable Energy Limited	12.5	1,195	79	1,274	10
Alto Prodotto Wind Limited	11.1	1,000	270	1,270	(7)
Taunton Hospital Limited	15.8	1,000	241	1,241	192
TEG Biogas (Perth) Limited	16.4	986	101	1,087	(7)
Greenenerco Limited	28.6	1,000	-	1,000	-
The Street by Street Solar Programme Limited	8.6	860	133	993	6
Orchard Portman Hospital Limited	10.2	690	179	869	137
Bravo Inns Limited	8.4	750	(265)	485	(2)
AVESI Limited	5.5	172	-	172	-
The Charmwood Pub Company Limited	1.2	257	(139)	118	(13)
Total asset-based investments		11,760	1,929	13,689	993
Growth investments					
Mirada Medical Limited	15.0	389	1,060	1,449	353
Masters Pharmaceuticals Limited	6.3	1,070	307	1,377	240
DySIS Medical Limited	10.7	1,221	(25)	1,196	(174)
Process Systems Enterprise Limited	3.9	365	515	880	1
Hilson Moran Holdings Limited	10.0	545	332	877	249
Relayware Limited	3.5	761	2	763	2
Mi-Pay Limited	9.4	1,382	(734)	648	(343)
memsstar Limited	5.5	384	3	387	(41)
Proveca Limited	6.1	289	10	299	7
Oxsensis Limited	3.8	559	(314)	245	(6)
Abcodia Limited	6.4	225	-	225	-
MyMeds&Me Limited	3.6	180	6	186	5
Lowcoststravelgroup Limited	1.0	270	(124)	146	(42)
Total growth investments		7,640	1,038	8,678	251
Total fixed asset investments		19,400	2,967	22,367	1,244

	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the year* £'000
Current asset investments				
Close Brothers Bank Limited fixed term deposit 12 March 2014	1,553	-	1,553	-
Contingent future receipts on disposal of fixed asset investments	-	13	43	13
Total current asset investments	1,553	13	1,596	13

Total change in value of investments for the period	1,257
Realised gains on fixed asset investments	260
Movement in loan stock accrued interest	83
Total gains on investments as per Income statement	1,600

* After adjustment for additions and disposals.

	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
Fixed asset realisations					
Opta Sports Data Limited	653	1,176	1,481	828	305
Prime Care Holdings Limited	1,016	485	438	(578)	(47)
Masters Pharmaceuticals Limited (loan stock repayment)	168	186	188	20	2
Hilson Moran Holdings Limited (loan stock repayment)	135	167	167	32	-
Radnor House School (Holdings) Limited (loan stock repayment)	-	152	152	152	-
Total fixed asset realisations	1,972	2,166	2,426	454	260

Summary income statement (unaudited)

		Unaudited six months ended 30 September 2013			Unaudited six months ended 30 September 2012			Audited year ended 31 March 2013		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	-	1,600	1,600	-	261	261	-	3,224	3,224
Investment income	4	514	-	514	454	-	454	1,152	-	1,152
Investment management fees	5	(95)	(284)	(379)	(86)	(259)	(345)	(175)	(526)	(701)
Other expenses		(94)	-	(94)	(96)	-	(96)	(206)	-	(206)
Return on ordinary activities before taxation		325	1,316	1,641	272	2	274	771	2,698	3,469
Tax (charge)/ credit on ordinary activities		(70)	63	(7)	-	-	-	(178)	144	(34)
Return attributable to shareholders		255	1,379	1,634	272	2	274	593	2,842	3,435
Basic and diluted return per share (pence)*	7	0.80	4.10	4.90	0.80	-	0.80	1.80	8.70	10.50

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2012 and the audited statutory accounts for the year ended 31 March 2013.

The accompanying notes on pages 13 to 20 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 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 (unaudited)

	Note	Unaudited 30 September 2013 £'000	Unaudited 30 September 2012 £'000	Audited 31 March 2013 £'000
Fixed asset investments		22,367	21,220	22,088
Current assets				
Trade and other debtors		409	81	52
Current asset investments		1,596	1,518	1,583
Cash at bank	10	7,120	4,906	6,198
		9,125	6,505	7,833
Creditors: amounts falling due within one year		(406)	(380)	(322)
Net current assets		8,719	6,125	7,511
Net assets		31,086	27,345	29,599
Capital and reserves				
Called up share capital	8	362	17,055	345
Share premium		1,988	1,362	290
Capital redemption reserve		99	97	97
Unrealised capital reserve		2,956	(641)	1,810
Realised capital reserve		(303)	(923)	(536)
Other distributable reserve		25,984	10,395	27,593
Total equity shareholders' funds		31,086	27,345	29,599
Basic and diluted net asset value per share (pence)*		95.40	84.60	92.90

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2012 and the audited statutory accounts for the year ended 31 March 2013.

The accompanying notes on pages 13 to 20 form an integral part of this Half-yearly Financial Report.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 29 November 2013 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	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 April 2013 (audited)	345	290	97	1,810	(536)	27,593	29,599
Return for the period	-	-	-	1,340	39	255	1,634
Transfer of previously unrealised gains on sale of investments	-	-	-	(194)	194	-	-
Issue of share capital	19	1,698	-	-	-	-	1,717
Purchase of shares for treasury	-	-	-	-	-	(1,044)	(1,044)
Cancellation of treasury shares	(2)	-	2	-	-	-	-
Dividends paid	-	-	-	-	-	(820)	(820)
As at 30 September 2013 (unaudited)	362	1,988	99	2,956	(303)	25,984	31,086
As at 1 April 2012 (audited)	16,703	1,065	-	(776)	(795)	11,766	27,963
Return for the period	-	-	-	261	(259)	272	274
Transfer of previously unrealised gains on sale of investments	-	-	-	(126)	126	-	-
Issue of share capital	449	297	-	-	-	-	746
Purchase of shares for cancellation	(69)	-	69	-	-	(137)	(137)
Cancellation of treasury shares	(28)	-	28	-	-	-	-
Purchase of shares for treasury	-	-	-	-	-	(931)	(931)
Dividends paid	-	-	-	-	-	(571)	(571)
Transfer from other distributable reserve	-	-	-	-	3	(3)	-
As at 30 September 2012 (unaudited)	17,055	1,362	97	(641)	(923)	10,395	27,345
As at 1 April 2012 (audited)	16,703	1,065	-	(776)	(795)	11,766	27,963
Return for the period	-	-	-	2,740	102	593	3,435
Transfer of previously unrealised gains on sale of investments	-	-	-	(154)	154	-	-
Issue of share capital	453	587	-	-	-	-	1,040
Purchase of shares for cancellation	(69)	-	69	-	-	(97)	(97)
Purchase of shares for treasury	-	-	-	-	-	(1,610)	(1,610)
Cancellation of treasury shares	(28)	-	28	-	-	-	-
Dividends paid	-	-	-	-	-	(1,132)	(1,132)
Transfer from other distributable reserve	-	-	-	-	3	(3)	-
Reduction in share capital and cancellation of share premium reserve**	(16,714)	(1,362)	-	-	-	18,076	-
As at 31 March 2013 (audited)	345	290	97	1,810	(536)	27,593	29,599

* Included within the aggregate of these reserves is an amount of £25,681,000 (30 September 2012: £8,831,000; 31 March 2013: £27,057,000) which is considered distributable.

** The reduction in the nominal value of shares from 50 pence to 1 penny and the cancellation of the share premium reserve (as approved by shareholders at the Annual General Meeting held on 4 September 2012 and by order of the Court dated 31 October 2012) has increased the value of the other distributable reserve.

The special reserve, treasury share reserve and the revenue reserve have been combined in the balance sheet to form a single reserve named other distributable reserve. The Directors consider the presentation of a single reserve to enhance the clarity of financial reporting. More details regarding treasury shares can be found in note 8.

Summary cash flow statement (unaudited)

	Note	Unaudited six months ended 30 September 2013 £'000	Unaudited six months ended 30 September 2012 £'000	Audited year ended 31 March 2013 £'000
Operating activities				
Dividend income received		9	–	–
Loan stock income received		522	347	988
Deposit interest received		40	39	126
Investment management fees paid		(370)	(350)	(691)
Other cash payments		(114)	(118)	(200)
Net cash flow from operating activities	9	87	(82)	223
Taxation				
UK corporation tax		–	81	80
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,338)	(1,190)	(700)
Disposal of fixed asset investments		2,319	1,077	2,572
Disposal of current asset investments		–	203	203
Net cash flow from investing activities		981	90	2,075
Management of liquid resources				
Purchase of current asset investments		–	–	(1,553)
Disposal of current asset investments		–	–	1,500
Net cash flow from management of liquid resources		–	–	(53)
Equity dividends paid (net of costs of shares issued under the Dividend Reinvestment Scheme)		(742)	(523)	(1,037)
Net cash flow before financing		326	(434)	1,288
Financing				
Issue of ordinary share capital (net of costs)		1,640	698	944
Purchase of own shares (including costs)		(1,044)	(1,031)	(1,707)
Net cash flow from financing		596	(333)	(763)
Cash flow in the period	10	922	(767)	525

Notes to the unaudited summarised Financial Statements

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, however to enhance clarity of financial reporting, the special reserve, treasury share reserve and revenue reserve have been presented as a single reserve named other distributable reserve.

2. Accounting policies

Investments

Fixed and current asset 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"). 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 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 other distributable 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 impairment from revaluations of the fair value of the security.

For all unquoted loan stock, whether fully performing, 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

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.

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

Notes to the unaudited summarised Financial Statements

continued

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.

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.

Total recurring expenses including management fees and excluding performance fees will not exceed 3.5 per cent. of net asset value of the Company at year end.

Performance incentive fee

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

Taxation

Taxation is applied on a current basis in accordance with FRS 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. Deferred tax assets and liabilities are not discounted.

Reserves

Share premium account

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

Unrealised capital reserve

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

Capital redemption reserve

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

Realised capital reserve

The following are disclosed in this reserve:

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

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve have been combined as a single reserve named other distributable reserve.

This reserve accounts for movements from the revenue column of the Income statement, the payment of dividends, the buyback of shares and other non capital realised movements.

Dividends

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

continued

3. Gains on investments

	Unaudited six months ended 30 September 2013 £'000	Unaudited six months ended 30 September 2012 £'000	Audited year ended 31 March 2013 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	1,349	145	2,798
Unrealised (impairments)/reversals of impairments on fixed asset investments held at amortised cost	(22)	98	(88)
Unrealised gains on fixed asset investments sub-total	1,327	243	2,710
Unrealised gains on current asset investments held at fair value through profit or loss	13	18	30
Unrealised gains sub-total	1,340	261	2,740
Realised gains on fixed asset investments held at fair value through profit or loss	465	6	490
Realised losses on fixed asset investments held at amortised cost	(205)	–	–
Realised gains on fixed asset investments sub-total	260	6	490
Realised losses on current asset investments held at fair value through profit or loss	–	(6)	(6)
Realised gains sub-total	260	–	484
	1,600	261	3,224

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

4. Investment income

	Unaudited six months ended 30 September 2013 £'000	Unaudited six months ended 30 September 2012 £'000	Audited year ended 31 March 2013 £'000
Income recognised on investments held at fair value through profit or loss			
Dividend income received	9	–	–
Interest on convertible bonds and debt issued at a discount	161	113	340
	170	113	340
Income recognised on investments held at amortised cost			
Return on loan stock investments	279	276	690
Bank deposit interest	65	65	122
	344	341	812
	514	454	1,152

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

Notes to the unaudited summarised Financial Statements

continued

5. Investment management fees

	Unaudited six months ended 30 September 2013	Unaudited six months ended 30 September 2012	Audited year ended 31 March 2013
	£'000	£'000	£'000
Investment management fee charged to revenue	95	86	175
Investment management fee charged to capital	284	259	526
	379	345	701

The Manager, Albion Ventures LLP, is party to a management agreement with the Company (details disclosed on page 19 of the Annual Report and Financial Statements for the year ended 31 March 2013) and Patrick Reeve, a Director of the Company, is also Managing Partner of Albion Ventures LLP.

During the period, services of a total value of £379,000 (30 September 2012: £345,000; 31 March 2013: £701,000) 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 £194,000 (30 September 2012: £171,000; 31 March 2013: £185,000).

During the period, the Company was charged £10,800 including VAT (30 September 2012: £10,800; 31 March 2013: £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 £5,400 (30 September 2012: £5,000; 31 March 2013: £5,400).

The Company raised funds through the Albion VCTs Top Up Offers 2012/2013 during the period. The total cost of the issue of these shares was 3 per cent. of the sums subscribed. Of these costs, an amount of £2,945 (30 September 2012: £3,166; 31 March 2013: £3,613) 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 2013.

6. Dividends

	Unaudited six months ended 30 September 2013	Unaudited six months ended 30 September 2012	Audited year ended 31 March 2013
	£'000	£'000	£'000
Dividend of 1.75p per share paid on 31 August 2012	–	571	571
Dividend of 1.75p per share paid on 28 February 2013	–	–	561
Dividend of 2.50p per share paid on 30 August 2013	820	–	–
	820	571	1,132

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2014 of 2.50 pence per share which will be paid on 28 February 2014 to shareholders on the register on 7 February 2014. This is expected to amount to approximately £815,000.

Notes to the unaudited summarised Financial Statements

continued

7. Basic and diluted return per share

	Unaudited six months ended 30 September 2013			Unaudited six months ended 30 September 2012			Audited year ended 31 March 2013		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	<u>255</u>	<u>1,379</u>	<u>1,634</u>	<u>272</u>	<u>2</u>	<u>274</u>	<u>593</u>	<u>2,842</u>	<u>3,435</u>
Weighted average shares in issue (excluding treasury shares)	<u>33,046,443</u>			<u>33,159,628</u>			<u>32,642,931</u>		
Return attributable per Ordinary share (pence) (basic and diluted)	<u>0.80</u>	<u>4.10</u>	<u>4.90</u>	<u>0.80</u>	<u>–</u>	<u>0.80</u>	<u>1.80</u>	<u>8.70</u>	<u>10.50</u>

The weighted average number of shares is calculated excluding treasury shares of 3,614,255 (30 September 2012: 1,792,255; 31 March 2013: 2,599,255).

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.

8. Called up share capital

	Unaudited 30 September 2013 £'000	Unaudited 30 September 2012 £'000	Audited 31 March 2013 £'000
Allotted, called up and fully paid			
36,197,684 Ordinary shares of 1 penny each (30 September 2012: 34,110,228 of 50p each; 31 March 2013: 34,458,394 of 1 penny each)	<u>362</u>	<u>17,055</u>	<u>345</u>

Voting rights

32,583,429 shares of 1 penny each (net of treasury shares) (30 September 2012: 32,317,973 of 50p each; 31 March 2013: 31,859,139 of 1 penny each).

In the six months to 30 September 2013 the Company purchased 1,245,000 shares (30 September 2012: 1,375,666; 31 March 2013: 2,182,666) to be held in treasury at a cost of £1,044,000, representing 3.8 per cent. (30 September 2012: 4.1 per cent.; 31 March 2013: 6.3 per cent.) of the shares in issue (excluding treasury shares) as at 30 September 2013. In addition 230,000 shares were cancelled from Treasury (September 2012: 56,421; March 2013: 56,421).

The Company did not purchase any shares for cancellation (30 September 2012: nil; 31 March 2013: 137,063 shares for a cost of £97,000).

The Company holds a total of 3,614,255 shares (30 September 2012: 1,792,255; 31 March 2013: 2,599,255) in treasury representing 9.9 per cent. (30 September 2012: 5.5 per cent.; 31 March 2013: 7.5 per cent.) of the shares in issue as at 30 September 2013.

Notes to the unaudited summarised Financial Statements

continued

8. Called up share capital (continued)

Under the terms of the Dividend Reinvestment Scheme Circular dated 26 November 2009, the following Ordinary shares of nominal value 1 penny were allotted in the six months to 30 September 2013:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
30 August 2013	88,706	1	90.40	78	88.00

During the period from 1 April 2013 to 30 September 2013, the Company issued the following new Ordinary shares of nominal value 1 penny under the Albion VCTs Top Up Offers 2012/2013:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
5 April 2013	1,492,828	15	89.90	1,302	82.25
12 June 2013	387,756	4	89.90	338	82.00
	<u>1,880,584</u>	<u>19</u>		<u>1,640</u>	

The Offer closed on 12 June 2013.

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

	Unaudited six months ended 30 September 2013 £'000	Unaudited six months ended 30 September 2012 £'000	Audited year ended 31 March 2013 £'000
Revenue return on ordinary activities before taxation	325	272	771
Investment management fee charged to capital	(284)	(259)	(526)
Movement in accrued amortised loan stock interest	83	(40)	(43)
(Increase)/decrease in debtors	(25)	(28)	4
(Decrease)/increase in creditors	(12)	(27)	17
Net cash flow from operating activities	<u>87</u>	<u>(82)</u>	<u>223</u>

10. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2013 £'000	Unaudited six months ended 30 September 2012 £'000	Audited year ended 31 March 2013 £'000
Opening cash balances	6,198	5,673	5,673
Net cash flow	<u>922</u>	<u>(767)</u>	<u>525</u>
Closing cash balances	<u>7,120</u>	<u>4,906</u>	<u>6,198</u>

Notes to the unaudited summarised Financial Statements

continued

11. Commitments and contingencies

As at 30 September 2013, the Company had the following financial commitments in respect of investments:

- Proveca Limited, £181,000;
- Abcodia Limited, £30,000;
- Relayware Limited, £304,000;
- MyMeds&Me Limited, £200,000;
- DySIS Medical Limited, £46,000.

(30 September 2012: nil; 31 March 2013: £624,000).

There are no contingent liabilities or guarantees given by the Company as at 30 September 2013 (30 September 2012: £nil, 31 March 2013: £nil).

12. Post balance sheet events

Since 30 September 2013, the Company has completed the following material transactions:

Investment of £760,000 in Aridhia Informatics Limited;
Investment of £248,000 in Silent Hersman Holdings Limited;
Investment of £297,000 in Cisiv Limited;
Investment of £30,000 in Abcodia Limited.

On 6 November 2013 the Company announced the launch of a top up offer as part of the Albion VCTs Top Up Offers 2013/2014 (the 'Offers'). As the maximum amount that can be raised under the Offer (over any 12 month period) will not exceed the lower of 10 per cent. of issued share capital and 5m Euros, the Company is not required to publish a full prospectus under the Prospectus Rules or the Financial Services and Markets Act 2000.

In total, six of the VCTs managed by Albion Ventures LLP are making top up offers seeking to raise up to £15m in aggregate.

The proceeds of the Offers will be used to provide useful additional liquidity for the Companies in order to take advantage of appropriate investment opportunities that fall within current VCT legislation, as well as helping fund the Company's annual running costs, market purchases of own shares and the payment of dividends.

The Offers will be split into 3 separate phases. The first phase will close on or before 2pm on 31 January 2014. The second phase will close at 2pm on 5 April 2014 (for the tax year ending 5 April 2014) and the third phase will close at 2pm on 13 June 2014 for the tax year ending 5 April 2015, unless fully subscribed, closed or extended beforehand. Investors who apply before 31 January 2014 will be entitled to an "Early Bird" discount on the issue price.

13. Related party transactions

There are no related party transactions or balances requiring disclosure.

14. 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 2013, and is detailed on page 45 and 46 of those accounts. The Company has adequate cash and liquid resources and has no borrowing. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, share buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council.

Notes to the unaudited summarised Financial Statements

continued

15. 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 2013 and 30 September 2012, and is unaudited. The information for the year ended 31 March 2013 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 s498 (2) or (3) of the Companies Act 2006.

16. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at www.albion-ventures.co.uk/ourfunds/AAEV.htm.

Albion Enterprise VCT PLC

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