

Half-yearly Financial Report (unaudited)
for the six months
to 31 March 2011



Albion Income & Growth
VCT PLC

ALBION VENTURES

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Company information

Company number	5132495
Directors	Friedrich Ternofsky, Chairman Mary Anne Cordeiro John Kerr Robin Archibald Patrick Reeve
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
Registrars	Capita Registrars Limited Northern House Penistone Road 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 Income & Growth VCT PLC is a member of The Association of Investment Companies.

Shareholder information	<p>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 8.30 am – 5.30 pm Mon-Fri) Email: ssd@capitaregistrars.com Website: www.capitaregistrars.com</p> <p>Shareholders can access holdings and valuation information regarding any of their shares held by Capita Registrars by registering on Capita's website.</p> <p>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 9.00 am – 5.30 pm Mon-Fri) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk</p>
IFA information	<p>Independent Financial Advisers with questions, please contact Albion Ventures LLP: Tel: 020 7601 1850 (calls may be recorded, lines are open 9.00 am – 5.30 pm Mon-Fri) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk</p>

Investment objectives

The Company intends to provide investors with a regular and predictable source of income combined with the prospect of long term capital growth. The Company allows investors the opportunity to participate in a balanced portfolio of high growth businesses and lower risk asset-based companies. It is intended that, over time, the Company's investment portfolio will be split approximately as follows:

- 45 per cent. to be invested in higher growth unquoted businesses, including early stage technology;
- 45 per cent. to be invested in unquoted asset-based businesses principally in the leisure sector; and
- 10 per cent. to be held in floating rate securities, cash deposits and gilts.

Financial calendar

Record date for second dividend	3 June 2011
Payment date for second dividend	30 June 2011
Financial year end	30 September 2011

Financial highlights

	Unaudited six months ended 31 March 2011 (pence per share)	Unaudited six months ended 31 March 2010 (pence per share)	Audited year ended 30 September 2010 (pence per share)
Net asset value per share	66.80	70.10	67.81
Dividends paid per share	1.75	1.25	3.00
Revenue return per share	0.53	0.90	1.79
Capital return per share	0.15	3.90	2.36

Total shareholder net asset value return to 31 March 2011

	(pence per share)
Total dividends paid during the period ended: 30 September 2005 (i)	0.65
Total dividends paid during the year ended:	
30 September 2006	2.60
30 September 2007	3.45
30 September 2008	3.50
30 September 2009	3.00
30 September 2010	3.00
Total dividends paid during the six months ended 31 March 2011	1.75
Total dividends paid to 31 March 2011	17.95
Net asset value as at 31 March 2011	66.80
Total shareholder net asset value return to 31 March 2011	84.75

In addition to the dividends summarised above, the Board has declared a second dividend for the year to 30 September 2011 of 1.75 pence per share to be paid on 30 June 2011 to shareholders on the register as at 3 June 2011.

Notes

- (i) Investors subscribing by 31 December 2004 and remaining on the register on 1 July 2005 were entitled to a dividend of 0.65 pence per share. Investors subscribing thereafter were not entitled to the first interim dividend.
- (ii) The table above excludes tax benefits upon subscription of 40 per cent. income tax relief.
- (iii) All dividends paid by the Company are free of income tax. It is an HMRC requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.
- (iv) 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, primarily as a result of the initial tax reliefs which are non-transferable.

Interim management report

Overview

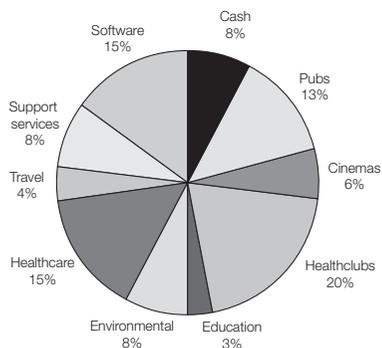
The six months to 31 March 2011 brought a positive total return of 0.68 pence per share. Although this continues the trend that has been apparent for the last 18 months, reflecting the maturing of your Company's investment portfolio and a recovery in valuations since the credit crunch, it is lower than anticipated due to the under performance of our investment in Xceleron Limited.

Investment performance and progress

Our investment in Dexela Limited, which provides medical imaging technology, mainly for the screening of breast cancer, performed particularly well over the period resulting in a substantial uplift in valuation, while a strong performance was also seen by Mi-Pay Limited which provides top-up payment services for mobile phone operators worldwide. Whilst our cinemas also showed strong growth, and our pub portfolio was encouragingly resilient, other consumer facing businesses began to show signs of the challenges the consumer environment is now facing. The biggest disappointment was Xceleron Limited, where issues within the broader pharmaceutical market have had an adverse effect on trading expectations for the current financial year, leading to a reduction in valuation of £516,000.

The investments in Geronimo Inns were sold in December 2010, realising proceeds of £605,000 compared to a cost of £520,000 which, together with interest paid on investment, achieved an overall return of 24%. Sales of other investments are currently in progress. Over the period approximately £1 million was invested in new and existing investee companies. These included £245,000 in Nelson House Hospital Limited, a new freehold psychiatric hospital being built in Gosport, and £250,000 in companies providing solar energy in southern Britain. Further investments in the renewable energy sector are in progress, concentrating particularly on anaerobic digestion and wind.

Set out below is the sector diversification of the portfolio of our investments at 31 March 2011.



Source: Albion Ventures LLP

Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company. The growth prospects of the UK economy continue to be uncertain, particularly as the coalition government's public spending cuts have yet to take full force, while sovereign debt issues within Europe could also have an effect on the general business environment. However, your Company continues to mitigate investment risk through a policy of ensuring the Company has a first charge over investee companies' assets and through diversification of investments over a range of industry sectors.

Other risks and uncertainties remain unchanged and are as detailed on pages 18 and 19 of the Annual Report and Financial Statements for the year ended 30 September 2010.

Share buy-backs and share price discount

It remains the Company's policy to buy back shares in the market subject to the overall constraint that such purchases are in the Company's interest. This includes the maintenance of sufficient resources for investment in new and existing investee companies, and in continued payment of dividends to shareholders. It is the Board's intention for such buy backs to be in the region of 10 to 15% discount to net asset value, so far as market conditions and liquidity permit.

Interim management report (continued)

Related party transactions

Details of material related party transactions for the reporting period can be found in note 11 of this Half yearly Financial Report.

Albion VCTs Linked Top Up Offer

Your Company raised a total of £1.65 million as part of the Albion VCTs Linked Top Up Offer which closed on 16 May 2011. The proceeds provide welcome additional liquidity at a time when SMEs are finding that there is a shortage of finance available and while valuations are attractive. Details regarding the shares issued under this Offer are shown in notes 7 and 10.

Results and dividends

As at 31 March 2011, the net asset value of the Company was £28.05 million or 66.80 pence per share compared with £28.8 million or 70.10 pence per share as at 31 March 2010. The revenue return before

taxation was £282,000 compared to £483,000 for the previous year, and we will pay a second dividend for the financial year to 30 September 2011 of 1.75 pence per share on 30 June 2011, to shareholders on the register at 3 June 2011. This makes a total dividend for the year of 3.5 pence per share.

Outlook

In general the performance of the portfolio companies continues to improve and, despite the continued uncertainties surrounding the UK economy, we remain positive that recovery in the Company's fortunes are set to continue.

Friedrich Ternofsky

Chairman
23 May 2011

Responsibility statement

The Directors, as listed on page 3 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 31 March 2011, 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 31 March 2011 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 30 September 2010.

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

By order of the Board

Friedrich Ternofsky
Chairman
23 May 2011

Portfolio of investments

The following is a summary of fixed asset investments as at 31 March 2011:

	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Value £'000
Qualifying investments					
Asset-based investments					
The Weybridge Club Limited	18.5	50.0	3,000	(643)	2,357
Kensington Health Clubs Limited	12.9	50.0	3,044	(922)	2,122
The Charnwood Pub Company Limited	10.3	50.0	2,914	(1,385)	1,529
Tower Bridge Health Clubs Limited	17.2	50.0	1,075	167	1,242
Bravo Inns II Limited	8.5	50.0	1,160	(81)	1,079
CS (Brixton) Limited	16.7	50.0	713	331	1,044
Radnor House School Limited	4.2	50.0	734	23	757
Bravo Inns Limited	12.7	50.0	1,130	(468)	662
Orchard Portman Hospital Limited	7.9	50.0	422	2	424
CS (Norwich) Limited	20.0	50.0	320	24	344
Premier Leisure (Suffolk) Limited	13.6	50.0	1,000	(753)	247
GB Pub Company VCT Limited	16.6	50.0	671	(439)	232
CS (Exeter) Limited	16.6	50.0	271	(74)	197
TEG Biogas (Perth) Limited	6.1	50.0	176	–	176
The Dunedin Pub Company VCT Limited	15.4	50.0	176	(9)	167
Evolutions Television Limited	14.9	49.9	1,162	(1,014)	148
The Street by Street Solar Programme Limited	2.9	50.0	117	–	117
Nelson House Hospital Limited	3.0	50.0	86	–	86
Regenerco Renewable Energy Limited	1.2	50.0	29	–	29
AVESI Limited	2.9	50.0	23	–	23
Total asset-based unquoted investments			18,223	(5,241)	12,982

*AVL is Albion Ventures LLP

Portfolio of investments (continued)

	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Value £'000
Qualifying investments					
High growth investments					
Blackbay Limited	15.0	34.9	1,550	769	2,319
Xceleron Limited	21.7	45.1	2,482	(693)	1,789
Dexela Limited	7.6	34.9	565	633	1,198
Lowcosttravelgroup Limited	12.0	26.0	1,560	(483)	1,077
Mi-Pay Limited	10.2	43.1	1,098	(124)	974
Helveta Limited	6.3	20.8	921	–	921
memsstar Limited	7.6	28.1	572	74	646
Oxsensis Limited	5.7	20.7	755	(326)	429
Process Systems Enterprise Limited	4.7	16.0	440	(82)	358
Chichester Holdings Limited	15.2	50.0	1,699	(1,351)	348
Opta Sports Data Limited	2.7	14.2	341	(58)	283
Rostima Limited	13.6	39.3	268	7	275
Prime Care Holdings Limited	3.8	49.9	228	(28)	200
Masters Pharmaceuticals Limited	1.0	16.9	202	(4)	198
Mirada Medical Limited	3.3	45.0	85	77	162
DySIS Medical Limited	1.3	18.4	175	(24)	151
Palm Tree Technology PLC	0.5	0.7	235	(94)	141
Red-M Wireless Limited	25.4	41.0	186	(153)	33
Total high growth investments			13,362	(1,860)	11,502
Total qualifying fixed asset investments			31,585	(7,101)	24,484
Non-qualifying investments					
Evolutions Group Limited	30.3	100.0	2,014	(469)	1,545
Green Energy Property Services Group Limited	2.3	23.4	28	(14)	14
Total non-qualifying fixed asset investments			2,042	(483)	1,559

*AVL is Albion Ventures LLP

Summary income statement

	Note	Unaudited six months ended 31 March 2011			Unaudited six months ended 31 March 2010			Audited year ended 30 September 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	-	257	257	-	1,801	1,801	-	1,348	1,348
Investment income	4	483	-	483	684	-	684	1,210	-	1,210
Investment management fees		(88)	(264)	(352)	(88)	(264)	(352)	(176)	(528)	(704)
Other expenses		(113)	-	(113)	(113)	-	(113)	(206)	-	(206)
Return/(loss) on ordinary activities before tax		282	(7)	275	483	1,537	2,020	828	820	1,648
Tax (charge)/credit on ordinary activities		(64)	67	3	(130)	78	(52)	(90)	157	67
Return attributable to shareholders		218	60	278	353	1,615	1,968	738	977	1,715
Basic and diluted return per share (pence)*	6	0.53	0.15	0.68	0.90	3.90	4.80	1.79	2.36	4.15

*excluding treasury shares

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

The accompanying notes on pages 14 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 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 31 March 2011 £'000	Unaudited 31 March 2010 £'000	Audited 30 September 2010 £'000
Fixed asset investments				
Qualifying		24,484	26,562	25,320
Non-qualifying		1,559	–	–
Total fixed asset investments		26,043	26,562	25,320
Current assets				
Trade and other debtors		175	58	12
Cash at bank and in hand	9	2,184	2,562	2,368
		2,359	2,620	2,380
Creditors: amounts falling due within one year		(355)	(430)	(258)
Net current assets		2,004	2,190	2,122
Debtors: amounts falling due after one year		–	–	143
Net assets		28,047	28,752	27,585
Capital and reserves				
Called-up share capital	7	22,962	22,474	22,306
Share premium		330	9	12
Capital redemption reserve		752	268	460
Unrealised capital reserve		(8,397)	(8,342)	(8,524)
Special reserve		19,316	19,891	19,668
Treasury shares reserve		(2,788)	(2,788)	(2,788)
Realised capital reserve		(4,189)	(3,200)	(3,939)
Revenue reserve		61	440	390
Total equity shareholders' funds		28,047	28,752	27,585
Net asset value per share (pence)*		66.80	70.10	67.81

*excluding treasury shares

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

The accompanying notes on pages 14 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 23 May 2011 and were signed on its behalf by

Friedrich Ternofsky

Chairman

Company number: 5132495

Summary reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury share reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 October 2010 (audited)	22,306	12	460	(8,524)	19,668	(2,788)	(3,939)	390	27,585
Net realised gains on investments	-	-	-	-	-	-	429	-	429
Unrealised losses on investments	-	-	-	(172)	-	-	-	-	(172)
Transfer of previously unrealised losses on sale of investments	-	-	-	299	-	-	(299)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(264)	-	(264)
Tax on capitalised management fees	-	-	-	-	-	-	67	-	67
Purchase of own shares for cancellation	(292)	-	292	-	(352)	-	-	-	(352)
Issue of equity (net of costs)	948	318	-	-	-	-	-	-	1,266
Revenue return attributable to shareholders	-	-	-	-	-	-	-	218	218
Dividends paid	-	-	-	-	-	-	(181)	(547)	(728)
As at 31 March 2011 (unaudited)	22,962	330	752	(8,397)	19,316	(2,788)	(4,189)	61	28,047
As at 1 October 2009 (audited)	22,706	10	18	(10,385)	20,142	(2,788)	(2,772)	602	27,533
Net realised gains on investments in the period	-	-	-	-	-	-	59	-	59
Unrealised gains on investments	-	-	-	1,742	-	-	-	-	1,742
Transfer of previously unrealised losses on sale of investments	-	-	-	301	-	-	(301)	-	-
Capitalised investment management fee	-	-	-	-	-	-	(264)	-	(264)
Tax on capitalised management fees	-	-	-	-	-	-	78	-	78
Purchase of own shares for cancellation	(250)	-	250	-	(251)	-	-	-	(251)
Issue of equity (net of costs)	18	(1)	-	-	-	-	-	-	17
Revenue return attributable to shareholders	-	-	-	-	-	-	-	353	353
Dividends paid	-	-	-	-	-	-	-	(515)	(515)
As at 31 March 2010 (unaudited)	22,474	9	268	(8,342)	19,891	(2,788)	(3,200)	440	28,752
As at 1 October 2009 (audited)	22,706	10	18	(10,385)	20,142	(2,788)	(2,772)	602	27,533
Net realised gains on investments in the year	-	-	-	-	-	-	542	-	542
Unrealised gains on investments	-	-	-	806	-	-	-	-	806
Transfer of previously unrealised losses on disposal of investments	-	-	-	1,055	-	-	(1,055)	-	-
Capitalised investment management fee	-	-	-	-	-	-	(528)	-	(528)
Tax on capitalised management fees	-	-	-	-	-	-	157	-	157
Purchase of own shares for cancellation	(442)	-	442	-	(474)	-	-	-	(474)
Issue of equity (net of costs)	42	2	-	-	-	-	-	-	44
Revenue return attributable to shareholders	-	-	-	-	-	-	-	738	738
Dividends paid	-	-	-	-	-	-	(283)	(950)	(1,233)
As at 30 September 2010 (audited)	22,306	12	460	(8,524)	19,668	(2,788)	(3,939)	390	27,585

*Included within these reserves is an amount of £4,003,000 (31 March 2010: £6,001,000; 30 September 2010: £4,807,000) 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 31 March 2011 £'000	Unaudited six months ended 31 March 2010 £'000	Audited year ended 30 September 2010 £'000
Operating activities				
Investment income received		395	663	1,119
Deposit interest received		14	33	52
Investment management fees paid		(335)	(371)	(730)
Administrative expenses paid		(115)	(130)	(211)
Net cash flow from operating activities	8	(41)	195	230
Taxation				
UK corporation tax received		44	76	38
Capital expenditure and financial investments				
Purchase of fixed asset investments		(971)	(1,231)	(2,692)
Disposal of fixed asset investments		620	264	2,449
Net cash flow from investing activities		(351)	(967)	(243)
Equity dividends paid				
Dividends paid (net of cost of shares issued under the dividend reinvestment scheme)	5	(694)	(491)	(1,176)
Management of liquid resources				
Disposal of current asset investments		-	2,500	2,500
		-	2,500	2,500
Net cash flow before financing		(1,042)	1,313	1,349
Financing				
Issue of own shares		1,210	-	-
Purchase of shares for cancellation		(352)	(250)	(474)
Costs of issue of share capital		-	(8)	(14)
Net cash flow from financing		858	(258)	(488)
Cash flow in the period	9	(184)	1,055	861

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. Albion Income & Growth VCT PLC has decided to adopt the principles of the January 2009 SORP earlier than the mandatory date. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Investments

Unquoted equity investments, debts issued at a discount and convertible bonds

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity investments, debts 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 September 2009 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 are reflected in the realised capital reserve, and unrealised gains or losses arising from the revaluation of investments are reflected in the unrealised capital reserve.

Warrants and unquoted equity derived instruments

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

Unquoted loan stock

Unquoted loan stock (excluding convertible bonds and debt issued at a discount) 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 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, fully performing, renegotiated, past due and 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. The future cash flows are estimated based on the fair value of the security held less estimated selling costs.

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.

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

Investment income

Unquoted equity income

Dividend income is 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.

Notes to the unaudited summarised financial statements

2. Accounting policies (continued)

Investment income (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 and 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.

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

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

Share premium

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

Capital redemption reserve

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

Unrealised capital reserve

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

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

3. Gains on investments

	Unaudited six months ended 31 March 2011 £'000	Unaudited six months ended 31 March 2010 £'000	Audited year ended 30 September 2010 £'000
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(261)	2,014	979
Unrealised reversals of impairments/(impairments) on fixed asset investments held at amortised cost	89	(272)	(173)
Unrealised (losses)/gains on fixed asset investments	(172)	1,742	806
Realised gains on investments held at fair value through profit or loss account	10	–	685
Realised gains/(losses) on fixed asset investments held at amortised cost	419	61	(140)
Realised losses on current asset investments held at fair value through profit or loss account	–	(2)	(3)
Realised gains sub-total	429	59	542
	257	1,801	1,348

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

4. Investment income

	Unaudited six months ended 31 March 2011 £'000	Unaudited six months ended 31 March 2010 £'000	Audited year ended 30 September 2010 £'000
Income recognised on investments held at fair value through profit or loss			
Floating rate note interest	–	2	2
Bank deposit interest	15	23	48
Income from convertible bonds	7	–	64
Other income	–	–	2
	22	25	116
Income recognised on investments held at amortised cost			
Return on loan stock investments	461	659	1,094
	483	684	1,210

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

Notes to the unaudited summarised financial statements

5. Dividends

	Unaudited six months ended 31 March 2011 £'000	Unaudited six months ended 31 March 2010 £'000	Audited year ended 30 September 2010 £'000
First dividend paid on 1 February 2010 – 1.25 pence per share	–	515	515
Second dividend paid on 9 July 2010 – 1.75 pence per share	–	–	718
First dividend paid on 31 January 2011 – 1.75 pence per share	<u>728</u>	<u>–</u>	<u>–</u>
	<u>728</u>	<u>515</u>	<u>1,233</u>

In addition to the dividends paid above, the Board has declared a dividend of 1.75 pence per share to be paid on 30 June 2011 to shareholders on the register on 3 June 2011. The total dividend to be paid will be approximately £735,000.

6. Basic and diluted return per share

Return per share has been calculated on 40,997,045 Ordinary shares excluding treasury shares (31 March 2010: 41,292,143; 30 September 2010: 41,308,479) being the weighted number of shares in issue for the period.

There are no convertible instruments, derivatives or contingent share agreements in issue. 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.

7. Share Capital

	Unaudited 31 March 2011 £'000	Unaudited 31 March 2010 £'000	Audited 30 September 2010 £'000
Authorised			
50,000,000 Ordinary shares of 50p each (31 March 2010 and 30 September 2010: 50,000,000)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Allotted, called up and fully paid			
45,923,312 Ordinary shares of 50p each (31 March 2010: 44,948,440; 30 September 2010: 44,611,586)	<u>22,962</u>	<u>22,474</u>	<u>22,306</u>
Allotted, called up and fully paid excluding treasury shares			
41,990,663 Ordinary shares of 50p each (31 March 2010: 41,015,791; 30 September 2010: 40,678,937)			

Under the terms of the Dividend Reinvestment Scheme Circular dated 22 December 2008, the following Ordinary shares, of nominal value 50 pence were allotted:

Date of allotment	Number of shares issued	Issue price (pence per share)	Mid-market price on issue date (pence per share)	Net proceeds £'000
31 January 2011	51,207	66.06	60.0	34

Notes to the unaudited summarised financial statements

7. Share Capital (continued)

During the period to 31 March 2011, the Company issued the following New Ordinary shares of nominal value 50 pence under the Albion VCTs Linked Top Up Offer:

Date of allotment	Number of shares issued	Issue price (pence per share)	Mid-market price on issue date (pence per share)	Net proceeds £'000
7 January 2011	934,229	70.0	60.0	618
22 March 2011	909,795	71.4	58.0	614

During the period the Company purchased 583,505 Ordinary shares (31 March 2010: 500,064; 30 September 2010: 884,706) for cancellation at a cost of £352,000, representing 1.3 per cent. of its issued share capital as at 30 September 2010. The shares purchased for cancellation were funded by the special reserve.

The Company did not purchase any shares for treasury during the period to 31 March 2011 (31 March 2010: nil; 30 September 2010: nil). The total number of Ordinary shares held in treasury as at 31 March 2011 was 3,932,649 (31 March 2010: 3,932,649; 30 September 2010: 3,932,649) representing 8.6 per cent. of the issued share capital as at 31 March 2011.

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

	Unaudited six months ended 31 March 2011 £'000	Unaudited six months ended 31 March 2010 £'000	Audited year ended 30 September 2010 £'000
Revenue return on ordinary activities before tax	282	483	828
Investment management fee charged to capital	(264)	(264)	(528)
Movement in accrued amortised loan stock interest	(94)	21	(46)
(Increase)/decrease in operating debtors	(19)	(42)	3
Increase/(decrease) in operating creditors	54	(3)	(27)
Net cash flow from operating activities	(41)	195	230

9. Analysis of change in cash during the period

	Unaudited six months ended 31 March 2011 £'000	Unaudited six months ended 31 March 2010 £'000	Audited year ended 30 September 2010 £'000
Opening cash balances	2,368	1,507	1,507
Net cash flow	(184)	1,055	861
Closing cash balances	2,184	2,562	2,368

Notes to the unaudited summarised financial statements

10. Post balance sheet events

Since 31 March 2011, the Company has completed the following material transaction:

- April 2011: Investment of £77,000 in Helveta Limited
- May 2011: Investment of £35,000 in Abcodia Limited

Albion VCTs Linked Top Up Offer

On 5 April 2011, 597,929 New Ordinary shares were issued as part of the third allotment under the Albion VCTs Linked Top Up Offer, at an issue price of 71.4 pence per New Ordinary share. The net proceeds from this allotment were £403,000.

On 16 May 2011, 50,814 New Ordinary shares were issued as the fourth and final allotment under the Albion VCTs Linked Top Up Offer at an issue price of 71.4 pence per New Ordinary share. The net proceeds from this allotment were £34,000.

11. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that it is party to a management agreement from the Company (details disclosed on page 20 of the Annual Report and Financial Statements of the year ended 30 September 2010) and that Patrick Reeve, a Director of the Company, is also Managing Partner of Albion Ventures LLP. During the period, services of a total value of £352,000 (31 March 2010: £352,000; 30 September 2010: £704,000) were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP disclosed as accruals was £179,000 (31 March 2010: £164,000; 30 September 2010: £163,000).

During the period, the Company was charged £9,250 (excluding VAT) by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (31 March 2010: £9,250; 30 September 2010: £18,500). At the financial period end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,434 (31 March 2010: £5,319; 30 September 2010: £5,434).

There are no other related party transactions or balances requiring disclosure.

12. Going concern

The Board's assessment of liquidity risk remains unchanged and is detailed on page 26 of the Annual Report & Financial Statements for the year ended 30 September 2010. The Company has adequate 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 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 the accounts in accordance with "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009", published by the Financial Reporting Council.

13. 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 31 March 2011 and 31 March 2010, and is unaudited. The information for the year ended 30 September 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 that financial year, which have been delivered to the Registrar of Companies. The Auditors reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

14. 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 Albion Income & Growth VCT PLC, and looking in the Financial Reports and Circulars section for the Half-yearly Financial Report to 31 March 2011.

Albion Income & Growth
VCT PLC

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