

Half-yearly Financial Report (unaudited)
for the six months
to 30 June 2011



Albion Technology & General VCT PLC

ALBION VENTURES

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Company information

Company number	4114310
Directors	Dr N E Cross, Chairman Lt Gen Sir Edmund Burton KBE M J Hart P H 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
Auditor	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Legal advisers	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA

Albion Technology & General 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 Monday to Friday) Email: ssd@capitaregistrars.com 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 Monday to Friday) 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 Monday to Friday) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk</p>

Investment objectives

Albion Technology & General VCT PLC (“the Company”) is a Venture Capital Trust which raised £14.3 million in December 2000 and 2002, and £35.0 million during 2006 through the launch of a C share issue. The Company raised a further £1.67 million in early 2011 under the Albion VCTs Linked Top Up Offer.

The Company offers investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. The Company’s investment portfolio is intended to be split approximately as follows:

- 40 per cent. in unquoted UK technology-related companies; and
- 60 per cent. in unquoted UK non-technology companies.

The Investment Manager pursues a longer term investment approach, with a view to providing shareholders with a strong, predictable dividend flow combined with the prospects of capital growth. This is achieved in two ways. First, controlling the VCT’s exposure to technology risk by ensuring that many of the companies in the non-technology portfolio have property as their major asset, with no external borrowings. Second, by balancing the investment portfolio by sector, so that those areas such as leisure and business services, which are susceptible to changes in consumer sentiment, are complemented by sectors with more predictable long term characteristics, such as healthcare and the environment.

Financial calendar

Record date for second dividend	30 September 2011
Payment date for second dividend	28 October 2011
Financial year end	31 December 2011

Financial highlights (unaudited)

	Ordinary shares			C shares	
	Unaudited six months ended 30 June 2011 (pence per share)	Unaudited six months ended 30 June 2010 (pence per share)	Audited year ended 31 December 2010 (pence per share)	Unaudited six months ended 30 June 2010 (pence per share)	Audited year ended 31 December 2010 (pence per share)
Net asset value	87.9	92.0	87.6	70.6	68.1
Revenue return	0.7	0.9	1.6	0.5	1.1
Capital return/(loss)	2.0	2.4	1.0	(1.4)	(3.0)

	Ordinary shares (pence per share) (i)	C shares (pence per share) (i)(ii)
Total shareholder net asset value return to 30 June 2011		
Total dividends paid during the period ended:		
31 December 2001	1.0	–
31 December 2002	2.0	–
31 December 2003	1.5	–
31 December 2004	7.5	–
31 December 2005	9.0	–
31 December 2006	8.0	0.5
31 December 2007	8.0	2.5
31 December 2008 (iii)	16.0	4.5
31 December 2009 (iii)	–	1.0
31 December 2010	8.0	3.0
30 June 2011	2.5	1.9
Total dividends paid to 30 June 2011	63.5	13.4
Net asset value as at 30 June 2011	87.9	68.4
Total shareholder net asset value return to 30 June 2011	151.4	81.8

The Directors have declared a dividend of 2.5 pence per Ordinary share, payable on 28 October 2011 to shareholders on the register as at 30 September 2011.

Notes:

- (i) Excludes tax benefits upon subscription.
- (ii) The C shares were converted into Ordinary shares on 31 March 2011, with a conversion of 0.7779 Ordinary shares for each C share. The net asset value per share and all dividends paid subsequent to the conversion of the C shares to the Ordinary shares are multiplied by the conversion factor of 0.7779 in respect of the C shares' return, in order to give an accurate picture of the shareholder value since launch relating to the C shares.
- (iii) The Ordinary shares' dividend of 8.0 pence per share for 2009 was paid in advance on 30 December 2008. The C shares' first dividend for 2009 of 1.5 pence per share was also paid in advance on 30 December 2008.

Interim management report

Introduction

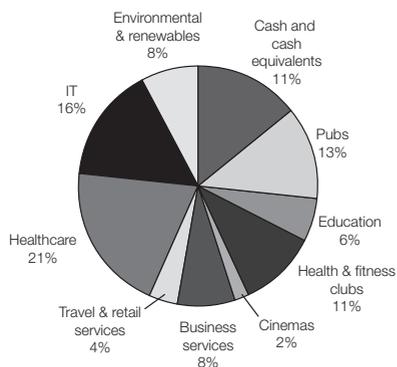
The results for Albion Technology & General VCT PLC for the six months to 30 June 2011 show further progress from the low point of the UK recession. Following the merger of the Ordinary shares and the C share portfolio, the Company recorded a positive total return of 2.7 pence per share.

Investment Performance and Progress

During the period, the VCT benefitted particularly from the realisation of its investment in Dexela, the medical imaging business. The company was sold to Perkin Elmer of the US in June and investors expect to make up to three times return on their investment. The sale resulted in an uplift in valuation of £1 million. Elsewhere within the portfolio, strong performances by sparesFinder, Rostima and Process Systems Enterprise were counterbalanced by a weaker performance than expected by Xceleron.

During the period, a total of £1 million was invested in three new investee companies and five existing investee companies. Of these eight businesses, three were in the environmental and renewable sector and four were in the healthcare sector.

Split of investment portfolio by valuation



Source: Albion Ventures LLP

Risks, uncertainties and prospects

We remain cautious over the short and medium term prospects of the UK and global economies in view of the currency and debt constraints which are increasingly becoming apparent. Nevertheless, we

believe that many of the sectors in which we operate, and the investee companies which we support, will be able to grow despite these broader uncertainties. In addition, it remains our general policy that investee companies have no external bank borrowings. The investment portfolio continues to mature and the prospects overall continue to look positive.

Other risks and uncertainties remain unchanged and these are detailed on pages 24 to 25 of the Annual Report and Financial Statements for the year ended 31 December 2010.

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.

Results and dividend

As at 30 June 2011 the net asset value per ordinary share was 87.9 pence (30 June 2010: 92.0 pence; 31 December 2010: 87.6 pence). The equivalent net asset value for the C Shares, after allowing for the conversion at 0.7779 new Ordinary Shares for each C Share held, would have been 68.4 pence at 30 June 2011, compared to 70.6 pence as at 30 June 2010 and 68.1 pence at 31 December 2010.

The total return before tax for the six months to 30 June 2011 was £1.056 million compared to the combined ordinary and C share return for six months to 30 June 2010 of £156,000. A second dividend of 2.5 pence per share will be paid on 28 October 2011 to those shareholders on the register on 30 September 2011.

Dr N E Cross
Chairman

22 August 2011

Responsibility statement

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

In preparing these summarised financial statements for the period to 30 June 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 give 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 June 2011 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 December 2010.

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

By order of the Board

Dr N E Cross
Chairman

22 August 2011

Portfolio of investments

The following is a summary of the qualifying technology fixed asset investments as at 30 June 2011:

Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000
Mi-Pay Limited	17.0	43.1	1,962	(300)	1,662
Helveta Limited	8.8	21.0	1,370	(123)	1,247
Blackbay Limited	8.5	34.9	951	271	1,222
Xceleron Limited	16.2	45.1	1,853	(714)	1,139
memsstar Limited (formerly Point 35 Microstructures Limited)	10.7	28.1	741	111	852
Process Systems Enterprise Limited	6.0	16.0	570	137	707
Mirada Medical Limited	12.6	45.0	357	318	675
Opta Sports Data Limited	5.9	14.2	735	(74)	661
Oxsensis Limited	8.2	20.7	1,099	(474)	625
DySIS Medical Limited (formerly Forth Photonics Limited)	5.1	18.4	700	(135)	565
Rostima Holdings Limited	15.5	39.3	305	173	478
sparesFinder Limited	10.5	14.3	613	(175)	438
Peakdale Molecular Limited	6.0	14.9	427	(58)	369
Dexela Limited**	n/a	n/a	-	299	299
Lowcosttravelgroup Limited	4.0	26.0	680	(417)	263
Abcodia Limited	2.1	21.4	75	-	75
Palm Tree Technology Limited	0.1	0.7	37	(14)	23
Red-M Wireless Limited	4.2	42.1	30	(23)	7
Total technology investments			12,505	(1,198)	11,307

* AVL is Albion Ventures LLP.

** The residual investment in Dexela Limited represents the risk-adjusted value of the expected deferred consideration arising from the disposal in June 2011 of the Company's equity holdings in Dexela.

Portfolio of investments (continued)

The following is a summary of the qualifying non-technology fixed asset investments as at 30 June 2011:

Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000
Kensington Health Clubs Limited	14.8	50.0	3,494	(1,100)	2,394
Radnor House School (Holdings) Limited	11.1	50.0	1,930	57	1,987
The Charnwood Pub Company Limited	12.2	50.0	2,794	(982)	1,812
Bravo Inns II Limited	10.8	50.0	1,415	(96)	1,319
The Weybridge Club Limited	6.7	50.0	1,314	(193)	1,121
Orchard Portman Hospital Limited	16.2	50.0	1,018	2	1,020
Taunton Hospital Limited	15.8	50.0	1,000	3	1,003
The Q Garden Company Limited	33.4	50.0	2,401	(1,404)	997
Bravo Inns Limited	16.1	50.0	1,430	(560)	870
Prime Care Holdings Limited	15.6	49.9	930	(100)	830
Masters Pharmaceuticals Limited	3.7	16.9	727	(9)	718
TEG Biogas (Perth) Limited	9.4	50.0	544	4	548
Consolidated PR Limited	11.8	23.6	570	(84)	486
Chichester Holdings Limited	15.2	50.0	2,000	(1,579)	421
Peakdale Molecular Limited**	n/a	n/a	289	(11)	278
The Street by Street Solar Programme Limited	6.8	50.0	271	–	271
Premier Leisure (Suffolk) Limited	13.6	50.0	1,000	(759)	241
CS (Brixton) Limited	3.9	50.0	165	74	239
CS (Norwich) Limited	12.5	50.0	200	10	210
Nelson House Hospital Limited	6.0	50.0	205	–	205
Tower Bridge Health Clubs Limited	2.9	50.0	179	24	203
CS (Greenwich) Limited	2.0	50.0	107	16	123
Evolutions Television Limited	11.1	49.9	855	(746)	109
The Dunedin Pub Company VCT Limited	10.4	50.0	112	(3)	109
Regenerco Renewable Energy Limited	2.7	50.0	67	–	67
AVESI Limited	6.8	50.0	54	–	54
Green Energy Property Services Group Limited	8.6	23.4	103	(52)	51
CS (Exeter) Limited	4.0	50.0	65	(18)	47
GB Pub Company VCT Limited	3.9	50.0	160	(117)	43
City Screen (Liverpool) Limited	4.5	50.0	56	(15)	41
Total non-technology investments			25,455	(7,638)	17,817
Total qualifying investments			37,960	(8,836)	29,124

* AVL is *Albion Ventures LLP*.

** This part of the Peakdale investment is in loan stock secured against debtors and property and is classified as a non-technology holding.

Portfolio of investments (continued)

The following is a summary of the non-qualifying fixed asset investments as at 30 June 2011:

Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000
Evolutions Group Limited	22.3	100.0	1,481	(345)	1,136
Albion Investment Properties Limited (formerly Smiles Pub Company Limited)	22.6	100.0	434	(53)	381
Consolidated PR Limited	2.1	23.6	33	23	56
Total non-qualifying investments			1,948	(375)	1,573

*AVL is Albion Ventures LLP

The following is a summary of current asset investments as at 30 June 2011:

Current asset investment	Cost £'000	Cumulative movement in value £'000	Total value £'000
Royal Skandia Collective Bond	1,000	–	1,000
Total current asset investments	1,000	–	1,000

Summary income statement

		Ordinary shares Unaudited six months ended 30 June 2011			Combined Ordinary and C shares Unaudited six months ended 30 June 2010			Combined Ordinary and C shares Audited year ended 31 December 2010		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	1,022	1,022	-	88	88	-	(391)	(391)
Investment income	4	584	-	584	629	-	629	1,197	-	1,197
Investment management fees		(109)	(330)	(439)	(115)	(344)	(459)	(225)	(673)	(898)
Other expenses		(111)	-	(111)	(102)	-	(102)	(194)	-	(194)
Return/(loss) on ordinary activities before tax		364	692	1,056	412	(256)	156	778	(1,064)	(286)
Tax (charge)/credit on ordinary activities		(76)	85	9	(117)	82	(35)	(198)	183	(15)
Return/(loss) attributable to shareholders		288	777	1,065	295	(174)	121	580	(881)	(301)
Basic and diluted return per share (pence)*	6	0.7	2.0	2.7						

* excluding treasury shares

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

The accompanying notes on pages 15 to 23 form an integral part of this Half-yearly Financial Report.

The total column of this Summary income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with the Association of Investment Companies' Statement of Recommended Practice.

All revenue and capital items in the above statement derive from continuing operations.

There are no recognised gains or losses other than the results for the periods disclosed above. Accordingly a Statement of total recognised gains and losses is not required. The difference between the reported loss on ordinary activities before tax and the historical profit is due to the fair value movements on investments. As a result a note on historical cost profit and losses has not been prepared.

The Income Statement for the period to 30 June 2011 is in respect of only Ordinary shares since C shares were converted into Ordinary shares on 31 March 2011.

Summary balance sheet

	Note	Ordinary shares Unaudited 30 June 2011 £'000	Combined Ordinary and C shares Unaudited 30 June 2010 £'000	Combined Ordinary and C shares Audited 31 December 2010 £'000
Fixed asset investments				
Qualifying		29,124	28,309	28,018
Non-qualifying		1,573	552	1,369
Total fixed asset investments		30,697	28,861	29,387
Current assets				
Trade and other debtors		68	182	304
Current asset investments		1,000	1,011	1,005
Cash at bank and in hand	9	3,729	6,195	3,895
		4,797	7,388	5,204
Creditors: amounts falling due within one year		(349)	(365)	(500)
Net current assets		4,448	7,023	4,704
Net assets		35,145	35,884	34,091
Capital and reserves				
Called up share capital	7	21,809	24,725	24,772
Share premium		929	273	294
Capital redemption reserve		400	400	400
Redenomination reserve		4,073	–	–
Unrealised capital reserve		(9,355)	(10,009)	(9,312)
Special reserve		9,525	21,327	14,914
Treasury shares reserve		(2,927)	(1,746)	(2,166)
Realised capital reserve		9,489	167	4,278
Revenue reserve		1,202	747	911
Total equity shareholders' funds		35,145	35,884	34,091
Basic and diluted net asset value per share (pence)*		87.9		

* excluding treasury shares

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

The Balance Sheets as at 30 June 2010 and 31 December 2010 represent the aggregate Balance Sheets of the Ordinary shares and C shares. The Balance Sheet as at 30 June 2011 represents Ordinary shares which include C shares converted into Ordinary shares on 31 March 2011.

The accompanying notes on pages 15 to 23 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 22 August 2011, and were signed on its behalf by

Dr N E Cross

Chairman

Company number: 4114310

Summary reconciliation of movement in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Redenomination reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
1 January 2011 (audited)	24,772	294	400	-	(9,312)	14,914	(2,166)	4,278	911	34,091
Realised gains	-	-	-	-	-	-	-	1,248	-	1,248
Unrealised losses	-	-	-	-	(226)	-	-	-	-	(226)
Transfer of previously unrealised losses to realised losses	-	-	-	-	183	-	-	(183)	-	-
Creation of Redenomination reserve on conversion of C Shares	(4,073)	-	-	4,073	-	-	-	-	-	-
Capitalised investment management fees	-	-	-	-	-	-	-	(330)	-	(330)
Tax relief on costs charged to capital	-	-	-	-	-	-	-	85	-	85
Purchase of own treasury shares	-	-	-	-	-	-	(761)	-	-	(761)
Issue of equity (net of costs)	1,110	635	-	-	-	-	-	-	-	1,745
Revenue return attributable to shareholders	-	-	-	-	-	-	-	-	288	288
Transfer from special reserve to realised capital and revenue reserves†	-	-	-	-	-	(5,389)	-	4,391	998	-
Dividends paid	-	-	-	-	-	-	-	-	(995)	(995)
As at 30 June 2011 (unaudited)	21,809	929	400	4,073	(9,355)	9,525	(2,927)	9,489	1,202	35,145

Summary reconciliation of movement in shareholders' funds (continued)

	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 January 2010 (audited)	24,680	259	400	(10,083)	21,327	(1,372)	845	1,056	37,112
Realised gains	–	–	–	–	–	–	130	–	130
Unrealised losses	–	–	–	(42)	–	–	–	–	(42)
Transfer of previously unrealised losses to realised losses	–	–	–	116	–	–	(116)	–	–
Capitalised investment management fees	–	–	–	–	–	–	(344)	–	(344)
Tax relief on costs charged to capital	–	–	–	–	–	–	82	–	82
Purchase of own treasury shares	–	–	–	–	–	(374)	–	–	(374)
Issue of equity (net of costs)	45	14	–	–	–	–	–	–	59
Revenue return attributable to shareholders	–	–	–	–	–	–	–	295	295
Dividends paid	–	–	–	–	–	–	(430)	(604)	(1,034)
As at 30 June 2010 (unaudited)	24,725	273	400	(10,009)	21,327	(1,746)	167	747	35,884
As at 1 January 2010 (audited)	24,680	259	400	(10,083)	21,327	(1,372)	845	1,056	37,112
Realised losses	–	–	–	–	–	–	(161)	–	(161)
Unrealised losses	–	–	–	(230)	–	–	–	–	(230)
Transfer of previously unrealised losses to realised losses	–	–	–	1,001	–	–	(1,001)	–	–
Capitalised investment management fees	–	–	–	–	–	–	(673)	–	(673)
Tax relief on costs charged to capital	–	–	–	–	–	–	183	–	183
Purchase of own treasury shares	–	–	–	–	–	(794)	–	–	(794)
Issue of equity (net of costs)	92	35	–	–	–	–	–	–	127
Transfer from Special reserve to Realised capital reserve†	–	–	–	–	(5,152)	–	5,152	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	–	580	580
Dividends paid	–	–	–	–	(1,261)	–	(67)	(725)	(2,053)
As at 31 December 2010 (audited)	24,772	294	400	(9,312)	14,914	(2,166)	4,278	911	34,091

* Included within these reserves is an amount of £7,934,000 (30 June 2010: £10,486,000; 31 December 2010: £8,625,000) 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 from the Special reserve to the Realised capital reserve of £2,807,000 in respect of the Ordinary shares and £2,345,000 in respect of the C shares, representing gross realised losses on disposal of investments from launch to 31 December 2010, was made in the year ended 31 December 2010. Further transfers from the Special reserve to the Realised capital reserve of £4,391,000, representing historical capital dividends paid, and to the Revenue reserve of £998,000, representing the dividend paid on 28 April 2011, were made in the period to 30 June 2011.

Summary cash flow statement

	Note	Ordinary shares Unaudited six months ended 30 June 2011 £'000	Combined Ordinary and C shares Unaudited six months ended 30 June 2010 £'000	Combined Ordinary and C shares Audited year ended 31 December 2010 £'000
Operating activities				
Investment income received		531	513	1,095
Deposit interest received		20	76	105
Dividend income received		–	–	4
Investment management fees paid		(428)	(453)	(904)
Other cash payments		(134)	(125)	(193)
Net cash flow from operating activities	8	(11)	11	107
Taxation				
UK corporation tax recovered		162	132	131
Capital expenditure and financial investments				
Purchase of fixed asset investments		(3,131)	(2,262)	(5,148)
Disposal of fixed asset investments		2,824	860	2,776
Net cash flow from investing activities		(307)	(1,402)	(2,372)
Management of liquid resources				
Purchase of current asset investment		(1,000)	–	–
Disposal of current asset investment		1,000	–	–
Net cash flow from liquid resources		–	–	–
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(914)	(962)	(1,911)
Net cash flow before financing		(1,070)	(2,221)	(4,045)
Financing				
Issue of share capital		1,672	–	–
Purchase of own shares		(761)	(321)	(794)
Costs of issue of share capital		(7)	(12)	(15)
Net cash flow from financing		904	(333)	(809)
Net cash flow in the period	9	(166)	(2,554)	(4,854)

Notes to the unaudited summarised Financial Statements for the six months to 30 June 2011

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, 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 as at the balance sheet date, and if there is additional value to the Company in exercising 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.

Bonds and floating rate notes

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. Bonds and floating rate notes are classified as current asset investments as they are investments held for the short term.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

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.

Notes to the unaudited summarised Financial Statements for the six months to 30 June 2011 (continued)

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 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.

Redenomination Reserve

This reserve accounts for the difference between the nominal value of the total C shares in issue on 31 March 2011 and the nominal value of the Ordinary shares into which those C shares converted on the same date. The reserve is non-distributable.

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 for the six months to 30 June 2011 (continued)

3. Gains/(losses) on investments

	Ordinary shares Unaudited six months ended 30 June 2011 £'000	Combined Ordinary and C shares Unaudited six months ended 30 June 2010 £'000	Combined Ordinary and C shares Audited year ended 31 December 2010 £'000
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(327)	158	113
Unrealised gains/(impairments) on fixed asset investments held at amortised cost	101	(197)	(333)
Unrealised (losses) on fixed asset investments	(226)	(39)	(220)
Unrealised losses on current asset investments held at fair value through profit or loss account	-	(3)	(10)
Unrealised (losses) sub-total	(226)	(42)	(230)
Realised gains/(losses) on investments held at fair value through profit or loss account	712	208	(56)
Realised gains/(losses) on investments held at amortised cost	541	(78)	(105)
Realised losses on current asset investments held at fair value through profit or loss account	(5)	-	-
Realised gains/(losses) subtotal	1,248	130	(161)
Total	1,022	88	(391)

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

Notes to the unaudited summarised Financial Statements for the six months to 30 June 2011 (continued)

4. Investment income

	Ordinary shares Unaudited six months ended 30 June 2011 £'000	Combined Ordinary and C shares Unaudited six months ended 30 June 2010 £'000	Combined Ordinary and C shares Audited year ended 31 December 2010 £'000
Income recognised on investments held at fair value through profit or loss account			
UK dividend income	-	-	4
Floating rate note interest	10	13	27
Income from convertible bonds and discounted debt	22	29	53
Other income	2	4	2
	34	46	86
Income recognised on investments held at amortised cost			
Return on loan stock investments	531	518	1,017
Bank deposit interest	19	65	94
	550	583	1,111
	584	629	1,197

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

5. Dividends

	Unaudited six months ended 30 June 2011	Unaudited six months ended 30 June 2010		Audited year ended 31 December 2010	
	£'000	Ordinary shares £'000	C shares £'000	Ordinary shares £'000	C shares £'000
Dividend of 4.0p per Ordinary share paid on 21 May 2010	-	512	-	512	-
Dividend of 1.5p per C share paid on 21 May 2010	-	-	521	-	521
Dividend of 4.0p per Ordinary share paid on 29 October 2010	-	-	-	510	-
Dividend of 1.5p per C share paid on 29 October 2010	-	-	-	-	510
Dividend of 2.5p per Ordinary share paid on 28 April 2011	998	-	-	-	-
	998	512	521	1,022	1,031

The Directors have declared a dividend of 2.5 pence per Ordinary share (total approximately £990,000) payable on 28 October 2011 to shareholders on the register as at 30 September 2011.

Notes to the unaudited summarised Financial Statements for the six months to 30 June 2011 (continued)

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

Ordinary shares	Unaudited six months ended 30 June 2011		Unaudited six months ended 30 June 2010		Audited year ended 31 December 2010	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to Ordinary shares (£'000)	288	777	113	303	208	132
Weighted average shares in issue	39,783,152		12,841,483		12,800,207	
Return/(loss) per Ordinary share (pence)	0.7	2.0	0.9	2.4	1.6	1.0

C shares

	Unaudited six months ended 30 June 2010		Audited year ended 31 December 2010	
	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to C shares (£'000)	182	(477)	372	(1,013)
Weighted average shares in issue	35,502,164		34,251,343	
Return/(loss) per C share (pence)	0.5	(1.4)	1.1	(3.0)

There are no convertible instruments, derivatives or contingent share agreements in issue for Albion Technology & General VCT PLC hence there are no dilution effects to the return per share. The basic return per share is therefore the same as the diluted return per share.

7. Share Capital

Ordinary shares	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Authorised			
70,000,000 Ordinary shares of 50p each (30 June 2010 and 31 December 2010: 70,000,000)	35,000	35,000	35,000
Allotted, called up and fully paid			
43,618,301 Ordinary shares of 50p each (30 June 2010: 13,735,783; 31 December 2010: 13,770,233)	21,809	6,868	6,885

Notes to the unaudited summarised Financial Statements for the six months to 30 June 2011 (continued)

7. Share Capital (continued)

Voting rights

39,961,929 Ordinary shares of 50p each (net of treasury shares) (30 June 2010: 12,847,689; 31 December 2010: 12,644,363).

C shares	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Authorised		
30 June 2010 and 31 December 2010: 40,000,000	20,000	20,000
Allotted, called up and fully paid		
30 June 2010: 35,714,640; 31 December 2010: 35,774,708	17,857	17,887

Voting rights

34,115,722 C shares of 50p each (net of treasury shares) at 30 June 2010, and 33,788,441 C shares of 50p each at 31 December 2010

Conversion of C shares and Ordinary shares

In accordance with the Articles of Association, on 31 March 2011, the C shares converted to Ordinary shares on the basis of the net assets attributable to the Ordinary shares and the C shares as disclosed in the audited accounts for the year ended 31 December 2010 and in accordance with the calculation as described and approved by shareholders' resolution number 4 at the Extraordinary General Meeting on 8 December 2005. C shareholders received 0.7779 Ordinary shares for each C share they owned as at 31 March 2011. New certificates were sent to C shareholders on or before 30 April 2011. Following receipt of the new Ordinary share certificates, the existing C share certificates are now worthless and should be destroyed.

Under the terms of the Dividend Reinvestment Scheme Circular dated 18 April 2008, the following Ordinary shares of nominal value 50 pence were allotted:

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)
16 May 2011	96,099	85.1	82	78.0

Notes to the unaudited summarised Financial Statements for the six months to 30 June 2011 (continued)

7. Share Capital (continued)

During the period from 1 January to 30 June 2011, the Company issued the following New Ordinary shares and C shares of nominal value 50 pence under the Albion VCTs Linked Top Up Offer:

Ordinary shares

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)
7 January 2011	344,862	94.8	309	78.0
22 March 2011	360,737	90.1	307	78.0
5 April 2011	474,229	90.1	404	78.0
16 May 2011	39,825	91.1	34	78.0
	<u>1,219,653</u>		<u>1,054</u>	

C shares*

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)
7 January 2011	440,166	74.3	309	61.0
22 March 2011	463,769	70.1	307	60.0
	<u>903,935</u>		<u>616</u>	

*These C shares subsequently converted to Ordinary shares on 31 March 2011 at a ratio of 0.7779 Ordinary shares for each C share.

During the period to 30 June 2011 the Company purchased 723,000 Ordinary shares and 337,300 C shares to be held in treasury at a cost of £561,000 and £200,000 respectively, representing 5.7% of the Ordinary shares and 1.0% of the C shares in issue (excluding treasury shares) as at 1 January 2011. The shares purchased for treasury were funded from the Treasury shares reserve.

The total number of Ordinary shares held in treasury as at 30 June 2011 was 3,656,372 (30 June 2010: 888,094; 31 December 2010: 1,125,870) representing 8.4% of issued share capital as at 30 June 2011.

Notes to the unaudited summarised Financial Statements for the six months to 30 June 2011 (continued)

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

	Ordinary shares Unaudited six months ended 30 June 2011 £'000	Combined Ordinary and C shares Unaudited six months ended 30 June 2010 £'000	Combined Ordinary and C shares Audited year ended 31 December 2010 £'000
Revenue return on ordinary activities before tax	364	412	778
Investment management fee charged to capital	(330)	(344)	(673)
Movement in accrued amortised loan stock interest	(39)	(31)	14
(Increase)/decrease in operating debtors	(10)	11	18
Decrease/(increase) in operating creditors	4	(37)	(30)
Net cash flow from operating activities	(11)	11	107

9. Analysis of change in cash during the period

	Ordinary shares Unaudited six months ended 30 June 2011 £'000	Combined Ordinary and C shares Unaudited six months ended 30 June 2010 £'000	Combined Ordinary and C shares Audited year ended 31 December 2010 £'000
Opening cash balances	3,895	8,749	8,749
Net cash (outflow)	(166)	(2,554)	(4,854)
End of the period	3,729	6,195	3,895

10. Post balance sheet events

Since 30 June 2011, the Company has completed the following material transactions:

- Investment in Orchard Portman Hospital Limited of £30,000 in July 2011;
- Investment in Helveta Limited of £151,000 in July 2011;
- Investment in Rostima Holdings Limited of £79,000 in July 2011;
- Receipt of £103,000 of deferred consideration in respect of the disposal of Green Energy Property Services Group Limited in July 2011;
- Receipt of £54,000 of deferred consideration in respect of the disposal of Dexela Limited in August 2011.

Notes to the unaudited summarised Financial Statements for the six months to 30 June 2011 (continued)

11. 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 the Managing Partner of the Manager. The Manager is party to a management agreement with the Company. During the period, services of a total value of £439,000 (30 June 2010: £459,000; 31 December 2010: £898,000) 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 was £227,000 (30 June 2010: £225,000; 31 December 2010: £229,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged £11,000 (including VAT) by Albion Ventures LLP in respect of his services as a Director (30 June 2010: £10,000; 31 December 2010: £21,000). At the period end, the amount due to Albion Ventures LLP in respect of these services was £5,000 (30 June 2010: £5,000; 31 December 2010: £5,000).

Albion Ventures LLP holds 1,012 fractional entitlement shares of the Company as a result of the conversion of C shares to Ordinary shares on 31 March 2011.

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

12. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 December 2010, and is detailed on page 33 of those accounts. 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, dividends and share buy-backs) 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.

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 30 June 2011 and 30 June 2010, and is unaudited. The information for the year ended 31 December 2010 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which were unqualified and 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.

Albion Technology & General
VCT PLC

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