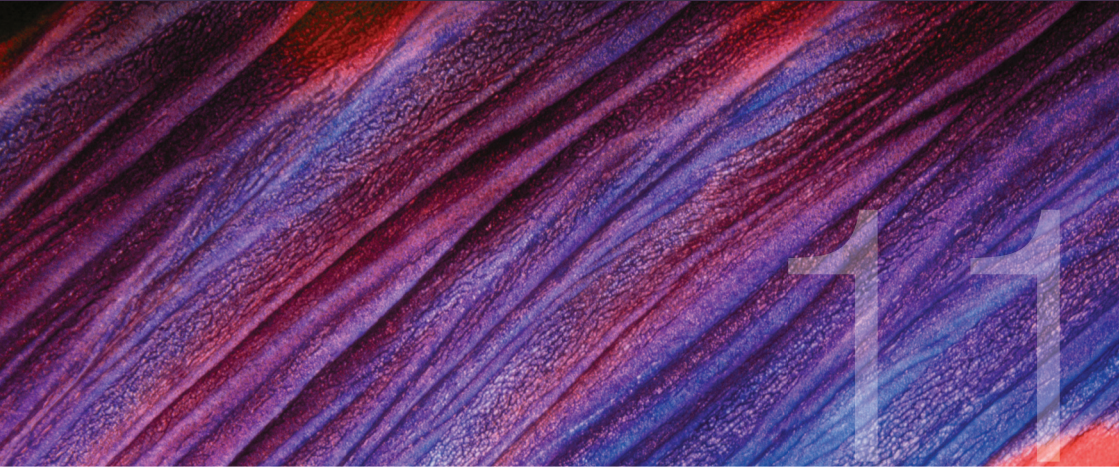


Half-yearly Financial Report
(unaudited) for the six months to
30 September 2011



Albion Venture Capital Trust PLC

ALBIONVENTURES

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Company information

Company number	3142609
Directors	D Watkins MBA (Harvard), Chairman (US citizen) J M B L Kerr ACMA J Warren ACCA J Rounce FCA, FIH
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
Registrar	Computershare Investor Services PLC (with effect from 28 November 2011) The Pavilions Bridgwater Road Bristol BS99 6ZZ
Auditor	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Legal adviser	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA

Albion Venture Capital Trust 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 5849 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri)
Website: www.computershare.co.uk
Contact information and faq's:
www-uk.computershare.com/Investor/contactus

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

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

IFA information

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

Investment objectives

Albion Venture Capital Trust PLC (the "Company") is a venture capital trust which raised a total of £39.7 million through an issue of Ordinary Shares in the spring of 1996 and through an issue of C Shares in the following year. The Company raised a further £1.67 million in early 2011 under the Albion VCTs Linked Top Up Offer. The C Shares merged with the Ordinary Shares in 2001.

The Company offers tax-paying investors substantial tax benefits at the time of investment, on payment of dividends and on the ultimate disposal of the investment. Its investment strategy is to minimise the risk to investors whilst maintaining an attractive yield. This is achieved as follows:

- qualifying unquoted investments are predominantly in specially-formed companies which provide a high level of asset backing for the capital value of the investment; and
- Albion Venture Capital Trust PLC invests alongside selected partners with proven experience in the sectors concerned; and
- investments are normally structured as a mixture of equity and loan stock. The loan stock represents the majority of the finance provided and is secured on the assets of the investee company. Funds managed or advised by Albion Ventures LLP typically own 50% of the equity of the investee company; and
- other than the loan stock issued to funds managed or advised by Albion Ventures LLP, investee companies do not normally have external borrowings.

Financial calendar

Record date for second dividend	2 December 2011
Payment date for second dividend	30 December 2011
Financial year end	31 March 2012

Financial highlights (unaudited)

	Unaudited six months ended 30 September 2011 (pence per share)	Unaudited six months ended 30 September 2010 (pence per share)	Audited year ended 31 March 2011 (pence per share)
Net asset value	79.5	80.8	80.5
Revenue return	1.1	1.0	2.5
Capital return	0.2	0.6	1.2

	Ordinary shares (pence per share)	C shares (pence per share)
Total shareholder net asset value return to 30 September 2011		
Total dividends paid during the year ended:		
	31 March 1997	2.00
	31 March 1998	5.20
	31 March 1999	11.05
	31 March 2000	3.00
	31 March 2001	8.55
	31 March 2002	7.60
	31 March 2003	7.70
	31 March 2004	8.20
	31 March 2005	9.75
	31 March 2006	11.75
	31 March 2007	10.00
	31 March 2008	10.00
	31 March 2009	10.00
	31 March 2010	5.00
	31 March 2011	5.00
Total dividends paid in the six months to	30 September 2011	2.50
		<u>2.50</u>
Total dividends paid to 30 September 2011		<u>117.30</u>
Net asset value as at 30 September 2011		<u>79.50</u>
Total shareholder net asset value return to 30 September 2011		<u>196.80</u>
		<u>185.25</u>

In addition to the above dividends paid, the Directors have declared a second dividend of 2.50 pence per share, payable on 30 December 2011 to shareholders on the register as at 2 December 2011.

Interim management report

Introduction

The results for Albion Venture Capital Trust PLC for the six months to 30 September 2011 show a positive return of 1.3 pence per share (revenue and capital), which takes the net asset value to 79.5 pence per share (31 March 2011: 80.5 pence per share) after the payment of the first dividend for the year of 2.5 pence per share. This comprised a 1.1 pence revenue return for the period and a 0.2 pence capital return, although it should be noted that independent third party valuations of the underlying investments are not generally carried out until the spring.

Investment performance and progress

The company's hotel portfolio has experienced mixed fortunes over the period. The most significant event was the successful sale of The Place Sandwich VCT, which owned the 37-bedroom Bell Hotel in Sandwich. This realised proceeds of £1,785,000 for the Company compared to the holding value of £1,501,000 and cost of £1,640,000. In addition to the sales proceeds, the Company received £758,000 of interest over the course of the investment, producing a total return of approximately 1.6 times cost. As a result of the sale, the hotel sector as a proportion of the Company's portfolio has reduced from 48% at 31 March 2011 to 42% at 30 September 2011, in line with our policy of reducing our weighting in the sector.

The Holiday Inn Express at Stansted Airport recorded its second best year to date in its financial year to August 2011 and trading at the Bear Hotel in Hungerford has been ahead of the previous year. Recent trading at the Crown Hotel in Harrogate, on the other hand, has been a little quieter than last year and while revenues at The Stanwell hotel continue to grow, it has been at a significantly slower pace than hoped for. Accordingly a change of management at The Stanwell Hotel has taken place and work is being undertaken to address some building issues that have arisen and to improve the bedroom product.

In addition to the sale of The Place Sandwich VCT, a further £530,000 of loan stock has been repaid by other investee companies during the period.

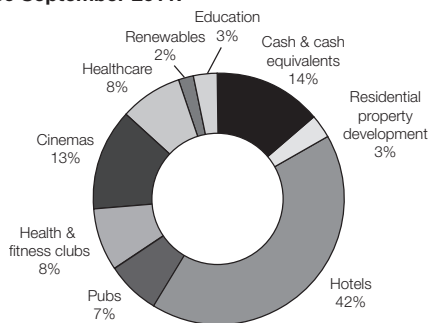
Meanwhile £1,050,000 has been invested in 4 existing investee companies and 2 new companies. The new companies are both in the renewable

energy sector, one installing solar panels on commercial premises and the other constructing wind turbines, with the majority of the overall investment being funds already scheduled for Oakland Care Centre, which has been developing a care home for patients suffering from dementia.

In the existing portfolio, notable events have been the successful opening of Radnor House School in Twickenham in September 2011 with almost double the budgeted number of pupils, the opening of Orchard Portman's psychiatric unit in Somerset in May 2011 and the opening of Oakland Care Centre's Bayfield Court care home in Chingford in October 2011.

The cinemas are continuing to show strong performance and the health and fitness clubs have all increased profitability in their financial years to September 2011. In the pub sector, the pubs owned by The Charnwood Pub Company were slightly behind budget over the six months while the Bravo Inns pubs in the north west have been performing ahead of expectations.

Split of portfolio by valuation as at 30 September 2011:



Source: Albion Ventures LLP

Risks and uncertainties

We remain cautious over the short and medium term prospects of the UK economy in view of the currency and debt constraints which are increasingly becoming apparent within the Eurozone and elsewhere. Nevertheless, the portfolio is being gradually repositioned towards sectors that we believe are more resilient and we believe that the majority of the Company's investments are well

Interim management report (continued)

positioned to withstand an economic downturn in light of our general policy that investee companies have no external bank borrowings.

Other risks and uncertainties remain unchanged and are as detailed on pages 17 to 19 of the Annual Report and Financial Statements for the year ended 31 March 2011.

Related party transactions

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

Share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new investee companies and for the continued payment of dividends to shareholders. Thereafter, it is the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest. The Company will limit the sum available for share buy-backs for the six months to 31 March 2012 to £350,000, in line with the total value bought in for the previous six months. Subject to the constraints referred to above, and subject to first purchasing shares held by the marketmakers, the Board will target such buy-backs to be in the region of a 10 to 15 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Results and dividends

As at 30 September 2011 the net asset value of the Company was £28.5 million or 79.5 pence per share

compared to £28.8 million or 80.5 pence per share at 31 March 2011. The revenue return before taxation was £529,000 compared to £484,000 for the six months to 30 September 2010. The Company will pay a second dividend of 2.50 pence per share on 30 December 2011 to shareholders on the register as at 2 December 2011, making 5.0 pence per share in total for the full year, in line with your Company's current dividend target.

Albion VCTs Linked Top Up Offer 2011/2012

Your Board, in conjunction with the boards of six of the other VCTs managed by Albion Ventures LLP, has recently launched a top up offer of new Ordinary shares. Albion Venture Capital Trust PLC will be aiming to raise approximately £2.25 million, a 15 per cent. share of the £15 million in aggregate that the Albion VCTs plan 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 have been sent to shareholders.

Outlook and prospects

As already mentioned, the outlook for the UK economy remains uncertain. Nevertheless we believe that the majority of our companies are well positioned to withstand future economic upheaval. Our strategy for new investments continues to be focused on sectors that are likely to be resilient, particularly healthcare and environmental projects.

John Kerr

Director

17 November 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 September 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 September 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 March 2011.

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

By order of the Board

John Kerr
Director
17 November 2011

Portfolio of investments

The following is a summary of investments as at 30 September 2011:

Qualifying investments	% voting rights	% voting rights of AVL* managed companies	As at 30 September 2011		
			Cost £'000	Cumulative movement in value £'000	Total value** £'000
Hotels					
Kew Green VCT (Stansted) Limited	28.2	50.0	4,047	2,251	6,298
The Stanwell Hotel Limited	24.6	50.0	3,421	(1,043)	2,378
The Crown Hotel Harrogate Limited	15.6	50.0	3,100	(837)	2,263
The Bear Hungerford Limited	26.2	50.0	2,088	(747)	1,341
Total investment in the hotel sector			12,656	(376)	12,280
Cinemas and other leisure					
City Screen (Cambridge) Limited	50.0	50.0	535	1,277	1,812
CS (Greenwich) Limited	18.3	50.0	954	158	1,112
CS (Brixton) Limited	6.4	50.0	274	125	399
City Screen (Liverpool) Limited	18.2	50.0	222	(61)	161
Premier Leisure (Suffolk) Limited	5.2	50.0	380	(290)	90
CS (Exeter) Limited	6.6	50.0	108	(30)	78
CS (Norwich) Limited	3.1	50.0	50	2	52
Total investment in the cinema and other leisure sector			2,523	1,181	3,704
Health and fitness clubs					
The Weybridge Club Limited	8.2	50.0	1,330	(242)	1,088
Kensington Health Clubs Limited	8.1	50.0	1,124	(343)	781
Tower Bridge Health Clubs Limited	5.5	50.0	325	54	379
Total investment in the health and fitness club sector			2,779	(531)	2,248
Healthcare sector					
Oakland Care Centre Limited	19.1	45.3	1,519	45	1,564
Taunton Hospital Limited	6.0	50.0	380	1	381
Nelson House Hospital Limited	5.0	50.0	155	-	155
Orchard Portman Hospital Limited	2.0	50.0	132	-	132
Total investment in the healthcare sector			2,186	46	2,232
Pubs					
The Charnwood Pub Company Limited	8.8	50.0	3,086	(1,795)	1,291
Bravo Inns II Limited	4.4	50.0	575	(26)	549
Bravo Inns Limited	5.1	50.0	450	(173)	277
GB Pub Company VCT Limited	5.9	50.0	239	(177)	62
The Dunedin Pub Company VCT Limited	4.3	50.0	47	(2)	45
Total investment in the pub sector			4,397	(2,173)	2,224
Residential property development					
G&K Smart Developments VCT Limited	42.9	50.0	1,620	(1,144)	476
Prime VCT Limited	50.0	50.0	990	(640)	350
Total investment in the residential property development sector			2,610	(1,784)	826
Education sector					
Radnor House School (Holdings) Limited	4.6	50.0	801	24	825
Total investment in the education sector			801	24	825
Environmental sector					
TEG Biogas (Perth) Limited	3.6	50.0	207	2	209
Regenerco Renewable Energy Limited	2.5	50.0	138	-	138
Alto Prodotto Wind Limited	2.6	50.0	112	1	113
The Street by Street Solar Programme Limited	2.5	50.0	99	-	99
AVESI Limited	2.5	50.0	20	-	20
Total investment in the environmental sector			576	3	579
Total qualifying investments			28,528	(3,610)	24,918

* AVL is Albion Ventures LLP

**These valuations are based on third party valuations performed for the Annual Report and Financial Statements for the year ended 31 March 2011. Third party valuations will be re-performed for the year ended 31 March 2012.

Summary income statement

		Unaudited six months ended 30 September 2011			Unaudited six months ended 30 September 2010			Audited year ended 31 March 2011		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	-	232	232	-	333	333	-	700	700
Investment income	4	711	-	711	687	-	687	1,300	-	1,300
Investment management fees		(73)	(218)	(291)	(70)	(211)	(281)	(141)	(424)	(565)
Other expenses		(109)	-	(109)	(133)	-	(133)	(248)	-	(248)
Return on ordinary activities before tax		529	14	543	484	122	606	911	276	1,187
Tax (charge)/ credit on ordinary activities		(134)	60	(74)	(131)	63	(68)	(41)	126	85
Return attributable to shareholders		395	74	469	353	185	538	870	402	1,272
Basic and diluted return per share (pence)*	6	1.1	0.2	1.3	1.0	0.6	1.6	2.5	1.2	3.7

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2010 and the audited statutory accounts for the year ended 31 March 2011.

The accompanying notes on pages 13 to 19 form an integral part of this Half-yearly Financial Report.

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

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

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

Summary balance sheet

	Note	Unaudited 30 September 2011 £'000	Unaudited 30 September 2010 £'000	Audited 31 March 2011 £'000
Fixed asset investments				
Qualifying		24,918	25,677	25,535
Non-qualifying		–	439	439
Total fixed asset investments		24,918	26,116	25,974
Current assets				
Trade and other debtors		19	12	130
Cash at bank and in hand	9	3,923	2,261	2,971
		3,942	2,273	3,101
Creditors: amounts falling due within one year		(400)	(475)	(314)
Net current assets		3,542	1,798	2,787
Net assets		28,460	27,914	28,761
Capital and reserves				
Called up share capital	7	19,197	18,075	18,886
Share premium		706	77	538
Capital redemption reserve		1,914	1,914	1,914
Unrealised capital reserve		(3,791)	(4,268)	(3,871)
Special reserve		–	13,236	–
Treasury shares reserve		(1,875)	(1,222)	(1,524)
Realised capital reserve		10,885	(441)	10,891
Revenue reserve		1,424	543	1,927
Total equity shareholders' funds		28,460	27,914	28,761
Basic and diluted net asset value per share (pence)*		79.5	80.8	80.5

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2010 and the audited statutory accounts for the year ended 31 March 2011.

The accompanying notes on pages 13 to 19 form an integral part of this Half-yearly Financial Report.

These Financial Statements were approved by the Board of Directors and authorised for issue on 17 November 2011, and were signed on its behalf by

John Kerr

Director

Company number: 3142609

Summary reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
1 April 2011 (audited)	18,886	538	1,914	(3,871)	(1,524)	10,891	1,927	28,761
Realised gains	–	–	–	–	–	314	–	314
Unrealised losses	–	–	–	(82)	–	–	–	(82)
Transfer of previously unrealised losses to realised losses	–	–	–	162	–	(162)	–	–
Capitalised investment management fees	–	–	–	–	–	(218)	–	(218)
Tax relief on costs charged to capital	–	–	–	–	–	60	–	60
Purchase of own treasury shares	–	–	–	–	(351)	–	–	(351)
Issue of equity (net of costs)	311	168	–	–	–	–	–	479
Revenue return attributable to shareholders	–	–	–	–	–	–	395	395
Dividends paid	–	–	–	–	–	–	(898)	(898)
As at 30 September 2011 (unaudited)	19,197	706	1,914	(3,791)	(1,875)	10,885	1,424	28,460

	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
1 April 2010 (audited)	18,050	69	1,914	(4,599)	13,236	(1,032)	(295)	1,057	28,400
Realised gains	–	–	–	–	–	–	2	–	2
Unrealised gains	–	–	–	331	–	–	–	–	331
Capitalised investment management fees	–	–	–	–	–	–	(211)	–	(211)
Tax relief on costs charged to capital	–	–	–	–	–	–	63	–	63
Purchase of own treasury shares	–	–	–	–	–	(190)	–	–	(190)
Issue of equity (net of costs)	25	8	–	–	–	–	–	–	33
Revenue return attributable to shareholders	–	–	–	–	–	–	–	353	353
Dividends paid	–	–	–	–	–	–	–	(867)	(867)
As at 30 September 2010 (unaudited)	18,075	77	1,914	(4,268)	13,236	(1,222)	(441)	543	27,914
As at 1 April 2010 (audited)	18,050	69	1,914	(4,599)	13,236	(1,032)	(295)	1,057	28,400
Realised losses	–	–	–	–	–	–	(7)	–	(7)
Unrealised gains	–	–	–	707	–	–	–	–	707
Transfer of previously unrealised losses to realised losses	–	–	–	21	–	–	(21)	–	–
Capitalised investment management fees	–	–	–	–	–	–	(424)	–	(424)
Tax on capitalised management fees	–	–	–	–	–	–	126	–	126
Purchase of own treasury shares	–	–	–	–	–	(492)	–	–	(492)
Issue of equity (net of costs)	836	469	–	–	–	–	–	–	1,305
Revenue return attributable to shareholders	–	–	–	–	–	–	–	870	870
Dividends paid	–	–	–	–	–	–	–	(1,724)	(1,724)
Transfer from Special reserve to realised capital reserve	–	–	–	–	(11,512)	–	11,512	–	–
Transfer from Special reserve to Revenue reserve	–	–	–	–	(1,724)	–	–	1,724	–
As at 31 March 2011 (audited)	18,886	538	1,914	(3,871)	–	(1,524)	10,891	1,927	28,761

*Included within these reserves is an amount of £6,643,300 (30 September 2010: £7,848,000; 31 March 2011: £7,423,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Summary cash flow statement

	Note	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Operating activities				
Investment income received		669	660	1,285
Deposit interest received		18	13	19
Investment management fees paid		(308)	(284)	(601)
Other cash payments		(156)	(154)	(203)
Net cash flow from operating activities	8	223	235	500
Taxation				
UK corporation tax recovered		205	514	379
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,094)	(988)	(2,365)
Disposal of fixed asset investments		2,357	1,421	3,280
Net cash flow from investing activities		1,263	433	915
Equity dividends paid				
Dividends paid (net of cost of shares issued under the dividend reinvestment scheme)		(848)	(827)	(1,644)
Net cash flow before financing		843	355	150
Financing				
Issue of share capital		461	-	1,210
Purchase of own shares		(352)	(197)	(492)
Net cash flow from financing		109	(197)	718
Cash flow in the period	9	952	158	868

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.

2. Accounting policies

Investments

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

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

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

Fair value movements and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement in accordance with the AIC SORP; realised gains or losses on the sale of investments will be reflected in the realised capital reserve; and unrealised gains or losses arising from the revaluation of investments will be reflected in the unrealised capital reserve.

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 as permitted by FRS 26 and carried at amortised cost using the Effective Interest Rate method ("EIR") 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 original 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.

Notes to the unaudited summarised financial statements

(continued)

Bank interest income

Interest income is recognised on an accrual 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% 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% 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.

Performance incentive fee

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

Taxation

Taxation is applied on a current basis in accordance with FRS 16 "Current tax". Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 "Deferred tax", deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the Financial Statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

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

Reserves

Share premium account

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

(continued)

3. Gains on investments

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(200)	292	725
Release of impairments/(impairments) on fixed asset investments held at amortised cost	118	39	(18)
Unrealised (losses)/gains sub-total	(82)	331	707
Realised gains on investments held at fair value through profit or loss account	288	–	8
Realised gains/(losses) on investments held at amortised cost	26	2	(15)
Realised gains/(losses) sub-total	314	2	(7)
	232	333	700

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

4. Investment income

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Income recognised on investments held at fair value through profit or loss account			
Other income	3	13	13
	3	13	13
Income recognised on investments held at amortised cost			
Return on loan stock investments	688	662	1,266
Bank deposit interest	20	12	21
	708	674	1,287
	711	687	1,300

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

Notes to the unaudited summarised financial statements

(continued)

5. Dividends

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
First dividend paid on 25 June 2010 – 2.5 pence per share	–	867	867
Second dividend paid on 31 December 2010 – 2.5 pence per share	–	–	857
First dividend paid 29 July 2011 – 2.5 pence per share	898	–	–
	<u>898</u>	<u>867</u>	<u>1,724</u>

The Directors have declared a dividend of 2.5 pence per share (total approximately £890,000), payable on 30 December 2011 to shareholders on the register as at 2 December 2011.

6. Basic and diluted return per share

	Unaudited six months ended 30 September 2011		Unaudited six months ended 30 September 2010		Audited year ended 31 March 2011	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to						
Ordinary shares (£'000)	395	74	353	185	870	402
Weighted average shares in issue	36,015,803		34,636,675		34,764,240	
Return per Ordinary share (pence)	1.1	0.2	1.0	0.6	2.5	1.2

The weighted number of shares is calculated excluding treasury shares of 2,610,773 (30 September 2010: 1,582,278; 31 March 2011: 2,043,273).

There are no convertible instruments, derivatives or contingent share agreements in issue for Albion Venture Capital Trust 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.

Notes to the unaudited summarised financial statements

(continued)

7. Called up share capital

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
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Authorised

68,000,000 Ordinary shares of 50p each (30 September 2010 and 31 March 2011: 68,000,000 Ordinary shares of 50p each)	34,000	34,000	34,000
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Allotted, called up and fully paid

38,393,948 Ordinary shares of 50p each (30 September 2010: 36,149,006; 31 March 2011: 37,772,181 of 50p each)	19,197	18,075	18,886
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Voting rights

35,783,175 Ordinary shares of 50p each (net of treasury shares) (30 September 2010: 34,566,728; 31 March 2011: 35,728,908 of 50p each).

Under the terms of the Dividend Reinvestment Scheme Circular dated 10 July 2008, the following Ordinary shares of nominal value 50 pence per share were allotted at a price of 78 pence per share:

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)
29 July 2011	64,021	78.0	41	66.0

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

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Mid-market price per share on allotment date (pence per share)
5 April 2011	514,084	83.1	404	60.0
16 May 2011	43,662	83.1	34	61.0
	557,746		438	

During the period to 30 September 2011 the Company purchased 567,500 Ordinary shares to be held in treasury at a cost of £351,000, representing 1.50% of the shares in issue as at 1 April 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 September 2011 was 2,610,773 (30 September 2010: 1,582,278; 31 March 2011: 2,043,273) representing 6.8% of the share capital as at 30 September 2011.

Notes to the unaudited summarised financial statements

(continued)

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

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Revenue return on ordinary activities before tax	529	484	911
Investment management fee charged to capital	(218)	(211)	(424)
Movement in accrued amortised loan stock interest	(20)	(2)	20
Increase in operating debtors	(10)	(10)	(29)
(Decrease)/increase in operating creditors	(58)	(26)	22
Net cash flow from operating activities	223	235	500

9. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Opening cash balances	2,971	2,103	2,103
Net cash flow	952	158	868
End of the period	3,923	2,261	2,971

10. Commitments and contingencies

As at 30 September 2011, the Company was committed to making a further investment of £316,000 in Oakland Care Centre Limited (30 September 2010: £1,582,278; 31 March 2011: £992,000). There are no contingencies or guarantees of the Company as at 30 September 2011 (30 September 2010 and 31 March 2011: nil).

11. Post balance sheet events

Since 30 September 2011 the Company has had the following material post balance sheet events:

- Investment of £316,000 in Oakland Care Centre Limited

On 1 November 2011 the Company announced the launch of the Albion VCTs Linked Top Up Offer 2011/2012. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across seven of the VCTs managed by Albion Ventures LLP, of which Albion Venture Capital Trust PLC's share will be approximately £2.25 million. The maximum amount raised by each of the Albion VCTs will be 10% of its issued share capital (over any one 12 month period, and including any shares issued under Dividend Reinvestment Schemes), being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus.

The proceeds of the Offer will be used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities are being seen. An Investor Guide and Offer Document have been sent to shareholders.

Notes to the unaudited summarised financial statements

(continued)

12. 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 19 of the Annual Report and Financial Statements for the year ended 31 March 2011). During the period, services of a total value of £291,000 in management fees and £22,000 in administration fees (30 September 2010: £281,000 in management fees and £21,000 in administration fees; 31 March 2011: £565,000 in management fees and £41,000 in administration fees), 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 £173,000 (30 September 2010: £166,000; 31 March 2011: £170,000).

During the year the Company raised new funds through the Albion VCTs Linked Top Up Offer. The total cost of the issue of these shares was 5.5% of the sums subscribed. Of these costs, an amount of £3,450 was paid to the Manager, Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at 30 September 2011.

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

13. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 March 2011, and is detailed on page 26 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.

14. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 September 2011 and 30 September 2010, and is unaudited. The information for the year ended 31 March 2011 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.

15. Publication

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

