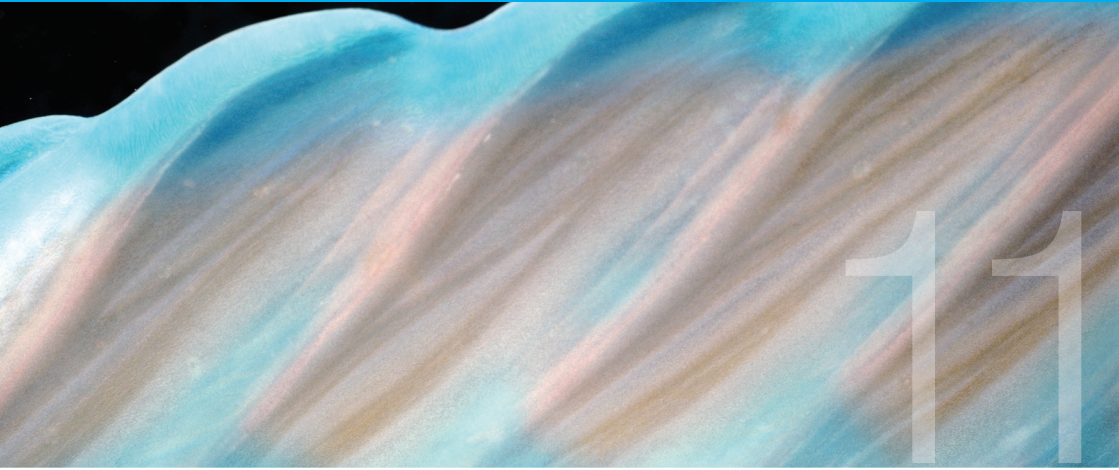


Half-yearly Financial Report
(unaudited) for the six months to
30 June 2011



Albion Development VCT PLC

ALBIONVENTURES

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Company information

Company number	3654040
Directors	G O Vero FCA, Chairman D C Pinckney MA, FCA A J Phillippis PhD, MBA J G T Thornton MA, MBA, FCA
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 adviser	Berwin Leighton Paisner LLP Adelaide House London Bridge London, EC4R 9HA

Albion Development VCT PLC is a member of The Association of Investment Companies.

Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Capita Registrars Limited:
Tel: 0871 664 0300 (calls cost 10p per minute plus network extras; lines are open 8.30am – 5.30pm Monday to Friday)
Email: ssd@capitaregistrars.com
Website: www.capitaregistrars.com

Shareholders can access holdings and valuation information regarding any of their shares held by Capita Registrars by registering on Capita'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 9.00am – 5.30pm 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 9.00am – 5.30pm Monday to Friday)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

Investment objectives

Albion Development VCT PLC (the “Company”) is a venture capital trust which raised a total of £33.3 million through the issue of shares between 1999 and 2004. The C Shares merged with the Ordinary Shares in 2007.

A further £6.3 million was raised through an issue of new D Shares in 2009/2010. The funds raised through the issue of the D Shares will be invested in accordance with the Company’s existing investment policy.

The Ordinary Shares raised a further £1.67m in early 2011 under the Albion VCTs Linked Top Up Offer.

The Company’s investment policy is intended to provide investors with a regular and predictable source of dividend income combined with the prospects of long term capital growth. This is achieved by establishing a diversified portfolio of holdings in smaller, unquoted companies whilst at the same time selecting and structuring investments in such a way as to balance the risks normally associated with investment in such companies. It is intended that this will be achieved as follows:

- Through investment in a small number of higher risk companies with greater growth prospects in sectors such as software and computer services, and medical technology.
- This is balanced by investments that provide a strong income stream combined with a stability of capital. These include freehold-based businesses in the leisure sector, such as pubs and health clubs, as well as other sectors including business services, environmental and healthcare. Such investments will constitute the majority of investments by cost.
- In neither category do investee companies normally have any external borrowings with a prior charge ranking ahead of the Company.
- Up to two-thirds of qualifying investments by cost comprise loan stock secured with a first charge on the investee company’s assets.

Financial calendar

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

Financial highlights

	Ordinary shares			D 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 2011 (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	74.80	77.00	75.40	91.70	94.40	93.00
Revenue return	0.60	0.70	1.50	0.40	0.40	0.30
Capital return/ (loss)	1.20	0.90	2.40	(0.60)	(0.70)	(0.90)

	Ordinary shares (pence per share) (i)	C shares (pence per share) (i)	D shares (pence per share) (i)
Total shareholder net asset value return to 30 June 2011			
Total dividends paid during the period ended:			
31 December 1999(ii)	1.00	–	–
31 December 2000	2.90	–	–
31 December 2001	3.95	–	–
31 December 2002	4.20	–	–
31 December 2003(iii)	4.50	0.75	–
31 December 2004	4.00	2.00	–
31 December 2005	5.20	5.90	–
31 December 2006	3.00	4.50	–
31 December 2007(iv)	5.00	5.36	–
31 December 2008(iv)	12.00	12.86	–
31 December 2009(iv)	4.00	4.29	–
31 December 2010(iv)	8.00	8.58	1.00
30 June 2011(iv)	2.50	2.70	1.25
Total dividends paid to 30 June 2011	60.25	46.94	2.25
Net asset value as at 30 June 2011(iv)	74.80	80.10	91.70
Total shareholder net asset value return to 30 June 2011	135.05	127.04	93.95

The Directors have declared a second dividend of 2.5 pence per Ordinary share and 1.25 pence per D share payable on 30 September 2011 to shareholders on the register as at 2 September 2011.

Notes:

- (i) Excludes tax benefits upon subscription.
- (ii) Assuming subscription for Ordinary shares by the First Closing on 26 January 1999.
- (iii) Those subscribing for C shares after 30 June 2003 were not entitled to the interim dividend.
- (iv) The C shares were converted into Ordinary shares on 31 March 2007, with a conversion ratio of 1.0715 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 1.0715 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.

Interim management report

Introduction

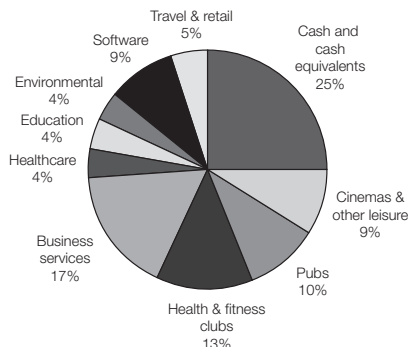
The results for Albion Development VCT PLC for the six months to 30 June 2011 show further progress from the low point of the UK recession. The Ordinary Share portfolio recorded a positive total return of 1.80 pence per share, while the D Shares, whose portfolio is still being built up, had a small negative total return of 0.20 pence.

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 just under £500,000. Elsewhere within the portfolio, strong performances in a number of cases were counterbalanced by slower than hoped for progress by Lowcosttravel and Prime Care.

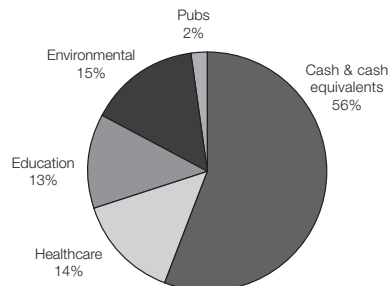
During the period, a total of £460,000 was invested by the Ordinary Share portfolio in three new investee companies and five existing investee companies. Of these eight businesses, three were in the environmental or renewable sector and four were in the healthcare sector. Meanwhile, £785,000 was invested in four companies by the D Share portfolio, taking its level of investment to 43%.

Portfolio sector split as at 30 June 2011 (Ordinary Shares)



Source: Albion Ventures LLP

Portfolio sector split as at 30 June 2011 (D Shares)



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. Therefore, as the investment portfolio continues to mature, the prospects on the whole look more positive than they have for some time.

Interim management report (continued)

Other risks and uncertainties remain unchanged and there are details on pages 20 to 21 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.

Issue of shares

During the period a total of £1.67 million was raised by the issue of Ordinary Shares under the Albion VCTs Linked Top Up Offer. The Offer has now closed. Details are shown in note 7.

Results, dividend and prospects

As at 30 June 2011 the net asset value per Ordinary Share was 74.80 pence (30 June 2010: 77.00 pence; 31 December 2010: 75.40 pence).

The D Share net asset value at 30 June 2011 was 91.70 pence compared to 94.40 pence at 30 June 2010 and 93.00 pence at 31 December 2010.

The Ordinary Share portfolio's total return before tax for the six months to 30 June 2011 was £539,000 compared to £483,000 for the six months to 30 June 2010; for the D Shares it was a loss of £9,000 compared to a loss of £11,000. Second dividends of 2.5 pence per Ordinary Share and 1.25 pence per D Share will be paid on 30 September 2011 to those shareholders on the register on 2 September 2011.

Jonathan Thornton

Director

24 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

Jonathan Thornton

Director

24 August 2011

Portfolio of investments

Ordinary shares

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

	As at 30 June 2011 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the period* £'000
Asset-backed investments					
The Weybridge Club Limited	9.4	1,520	(271)	1,249	(81)
CS (Greenwich) Limited*	15.5	830	124	954	133
Kensington Health Clubs Limited	4.9	1,124	(313)	811	36
Radnor House School (Holdings) Limited	4.2	734	12	746	11
Taunton Hospital Limited	9.1	576	10	586	4
Tower Bridge Health Clubs Limited*	7.9	482	64	546	36
Bravo Inns II Limited	4.5	560	(28)	532	(2)
CS (Brixton) Limited	8.4	356	168	524	64
The Q Garden Company Limited	16.6	1,198	(701)	497	–
The Charnwood Pub Company Limited	3.3	1,156	(662)	494	33
Evolutions Television Limited*	23.7	1,794	(1,566)	228	8
TEG Biogas (Perth) Limited	6.1	176	–	176	–
The Street by Street Solar Programme Limited	3.5	142	–	142	–
Bravo Inns Limited	2.6	230	(90)	140	14
Premier Leisure (Suffolk) Limited	6.5	480	(365)	115	(6)
Nelson House Hospital Limited	3.0	102	–	102	–
CS (Exeter) Limited	8.3	135	(34)	101	3
GB Pub Company VCT Limited	9.1	368	(270)	98	(44)
The Dunedin Pub Company VCT Limited	6.2	67	(2)	65	(6)
City Screen (Liverpool) Limited	4.6	56	(14)	42	(3)
CS (Norwich) Limited	3.1	50	2	52	7
Regenerco Renewable Energy Limited	1.4	35	–	35	–
AVESI Limited	3.5	28	–	28	–
Total asset-backed investments		12,199	(3,936)	8,263	207

*as adjusted for additions, disposals and restructuring

Portfolio of investments (continued)

Ordinary shares (continued)

	As at 30 June 2011 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the period* £'000
Growth investments					
Blackbay Limited*	7.4	828	237	1,065	37
Peakdale Molecular Limited*	8.8	991	(99)	892	61
Prime Care Holdings Limited	9.4	559	(60)	499	(110)
Consolidated PR Limited	11.8	570	(84)	486	62
Mirada Medical Limited	7.2	240	196	436	52
Mi-Pay Limited	4.6	497	(75)	422	(53)
Lowcosttravelgroup Limited	4.0	435	(58)	377	(212)
Helveta Limited	2.6	395	(36)	359	(35)
DySIS Medical Limited (formerly Forth Photonics Limited)	2.6	350	(67)	283	(27)
Xceleron Limited	3.9	440	(170)	270	(33)
Masters Pharmaceuticals Limited	1.0	202	(3)	199	(5)
Opta Sports Data Limited	1.3	165	(16)	149	9
Rostima Holdings Limited	4.8	94	53	147	53
memsstar Limited (formerly Point 35 Microstructures Limited)	1.6	124	18	142	18
Dexela Limited**	n/a	–	138	138	138
Process Systems Enterprise Limited	1.0	95	23	118	41
Oxsensis Limited	1.4	192	(83)	109	–
Chichester Holdings Limited	10.6	700	(592)	108	(3)
Abcodia Limited	1.7	60	–	60	–
Total growth investments		6,937	(678)	6,259	(7)
Total qualifying investments		19,136	(4,614)	14,522	200

* as adjusted for additions, disposals and restructuring

** the residual investment in Dexela Limited represents the risk-adjusted value of the expected deferred consideration arising from the disposal of the Company's equity holdings in that company in the six-month period to 30 June 2011

Portfolio of investments (continued)

Ordinary shares (continued)

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

	As at 30 June 2011 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the period* £'000
Evolutions Group Limited*	46.7	3,107	(724)	2,383	–
Albion Investment Properties Limited (formerly Smiles Pub Company Limited)	48.4	929	(113)	816	21
Consolidated PR Limited	11.8	33	23	56	10
Green Energy Property Services Group Limited	6.0	34	(17)	17	–
Total non-qualifying investments		4,103	(831)	3,272	31
Total fixed asset investments		23,239	(5,445)	17,794	231

*as adjusted for additions, disposals and restructuring

Portfolio of investments (continued)

D shares

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

	As at 30 June 2011 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the period* £'000
Radnor House School (Holdings) Limited	4.6	800	37	837	22
Masters Pharmaceuticals Limited	2.5	506	(6)	500	(13)
TEG Biogas (Perth) Limited	14.3	414	–	414	–
The Street by Street Solar Programme Limited	9.5	380	–	380	–
Nelson House Hospital Limited	8.6	294	–	294	–
Bravo Inns II Limited	1.5	160	(3)	157	(3)
Regenerco Renewable Energy Limited	3.8	95	–	95	–
AVESI Limited	9.5	76	–	76	–
Abcodia Limited	2.1	75	–	75	–
Total qualifying investments		2,800	28	2,828	6

*as adjusted for additions and disposals

Summary income statement

Combined Ordinary and D shares

	Note	Unaudited six months ended 30 June 2011			Unaudited six months ended 30 June 2010*			Audited year ended 31 December 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	508	508	–	414	414	–	1,005	1,005
Investment income	4	447	–	447	469	–	469	924	–	924
Investment management fees		(80)	(239)	(319)	(72)	(218)	(290)	(152)	(457)	(609)
Other expenses		(106)	–	(106)	(121)	–	(121)	(229)	–	(229)
Return on ordinary activities before tax		261	269	530	276	196	472	543	548	1,091
Tax (charge)/credit on ordinary activities		(60)	52	(8)	(68)	52	(16)	(82)	114	32
Return attributable to shareholders		201	321	522	208	248	456	461	662	1,123

* D shares were first allotted 23 December 2009

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 24 to 34 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. Accordingly, a note on historical cost profit and losses has not been prepared.

Summary income statement (continued)

Ordinary shares

	Note	Unaudited six months ended 30 June 2011			Unaudited six months ended 30 June 2010			Audited year ended 31 December 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	502	502	–	413	413	–	985	985
Investment income	4	372	–	372	433	–	433	835	–	835
Investment management fees		(64)	(190)	(254)	(62)	(187)	(249)	(125)	(376)	(501)
Other expenses		(81)	–	(81)	(114)	–	(114)	(185)	–	(185)
Return on ordinary activities before tax		227	312	539	257	226	483	525	609	1,134
Tax (charge)/credit on ordinary activities		(53)	45	(8)	(63)	48	(15)	(78)	97	19
Return attributable to shareholders		174	357	531	194	274	468	447	706	1,153
Basic and diluted return per share (pence)*	6	0.60	1.20	1.80	0.70	0.90	1.60	1.50	2.40	3.90

*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.

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Summary income statement (continued)

D shares

	Note	Unaudited six months ended 30 June 2011			Unaudited six months ended 30 June 2010			Audited year ended 31 December 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	6	6	–	1	1	–	20	20
Investment income	4	75	–	75	36	–	36	89	–	89
Investment management fees		(16)	(49)	(65)	(10)	(31)	(41)	(27)	(81)	(108)
Other expenses		(25)	–	(25)	(7)	–	(7)	(44)	–	(44)
Return/(loss) on ordinary activities before tax		34	(43)	(9)	19	(30)	(11)	18	(61)	(43)
Tax (charge)/credit on ordinary activities		(7)	7	–	(5)	4	(1)	(4)	17	13
Return/(loss) attributable to shareholders		27	(36)	(9)	14	(26)	(12)	14	(44)	(30)
Basic and diluted return/(loss) per share (pence)	6	0.40	(0.60)	(0.20)	0.40	(0.70)	(0.30)	0.30	(0.90)	(0.60)

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 24 to 34 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. Accordingly, a note on historical cost profit and losses has not been prepared.

Summary balance sheet

Combined

	Note	Unaudited 30 June 2011 £'000	Unaudited 30 June 2010* £'000	Audited 31 December 2010 £'000
Fixed asset investments		20,622	19,043	19,639
Current assets				
Trade and other debtors		621	173	237
Cash at bank and in hand	9	8,563	9,789	8,512
		9,184	9,962	8,749
Creditors: amounts falling due within one year		(800)	(388)	(470)
Net current assets		8,384	9,574	8,279
Net assets		29,006	28,617	27,918
Capital and reserves				
Called up share capital		20,294	19,504	19,388
Share premium		620	2,843	37
Capital redemption reserve		1,667	1,255	1,426
Unrealised capital reserve		(5,497)	(6,275)	(5,063)
Special reserve		9,333	12,392	10,497
Treasury shares reserve		(2,633)	(2,664)	(2,633)
Realised capital reserve		3,615	1,323	2,860
Revenue reserve		1,607	239	1,406
Total equity shareholders' funds		29,006	28,617	27,918

* D shares were first allotted 23 December 2009

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 24 to 34 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 24 August 2011, and were signed on its behalf by

Jonathan Thornton

Director

Company number: 3654040

Summary balance sheet (continued)

Ordinary shares

	Note	Unaudited 30 June 2011 £'000	Unaudited 30 June 2010 £'000	Audited 31 December 2010 £'000
Fixed asset investments		17,794	18,641	17,853
Current assets				
Trade and other debtors		605	168	219
Cash at bank and in hand	9	5,025	4,039	4,227
		5,630	4,207	4,446
Creditors: amounts falling due within one year		(235)	(211)	(279)
Net current assets		5,395	3,996	4,167
Net assets		23,189	22,637	22,020
Capital and reserves				
Called up share capital	7	17,122	16,336	16,220
Share premium		618	19	37
Capital redemption reserve		1,667	1,255	1,426
Unrealised capital reserve		(5,523)	(6,276)	(5,083)
Special reserve		6,666	12,392	7,752
Treasury shares reserve		(2,633)	(2,664)	(2,633)
Realised capital reserve		3,721	1,352	2,924
Revenue reserve		1,551	224	1,377
Total equity shareholders' funds		23,189	22,637	22,020
Net asset value per share (pence)*		74.80	77.00	75.40

*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 24 to 34 form an integral part of this Half-yearly Financial Report.

Summary balance sheet (continued)

D shares

	Note	Unaudited 30 June 2011 £'000	Unaudited 30 June 2010 £'000	Audited 31 December 2010 £'000
Fixed asset investments		2,828	402	1,786
Current assets				
Trade and other debtors		16	5	18
Cash at bank and in hand	9	3,538	5,750	4,285
		3,554	5,755	4,303
Creditors: amounts falling due within one year		(565)	(177)	(191)
Net current assets		2,989	5,578	4,112
Net assets		5,817	5,980	5,898
Capital and reserves				
Called up share capital	7	3,172	3,168	3,168
Share premium		2	2,824	–
Unrealised capital reserve		26	1	20
Special reserve		2,667	–	2,745
Realised capital reserve		(106)	(28)	(64)
Revenue reserve		56	15	29
Total equity shareholders' funds		5,817	5,980	5,898
Net asset value per share (pence)*		91.70	94.40	93.00

*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 24 to 34 form an integral part of this Half-yearly Financial Report.

Summary reconciliation of movements in shareholders' funds

Combined

	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 January 2011 (audited)	19,388	37	1,426	(5,063)	10,497	(2,633)	2,860	1,406	27,918
Realised gains	-	-	-	-	-	-	1,448	-	1,448
Unrealised losses	-	-	-	(940)	-	-	-	-	(940)
Transfer of previously unrealised losses to realised losses	-	-	-	506	-	-	(506)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(239)	-	(239)
Tax relief on costs charged to capital	-	-	-	-	-	-	52	-	52
Purchase of own treasury shares	(241)	-	241	-	(305)	-	-	-	(305)
Issue of equity (net of costs)	1,147	583	-	-	-	-	-	-	1,730
Revenue return attributable to shareholders	-	-	-	-	-	-	-	201	201
Transfer from Special reserve to Revenue reserve	-	-	-	-	(859)	-	-	859	-
Dividends paid	-	-	-	-	-	-	-	(859)	(859)
As at 30 June 2011 (unaudited)	20,294	620	1,667	(5,497)	9,333	(2,633)	3,615	1,607	29,006
As at 1 January 2010 (audited)	17,074	640	1,183	(6,365)	12,507	(2,540)	1,389	995	24,883
Realised gains	-	-	-	-	-	-	503	-	503
Unrealised losses	-	-	-	(89)	-	-	-	-	(89)
Transfer of previously unrealised losses to realised losses	-	-	-	179	-	-	(179)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(218)	-	(218)
Tax relief on costs charged to capital	-	-	-	-	-	-	52	-	52
Purchase of own treasury shares	-	-	-	-	-	(239)	-	-	(239)
Issue of equity (net of costs)	2,502	2,203	-	-	-	-	-	-	4,705
Cancellation of treasury shares	(72)	-	72	-	(115)	115	-	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	208	208
Dividends paid	-	-	-	-	-	-	(224)	(964)	(1,188)
As at 30 June 2010 (unaudited)	19,504	2,843	1,255	(6,275)	12,392	(2,664)	1,323	239	28,617
1 January 2010 (audited)	17,074	640	1,183	(6,365)	12,507	(2,540)	1,389	995	24,883
Realised gains	-	-	-	-	-	-	386	-	386
Unrealised gains	-	-	-	619	-	-	-	-	619
Transfer of previously unrealised losses to realised losses	-	-	-	682	-	-	(682)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(457)	-	(457)
Tax relief on costs charged to capital	-	-	-	-	-	-	114	-	114
Purchase of own treasury shares	-	-	-	-	-	(289)	-	-	(289)
Cancellation of treasury shares	(121)	-	121	-	(196)	196	-	-	-
Purchase of own shares for cancellation	(120)	-	120	-	(158)	-	-	-	(158)
Issue of equity (net of costs)	2,555	2,221	-	-	-	-	-	-	4,776
Cancellation of Share premium account	-	(2,824)	-	-	2,810	-	-	14	-
Transfer from Special reserve to Realised reserve	-	-	-	-	(3,301)	-	3,301	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	461	461
Dividends paid	-	-	-	-	(1,165)	-	(1,191)	(64)	(2,420)
As at 31 December 2010 (audited)	19,388	37	1,426	(5,063)	10,497	(2,633)	2,860	1,406	27,918

*Included within these reserves is an amount of £6,425,000 (30 June 2010: £5,015,000; 31 December 2010: £7,067,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

An amount of £859,000 has been transferred from the Special reserve to the Revenue reserve representing dividends paid from the Revenue reserve.

Summary reconciliation of movements in shareholders' funds (continued)

Ordinary shares

	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 January 2011 (audited)	16,220	37	1,426	(5,083)	7,752	(2,633)	2,924	1,377	22,020
Realised gains	-	-	-	-	-	-	1,448	-	1,448
Unrealised losses	-	-	-	(946)	-	-	-	-	(946)
Transfer of previously unrealised losses to realised losses	-	-	-	506	-	-	(506)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(190)	-	(190)
Tax relief on costs charged to capital	-	-	-	-	-	-	45	-	45
Purchase of own treasury shares	(241)	-	241	-	(305)	-	-	-	(305)
Issue of equity (net of costs)	1,143	581	-	-	-	-	-	-	1,724
Revenue return attributable to shareholders	-	-	-	-	-	-	-	174	174
Transfer from Special reserve to Revenue reserve	-	-	-	-	(781)	-	-	781	-
Dividends paid	-	-	-	-	-	-	-	(781)	(781)
As at 30 June 2011 (unaudited)	17,122	618	1,667	(5,523)	6,666	(2,633)	3,721	1,551	23,189
As at 1 January 2010 (audited)	16,357	-	1,183	(6,365)	12,507	(2,540)	1,390	994	23,526
Realised gains	-	-	-	-	-	-	503	-	503
Unrealised losses	-	-	-	(90)	-	-	-	-	(90)
Transfer of previously unrealised losses to realised losses	-	-	-	179	-	-	(179)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(187)	-	(187)
Tax relief on costs charged to capital	-	-	-	-	-	-	48	-	48
Purchase of own treasury shares	-	-	-	-	-	(239)	-	-	(239)
Issue of equity (net of costs)	51	19	-	-	-	-	-	-	70
Cancellation of treasury shares	(72)	-	72	-	(115)	115	-	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	194	194
Dividends paid	-	-	-	-	-	-	(224)	(964)	(1,188)
As at 30 June 2010 (unaudited)	16,336	19	1,255	(6,276)	12,392	(2,664)	1,351	224	22,637
1 January 2010 (audited)	16,357	-	1,183	(6,365)	12,507	(2,540)	1,390	994	23,526
Realised gains	-	-	-	-	-	-	386	-	386
Unrealised gains	-	-	-	599	-	-	-	-	599
Transfer of previous unrealised losses to realised losses	-	-	-	682	-	-	(682)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(376)	-	(376)
Tax relief on costs charged to capital	-	-	-	-	-	-	97	-	97
Purchase of own treasury shares	-	-	-	-	-	(289)	-	-	(289)
Cancellation of shares out of treasury	(121)	-	121	-	(196)	196	-	-	-
Purchase of own shares for cancellation	(120)	-	120	-	(158)	-	-	-	(158)
Issue of equity (net of costs)	104	37	-	-	-	-	-	-	141
Transfer from Special reserve to Realised reserve	-	-	-	-	(3,301)	-	3,301	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	447	447
Dividends paid	-	-	-	-	(1,100)	-	(1,191)	(64)	(2,355)
As at 31 December 2010 (audited)	16,220	37	1,426	(5,083)	7,752	(2,633)	2,924	1,377	22,020

*Included within these reserves is an amount of £3,782,000 (30 June 2010: £5,027,000; 31 December 2010: £4,337,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

An amount of £781,000 has been transferred from the Special reserve to the Revenue reserve representing dividends paid from the Revenue reserve.

Summary reconciliation of movements in shareholders' funds (continued)

D shares

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Special reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
1 January 2011 (audited)	3,168	–	–	20	2,745	(64)	29	5,898
Unrealised gains	–	–	–	6	–	–	–	6
Capitalised investment management fees	–	–	–	–	–	(49)	–	(49)
Tax relief on costs charged to capital	–	–	–	–	–	7	–	7
Issue of equity (net of costs)	4	2	–	–	–	–	–	6
Revenue return attributable to shareholders	–	–	–	–	–	–	27	27
Transfer from Special reserve to Revenue reserve	–	–	–	–	(78)	–	78	–
Dividends paid	–	–	–	–	–	–	(78)	(78)
As at 30 June 2011 (unaudited)	3,172	2	–	26	2,667	(106)	56	5,817
As at 1 January 2010 (audited)	717	640	–	–	–	(1)	1	1,357
Unrealised gains	–	–	–	1	–	–	–	1
Capitalised investment management fees	–	–	–	–	–	(31)	–	(31)
Tax relief on costs charged to capital	–	–	–	–	–	4	–	4
Issue of equity (net of costs)	2,451	2,184	–	–	–	–	–	4,635
Revenue return attributable to shareholders	–	–	–	–	–	–	14	14
As at 30 June 2010 (unaudited)	3,168	2,824	–	1	–	(28)	15	5,980
1 January 2010 (audited)	717	640	–	–	–	(1)	1	1,357
Unrealised gains	–	–	–	20	–	–	–	20
Capitalised investment management fees	–	–	–	–	–	(81)	–	(81)
Tax relief on costs charged to capital	–	–	–	–	–	17	–	17
Issue of equity (net of costs)	2,451	2,184	–	–	–	–	–	4,635
Cancellation of Share premium account	–	(2,824)	–	–	2,810	–	14	–
Revenue return attributable to shareholders	–	–	–	–	–	–	14	14
Dividends paid	–	–	–	–	(65)	–	–	(65)
As at 31 December 2010 (audited)	3,168	–	–	20	2,745	(64)	29	5,898

*Included within these reserves is an amount of £2,617,000 (30 June 2010: nil; 31 December 2010: £2,710,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

An amount of £78,000 has been transferred from Special reserve to Revenue reserve representing dividends paid from the revenue reserve.

Summary cash flow statement

Combined

	Note	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010* £'000	Audited year ended 31 December 2010 £'000
Operating activities				
Investment income received		330	359	706
Deposit interest received		41	71	136
Dividend income received		–	–	50
Other income received		–	1	–
Investment management fees paid		(315)	(273)	(600)
Administrative expenses paid		(123)	(135)	(211)
Net cash flow from operating activities	8	(67)	23	81
Taxation				
UK corporation tax received		140	43	44
Capital expenditure and financial investments				
Purchase of fixed asset investments		(2,399)	(976)	(3,188)
Disposal of fixed asset investments		1,813	1,199	3,590
Net cash flow from investing activities		(586)	223	402
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(795)	(1,111)	(2,265)
Net cash flow before financing		(1,308)	(822)	(1,738)
Financing				
Purchase of own shares		(306)	(223)	(446)
Issue of share capital		1,671	4,933	4,792
Costs of issue of share capital under DRIS		(6)	(7)	(6)
Interclass payments		–	–	2
Net cash flow from financing		1,359	4,703	4,342
Cash flow in the period	9	51	3,881	2,604

* D shares were first allotted 23 December 2009

Summary cash flow statement (continued)

Ordinary shares

	Note	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Operating activities				
Investment income received		286	359	692
Deposit interest received		18	39	65
Dividend income received		–	–	50
Other income received		–	1	–
Investment management fees paid		(249)	(265)	(525)
Administrative expenses paid		(101)	(129)	(181)
Interclass account movement		(495)	–	–
Net cash flow from operating activities	8	(541)	5	101
Taxation				
UK corporation tax received		140	43	44
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,250)	(576)	(1,567)
Disposal of fixed asset investments		1,813	1,199	3,590
Net cash flow from investing activities		563	623	2,023
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(724)	(1,111)	(2,200)
Net cash flow before financing		(562)	(440)	(32)
Financing				
Purchase of own shares		(306)	(223)	(446)
Issue of share capital		1,671	–	–
Costs of issue of share capital under DRIS		(5)	(7)	(6)
Interclass payments		–	–	2
Net cash flow from financing		1,360	(230)	(450)
Cash flow in the period	9	798	(670)	(482)

Summary cash flow statement (continued)

D shares

	Note	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010* £'000	Audited year ended 31 December 2010 £'000
Operating activities				
Investment income received		44	–	14
Deposit interest received		23	32	71
Investment management fees paid		(66)	(8)	(75)
Administrative expenses paid		(22)	(6)	(30)
Interclass account movement		495	–	–
Net cash flow from operating activities	8	474	18	(20)
Taxation				
UK corporation tax paid		–	–	–
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,149)	(400)	(1,621)
Disposal of fixed asset investments		–	–	–
Net cash flow from investing activities		(1,149)	(400)	(1,621)
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(71)	–	(65)
Net cash flow before financing		(746)	(382)	(1,706)
Financing				
Issue of share capital (net of costs)		–	4,933	4,792
Costs of issue of share capital under DRIS		(1)	–	–
Net cash flow from financing		(1)	4,933	4,792
Cash flow in the period	9	(747)	4,551	3,086

* D shares were first allotted 23 December 2009

Notes to the unaudited summarised financial statements for the six months ended 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

Quoted and unquoted equity investments, debt issued at a discount, and convertible bonds

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", quoted and unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss. Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

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

Fair value movements 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 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 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 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

Quoted and 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 ended 30 June 2011 (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 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.

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.

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 reserves

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, the payment of dividends, 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.

D shares

Until such time that D shares are converted into Ordinary shares, all investments and returns attributable to this class of share will be separately identifiable from the existing Ordinary shares. All residual expenses will be allocated in the ratio of the respective Net Asset Values of each class of share.

Notes to the unaudited summarised financial statements

(continued)

3. Gains on investments

Combined	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(670)	(66)	338
Unrealised (losses)/gains on fixed asset investments held at amortised cost	(270)	(23)	281
Unrealised (losses)/gains on fixed asset investments	(940)	(89)	619
Realised gains on investments held at fair value through profit or loss account	329	369	426
Realised gains/(losses) on investments held at amortised cost	1,119	134	(40)
Realised gains	1,448	503	386
	508	414	1,005
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
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(648)	(67)	338
Unrealised (losses)/gains on fixed asset investments held at amortised cost	(298)	(23)	261
Unrealised (losses)/gains on fixed asset investments	(946)	(90)	599
Realised gains on investments held at fair value through profit or loss account	329	369	426
Realised gains/(losses) on investments held at amortised cost	1,119	134	(40)
Realised gains	1,448	503	386
	502	413	985

Notes to the unaudited summarised financial statements

(continued)

3. Gains on investments (continued)

D shares	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(22)	1	–
Unrealised gains on fixed asset investments held at amortised cost	28	–	20
	<u>6</u>	<u>1</u>	<u>20</u>

Investments valued on an amortised cost basis are unquoted loan stock instruments.

4. Investment income

Combined	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Income recognised on investments held at fair value through profit or loss account			
UK dividend income	–	–	27
Income from convertible bonds and discounted debt	18	–	15
	<u>18</u>	<u>–</u>	<u>42</u>
Income recognised on investments held at amortised cost			
Return on loan stock investments	363	396	743
Bank deposit interest	66	73	139
	<u>429</u>	<u>469</u>	<u>882</u>
	<u>447</u>	<u>469</u>	<u>924</u>

Notes to the unaudited summarised financial statements

(continued)

4. Investment income (continued)

Ordinary	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Income recognised on investments held at fair value through profit or loss account			
UK dividend income	–	–	27
Income from convertible bonds and discounted debt	10	–	15
	<u>10</u>	<u>–</u>	<u>42</u>
Income recognised on investments held at amortised cost			
Return on loan stock investments	326	395	727
Bank deposit interest	36	38	66
	<u>362</u>	<u>433</u>	<u>793</u>
	<u>372</u>	<u>433</u>	<u>835</u>
D shares			
	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Income recognised on investments held at fair value through profit or loss account			
Income from convertible bonds and discounted debt	8	–	–
Income recognised on investments held at amortised cost			
Return on loan stock investments	37	1	16
Bank deposit interest	30	35	73
	<u>67</u>	<u>36</u>	<u>89</u>
	<u>75</u>	<u>36</u>	<u>89</u>

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

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
Dividend of 4.0 pence per share paid on 4 May 2010	–	1,191	1,191
Dividend of 4.0 pence per share paid on 30 September 2010	–	–	1,164
Dividend of 2.5 pence per share paid on 31 May 2011	<u>781</u>	–	–
	<u>781</u>	<u>1,191</u>	<u>2,355</u>

D shares

	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Dividend of 1.0 pence per D share paid on 30 September 2010	–	–	65
Dividend of 1.25 pence per D share paid on 31 May 2011	<u>78</u>	–	–
	<u>78</u>	<u>–</u>	<u>65</u>

The Directors have declared a dividend of 2.5 pence per Ordinary share (total approximately £775,000) and 1.25 pence per D share (total approximately £79,000), payable on 30 September 2011 to shareholders on the register as at 2 September 2011.

Notes to the unaudited summarised financial statements

(continued)

6. Basic and diluted return 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 attributable to Ordinary shares (£'000)	174	357	194	275	447	706
Weighted average shares in issue	30,545,742		29,551,163		29,450,610	
Return per Ordinary share (pence)	0.60	1.20	0.70	0.90	1.50	2.40
D 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 D shares (£'000)	27	(36)	14	(26)	14	(44)
Weighted average shares in issue	6,336,572		3,683,788		5,193,933	
Return/(loss) per D share (pence)	0.40	(0.60)	0.40	(0.70)	0.30	(0.90)

There are no convertible instruments, derivatives or contingent share agreements in issue for Albion Development 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 30 June 2011 £'000	Unaudited 30 June 2010 £'000	Audited 31 December 2010 £'000
Authorised			
50,000,000 Ordinary shares of 50p each (30 June 2010 and 31 December 2010: 50,000,000)	25,000	25,000	25,000
Allotted, called-up and fully paid			
34,244,164 Ordinary shares of 50p each (30 June 2010: 32,672,453; 31 December 2010: 32,439,999)	17,122	16,336	16,220

Voting rights

31,000,468 Ordinary shares of 50p each (net of treasury shares) (30 June 2010: 29,405,866; 31 December 2010: 29,196,303)

Notes to the unaudited summarised financial statements

(continued)

7. Share capital (continued)

Under the terms of the Dividend Reinvestment Scheme Circular dated 27 August 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 May 2011	78,843	72.9	65.5	52

During the period from 1 January to 16 May 2011, the Company issued the following New Ordinary shares of nominal value 50 pence under the Albion VCTs Linked Top Up Offer (which has now closed):

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	816,370	80.10	64.00	619
22 March 2011	811,163	80.10	60.50	615
5 April 2011	533,103	80.10	61.50	404
16 May 2011	47,058	77.10	65.50	34

During the period to 30 June 2011 the Company purchased 482,372 Ordinary shares for cancellation at a cost of £305,000 representing 1.4 per cent. of the shares in issue as at 1 January 2011.

The total number of Ordinary shares held in treasury as at 30 June 2011 was 3,243,696 (30 June 2010: 3,266,587; 31 December 2010: 3,243,696) representing 9.4 per cent. of the shares in issue as at 1 January 2011.

D shares	Unaudited 30 June 2011 £'000	Unaudited 30 June 2010 £'000	Audited 31 December 2010 £'000
Authorised 40,000,000 D shares of 50p each (30 June 2010 and 31 December 2010: 40,000,000)	20,000	20,000	20,000
Allotted, called-up and fully paid 6,343,706 D shares of 50p each (30 June 2010 and 31 December 2010: 6,335,155)	3,172	3,168	3,168

Voting rights

6,343,706 D shares of 50p each (30 June 2010 and 31 December 2010: 6,335,155)

Under the terms of the Dividend Reinvestment Scheme Circular dated 5 April 2011, 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 May 2011	8,551	91.75	94.0	6

The Company does not hold any D shares in treasury as at 30 June 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

Combined	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2011	2010	2010
	£'000	£'000	£'000
Revenue return on ordinary activities before tax	261	276	543
Investment management fee charged to capital	(239)	(218)	(457)
Movement in accrued amortised loan stock interest	(35)	(47)	(44)
(Increase)/decrease in operating debtors	(535)	(1)	22
Increase in operating creditors	481	13	17
Net cash flow from operating activities	(67)	23	81
Ordinary shares	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2011	2010	2010
	£'000	£'000	£'000
Revenue return on ordinary activities before tax	227	257	525
Investment management fee charged to capital	(190)	(187)	(376)
Movement in accrued amortised loan stock interest	(33)	(46)	(43)
(Increase)/decrease in operating debtors	(524)	4	26
(Decrease) in operating creditors	(21)	(23)	(31)
Net cash flow from operating activities	(541)	5	101
D shares	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2011	2010	2010
	£'000	£'000	£'000
Revenue return on ordinary activities before tax	34	19	18
Investment management fee charged to capital	(49)	(31)	(81)
Movement in accrued amortised loan stock interest	(2)	(1)	(1)
(Increase) in operating debtors	(11)	(5)	(4)
Increase in operating creditors	502	36	48
Net cash flow from operating activities	474	18	(20)

Notes to the unaudited summarised financial statements

(continued)

9. Analysis of change in cash during the period

Combined	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2011	2010	2010
	£'000	£'000	£'000
Beginning of the period	8,512	5,908	5,908
Net cash flow	51	3,881	2,604
End of the period	8,563	9,789	8,512
Ordinary shares	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2011	2010	2010
	£'000	£'000	£'000
Beginning of the period	4,227	4,709	4,709
Net cash flow	798	(670)	(482)
End of the period	5,025	4,039	4,227
D shares	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2011	2010	2010
	£'000	£'000	£'000
Beginning of the period	4,285	1,199	1,199
Net cash flow	(747)	4,551	3,086
End of the period	3,538	5,750	4,285

10. Post balance sheet events

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

- Investment in Rostima Holdings Limited of £24,000 (Ordinary shares)
- Investment in Helveta Limited of £15,000 (Ordinary shares)
- Receipt of £33,000 (Ordinary shares) of deferred consideration in respect of the disposal of Green Energy Property Services Group Limited in July 2011
- Disposal of investment in Evolutions Television Limited for proceeds of £315,000 (Ordinary shares)

Notes to the unaudited summarised financial statements

(continued)

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 with the Company. During the period, services of a total value of £319,000 (six months ended 30 June 2010: £290,000; year ended 31 December 2010: £609,000), 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 £163,000 (30 June 2010: £160,000; 31 December 2010: £160,000).

Albion Ventures LLP holds 331 fractional entitlement shares of the Company as a result of the conversion of C shares to Ordinary shares in March 2007. These shares will be sold for the benefit of the Company at a future date.

Albion Ventures LLP also holds 14,000 Ordinary shares as a result of the failure of an original subscriber to pay cleared funds on initial subscription.

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 28 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.

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.

