

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



**Albion Prime VCT PLC**  
*(formerly Albion Protected VCT PLC)*

**ALBION**VENTURES

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# Company information

<b>Company number</b>	3265074
<b>Directors</b>	D M Bralsford, Chairman MSc FCA FCT E Dinesen R (Danish) FSR P H Reeve MA ACA M V H Rees-Mogg MA
<b>Manager, company secretary and registered office</b>	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
<b>Registrar</b>	Computershare Investor Services PLC (with effect from 5 December 2011) The Pavilions Bridgwater Road Bristol BS99 6ZZ
<b>Auditor</b>	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
<b>Taxation adviser</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Legal adviser</b>	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA

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

## Shareholder information

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:  
Tel: 0870 873 5855 (calls will be charged at your provider's national call rate, lines are open 8.30am – 5.30pm; Mon – Fri)  
Website: [www.computershare.co.uk](http://www.computershare.co.uk)  
Contact information and faq's:  
[www-uk.computershare.com/Investor/contactus](http://www-uk.computershare.com/Investor/contactus)

Shareholders can access holdings and valuation information regarding any of their shares held with 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 9.00am – 5.30pm; Mon-Fri)  
Email: [info@albion-ventures.co.uk](mailto:info@albion-ventures.co.uk)  
Website: [www.albion-ventures.co.uk](http://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](mailto:info@albion-ventures.co.uk)  
Website: [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk)

# Investment objectives

Albion Prime VCT PLC (the "Company") commenced trading in April 1997.

Within the overall aim of maximising the post tax returns available to shareholders in a venture capital trust, the Company's investment strategy was designed to meet the requirements of investors who seek to have a lower risk investment whilst still providing an attractive level of return. Following shareholder approval in 2002 to change the Company's investment policy, the investments made by Albion Prime VCT PLC currently fall into the following categories:

- Qualifying asset-based investments

Investments are principally in the hotel, leisure, environmental and specialist healthcare sectors, with a mixture of equity and loan stock, with the loan stock normally secured by a first charge over freehold or long leasehold property.

Other than loan stock issued to funds managed or advised by Albion Ventures LLP, investee companies do not normally have any external borrowings. Investments are structured as a mixture of equity and loan stock and the loan stock represents the majority of the finance provided.

Funds managed or advised by Albion Ventures LLP typically own 50 per cent. of the equity of the investee company.

- Non-qualifying investments

The remaining funds, including those retained for liquidity purposes, are invested in cash and floating rate notes, or similar investments, with banks with a Moody's rating of A and above.

## Financial calendar

Record date for second dividend	3 February 2012
Payment date for second dividend	29 February 2012
Financial year end	31 March 2012

## Financial highlights (unaudited)

	<b>Unaudited six months ended 30 September 2011 (pence per share)</b>	Unaudited six months ended 30 September 2010 (pence per share)	Audited year ended 31 March 2011 (pence per share)
Net asset value	<b>70.3</b>	71.8	70.5
Revenue return	<b>1.0</b>	0.9	2.0
Capital return/(loss)	<b>0.1</b>	0.5	(0.6)

<b>Total shareholder net asset value return to 30 September 2011</b>		<b>(pence per share)</b>
Total dividends paid during the period ended:		
	31 March 1998	1.10
	31 March 1999 <sup>®</sup>	6.40
	31 March 2000	1.50
	31 March 2001	4.25
	31 March 2002	2.75
	31 March 2003	2.00
	31 March 2004	1.25
	31 March 2005	2.20
	31 March 2006	4.50
	31 March 2007	4.00
	31 March 2008	5.00
	31 March 2009	4.50
	31 March 2010	2.00
	31 March 2011	3.00
	30 September 2011	1.50
		<hr/>
<b>Total dividends paid to 30 September 2011</b>		<b>45.95</b>
		<hr/>
Net asset value as at 30 September 2011		70.30
		<hr/>
<b>Total shareholder net asset value return to 30 September 2011</b>		<b>116.25</b>
		<hr/> <hr/>

In addition to the above dividends paid, the Directors have declared a second dividend of 1.50 pence per share, payable on 29 February 2012 to shareholders on the register as at 3 February 2012.

### Notes

- (i) Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximized in order to take advantage of this tax credit.
- (ii) The above table excludes the tax benefits investors received upon subscription for shares in the Company.

# Interim management report

## Introduction

The results for Albion Prime VCT PLC for the six months to 30 September 2011 show a positive return of 1.1 pence per share (revenue and capital), which produces a net asset value of 70.3 pence per share (31 March 2011: 70.5 pence per share) after the payment of the first dividend of 1.5 pence per share in August 2011. This comprised a 1 penny revenue return for the period and a 0.1 pence capital return. It should be noted that independent third party valuations of the underlying investments are not generally carried out until the end of the year.

## 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 £975,000 for the Company compared to the holding value of £819,000 and cost of £898,000. In addition to the sales proceeds, the Company received £406,000 of interest over the course of the investment, producing a total return of approximately 1.6 times cost since investment in January 2005. Following the sale, the hotel sector as a proportion of the Company's portfolio has reduced from 52 per cent. at 31 March 2011 to 46 per cent. 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's trading 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. Revenues at The Stanwell Hotel for its first year of trading following refurbishment have been at a significantly slower pace than planned. Performance has improved following a change of management and work is being undertaken to address some building issues that have arisen and to improve the overall product.

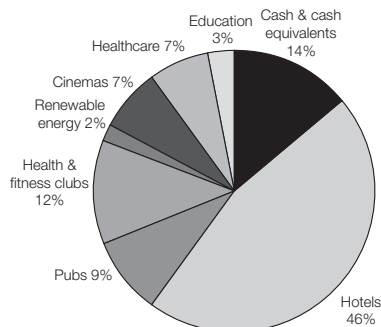
In addition to the sale of The Place Sandwich VCT, a further £172,000 loan stock has been repaid by other portfolio companies during the period.

Meanwhile £537,000 has been invested in six investee companies including one new company which is in the renewable energy sector, constructing wind turbines. The majority of the overall investment monies was already scheduled for Oakland Care Centre, which is 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 below 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 are of the view that the majority of the Company's investments are well positioned to withstand an economic downturn in light of our general policy that investee companies have no bank borrowings. We

# Interim management report (continued)

remain cautious over the short and medium term prospects of the UK economy in view of the stresses in the currency and debt markets 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.

Other risks and uncertainties remain unchanged and are as detailed on pages 15 to 16 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 £250,000, in line with the limit for the previous six months and the £234,000 actually expended. 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 £14.9 million or 70.3 pence per share compared to £14.9 million or 70.5 pence per share at 31 March 2011. The Company's revenues, meanwhile, have grown 7.4% on the same period last year, and 15.8% on the same period in 2009. The revenue return before taxation was £288,000 compared to £228,000 for the six months to 30 September 2010 and the total expense ratio was 2.9 per cent. over the period. The Company will pay a second dividend of 1.50 pence per share on 29 February 2012 to shareholders on the register as at 3 February 2012, making 3.00 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 Prime VCT PLC will be aiming to raise approximately £1.5 million, a 10 per cent. share of the £15 million in aggregate that the Albion VCTs plan to raise by 5 April 2012. 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

The outlook for the UK economy and financial markets 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.

## Martin Bralsford

Chairman

25 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

**Martin Bralsford**

Chairman

25 November 2011



# Portfolio of investments

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

	% voting rights held by Albion Prime VCT PLC	% voting rights held by all AVL* managed companies	At 30 September 2011		
			Cost £'000	Cumulative movement in value £'000	Total value £'000
<b>Fixed asset investments</b>					
<b>Hotels</b>					
Kew Green VCT (Stansted) Limited	16.9	50.0	2,284	1,351	3,635
The Stanwell Hotel Limited	14.6	50.0	2,031	(619)	1,412
The Crown Hotel Harrogate Limited	8.4	50.0	1,674	(452)	1,222
The Bear Hungerford Limited	14.6	50.0	1,167	(417)	750
<b>Total hotel investments</b>			<b>7,156</b>	<b>(137)</b>	<b>7,019</b>
<b>Health and fitness clubs</b>					
The Weybridge Club Limited	6.0	50.0	980	(182)	798
Kensington Health Clubs Limited	4.5	50.0	1,124	(344)	780
Tower Bridge Health Clubs Limited	2.9	50.0	173	29	202
<b>Total health and fitness club investments</b>			<b>2,277</b>	<b>(497)</b>	<b>1,780</b>
<b>Pubs</b>					
The Charnwood Pub Company Limited	6.0	50.0	2,075	(1,189)	886
Bravo Inns II Limited	1.7	50.0	210	(7)	203
Bravo Inns Limited	2.6	50.0	230	(88)	142
The Dunedin Pub Company VCT Limited	4.0	50.0	43	(1)	42
GB Pub Company VCT Limited	2.9	50.0	120	(89)	31
<b>Total pub investments</b>			<b>2,678</b>	<b>(1,374)</b>	<b>1,304</b>
<b>Healthcare</b>					
Oakland Care Centre Limited	9.5	45.3	757	23	780
Orchard Portman Hospital Limited	2.4	50.0	156	-	156
Taunton Hospital Limited	1.6	50.0	100	1	101
Nelson House Hospital Limited	2.5	50.0	86	-	86
<b>Total healthcare investments</b>			<b>1,099</b>	<b>24</b>	<b>1,123</b>
<b>Cinemas and other leisure</b>					
CS (Greenwich) Limited	7.5	50.0	394	64	458
City Screen (Liverpool) Limited	22.7	50.0	277	(75)	202
CS (Brixton) Limited	3.0	50.0	126	57	183
Premier Leisure (Suffolk) Limited	5.3	50.0	390	(297)	93
CS (Exeter) Limited	3.0	50.0	49	(13)	36
CS (Norwich) Limited	1.3	50.0	20	1	21
<b>Total cinemas and other leisure investments</b>			<b>1,256</b>	<b>(263)</b>	<b>993</b>
<b>Education</b>					
Radnor House School (Holdings) Limited	2.5	50.0	437	13	450
<b>Total education investments</b>			<b>437</b>	<b>13</b>	<b>450</b>
<b>Renewable energy</b>					
TEG Biogas (Perth) Limited	1.3	50.0	78	-	78
Regenerco Renewable Energy Limited	1.2	50.0	68	-	68
Alto Prodotto Wind Limited	1.3	50.0	58	-	58
The Street by Street Solar Programme Limited	1.2	50.0	49	-	49
AVESI Limited	1.3	50.0	10	-	10
<b>Total renewable energy investments</b>			<b>263</b>	<b>-</b>	<b>263</b>
<b>Residential development</b>					
Wickenhall Mill VCT Limited	27.3	50.0	547	(473)	74
<b>Total residential development investments</b>			<b>547</b>	<b>(473)</b>	<b>74</b>
<b>Total fixed asset investments</b>			<b>15,713</b>	<b>(2,707)</b>	<b>13,006</b>

\*Albion Ventures LLP

# 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	-	95	95	-	174	174	-	27	27
Investment income	4	404	-	404	376	-	376	705	-	705
Investment management fees		(34)	(103)	(137)	(34)	(101)	(135)	(67)	(201)	(268)
Other expenses		(82)	-	(82)	(114)	-	(114)	(211)	-	(211)
<b>Return/(loss) on ordinary activities before tax</b>		<b>288</b>	<b>(8)</b>	<b>280</b>	<b>228</b>	<b>73</b>	<b>301</b>	<b>427</b>	<b>(174)</b>	<b>253</b>
Tax (charge)/credit on ordinary activities		(68)	28	(40)	(54)	28	(26)	(17)	53	36
<b>Return/(loss) attributable to shareholders</b>		<b>220</b>	<b>20</b>	<b>240</b>	<b>174</b>	<b>101</b>	<b>275</b>	<b>410</b>	<b>(121)</b>	<b>289</b>
<b>Basic and diluted return/(loss) per share (pence)*</b>	6	<b>1.0</b>	<b>0.1</b>	<b>1.1</b>	0.9	0.5	1.4	2.0	(0.6)	1.4

\* 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 gains 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
<b>Fixed asset investments</b>		<b>13,006</b>	<b>13,300</b>	<b>13,513</b>
<b>Current assets</b>				
Trade and other debtors		16	32	56
Cash at bank and in hand	9	2,085	1,446	1,537
		<b>2,101</b>	1,478	1,593
<b>Creditors: amounts falling due within one year</b>		<b>(205)</b>	(232)	(194)
<b>Net current assets</b>		<b>1,896</b>	1,246	1,399
<b>Net assets</b>		<b>14,902</b>	14,546	14,912
<b>Capital and reserves</b>				
Called up share capital	7	235	225	234
Share premium		1,119	-	818
Capital redemption reserve		8	2	5
Unrealised capital reserve		(2,853)	(2,777)	(2,859)
Special reserve		13,973	21,852	14,250
Treasury shares reserve		(2,155)	(2,201)	(2,198)
Realised capital reserve		3,959	(2,736)	3,944
Revenue reserve		616	181	718
<b>Total equity shareholders' funds</b>		<b>14,902</b>	14,546	14,912
<b>Basic and diluted net asset value per share (pence)*</b>		<b>70.3</b>	71.8	70.5

\* 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 25 November 2011, and were signed on its behalf by

## Martin Bralsford

Chairman

Company number: 3265074

# Summary reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share redemption 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
<b>1 April 2011 (audited)</b>	<b>234</b>	<b>818</b>	<b>5</b>	<b>(2,859)</b>	<b>14,250</b>	<b>(2,198)</b>	<b>3,944</b>	<b>718</b>	<b>14,912</b>
Net realised gains on investments in the year	-	-	-	-	-	-	170	-	170
Unrealised losses on investments in the year	-	-	-	(75)	-	-	-	-	(75)
Transfer of previously unrealised losses on sale of investments	-	-	-	81	-	-	(81)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(103)	-	(103)
Tax on capitalised management fees	-	-	-	-	-	-	28	-	28
Purchase of own shares for cancellation	(2)	-	2	-	(143)	-	-	-	(143)
Purchase of own shares for treasury	-	-	-	-	-	(91)	-	-	(91)
Issue of equity (net of costs)	4	301	-	-	-	-	-	-	305
Cancellation of treasury shares	(1)	-	1	-	(134)	134	-	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	220	220
Dividends paid	-	-	-	-	-	-	-	(321)	(321)
<b>As at 30 September 2011 (unaudited)</b>	<b>235</b>	<b>1,119</b>	<b>8</b>	<b>(2,853)</b>	<b>13,973</b>	<b>(2,155)</b>	<b>3,959</b>	<b>616</b>	<b>14,902</b>
<b>1 April 2010 (audited)</b>	11,419	-	2,544	(3,317)	8,327	(2,207)	(2,297)	307	14,776
Net realised gains on investments in the year	-	-	-	-	-	-	6	-	6
Unrealised gains on investments in the year	-	-	-	168	-	-	-	-	168
Transfer of previously unrealised losses on sale of investments	-	-	-	372	-	-	(372)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(101)	-	(101)
Tax on capitalised management fees	-	-	-	-	-	-	28	-	28
Purchase of own shares for cancellation	(84)	-	84	-	(208)	-	-	-	(208)
Issue of equity (net of costs)	6	-	-	-	-	-	-	-	6
Reduction in share capital	(11,116)	-	-	-	11,116	-	-	-	-
Cancellation of share capital reserve	-	-	(2,626)	-	2,626	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	6	-	-	6
Revenue return attributable to shareholders	-	-	-	-	-	-	-	174	174
Dividends paid	-	-	-	-	(9)	-	-	(300)	(309)
<b>As at 30 September 2010 (unaudited)</b>	<b>225</b>	<b>-</b>	<b>2</b>	<b>(2,777)</b>	<b>21,852</b>	<b>(2,201)</b>	<b>(2,736)</b>	<b>181</b>	<b>14,546</b>
<b>As at 1 April 2010</b>	11,419	-	2,544	(3,317)	8,327	(2,207)	(2,297)	307	14,776
Net realised gains on investments in the year	-	-	-	-	-	-	5	-	5
Unrealised gains on investments in the year	-	-	-	22	-	-	-	-	22
Transfer of previously unrealised losses on sale of investments	-	-	-	436	-	-	(436)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(201)	-	(201)
Tax on capitalised management fees	-	-	-	-	-	-	53	-	53
Reduction in share capital	(11,116)	-	-	-	11,116	-	-	-	-
Cancellation of capital redemption reserve	-	-	(2,626)	-	2,626	-	-	-	-
Purchase of own shares for cancellation	(87)	-	87	-	(371)	-	-	-	(371)
Cancellation of treasury shares	-	-	-	-	(9)	9	-	-	-
Issue of equity (net of costs)	18	818	-	-	-	-	-	-	836
Revenue return attributable to shareholders	-	-	-	-	-	-	-	410	410
Dividends paid	-	-	-	-	-	-	-	(619)	(619)
Transfer from special reserve to realised capital reserve	-	-	-	-	(6,820)	-	6,820	-	-
Transfer from special reserve to revenue reserve	-	-	-	-	(619)	-	-	619	-
<b>As at 31 March 2011 (audited)</b>	<b>234</b>	<b>818</b>	<b>5</b>	<b>(2,859)</b>	<b>14,250</b>	<b>(2,198)</b>	<b>3,944</b>	<b>718</b>	<b>14,912</b>

\* Included within these reserves is an amount of £13,540,000 (30 September 2010: £14,319,000; 31 March 2011: £13,855,000) 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
<b>Operating activities</b>				
Investment income received		370	354	679
Deposit interest received		11	13	18
Dividend income received		–	4	4
Investment management fees paid		(135)	(132)	(265)
Other cash payments		(131)	(132)	(202)
<b>Net cash flow from operating activities</b>	8	<b>115</b>	107	234
<b>Taxation</b>				
UK corporation tax recovered		83	101	43
<b>Capital expenditure and financial investments</b>				
Purchase of fixed asset investments		(564)	(534)	(1,245)
Disposal of fixed asset investments		1,163	458	833
<b>Net cash flow from investing activities</b>		<b>599</b>	(76)	(412)
<b>Equity dividends paid</b>				
Dividends paid (net of cost of shares issued under the dividend reinvestment scheme)		(309)	(298)	(600)
<b>Net cash flow before financing</b>		<b>487</b>	(166)	(735)
<b>Financing</b>				
Purchase of own shares		(246)	(201)	(354)
Issue of share capital		307	(6)	807
<b>Net cash flow from financing</b>		<b>61</b>	(207)	453
<b>Cash flow in the period</b>	9	<b>548</b>	(373)	(282)

# 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, debts issued at a discount and convertible bonds*

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity investments, debts issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

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 on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement in accordance with the AIC SORP and realised gains or losses on the sale of investments are reflected in the realised capital reserve, and unrealised gains or losses arising from the revaluation of investments are reflected in the unrealised capital reserve.

*Warrants and unquoted equity derived instruments*

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

*Unquoted loan stock*

Unquoted loan stock (excluding convertible bonds and debt issued at a discount) is classified as loans and

receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method less impairment. Movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve on revaluation.

For all unquoted loan stock, fully performing, renegotiated, past due and impaired, the Board considers that the fair value is equal to or greater than the security value of these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the effective interest rate. The future cash flows are estimated based on the fair value of the security held less estimated selling costs.

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 accruals basis using the rate of interest agreed with the bank.

## **Investment management fees and other expenses**

All expenses have been accounted for on an accruals basis. Expenses are charged through the revenue account except the following which are charged through the realised capital reserve:

- 75 per cent. of management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

## **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*

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/(losses) on investments

	<b>Unaudited six months ended 30 September 2011 £'000</b>	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	<b>(80)</b>	148	54
Unrealised releases of impairments/(impairments) on fixed asset investments held at amortised cost	<b>5</b>	20	(32)
<b>Unrealised (losses)/gains on fixed asset investments</b>	<b>(75)</b>	168	22
Realised gains on investments held at fair value through profit or loss account	<b>156</b>	4	11
Realised gains/(losses) on investments held at amortised cost	<b>14</b>	2	(6)
<b>Realised gains sub-total</b>	<b>170</b>	6	5
	<b>95</b>	174	27

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

## 4. Investment income

	<b>Unaudited six months ended 30 September 2011 £'000</b>	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
<b>Income recognised on investments held at fair value through profit or loss account</b>			
UK dividend income	-	4	4
<b>Income recognised on investments held at amortised cost</b>			
Return on loan stock investments	<b>393</b>	360	681
Bank deposit interest	<b>11</b>	12	20
	<b>404</b>	372	701
	<b>404</b>	376	705

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

	<b>Unaudited six months ended 30 September 2011 £'000</b>	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
First dividend paid on 9 July 2010 – 1.50 pence per share	–	309	309
Second dividend paid on 28 February 2011 – 1.50 pence per share	–	–	310
First dividend paid on 31 August 2011 – 1.50 pence per share	<b>321</b>	–	–
	<b>321</b>	309	619

The Directors have declared a dividend of 1.50 pence per share (total approximately £318,000), payable on 29 February 2012 to shareholders on the register as at 3 February 2012.

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

	<b>Unaudited six months ended 30 September 2011</b>		Unaudited six months ended 30 September 2010		Audited year ended 31 March 2011	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to						
Ordinary shares (£'000)	<b>220</b>	<b>20</b>	174	101	410	(121)
Weighted average shares in issue	<b>21,429,796</b>		20,910,504		20,469,014	
Return/(loss) per Ordinary share (pence)	<b>1.0</b>	<b>0.1</b>	0.9	0.5	2.0	(0.6)

The weighted number of shares is calculated excluding treasury shares of 2,249,066 (30 September 2010: 2,242,955; 31 March 2011: 2,242,955).

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

# Notes to the unaudited summarised Financial Statements (continued)

## 7. Share capital

	<b>Unaudited six months ended 30 September 2011 £'000</b>	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
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### Authorised

50,000,000 Ordinary shares of 1p each (30 September 2010 and 31 March 2011: 50,000,000 Ordinary shares of 1p each)

<b>25,000</b>	25,000	25,000
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### Allotted, called up and fully paid

23,459,463 Ordinary shares of 1p each (30 September 2010: 22,490,810; 31 March 2011: 23,398,778 of 1p each)

<b>235</b>	225	234
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### Voting rights

21,210,397 Ordinary shares of 1p each (net of treasury shares) (30 September 2010: 20,247,855; 31 March 2011: 21,155,823 of 1p each).

Under the terms of the Dividend Reinvestment Scheme Circular dated 11 July 2008, the following Ordinary shares of nominal value 1 penny per share were allotted at a price of 69.26 pence per share:

<b>Date of allotment</b>	<b>Number of shares allotted</b>	<b>Aggregate nominal value of shares (£'000)</b>	<b>Consideration received (£'000)</b>	<b>Opening market price per share on allotment date (pence per share)</b>
31 August 2011	18,646	–	14	60.50

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

<b>Date of allotment</b>	<b>Number of shares allotted</b>	<b>Aggregate nominal value of shares (£'000)</b>	<b>Net Consideration received (£'000)</b>	<b>Issue price (pence per share)</b>	<b>Opening market price per share on allotment date (pence per share)</b>
5 April 2011	381,618	4	267	74.6	62.0
16 May 2011	32,421	–	23	74.6	62.0
	<u>414,039</u>	<u>4</u>	<u>290</u>		

During the period to 30 September 2011 the Company purchased 378,111 Ordinary shares. Of these, 232,000 were for cancellation at a cost of £143,000, representing 0.99% of the shares in issue as at 1 April 2011. The remaining 146,111 Ordinary shares purchased were to be held in treasury at a cost of £91,000, representing 0.62% of the shares in issue as at 1 April 2011. In the same period, a further 140,000 shares held in treasury were also cancelled.

The total number of Ordinary shares held in treasury as at 30 September 2011 was 2,249,066 (30 September 2010: 2,242,955; 31 March 2011: 2,242,955) representing 9.59% 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

	<b>Unaudited six months ended 30 September 2011 £'000</b>	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Revenue return on ordinary activities before tax	<b>288</b>	228	427
Investment management fee charged to capital	<b>(103)</b>	(101)	(201)
Movement in accrued amortised loan stock interest	<b>(25)</b>	(7)	2
Increase in operating debtors	<b>(10)</b>	(8)	(2)
(Decrease)/increase in operating creditors	<b>(35)</b>	(5)	8
<b>Net cash flow from operating activities</b>	<b>115</b>	107	234

## 9. Analysis of change in cash during the period

	<b>Unaudited six months ended 30 September 2011 £'000</b>	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Opening cash balances	<b>1,537</b>	1,819	1,819
Net cash inflow/(outflow)	<b>548</b>	(373)	(282)
<b>End of the period</b>	<b>2,085</b>	1,446	1,537

## 10. Commitments and contingencies

As at 30 September 2011, the Company was committed to making a further investment of £158,000 in Oakland Care Centre Limited (31 March 2011: £739,000). 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 completed the following material transactions:

Investment of £158,000 in Oakland Care Centre Limited;  
Investment of £43,500 in The Stanwell Hotel Limited; and  
Investment of £50,000 in The Street by Street Solar Programme 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 Prime VCT PLC's share will be approximately £1.5 million. The maximum amount raised by each of the Albion VCTs will be 10 per cent. 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 Patrick Reeve, a Director of the Company, is also the Managing Partner of the Manager. The Manager is party to a management agreement with the Company (details are disclosed on page 17 of the Annual Report and Financial Statements for the year ended 31 March 2011). During the period, services of a total value of £151,000 (30 September 2010: £149,000; 31 March 2011: £268,000) 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 £77,000 (30 September 2010: £75,000; 31 March 2011: £75,000).

During the period the Company raised new funds through the Albion VCTs Linked Top Up Offer as detailed in note 7. The total cost of the issue of these shares was 5.5 per cent. 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.

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the period, the Company was charged £7,500 (excluding VAT) by Albion Ventures LLP in respect of his services as a Director (30 September 2010: £7,500; 31 March 2011: £15,000). At the period end, the amount due to Albion Ventures LLP in respect of these services was £4,000 (30 September 2010: £4,000; 31 March 2011: £4,000).

## 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 42 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 Auditor 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](http://www.albion-ventures.co.uk) under the 'Our Funds' section.



