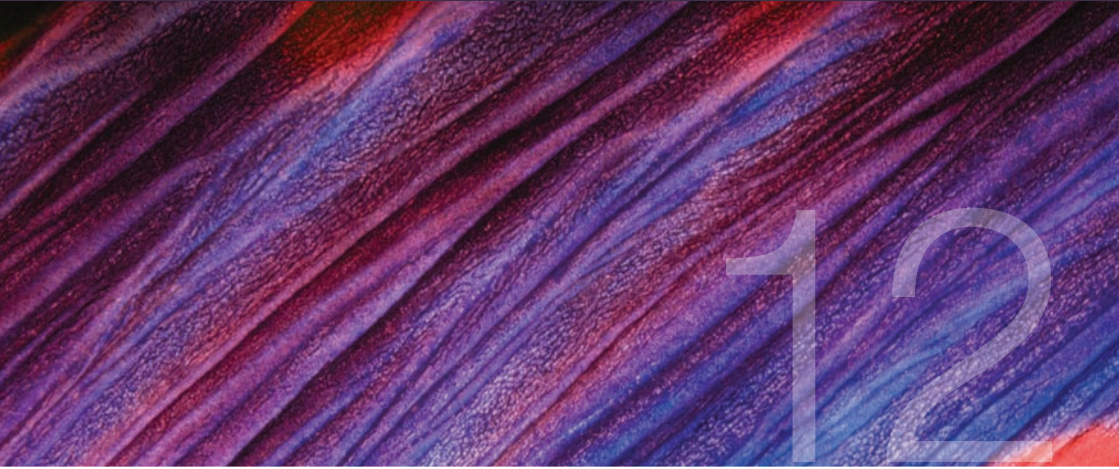


Half-yearly Financial Report
(unaudited) for the six months to
30 September 2012



Albion Venture Capital Trust PLC

ALBION VENTURES

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Company information

Company number	3142609
Directors	D Watkins MBA (Harvard), Chairman (US citizen) J M B L Kerr ACMA J Warren ACCA E Dinesen R (Danish) FSR
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Venture Capital Trust PLC is a member of The Association of Investment Companies.

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0870 873 5849 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri) Website: www.computershare.co.uk Shareholders can access holdings and valuation information regarding any of their shares held by Computershare by registering on Computershare's website.
IFA information	For enquiries relating to the performance of the Fund and for IFA information 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 Website: www.albion-ventures.co.uk

Please note that these contacts are unable to provide financial or taxation advice.

Investment objectives

Albion Venture Capital Trust PLC (the "Company") is a venture capital trust which raised a total of £39.7 million through an issue of Ordinary shares in the spring of 1996 and through an issue of C shares in the following year. The Company raised a further £3.2 million under the Albion VCTs Linked Top Up Offers in 2011 and 2012. The C Shares merged with the Ordinary shares in 2001. The Company merged with Albion Prime VCT PLC on 25 September 2012 (see below).

The Company's investment strategy is to reduce the risk normally associated with investments in smaller unquoted companies. This is achieved as follows:

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

The Company offers tax-paying investors substantial tax benefits at the time of investment, on payment of dividends and on the ultimate disposal of the investment.

Acquisition of the assets and liabilities of Albion Prime VCT PLC

On 25 September 2012, the Company acquired the assets and liabilities of Albion Prime VCT PLC ("Prime") in exchange for new shares in the Company ("the Merger"). On the same day Prime was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

All of the assets and liabilities of Prime totalling £14,338,000 were transferred to the Company in exchange for the issue of 19,307,001 new Ordinary shares of nominal value 50 pence each in the capital of the Company at a deemed issue price of 74.2638 pence per share. Each Prime shareholder received 0.8801 shares in the Company for each Prime share that they held at the date of the Merger. The total number of shares receivable by each shareholder was rounded down to the nearest whole number of shares.

New share certificates in the Company were sent to all Albion Prime VCT PLC shareholders during October 2012.

Financial calendar

Record date for second dividend	7 December 2012
Payment date for second dividend	31 December 2012
Financial year end	31 March 2013

Financial highlights (unaudited)

	Unaudited six months ended 30 September 2012 (pence per share)	Unaudited six months ended 30 September 2011 (pence per share)	Audited year ended 31 March 2012 (pence per share)
Net asset value	76.00	79.50	78.00
Revenue return	1.00	1.10	2.10
Capital return	0.60	0.20	–

	Ordinary shares (pence per share)	C shares (pence per share)
Total shareholder net asset value return to 30 September 2012		
Total dividends paid during the year ended:		
	31 March 1997	2.00
	31 March 1998	5.20
	31 March 1999	11.05
	31 March 2000	3.00
	31 March 2001	8.55
	31 March 2002	7.60
	31 March 2003	7.70
	31 March 2004	8.20
	31 March 2005	9.75
	31 March 2006	11.75
	31 March 2007	10.00
	31 March 2008	10.00
	31 March 2009	10.00
	31 March 2010	5.00
	31 March 2011	5.00
	31 March 2012	5.00
Total dividends paid in the six months to	30 September 2012	2.50
		<u>2.50</u>
Total dividends paid to 30 September 2012		<u>122.30</u>
Net asset value as at 30 September 2012		<u>76.00</u>
Total shareholder net asset value return to 30 September 2012		<u>198.30</u>
		<u>110.75</u>
		<u>76.00</u>
		<u>186.75</u>

The financial summary above is for the Company, Albion Venture Capital Trust PLC only. Details of the financial performance of Albion Prime VCT PLC, which has been merged into the Company, can be found on page 21.

In addition to the above dividends paid, the Directors have declared a second dividend of 2.50 pence per share, payable on 31 December 2012 to shareholders on the register as at 7 December 2012.

Interim management report

Introduction

The results for Albion Venture Capital Trust PLC for the six months to 30 September 2012 show a positive return of 1.60 pence per share (revenue and capital), which takes the net asset value to 76.00 pence per share (31 March 2012: 78.00 pence per share) after the payment of the first dividend for the year of 2.50 pence per share and following the merger with Albion Prime VCT PLC on 25 September 2012. A more detailed explanation of the impact of the merger on the total return per share calculation is shown in note 10. The total return comprised a 1 penny revenue return for the period and a 0.6 pence capital return, although it should be noted that independent third party valuations of the underlying investments are not generally carried out until the spring.

Investment performance and progress

During the period, the principal event was the acquisition of the investments formerly held by Albion Prime VCT PLC, valued at just over £14.3 million. With one minor exception, these were all in companies in which the Company already had a holding. In addition, the Company invested £218,000 in two existing portfolio companies and one new company, while loan stock repayments totalling £291,000 were received from four portfolio companies.

The additional investments comprised £100,000 in Bravo Inns II, as part of a £1 million fundraising to enable it to take advantage of further financially attractive pub acquisitions in the north west of England; an initial £70,000 in Dragon Hydro, which is developing a hydroelectric facility in Wales; and a £48,000 scheduled investment in Nelson House Hospital, which opened in April 2012.

The principal loan stock repayments were £84,000 from The Charnwood Pub Company, following the sale of one of its pubs, with £47,000 from Tower Bridge Health Clubs and £159,000 from Kew Green VCT (Stansted), both from surplus cash generated from trading. However, the Holiday Inn Express hotel at Stansted Airport, owned by Kew Green VCT (Stansted) and The Stanwell Hotel near Heathrow, both experienced disappointing trading during the Olympics, coupled with further competition at Stansted and slower than hoped for growth at The Stanwell. The carrying values of these investments have been reduced accordingly. The Crown Hotel in Harrogate and the Bear Hotel in Hungerford have been more resilient.

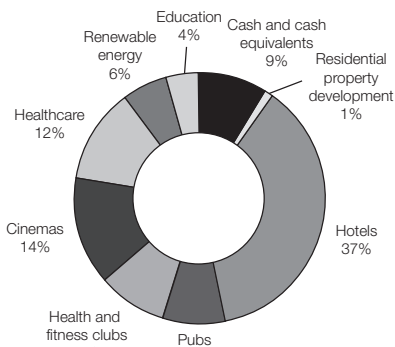
In the remainder of the portfolio, Radnor House School has successfully embarked on its second

school year and now has 240 pupils; the cinemas are continuing to trade well, all recently setting new weekly revenue records; and Oakland Care Centre's Bayfield Court care home in Chingford is now full. All of these investments have seen an uplift in holding value. Occupancy is continuing to grow at Orchard Portman's psychiatric unit near Taunton and the three health and fitness clubs have all seen the number of members rise over the period.

Meanwhile good progress has been made by the Company's renewable energy investments with solar panels now installed on nearly 1,200 homes by Regenerco Renewable Energy and The Street by Street Solar Programme. In addition, a second wind turbine has recently been erected by Alto Prodotto Wind in Wales and the TEG Biogas (Perth)'s anaerobic digestion plant in Scotland, which creates energy from food waste, is exceeding expectations.

Two of the five houses being built by G&K Smart Development VCT have been sold off-plan and the Wickenhall Mill site inherited from Albion Prime VCT PLC has been sold subsequent to the period end.

Split of portfolio by valuation as at 30 September 2012:



Source: Albion Ventures LLP

Acquisition of the assets and liabilities of Albion Prime VCT PLC ("Prime")

Following approval by shareholders at the General Meeting on 17 September 2012, the Company completed the acquisition of the assets and liabilities of Prime on 25 September 2012. The Merger created a larger Company, adding net assets of just over £14.3 million from Prime. The Merger is expected to result in material cost savings of approximately £168,000 per annum going forwards. The ratio used

Interim management report (continued)

for the conversion of Prime shares to shares in the Company was 0.8801. All Prime shareholders were issued new share certificates during October 2012. Further details regarding the Merger are shown in note 10 to the Half-yearly Financial Report.

Budgeted merger costs were £230,000, of which the Company's share, which has been provided for in these accounts, was £150,000.

Board composition

On 25 September 2012, as part of the Merger arrangements, Jonathan Rounce stepped down from the Board. The Board wishes to express its thanks to Jonathan for his contribution during his time as a Director.

The Board is pleased to welcome Ebbe Dinesen, who was a director of Albion Prime VCT PLC and who was appointed a Director of the Company on 26 September 2012.

Risks and uncertainties

We remain cautious over the short and medium term prospects for the UK economy, particularly given the continuing uncertainty in the eurozone. Importantly however your Company remains conservatively financed with no bank borrowings having a prior charge at either corporate or portfolio company level. This is in addition to the policy of ensuring that the Company has a first charge over portfolio companies' assets.

Other risks and uncertainties remain unchanged and are as detailed on pages 17 to 19 of the Annual Report and Financial Statements for the year ended 31 March 2012.

Related party transactions

Details of material related party transactions for the reporting period can be found in note 13 to this Half-yearly Financial Report.

Discount management and share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. Thereafter, it is still 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 month period to 31 March 2013 to £500,000. Subject to the constraints referred to above, and subject to

first purchasing shares held by the marketmakers, the Board will target such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Reduction of capital

It is expected that the reduction of capital referred to in the circular to shareholders dated 27 July 2012 will take place in December 2012.

Results and dividends

As at 30 September 2012, following the merger with Albion Prime VCT PLC on 25 September 2012, the net asset value of the Company was £42.7 million or 76.00 pence per share compared to £28.4 million or 78.00 pence per share at 31 March 2012. The revenue return before taxation was £413,000 compared to £529,000 for the six months to 30 September 2011. The Company will pay a second dividend of 2.50 pence per share on 31 December 2012 to shareholders on the register as at 7 December 2012, making 5.00 pence per share in total for the full year, in line with your Company's current dividend target.

Albion VCTs Top Up Offers 2012/2013

Your Board, in conjunction with the boards of other VCTs managed by Albion Ventures LLP, has recently launched a top up offer of new Ordinary shares. Albion Venture Capital Trust PLC will be aiming to raise up to £2.5 million, out of up to £15 million in aggregate that the Albion VCTs are seeking to raise. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen. An Investor Guide and Offers Document will be sent to shareholders in December.

Outlook and prospects

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

David Watkins

Chairman
28 November 2012

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 2012, 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 2012 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 2012.

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

By order of the Board

David Watkins

Chairman

28 November 2012

Portfolio of investments

The following is a summary of investments as at 30 September 2012:

Qualifying investments	% voting rights	As at 30 September 2012			Change in value for the period*** £'000
		Accounting cost* £'000	Cumulative movement in value £'000	Total value** £'000	
Hotels					
Kew Green VCT (Stansted) Limited	45.2	6,723	1,456	8,179	(417)
The Crown Hotel Harrogate Limited	24.1	4,245	(973)	3,272	17
The Stanwell Hotel Limited	39.2	4,520	(2,162)	2,358	(417)
The Bear Hungerford Limited	40.8	2,827	(757)	2,070	9
Total investment in the hotel sector		18,315	(2,436)	15,879	(808)
Cinemas and other leisure					
City Screen (Cambridge) Limited	50.0	485	2,026	2,511	296
CS (Greenwich) Limited	25.8	1,451	440	1,891	174
CS (Brixton) Limited	9.4	498	353	851	145
City Screen (Liverpool) Limited	40.9	452	120	572	162
CS (Exeter) Limited	9.6	152	50	202	65
Premier Leisure (Suffolk) Limited	10.5	468	(295)	173	-
CS (Norwich) Limited	4.4	75	27	102	14
Total investment in the cinema and other leisure sector		3,581	2,721	6,302	856
Health and fitness clubs					
The Weybridge Club Limited	14.3	2,136	(229)	1,907	-
Kensington Health Clubs Limited	9.8	1,889	(378)	1,511	(19)
Tower Bridge Health Clubs Limited	8.4	454	105	559	29
Total investment in the health and fitness club sector		4,479	(502)	3,977	10
Healthcare sector					
Oakland Care Centre Limited	31.6	2,998	662	3,660	204
Nelson House Hospital Limited	7.0	698	10	708	8
Taunton Hospital Limited	7.6	478	(35)	443	(36)
Orchard Portman Hospital Limited	4.4	297	(15)	282	(15)
Total investment in the healthcare sector		4,471	622	5,093	161
Education sector					
Radnor House School (Holdings) Limited	7.1	1,381	378	1,759	136
Total investment in the education sector		1,381	378	1,759	136
Renewable energy sector					
Alto Prodotto Wind Limited	7.4	670	3	673	3
The Street by Street Solar Programme Limited	6.5	650	3	653	(2)
Regenerco Renewable Energy Limited	6.1	427	2	429	1
TEG Biogas (Perth) Limited	4.9	306	19	325	17
AVESI Limited	7.4	230	-	230	-
Greenenerco Limited	3.9	135	-	135	-
Dragon Hydro Limited	7.3	104	-	104	-
Total investment in the renewable energy sector		2,522	27	2,549	19
Pubs					
The Charnwood Pub Company Limited	14.8	3,532	(1,734)	1,798	-
Bravo Inns II Limited	6.3	935	(1)	934	1
Bravo Inns Limited	7.6	596	(165)	431	1
The Dunedin Pub Company VCT Limited	8.3	84	(2)	82	-
GB Pub Company VCT Limited	8.8	220	(203)	17	(15)
Total investment in the pub sector		5,367	(2,105)	3,262	(13)
Residential property development					
G&K Smart Developments VCT Limited	42.9	1,620	(1,144)	476	-
Wickenhall Mill VCT Limited	27.3	60	-	60	-
Total investment in the residential property development sector		1,680	(1,144)	536	-
Total qualifying investments		41,796	(2,439)	39,357	361
Movement in loan stock accrued interest					19
Total gains on investments as per income statement					380

* Amounts shown as accounting cost represent the acquisition cost in the case of investments originally made by the Company and/or the valuation attributed to the investments acquired from Albion Prime VCT PLC at the Merger on 25 September 2012, plus any subsequent acquisition costs, as reduced in certain cases by amounts written off as representing an impairment in value.

** These valuations are based on third party calculations performed for the Annual Report and Financial Statements for the year ended 31 March 2012, excluding Radnor House School (Holdings) Limited and Oakland Care Centre Limited which were performed at the period end of 30 September 2012. Third party valuations will be re-performed for the year ended 31 March 2013.

*** As adjusted for additions and disposals during the period.

Summary income statement

		Unaudited six months ended 30 September 2012			Unaudited six months ended 30 September 2011			Audited year ended 31 March 2012		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	380	380	–	232	232	–	310	310
Investment income	4	617	–	617	711	–	711	1,314	–	1,314
Investment management fees		(71)	(213)	(284)	(73)	(218)	(291)	(143)	(428)	(571)
Other expenses		(133)	–	(133)	(109)	–	(109)	(238)	–	(238)
Return/(loss) on ordinary activities before tax		413	167	580	529	14	543	933	(118)	815
Tax (charge)/credit on ordinary activities		(37)	53	16	(134)	60	(74)	(188)	118	(70)
Return attributable to shareholders		376	220	596	395	74	469	745	–	745
Basic and diluted return per share (pence)*	6	1.00	0.60	1.60	1.10	0.20	1.30	2.10	–	2.10

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2011 and the audited statutory accounts for the year ended 31 March 2012 of Albion Venture Capital Trust PLC.

All revenue and capital items in the above statement derive from the continuing operations of the Company up to 25 September 2012 and thereafter includes the return on the assets and activities of Albion Prime VCT PLC after they were acquired by the Company on 25 September 2012.

The accompanying notes on pages 13 to 20 form an integral part of this Half-yearly Financial Report.

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

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

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

Summary balance sheet

	Note	Unaudited 30 September 2012 £'000	Unaudited 30 September 2011 £'000	Audited 31 March 2012 £'000
Fixed asset investments		39,357	24,918	25,945
Current assets				
Trade and other debtors		32	19	10
Cash at bank and in hand	9	4,129	3,923	2,956
		4,161	3,942	2,966
Creditors: amounts falling due within one year		(838)	(400)	(525)
Net current assets		3,323	3,542	2,411
Net assets		42,680	28,460	28,386
Capital and reserves				
Called up share capital	7	29,868	19,197	19,733
Share premium		5,828	706	1,005
Capital redemption reserve		1,914	1,914	1,914
Unrealised capital reserve		(2,618)	(3,791)	(3,067)
Realised capital reserve		9,858	10,885	10,087
Other distributable reserve		(2,170)	(451)	(1,286)
Total equity shareholders' funds		42,680	28,460	28,386
Basic and diluted net asset value per share (pence)*		76.00	79.50	78.00

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2011 and the audited statutory accounts for the year ended 31 March 2012 of Albion Venture Capital Trust PLC.

The Balance sheet as at 30 September 2012 reflects the acquisition of the assets and liabilities of Albion Prime VCT PLC on 25 September 2012.

The accompanying notes on pages 13 to 20 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 28 November 2012, and were signed on its behalf by

David Watkins

Chairman

Company number: 3142609

Summary reconciliation of movements in shareholders' funds

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 April 2012	19,733	1,005	1,914	(3,067)	10,087	(1,286)	28,386
Return/(loss) for the period	-	-	-	380	(160)	376	596
Transfer of previously unrealised losses	-	-	-	69	(69)	-	-
Purchase of treasury shares	-	-	-	-	-	(333)	(333)
Issue of equity (net of costs)	481	269	-	-	-	-	750
Shares issued to acquire net assets of Albion Prime VCT PLC (net of merger costs) **	9,654	4,554	-	-	-	-	14,208
Net dividends paid (note 5)	-	-	-	-	-	(927)	(927)
As at 30 September 2012	29,868	5,828	1,914	(2,618)	9,858	(2,170)	42,680
As at 1 April 2011	18,886	538	1,914	(3,871)	10,891	403	28,761
(Loss)/return for the period	-	-	-	(82)	156	395	469
Transfer of previously unrealised losses	-	-	-	162	(162)	-	-
Purchase of treasury shares	-	-	-	-	-	(351)	(351)
Issue of equity (net of costs)	311	168	-	-	-	-	479
Net dividends paid (note 5)	-	-	-	-	-	(898)	(898)
As at 30 September 2011	19,197	706	1,914	(3,791)	10,885	(451)	28,460
As at 1 April 2011	18,886	538	1,914	(3,871)	10,891	403	28,761
(Loss)/return for the year	-	-	-	(13)	13	745	745
Transfer of previously unrealised losses	-	-	-	817	(817)	-	-
Purchase of treasury shares	-	-	-	-	-	(663)	(663)
Issue of equity (net of costs)	847	467	-	-	-	-	1,314
Net dividends paid (note 5)	-	-	-	-	-	(1,771)	(1,771)
As at 31 March 2012	19,733	1,005	1,914	(3,067)	10,087	(1,286)	28,386

* Included within these reserves is an amount of £5,070,000 (30 September 2011: £6,643,000; 31 March 2012: £5,734,000) which is considered distributable.

** The assets and liabilities transferred through the acquisition of Albion Prime VCT PLC are shown in note 10. In addition, £130,000 of the £150,000 merger costs attributable to Albion Venture Capital Trust PLC have been accounted for in the share premium account.

The treasury share reserve and revenue reserve have been combined to form a single reserve named other distributable reserve for both current and prior year. The Directors consider the presentation of a single reserve enhances clarity of financial reporting. More details regarding treasury shares can be found in note 7.

Summary cash flow statement

	Note	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Operating activities				
Investment income received		633	669	1,244
Deposit interest received		19	18	37
Investment management fees paid		(284)	(308)	(571)
Other cash payments		(166)	(156)	(261)
Net cash flow from operating activities	8	202	223	449
Taxation				
UK corporation tax (paid)/recovered		(59)	205	205
Capital expenditure and financial investments				
Purchase of fixed asset investments		(204)	(1,094)	(2,618)
Disposal of fixed asset investments		275	2,357	3,000
Net cash flow from investing activities		71	1,263	382
Equity dividends paid				
Dividends paid (net of cost of shares issued under the dividend reinvestment scheme)		(867)	(848)	(1,635)
Net cash flow before financing		(652)	843	(599)
Financing				
Cash acquired from Albion Prime VCT PLC	10	1,450	–	–
Cost of Merger (paid on behalf of the Company and Albion Prime VCT PLC)		(90)	–	–
Issue of share capital		698	461	1,247
Purchase of own shares		(233)	(352)	(663)
Net cash flow from financing		1,825	109	584
Cash flow in the period	9	1,173	952	(15)

Notes to the unaudited summarised Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Investments

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

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

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

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

Warrants and unquoted equity derived instruments

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

Unquoted loan stock

Unquoted loan stock (excluding convertible bonds and debt issued at a discount) is classified as loans and receivables as permitted by FRS 26 and measured at

amortised cost using the effective interest rate method ("EIR") less impairment. Movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve on impairment from revaluations of the fair value of the security.

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

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

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the revenue reserve when a share becomes ex-dividend.

Loan stock accrued interest is recognised in the Balance sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

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

Investment income

Unquoted equity income

Dividend income is included in revenue when the investment is quoted ex-dividend.

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using the effective interest rate over the life of the financial instrument. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

Notes to the unaudited summarised Financial Statements (continued)

Bank interest income

Interest income is recognised on an accrual basis using the rate of interest agreed with the bank.

Investment management fees and other expenses

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

- 75 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.

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.

Treasury shares reserve

This reserve accounts for amounts by which the distributable reserves of the Company are diminished through the repurchase of the Company's own shares for treasury.

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders.

Dividends

In accordance with FRS 21 "Events after the balance sheet date", dividends declared by the Company are accounted for in the period in which the dividend has been paid or approved by shareholders in an Annual General Meeting.

Notes to the unaudited summarised Financial Statements (continued)

3. Gains on investments

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	694	(200)	782
Unrealised (impairments)/reversals of impairments on fixed asset investments held at amortised cost	(314)	118	(795)
Unrealised gains/(losses) sub-total	380	(82)	(13)
Realised gains on investments held at fair value through profit or loss account	–	288	283
Realised gains on investments held at amortised cost	–	26	40
Realised gains sub-total	–	314	323
	380	232	310

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

4. Investment income

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Income recognised on investments held at fair value through profit or loss account			
Income from convertible bonds and discounted debt	35	–	22
Other income	–	3	–
	35	3	22
Income recognised on investments held at amortised cost			
Return on loan stock investments	562	688	1,250
Bank deposit interest	20	20	42
	582	708	1,292
	617	711	1,314

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

Notes to the unaudited summarised Financial Statements (continued)

5. Dividends

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
First dividend paid 29 July 2011 – 2.50 pence per share	–	897	897
Second dividend paid on 30 December 2011 – 2.50 pence per share	–	–	888
First dividend paid 31 July 2012 – 2.50 pence per share	927	–	–
Unclaimed dividends	–	–	(14)
	927	897	1,771

The Directors have declared a dividend of 2.50 pence per share (total approximately £1,400,000), payable on 31 December 2012 to shareholders on the register as at 7 December 2012.

6. Basic and diluted return per share

	Unaudited six months ended 30 September 2012		Unaudited six months ended 30 September 2011		Audited year ended 31 March 2012	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to						
Ordinary shares (£'000)	376	220	395	74	745	–
Weighted average shares in issue	37,746,060		36,015,803		35,974,300	
Return per Ordinary share (pence)	1.00	0.60	1.10	0.20	2.10	–

The weighted number of shares is calculated excluding treasury shares of 3,580,440 (30 September 2011: 2,610,773; 31 March 2012: 3,079,373).

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

Notes to the unaudited summarised Financial Statements (continued)

7. Called up share capital

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
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Allotted, called up and fully paid

59,736,246 Ordinary shares of 50p each (30 September 2011: 38,393,948; 31 March 2012: 39,467,119 of 50p each)	<u>29,868</u>	<u>19,197</u>	<u>19,733</u>
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Voting rights

56,155,806 Ordinary shares of 50p each (net of treasury shares) (30 September 2011: 35,783,175; 31 March 2012: 36,387,746 of 50p each)

The company issued 19,307,001 Ordinary shares to former shareholders of Albion Prime VCT PLC, at an issue price of 74.2638p, as part of the merger explained in note 10.

Under the terms of the Dividend Reinvestment Scheme, the following Ordinary shares of nominal value 50 pence per share were allotted at a price of 75.50 pence per share:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Mid-market price per share on allotment date (pence per share)
31 July 2012	81,242	75.50	52	67.00

During the period from 1 April 2012 to 30 September 2012, the Company issued the following New shares of nominal value 50 pence under the Albion VCTs Linked Top Up Offers 2011/2012:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Mid-market price per share on allotment date (pence per share)
5 April 2012	791,924	83.80	627	68.50
31 May 2012	88,960	83.80	71	65.50
	<u>880,884</u>		<u>698</u>	

During the period to 30 September 2012 the Company purchased 501,067 Ordinary shares to be held in treasury at a cost of £332,660 representing 1.4% of the shares in issue as at 1 April 2012. The shares purchased for treasury were funded from the Other distributable reserves.

The total number of Ordinary shares held in treasury as at 30 September 2012 was 3,580,440 (30 September 2011: 2,610,773; 31 March 2012: 3,079,373) representing 6.0% of the share capital as at 30 September 2012.

Notes to the unaudited summarised Financial Statements (continued)

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

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Revenue return on ordinary activities before tax	413	529	933
Investment management fee charged to capital	(213)	(218)	(428)
Movement in accrued amortised loan stock interest	19	(20)	(38)
Increase in operating debtors	(19)	(10)	(1)
Increase/(decrease) in operating creditors	2	(58)	(17)
Net cash flow from operating activities	202	223	449

9. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2012 £'000	Unaudited six months ended 30 September 2011 £'000	Audited year ended 31 March 2012 £'000
Opening cash balances	2,956	2,971	2,971
Net cash flow	1,173	952	(15)
End of the period	4,129	3,923	2,956

10. Acquisition of the assets and liabilities of Albion Prime VCT PLC

On 25 September 2012, the following assets and liabilities of Albion Prime VCT PLC ("Prime") were transferred to the Company in exchange for the issue to Prime shareholders of 19,307,001 shares in the Company, at an issue price of 74.2638p pence per share:

	£'000
Fixed asset investments	13,123
Debtors	16
Cash at bank and in hand	1,450
Creditors	(162)
Merger costs	(89)
	14,338

Shareholders should note that under accounting standards, the calculation of the net asset value per share uses the total shares in issue as at 30 September 2012 (less treasury shares) of 56,155,806, whereas the calculation of the total return uses the weighted average shares in issue during the period to 30 September 2012 (less treasury shares) of 37,746,060. As a result, the return per share to 30 September 2012 is 0.9p higher than if the shares in issue as at 30 September 2012 (less treasury shares) of 56,155,806 had been applied to the movement in the Balance Sheet since merger. This difference in the number of shares for each respective calculation will converge over time.

On 25 September 2012, Prime was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986.

Notes to the unaudited summarised Financial Statements (continued)

The net asset values ("NAVs") per share of each fund used for the purposes of conversion at the calculation date of 24 September 2012 were 74.2638 pence per share and 65.3663 pence per share for the Company and Prime respectively. The conversion ratio for each Prime share was 0.8801 Albion Venture Capital Trust PLC share for each Prime share.

New share certificates were sent to all Prime shareholders during October 2012.

11. Commitments and contingencies

As at 30 September 2012, the Company was committed to making a further investment of £210,000 in Dragon Hydro Limited.

There are no contingencies or guarantees of the Company as at 30 September 2012 (30 September 2011 and 31 March 2012: nil).

12. Post balance sheet events

Since 30 September 2012 the Company has had the following material post balance sheet events:

On 19 October 2012 the Company announced the launch of the Albion VCTs Top Up Offers 2012/2013. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across six of the VCTs managed by Albion Ventures LLP, of which Albion Venture Capital Trust PLC will be aiming to raise approximately £2.5 million. The maximum amount raised by each of the Albion VCTs will be 10% of its issued share capital (over any one 12 month period, and including any shares issued under Dividend Reinvestment Schemes) or €5 million, being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus.

The proceeds of the Offers will be used to provide further resources at a time when a number of attractive new investment opportunities are being seen. An Investor Guide and Offers document will be sent to shareholders in December 2012 and is currently available on the Company's web page at http://www.albion-ventures.co.uk/ourfunds/top_up.html.

On 15 November 2012 Wickenhall Mill was sold for £110,000 of which the Company's share was £60,000.

13. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that it is party to a Management agreement from the Company (details disclosed on page 20 of the Annual Report and Financial Statements for the year ended 31 March 2012). During the period, services of a total value of £284,000 in management fees and £22,000 in administration fees (30 September 2011: £291,000 in management fees and £22,000 in administration fees; 31 March 2012: £571,000 in management fees and £44,000 in administration fees), were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP in respect of these services disclosed within accruals and deferred income was £245,000 (30 September 2011: £173,000; 31 March 2012: £169,000).

During the period the Company raised new funds through the Albion VCTs Linked Top Up Offers 2011/2012 as detailed in note 7. The total cost of the issue of these shares was 5.5% of the sums subscribed. Of these costs, an amount of £6,740 (2011: £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 2012.

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

14. 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 2012, and is detailed on pages 44 and 45 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.

Notes to the unaudited summarised Financial Statements (continued)

15. 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 2012 and 30 September 2011, and is unaudited. The information for the year ended 31 March 2012 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.

16. 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', 'Albion Venture Capital Trust' section.

Dividend history for Albion Prime VCT PLC now merged with Albion Venture Capital Trust PLC

Proforma[®]
Albion Prime
VCT PLC
(pence per share)

Total shareholder net asset value return to 30 September 2012

Total dividends paid during the period ended:	31 March 1998	1.10
	31 March 1999(ii)	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
	31 March 2012	3.00
	30 September 2012	1.50

Total dividends paid to 30 September 2012

Proforma net asset value as at 30 September 2012	48.95
	66.90

Total proforma shareholder net asset value return to 30 September 2012

115.85

Notes

- (i) The proforma shareholder returns presented above are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and pro-rata dividends per share paid to 30 September 2012. Albion Prime VCT PLC was merged with Albion Venture Capital Trust PLC on 25 September 2012. This proforma is based upon 0.8801 Albion Venture Capital Trust PLC shares for every Albion Prime VCT PLC share which merged with Albion Venture Capital Trust PLC on 25 September 2012.
- (ii) 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 maximised in order to take advantage of this tax credit.
- (iii) The above table excludes the tax benefits investors received upon subscription for shares in the Company.

