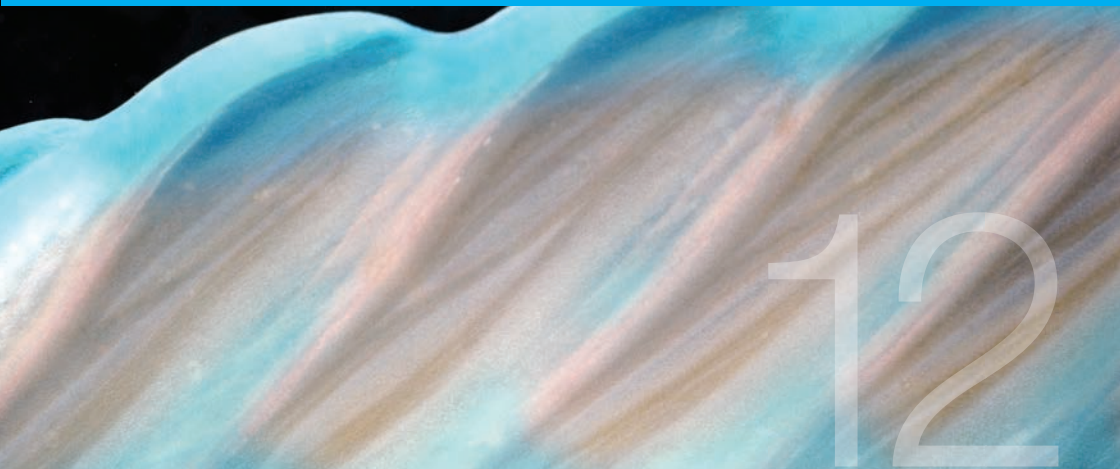


Half-yearly Financial Report
(unaudited) for the six months to
30 June 2012



Albion Development VCT PLC

ALBION VENTURES

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Company information

Company number	3654040
Directors	G O Vero FCA, Chairman D C Pinckney MA, FCA A J Phillipps PhD, MBA J G T Thornton MA, MBA, FCA
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrars	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 Development VCT PLC is a member of The Association of Investment Companies.

Shareholder information	<p>For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0870 873 5853 (UK national rate call, lines are open 8.30am – 5.30pm; Mon – Fri) Website: www.computershare.co.uk Contact information and frequently asked questions: www-uk.computershare.com/investor/contactus</p> <p>Shareholders can access holdings and valuation information regarding any of their shares held by Computershare by registering on Computershare's website.</p> <p>For enquiries relating to the performance of the Fund please contact Albion Ventures LLP: Tel: 020 7601 1850 (calls may be recorded; lines are open 9.00am – 5.30pm; Mon – Fri) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk</p>
IFA information	Independent Financial Advisers with questions please contact Albion Ventures LLP (details as above).

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

Investment objectives

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

A further £6.3 million was raised through an issue of new D shares in 2009/2010 and £3.2 million was raised for the Ordinary shares through the Albion VCTs Linked Top Up Offers in 2011 and 2012. The funds raised will be invested in accordance with the Company's existing investment policy.

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

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

Financial calendar

Record date for second dividend	31 August 2012
Payment date for second dividend	28 September 2012
Financial year end	31 December 2012

Financial highlights (unaudited)

	Ordinary shares			D shares		
	Unaudited six months ended 30 June 2012 (pence per share)	Unaudited six months ended 30 June 2011 (pence per share)	Audited year ended 31 December 2011 (pence per share)	Unaudited six months ended 30 June 2012 (pence per share)	Unaudited six months ended 30 June 2011 (pence per share)	Audited year ended 31 December 2011 (pence per share)
Net asset value	73.90	74.80	75.50	94.70	91.70	93.00
Revenue return	0.70	0.60	1.40	1.00	0.40	1.60
Capital return/ (loss)	0.20	1.20	3.30	2.50	(0.60)	0.90

Ordinary shares (pence per share) (i)	C shares (pence per share) (i)	D shares (pence per share) (i)
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Total shareholder net asset value return to 30 June 2012

Total dividends paid during the period ended:

31 December 1999(ii)	1.00	–	–
31 December 2000	2.90	–	–
31 December 2001	3.95	–	–
31 December 2002	4.20	–	–
31 December 2003(iii)	4.50	0.75	–
31 December 2004	4.00	2.00	–
31 December 2005	5.20	5.90	–
31 December 2006	3.00	4.50	–
31 December 2007(iv)	5.00	5.36	–
31 December 2008(iv)	12.00	12.86	–
31 December 2009(iv)	4.00	4.29	–
31 December 2010(iv)	8.00	8.58	1.00
31 December 2011(iv)	5.00	5.36	2.50
30 June 2012(iv)	2.50	2.68	1.75

Total dividends paid to 30 June 2012	65.25	52.28	5.25
Net asset value as at 30 June 2012(iv)	73.90	79.18	94.70
Total shareholder net asset value return to 30 June 2012	139.15	131.46	99.95

The Directors have declared a second dividend of 2.5 pence per Ordinary share and 1.75 pence per D share payable on 28 September 2012 to shareholders on the register as at 31 August 2012.

Notes:

- (i) Excludes tax benefits upon subscription.
- (ii) Assuming subscription for Ordinary shares by the First Closing on 26 January 1999.
- (iii) Those subscribing for C shares after 30 June 2003 were not entitled to the interim dividend.
- (iv) The C shares were converted into Ordinary shares on 31 March 2007, with a conversion ratio of 1.0715 Ordinary shares for each C share. The net asset value per share and all dividends paid subsequent to the conversion of the C shares to the Ordinary shares are multiplied by the conversion factor of 1.0715 in respect of the C shares' return, in order to give an accurate picture of the shareholder value since launch relating to the C shares.

Interim management report

Introduction

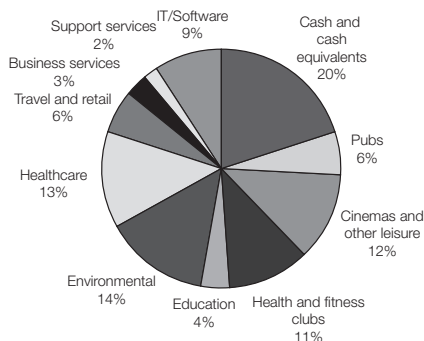
The results for Albion Development VCT PLC for the six months to the 30 June 2012 show a total return of 0.9 pence per Ordinary share and 3.5 pence per D share. The net asset value per share is 73.9 pence for Ordinary shares after the payment of a 2.5 pence per share dividend during the period and 94.7 pence for D shares after the payment of a 1.75 pence per share dividend. Both classes of shares showed a continued increase in investment income over the previous period, while a rise in value of the more recent investments particularly benefited the D shares.

Investment performance and progress

During the period, some £2.0 million was invested for the Ordinary share portfolio and £452,000 for the D share portfolio in a number of existing investee companies, principally to fund continued growth. Within this, further investments were made in a number of our renewable energy businesses, including Street by Street Solar and Regenerco (solar energy) and Alto Prodotto Wind (wind turbines on brownfield and industrial sites in South Wales). The longer term strategy for the VCT is for up to 20 per cent. of funds to be invested in renewable energy, which we see as providing a stable and inflation-resistant source of long term income.

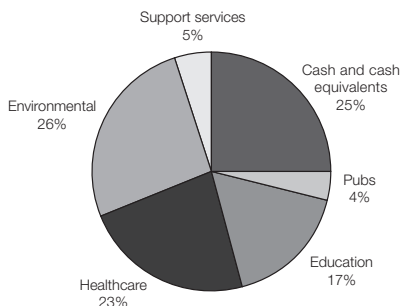
In general, the investment portfolio has shown resilience, with the majority of investee companies continuing to show growth during the period. The exceptions have been those companies that have been either adversely affected by cuts in public sector funding, or by a reduction in the budgets of customers who in turn are exposed to the business and consumer sectors.

Split of portfolio by valuation as at 30 June 2012 (Ordinary Shares)



Source: Albion Ventures LLP

Split of portfolio by valuation as at 30 June 2012 (D Shares)



Source: Albion Ventures LLP

We are supporting companies with 2, 333 employees.

Cancellation of share capital and reserves

At the Annual General Meeting on 15 June 2012, shareholders voted in favour of the increase in the Company's distributable reserves by way of a reduction of the Ordinary and D shares' share capital and cancellation of its capital redemption and share premium reserves. This was approved by Court Order on 11 July 2012. This restructuring has added £20,651,724 and £3,125,887 to distributable reserves for Ordinary and D shares respectively.

Interim management report (continued)

Risks and uncertainties and prospects

We remain concerned about the prospects of the UK and Global economies in view of the increasingly recessionary environment. Nevertheless, we believe that many of the sectors in which we operate, and the investee companies which we support, will be able to grow despite these broader economic issues. In addition, it remains our general policy that investee companies have no external bank borrowings, which is a continuing source of stability to the portfolio. Overall, the underlying strength and diversity of the investment portfolio gives us confidence in the longer term prospects for the VCT.

Other risks and uncertainties remain unchanged and are as detailed on pages 20 to 22 of the Annual Report and Financial Statements for the year ended 31 December 2011.

Albion VCTs Linked Top Up Offer 2011/2012

During the period from 1 January 2012 to 31 May 2012, the Company issued 2,017,961 Ordinary shares under the Albion VCTs Linked Top Up Offer launched in November 2011. In aggregate, the Albion VCTs raised approximately £10.5 million across seven of the VCTs managed by Albion Ventures LLP, of which Albion Development VCT PLC's share was £1.5 million. The Offer closed on 31 May 2012.

The proceeds of the Offer are being used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities are arising.

Related party transactions

Details of material related party transactions for the reporting period can be found in note 11 of this Half-yearly Financial Report. Details of significant events which have occurred since the end of the period are listed in note 10.

Share buy-backs

It remains the Company's policy to buy back shares in the market subject to the overall constraint that such purchases are in the Company's interest. This includes the maintenance of sufficient cash resources for investment in new and existing investee companies and in continued payment of dividends to shareholders. It is the Board's intention for such buy-backs to be in the region of 10 to 15 per cent. discount to net asset value, so far as market conditions and liquidity permit.

Results and dividends

As at 30 June 2012, the net asset value per Ordinary share was 73.9 pence (30 June 2011: 74.8 pence, 31 December 2011: 75.5 pence).

The D share net asset value per share at 30 June 2012 was 94.7 pence compared to 91.7 pence at 30 June 2011 and 93.0 pence at 31 December 2011.

The Ordinary share portfolio's total return before tax for the six months to 30 June 2012 was £306,000 compared to £539,000 for the six months to 30 June 2011, and for the D shares it was a positive return of £230,000 compared to a loss of £9,000. Second dividends of 2.5 pence per Ordinary share and 1.75 pence per D share will be paid on 28 September 2012 to those shareholders on the register on 31 August 2012.

Geoffrey Vero

Director
16 August 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 June 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 June 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 December 2011.

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

By order of the Board

Geoffrey Vero

Chairman

16 August 2012

Portfolio of investments (unaudited)

Ordinary shares

The following is a summary of qualifying fixed asset investments as at 30 June 2012:

Investee company	As at 30 June 2012 (unaudited)				
	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Asset-backed investments					
The Weybridge Club Limited	9.4	1,520	(272)	1,248	(20)
CS (Greenwich) Limited	15.5	800	230	1,030	21
Radnor House School (Holdings) Limited	4.2	734	216	950	10
The Street by Street Solar Programme Limited	8.6	862	10	872	2
Kensington Health Clubs Limited	4.9	1,124	(359)	765	(7)
Alto Prodotto Wind Limited	7.8	705	–	705	(2)
Bravo Inns II Limited	4.8	690	(2)	688	22
CS (Brixton) Limited	8.4	356	273	629	10
Regenerco Renewable Energy Limited	3.0	612	–	612	(2)
Taunton Hospital Limited	9.1	576	(17)	559	(18)
Tower Bridge Health Clubs Limited	7.9	442	114	556	18
The Q Garden Company Limited	16.6	1,198	(704)	494	4
The Charnwood Pub Company Limited	3.3	1,103	(663)	440	4
Nelson House Hospital Limited	3.0	277	12	289	12
AVESI Limited	8.0	248	–	248	–
TEG Biogas (Perth) Limited	3.0	182	19	201	14
Bravo Inns Limited	2.6	230	(85)	145	4
Greenenerco Limited	4.0	140	–	140	–
CS (Exeter) Limited	8.3	135	(15)	120	7
Premier Leisure (Suffolk) Limited	6.5	480	(372)	108	(1)
CS (Norwich) Limited	3.1	50	14	64	2
The Dunedin Pub Company VCT Limited	6.2	64	(3)	61	–
City Screen (Liverpool) Limited	4.5	56	(9)	47	2
GB Pub Company VCT Limited	9.1	324	(297)	27	(9)
Orchard Portman Hospital Limited	n/a	9	–	9	–
Total asset-backed investments		12,917	(1,910)	11,007	73

*as adjusted for additions, disposals and restructuring

Portfolio of investments (unaudited) (continued)

Ordinary shares (continued)

	As at 30 June 2012 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Growth investments					
Blackbay Limited	7.4	819	302	1,121	59
Peakdale Molecular Limited	8.9	908	13	921	6
Lowcosttravelgroup Limited	4.0	435	432	867	272
Hilson Moran Holdings Limited	7.5	532	45	577	43
Mirada Medical Limited	8.0	240	252	492	37
Mi-Pay Limited	5.0	677	(200)	477	–
Helveta Limited	4.1	681	(260)	421	–
Prime Care Holdings Limited	9.4	559	(248)	311	(173)
Consolidated PR Limited	21.7	570	(261)	309	(151)
Rostima Holdings Limited	4.8	94	118	212	(3)
Opta Sports Data Limited	1.3	165	39	204	36
Masters Pharmaceuticals Limited	1.0	202	(7)	195	35
AMS Sciences Limited (formerly Xceleron Limited)	4.2	186	9	195	10
Process Systems Enterprise Limited	1.1	118	70	188	38
DySIS Medical Limited	2.7	423	(237)	186	(47)
Chichester Holdings Limited	10.6	700	(559)	141	5
memsstar Limited	1.8	124	1	125	1
Oxsensis Limited	1.4	213	(137)	76	(55)
Abcodia Limited	1.7	60	–	60	–
Total growth investments		7,706	(628)	7,078	113
Total qualifying investments		20,623	(2,538)	18,085	186

*as adjusted for additions, disposals and restructuring

Portfolio of investments (unaudited) (continued)

D shares

The following is a summary of qualifying fixed asset investments as at 30 June 2012:

	As at 30 June 2012 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Radnor House School (Holdings) Limited	4.6	800	248	1,048	12
Nelson House Hospital Limited	8.6	794	36	830	35
Regenerco Renewable Energy Limited	8.0	528	–	528	(4)
Masters Pharmaceuticals Limited	2.5	506	(18)	488	88
TEG Biogas (Perth) Limited	7.1	428	45	473	32
The Street by Street Solar Programme Limited	3.8	380	3	383	(8)
Hilson Moran Holdings Limited	4.0	284	24	308	23
Bravo Inns II Limited	1.6	210	11	221	7
Alto Prodotto Wind Limited	1.5	137	–	137	(2)
AVESI Limited	2.5	76	–	76	–
Abcodia Limited	2.1	75	–	75	–
Total qualifying investments		4,218	349	4,567	183

*as adjusted for additions and disposals

Summary income statement (unaudited)

Combined Ordinary and D shares

		Unaudited six months ended 30 June 2012			Unaudited six months ended 30 June 2011			Audited year ended 31 December 2011		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	403	403	–	508	508	–	1,421	1,421
Investment income	4	583	–	583	447	–	447	1,038	–	1,038
Investment management fees		(82)	(246)	(328)	(80)	(239)	(319)	(162)	(484)	(646)
Other expenses		(122)	–	(122)	(106)	–	(106)	(207)	–	(207)
Return on ordinary activities before tax		379	157	536	261	269	530	669	937	1,606
Tax (charge)/credit on ordinary activities		(91)	63	(28)	(60)	52	(8)	(152)	126	(26)
Return attributable to shareholders		288	220	508	201	321	522	517	1,063	1,580

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

The accompanying notes on pages 23 to 33 form an integral part of this Half-yearly Financial Report.

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

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

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

Summary income statement (unaudited) (continued)

Ordinary shares

	Note	Unaudited six months ended 30 June 2012			Unaudited six months ended 30 June 2011			Audited year ended 31 December 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	206	206	–	502	502	–	1,289	1,289
Investment income	4	457	–	457	372	–	372	827	–	827
Investment management fees		(65)	(196)	(261)	(64)	(190)	(254)	(129)	(385)	(514)
Other expenses		(96)	–	(96)	(81)	–	(81)	(159)	–	(159)
Return on ordinary activities before tax		296	10	306	227	312	539	539	904	1,443
Tax (charge)/credit on ordinary activities		(71)	50	(21)	(53)	45	(8)	(120)	100	(20)
Return attributable to shareholders		225	60	285	174	357	531	419	1,004	1,423
Basic and diluted return per share (pence)*	6	0.70	0.20	0.90	0.60	1.20	1.80	1.40	3.30	4.70

*excluding treasury shares

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

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Summary income statement (unaudited) (continued)

D shares

	Note	Unaudited six months ended 30 June 2012			Unaudited six months ended 30 June 2011			Audited year ended 31 December 2011		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	197	197	–	6	6	–	132	132
Investment income	4	126	–	126	75	–	75	211	–	211
Investment management fees		(17)	(50)	(67)	(16)	(49)	(65)	(33)	(99)	(132)
Other expenses		(26)	–	(26)	(25)	–	(25)	(48)	–	(48)
Return/(loss) on ordinary activities before tax		83	147	230	34	(43)	(9)	130	33	163
Tax (charge)/credit on ordinary activities		(20)	13	(7)	(7)	7	–	(32)	26	(6)
Return/(loss) attributable to shareholders		63	160	223	27	(36)	(9)	98	59	157
Basic and diluted return/(loss) per share (pence)	6	1.00	2.50	3.50	0.40	(0.60)	(0.20)	1.60	0.90	2.50

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

The accompanying notes on pages 23 to 33 form an integral part of this Half-yearly Financial Report.

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

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

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

Summary balance sheet (unaudited)

Combined

	Note	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
Fixed asset investments		23,595	20,622	21,113
Current assets				
Trade and other debtors		120	621	131
Current asset investments		1,630	–	637
Cash at bank and in hand	9	4,711	8,563	7,195
		6,461	9,184	7,963
Creditors: amounts falling due within one year		(435)	(800)	(262)
Net current assets		6,026	8,384	7,701
Net assets		29,621	29,006	28,814
Capital and reserves				
Called up share capital		20,863	20,294	20,088
Share premium		1,129	620	636
Capital redemption reserve		2,203	1,667	1,917
Unrealised capital reserve		(2,358)	(5,497)	(3,143)
Special reserve		6,094	9,333	7,379
Treasury shares reserve		(2,668)	(2,633)	(2,699)
Realised capital reserve		2,148	3,615	2,713
Revenue reserve		2,210	1,607	1,923
Total equity shareholders' funds		29,621	29,006	28,814

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

The accompanying notes on pages 23 to 33 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 16 August 2012, and were signed on its behalf by

Geoffrey Vero

Chairman

Company number: 3654040

Summary balance sheet (unaudited) (continued)

Ordinary shares

	Note	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
Fixed asset investments		19,028	17,794	17,147
Current assets				
Trade and other debtors		107	605	101
Current asset investments		880	–	137
Cash at bank and in hand	9	3,926	5,025	5,734
		4,913	5,630	5,972
Creditors: amounts falling due within one year		(349)	(235)	(214)
Net current assets		4,564	5,395	5,758
Net assets		23,592	23,189	22,905
Capital and reserves				
Called up share capital	7	17,681	17,122	16,912
Share premium		1,122	618	631
Capital redemption reserve		2,203	1,667	1,917
Unrealised capital reserve		(2,681)	(5,523)	(3,269)
Special reserve		3,618	6,666	4,792
Treasury shares reserve		(2,668)	(2,633)	(2,699)
Realised capital reserve		2,297	3,721	2,825
Revenue reserve		2,020	1,551	1,796
Total equity shareholders' funds		23,592	23,189	22,905
Net asset value per share (pence)*		73.90	74.80	75.50

*excluding treasury shares

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

The accompanying notes on pages 23 to 33 form an integral part of this Half-yearly Financial Report.

Summary balance sheet (unaudited) (continued)

D shares

	Note	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
Fixed asset investments		4,567	2,828	3,966
Current assets				
Trade and other debtors		13	16	30
Current asset investments		750	–	500
Cash at bank and in hand	9	785	3,538	1,461
		1,548	3,554	1,991
Creditors: amounts falling due within one year		(86)	(565)	(48)
Net current assets		1,462	2,989	1,943
Net assets		6,029	5,817	5,909
Capital and reserves				
Called up share capital	7	3,182	3,172	3,176
Share premium		7	2	5
Unrealised capital reserve		323	26	126
Special reserve		2,476	2,667	2,587
Realised capital reserve		(149)	(106)	(112)
Revenue reserve		190	56	127
Total equity shareholders' funds		6,029	5,817	5,909
Net asset value per share (pence)*		94.70	91.70	93.00

*excluding treasury shares

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

The accompanying notes on pages 23 to 33 form an integral part of this Half-yearly Financial Report.

Summary reconciliation of movements in shareholders' funds (unaudited)

Combined

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 January 2012 (audited)	20,088	636	1,917	(3,143)	7,379	(2,699)	2,713	1,923	28,814
Net realised gains on investments	-	-	-	-	-	-	5	-	5
Unrealised gains on investments	-	-	-	398	-	-	-	-	398
Transfer of unrealised losses to realised losses	-	-	-	387	-	-	(387)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(246)	-	(246)
Tax relief on costs charged to capital	-	-	-	-	-	-	63	-	63
Cancellation of own treasury shares	(20)	-	20	-	(31)	31	-	-	-
Issue of equity (net of costs)	1,061	493	-	-	-	-	-	-	1,554
Own shares purchased for cancellation	(266)	-	266	-	(345)	-	-	-	(345)
Revenue return attributable to shareholders	-	-	-	-	-	-	-	288	288
Transfer from special reserve to revenue reserve	-	-	-	-	(909)	-	-	909	-
Dividends paid	-	-	-	-	-	-	-	(909)	(909)
As at 30 June 2012 (unaudited)	20,863	1,129	2,203	(2,358)	6,094	(2,668)	2,148	2,210	29,621
As at 1 January 2011 (audited)	19,388	37	1,426	(5,063)	10,497	(2,633)	2,860	1,406	27,918
Net realised gains on investments	-	-	-	-	-	-	1,448	-	1,448
Unrealised losses on investments	-	-	-	(940)	-	-	-	-	(940)
Transfer of unrealised losses to realised losses	-	-	-	506	-	-	(506)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(239)	-	(239)
Tax relief on costs charged to capital	-	-	-	-	-	-	52	-	52
Purchase of own treasury shares	(241)	-	241	-	(305)	-	-	-	(305)
Issue of equity (net of costs)	1,147	583	-	-	-	-	-	-	1,730
Transfer from special reserve to revenue reserve	-	-	-	-	(859)	-	-	859	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	201	201
Dividends paid	-	-	-	-	-	-	-	(859)	(859)
As at 30 June 2011 (unaudited)	20,294	620	1,667	(5,497)	9,333	(2,633)	3,615	1,607	29,006
As at 1 January 2011 (audited)	19,388	37	1,426	(5,063)	10,497	(2,633)	2,860	1,406	27,918
Net realised gains on investments	-	-	-	-	-	-	1,340	-	1,340
Unrealised gains on investments	-	-	-	81	-	-	-	-	81
Transfer of unrealised losses to realised losses	-	-	-	1,839	-	-	(1,839)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(484)	-	(484)
Tax relief on costs charged to capital	-	-	-	-	-	-	126	-	126
Purchase of own treasury shares	-	-	-	-	-	(462)	-	-	(462)
Cancellation of treasury shares	(250)	-	250	-	(396)	396	-	-	-
Purchase of own shares for cancellation	(241)	-	241	-	(306)	-	-	-	(306)
Issue of equity (net of costs)	1,191	599	-	-	-	-	-	-	1,790
Transfer from special reserve to realised reserve	-	-	-	-	(1,705)	-	-	1,705	-
Transfer from special reserve to realised capital reserve	-	-	-	-	(711)	-	711	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	517	517
Dividends paid	-	-	-	-	-	-	-	(1,705)	(1,705)
As at 31 December 2011 (audited)	20,088	636	1,917	(3,143)	7,379	(2,699)	2,713	1,923	28,814

*Included within these reserves is an amount of £5,426,000 (30 June 2011: £6,425,000; 31 December 2011: £6,173,000) which is considered distributable. The special reserve has been treated as distributable in determining the amounts available for distribution.

Summary reconciliation of movements in shareholders' funds (unaudited) (continued)

Ordinary shares

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 January 2012 (audited)	16,912	631	1,917	(3,269)	4,792	(2,699)	2,825	1,796	22,905
Net realised gains on investments	-	-	-	-	-	-	5	-	5
Unrealised losses on investments	-	-	-	201	-	-	-	-	201
Transfer of unrealised losses to realised losses	-	-	-	387	-	-	(387)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(196)	-	(196)
Tax relief on costs charged to capital	-	-	-	-	-	-	50	-	50
Cancellation of own treasury shares	(20)	-	20	-	(31)	31	-	-	-
Issue of equity (net of costs)	1,055	491	-	-	-	-	-	-	1,546
Own shares purchased for cancellation	(266)	-	266	-	(345)	-	-	-	(345)
Revenue return attributable to shareholders	-	-	-	-	-	-	-	225	225
Transfer from special reserve to revenue reserve	-	-	-	-	(798)	-	-	798	-
Dividends paid	-	-	-	-	-	-	-	(798)	(798)
As at 30 June 2012 (unaudited)	17,681	1,122	2,203	(2,681)	3,618	(2,668)	2,297	2,020	23,592
As at 1 January 2011 (audited)	16,220	37	1,426	(5,083)	7,752	(2,633)	2,924	1,377	22,020
Net realised gains on investments	-	-	-	-	-	-	1,448	-	1,448
Unrealised losses on investments	-	-	-	(946)	-	-	-	-	(946)
Transfer of unrealised losses to realised losses	-	-	-	506	-	-	(506)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(190)	-	(190)
Tax relief on costs charged to capital	-	-	-	-	-	-	45	-	45
Purchase of own treasury shares	(241)	-	241	-	(305)	-	-	-	(305)
Issue of equity (net of costs)	1,143	581	-	-	-	-	-	-	1,724
Transfer from special reserve to revenue reserve	-	-	-	-	(781)	-	-	781	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	174	174
Dividends paid	-	-	-	-	-	-	-	(781)	(781)
As at 30 June 2011 (unaudited)	17,122	618	1,667	(5,523)	6,666	(2,633)	3,721	1,551	23,189
As at 1 January 2011 (audited)	16,220	37	1,426	(5,083)	7,752	(2,633)	2,924	1,377	22,020
Net realised gains on investments	-	-	-	-	-	-	1,314	-	1,314
Unrealised losses on investments	-	-	-	(25)	-	-	-	-	(25)
Transfer of unrealised losses to realised losses	-	-	-	1,839	-	-	(1,839)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(385)	-	(385)
Tax relief on costs charged to capital	-	-	-	-	-	-	100	-	100
Purchase of own treasury shares	-	-	-	-	-	(462)	-	-	(462)
Cancellation of shares out of treasury	(250)	-	250	-	(396)	396	-	-	-
Purchase of own shares for cancellation	(241)	-	241	-	(306)	-	-	-	(306)
Issue of equity (net of costs)	1,183	594	-	-	-	-	-	-	1,777
Transfer from special reserve to revenue reserve	-	-	-	-	(1,547)	-	-	1,547	-
Transfer from special reserve to realised capital reserve	-	-	-	-	(711)	-	711	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	-	419	419
Dividends paid	-	-	-	-	-	-	-	(1,547)	(1,547)
As at 31 December 2011 (audited)	16,912	631	1,917	(3,269)	4,792	(2,699)	2,825	1,796	22,905

*Included within these reserves is an amount of £2,586,000 (30 June 2011: £3,782,000; 31 December 2011: £3,445,000) which is considered distributable. The special reserve has been treated as distributable in determining the amounts available for distribution.

An amount of £798,000 has been transferred from the special reserve to the revenue reserve representing dividends paid from the revenue reserve.

Summary reconciliation of movements in shareholders' funds (unaudited) (continued)

D shares

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Special reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 January 2012 (audited)	3,176	5	-	126	2,587	(112)	127	5,909
Unrealised gains	-	-	-	197	-	-	-	197
Capitalised investment management fees	-	-	-	-	-	(50)	-	(50)
Tax relief on costs charged to capital	-	-	-	-	-	13	-	13
Issue of equity (net of costs)	6	2	-	-	-	-	-	8
Revenue return attributable to shareholders	-	-	-	-	-	-	63	63
Transfer from special reserve to revenue reserve	-	-	-	-	(111)	-	111	-
Dividends paid	-	-	-	-	-	-	(111)	(111)
As at 30 June 2012 (unaudited)	3,182	7	-	323	2,476	(149)	190	6,029
As at 1 January 2011 (audited)	3,168	-	-	20	2,745	(64)	29	5,898
Unrealised gains on investments	-	-	-	6	-	-	-	6
Capitalised investment management fees	-	-	-	-	-	(49)	-	(49)
Tax relief on costs charged to capital	-	-	-	-	-	7	-	7
Issue of equity (net of costs)	4	2	-	-	-	-	-	6
Transfer from special reserve to revenue reserve	-	-	-	-	(78)	-	78	-
Revenue return attributable to shareholders	-	-	-	-	-	-	27	27
Dividends paid	-	-	-	-	-	-	(78)	(78)
As at 30 June 2011 (unaudited)	3,172	2	-	26	2,667	(106)	56	5,817
As at 1 January 2011 (audited)	3,168	-	-	20	2,745	(64)	29	5,898
Net realised gains on investments	-	-	-	-	-	26	-	26
Unrealised gains on investments	-	-	-	106	-	-	-	106
Capitalised investment management fees	-	-	-	-	-	(99)	-	(99)
Tax relief on costs charged to capital	-	-	-	-	-	26	-	26
Issue of equity (net of costs)	8	5	-	-	-	-	-	13
Transfer from special reserve to revenue reserve	-	-	-	-	(158)	-	158	-
Revenue return attributable to shareholders	-	-	-	-	-	-	98	98
Dividends paid	-	-	-	-	-	-	(158)	(158)
As at 31 December 2011 (audited)	3,176	5	-	126	2,587	(112)	127	5,909

*Included within these reserves is an amount of £2,517,000 (30 June 2011: £2,617,000; 31 December 2011: £2,602,000) which is considered distributable. The special reserve has been treated as distributable in determining the amounts available for distribution.

An amount of £111,000 has been transferred from special reserve to the revenue reserve representing dividends paid from the revenue reserve.

Summary cash flow statement (unaudited)

Combined

	Note	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Operating activities				
Investment income received		566	330	873
Deposit interest received		66	41	93
Dividend income received		–	–	19
Other income received		–	–	1
Investment management fees paid		(324)	(315)	(643)
Administrative expenses paid		(124)	(123)	(224)
Net cash flow from operating activities	8	184	(67)	119
Taxation				
UK corporation tax received		10	140	125
Capital expenditure and financial investments				
Purchase of fixed asset investments		(2,446)	(2,399)	(5,311)
Disposal of fixed asset investments		466	1,813	4,932
Purchase of current asset investments		(1,000)	–	(500)
Net cash flow from investing activities		(2,980)	(586)	(879)
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(833)	(801)	(1,585)
Net cash flow before financing		(3,619)	(1,314)	(2,220)
Financing				
Purchase of own shares		(350)	(306)	(768)
Issue of share capital (net of costs)		1,485	1,671	1,671
Net cash flow from financing		1,135	1,365	903
Cash flow in the period	9	(2,484)	51	(1,317)

Summary cash flow statement (unaudited) (continued)

Ordinary shares

	Note	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Operating activities				
Investment income received		443	286	755
Deposit interest received		38	18	55
Dividend income received		–	–	19
Other income received		–	–	1
Investment management fees paid		(258)	(249)	(511)
Administrative expenses paid		(91)	(101)	(174)
Interclass account movement		–	(495)	–
Net cash flow from operating activities	8	132	(541)	145
Taxation				
UK corporation tax received		10	140	125
Capital expenditure and financial investments				
Purchase of fixed asset investments		(2,031)	(1,250)	(3,131)
Disposal of fixed asset investments		430	1,813	4,906
Purchase of current asset investments		(750)	–	–
Net cash flow from investing activities		(2,351)	563	1,775
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(734)	(729)	(1,441)
Net cash flow before financing		(2,943)	(567)	604
Financing				
Purchase of own shares		(350)	(306)	(768)
Issue of share capital (net of costs)		1,485	1,671	1,671
Net cash flow from financing		1,135	1,365	903
Cash flow in the period	9	(1,808)	798	1,507

Summary cash flow statement (unaudited) (continued)

D shares

	Note	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Operating activities				
Investment income received		123	44	118
Deposit interest received		28	23	38
Investment management fees paid		(66)	(66)	(132)
Administrative expenses paid		(33)	(22)	(50)
Interclass account movement		–	495	–
Net cash flow from operating activities	8	<u>52</u>	<u>474</u>	<u>(26)</u>
Taxation				
UK corporation tax paid		–	–	–
Capital expenditure and financial investments				
Purchase of fixed asset investments		(415)	(1,149)	(2,180)
Disposal of fixed asset investments		36	–	26
Purchase of current asset investments		(250)	–	(500)
Net cash flow from investing activities		<u>(629)</u>	<u>(1,149)</u>	<u>(2,654)</u>
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(99)	(72)	(144)
Net cash flow before financing		<u>(676)</u>	<u>(747)</u>	<u>(2,824)</u>
Financing				
Issue of share capital (net of costs)		–	–	–
Net cash flow from financing		<u>–</u>	<u>–</u>	<u>–</u>
Cash flow in the period	9	<u>(676)</u>	<u>(747)</u>	<u>(2,824)</u>

Notes to the unaudited summarised financial statements for the six months ended 30 June 2012

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 investments, 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 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. Realised gains or losses on the sale of investments are reflected in the realised capital reserve, and unrealised gains or losses arising from the revaluation of investments are reflected in the unrealised capital reserve.

Warrants and unquoted equity derived instruments

Warrants and unquoted equity derived instruments are only valued if their exercise or contractual terms would allow them to be exercised as at the balance sheet date, and if there is additional value to the Company in exercising 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 in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method

less impairment. Movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve on revaluation.

For all unquoted loan stock, fully performing, renegotiated, past due and impaired, the Board considers that the fair value is equal to or greater than the security value of these assets.

For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the effective interest rate. The future cash flows are estimated based on the fair value of the security less estimated selling costs.

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

Current asset investments

Contractual future contingent receipts on the disposal of fixed asset investments are designated at fair value through profit or loss and are subsequently measured at fair value.

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

Notes to the unaudited summarised financial statements for the six months ended 30 June 2012 (continued)

received within a reasonable period of time is reflected in the capital value of the investment.

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 should be made for deferred tax.

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.

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, the payment of dividends, to cover gross realised losses and for other distributable purposes.

Treasury shares reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

D shares

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

Notes to the unaudited summarised financial statements

(continued)

3. Gains on investments

Combined	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	228	(670)	(6)
Unrealised reversals/(impairments) on fixed asset investments held at amortised cost	170	(270)	87
Unrealised gains/(losses) sub-total	398	(940)	81
Realised gains on investments held at fair value through profit or loss account	5	329	224
Realised gains on investments held at amortised cost	–	1,119	1,116
Realised gains sub-total	5	1,448	1,340
	403	508	1,421
Ordinary shares	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	56	(648)	266
Unrealised reversals/(impairments) on fixed asset investments held at amortised cost	145	(298)	(291)
Unrealised gains/(losses) sub-total	201	(946)	(25)
Realised gains on investments held at fair value through profit or loss account	5	329	224
Realised gains on investments held at amortised cost	–	1,119	1,090
Realised gains sub-total	5	1,448	1,314
	206	502	1,289

Notes to the unaudited summarised financial statements

(continued)

3. Gains on investments (continued)

D shares	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	172	(22)	(272)
Unrealised reversals on fixed asset investments held at amortised cost	25	28	378
Unrealised gains sub-total	197	6	106
Realised gains on investments held at amortised cost	-	-	26
Realised gains sub-total	-	-	26
	197	6	132

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

4. Investment income

Combined	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Income recognised on investments held at fair value through profit or loss account			
UK dividend income	-	-	19
Income from convertible bonds and discounted debt	100	18	91
	100	18	110
Income recognised on investments held at amortised cost			
Return on loan stock investments	429	363	801
Bank deposit interest	54	66	127
	483	429	928
	583	447	1,038

Notes to the unaudited summarised financial statements

(continued)

4. Investment income (continued)

Ordinary	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Income recognised on investments held at fair value through profit or loss account			
UK dividend income	–	–	19
Income from convertible bonds and discounted debt	63	10	37
	<u>63</u>	<u>10</u>	<u>56</u>
Income recognised on investments held at amortised cost			
Return on loan stock investments	356	326	700
Bank deposit interest	38	36	71
	<u>394</u>	<u>362</u>	<u>771</u>
	<u>457</u>	<u>372</u>	<u>827</u>
D shares			
	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Income recognised on investments held at fair value through profit or loss account			
Income from convertible bonds and discounted debt	37	8	54
Income recognised on investments held at amortised cost			
Return on loan stock investments	73	37	101
Bank deposit interest	16	30	56
	<u>89</u>	<u>67</u>	<u>157</u>
	<u>126</u>	<u>75</u>	<u>211</u>

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

Notes to the unaudited summarised financial statements

(continued)

5. Dividends

Ordinary shares

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Dividend of 2.5p per share paid on 31 May 2011	-	781	776
Dividend of 2.5p per share paid on 30 September 2011	-	-	771
Dividend of 2.5p per share paid on 31 May 2012	799	-	-
	799	781	1,547

D shares

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Dividend of 1.25p per share paid on 31 May 2011	-	78	79
Dividend of 1.25p per share paid on 30 September 2011	-	-	79
Dividend of 1.75p per share paid on 31 May 2012	111	-	-
	111	78	158

The Directors have declared a dividend of 2.5 pence per Ordinary share (total approximately £798,000) and 1.75 pence per D share (total approximately £111,000), payable on 28 September 2012 to shareholders on the register as at 31 August 2012.

Notes to the unaudited summarised financial statements

(continued)

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

Ordinary shares	Unaudited six months ended 30 June 2012		Unaudited six months ended 30 June 2011		Audited year ended 31 December 2011	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to Ordinary shares (£'000)	225	60	174	357	419	1,004
Weighted average shares in issue	31,422,426		30,545,742		30,630,649	
Return per Ordinary share (pence)	0.70	0.20	0.60	1.20	1.40	3.30
D shares	Unaudited six months ended 30 June 2012		Unaudited six months ended 30 June 2011		Audited year ended 31 December 2011	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to D shares (£'000)	63	160	27	(36)	98	59
Weighted average shares in issue	6,354,787		6,336,572		6,342,448	
Return/(loss) per D share (pence)	1.00	2.50	0.40	(0.60)	1.60	0.90

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

7. Share capital

Ordinary shares	Unaudited 30 June 2012	Unaudited 30 June 2011	Audited 31 December 2011
Allotted, called up and fully paid shares of 50 pence each			
Number of shares	35,361,459	34,244,164	33,823,795
Nominal value of allotted shares (£'000)	17,681	17,122	16,912
Voting rights (number of shares net of treasury shares)	31,933,459	31,000,468	30,356,399

Under the terms of the Dividend Reinvestment Scheme Circular dated 27 August 2008, the following Ordinary shares, of nominal value 50 pence were allotted:

Date of allotment	Number of shares issued	Issue price (pence per share)	Mid-market price on issue date (pence per share)	Net proceeds £'000
31 May 2012	92,099	74.20	68.50	60

Notes to the unaudited summarised financial statements

(continued)

7. Share capital (continued)

During the period from 1 January to 31 May 2012, the Company issued the following New Ordinary shares of nominal value 50 pence under the Albion VCTs Linked Top Up Offer:

Date of allotment	Number of shares issued	Issue price (pence per share)	Mid-market price on issue date (pence per share)	Net proceeds £'000
10 January 2012	513,073	77.80	63.50	378
20 March 2012	556,839	77.80	61.50	410
5 April 2012	853,075	77.80	61.50	627
31 May 2012	94,974	78.50	68.50	71
	<u>2,017,961</u>			<u>1,486</u>

During the period to 30 June 2012 the Company purchased 533,000 Ordinary shares for cancellation at a cost of £345,000 representing 1.8 per cent. of the Ordinary shares in issue as at 1 January 2012.

During the period to 30 June 2012 the Company also cancelled 39,396 treasury shares.

The total number of Ordinary shares held in treasury as at 30 June 2012 was 3,428,000 (30 June 2011: 3,243,696; 31 December 2011: 3,467,396) representing 9.7 per cent. of the shares in issue as at 30 June 2012.

D shares	Unaudited 30 June 2012	Unaudited 30 June 2011	Audited 31 December 2011
Allotted, called up and fully paid			
Number of shares	6,365,184	6,346,706	6,352,652
Nominal value of allotted shares (£'000)	3,182	3,172	3,176
Voting rights (number of shares net of treasury shares)	6,365,184	6,346,706	6,352,652

Under the terms of the Dividend Reinvestment Scheme Circular dated 5 April 2011, the following D shares, of nominal value 50 pence were allotted:

Date of allotment	Number of shares issued	Issue price (pence per share)	Mid-market price on issue date (pence per share)	Net proceeds £'000
31 May 2012	12,532	93.10	92.00	8

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

Combined	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2012	2011	2011
	£'000	£'000	£'000
Revenue return on ordinary activities before tax	379	261	669
Investment management fee charged to capital	(246)	(239)	(484)
Movement in accrued amortised loan stock interest	40	(35)	(18)
Decrease/(increase) in operating debtors	1	(535)	(33)
Increase/(decrease) in operating creditors	10	481	(15)
Net cash flow from operating activities	184	(67)	119
Ordinary shares	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2012	2011	2011
	£'000	£'000	£'000
Revenue return on ordinary activities before tax	296	227	539
Investment management fee charged to capital	(196)	(190)	(385)
Movement in accrued amortised loan stock interest	28	(33)	19
Increase in operating debtors	(8)	(524)	(15)
Increase/(decrease) in operating creditors	12	(21)	(13)
Net cash flow from operating activities	132	(541)	145
D shares	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2012	2011	2011
	£'000	£'000	£'000
Revenue return on ordinary activities before tax	83	34	130
Investment management fee charged to capital	(50)	(49)	(99)
Movement in accrued amortised loan stock interest	12	(2)	(37)
Decrease/(increase) in operating debtors	9	(11)	(18)
(Decrease)/increase in operating creditors	(2)	502	(2)
Net cash flow from operating activities	52	474	(26)

Notes to the unaudited summarised financial statements

(continued)

9. Analysis of change in cash during the period

Combined	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2012	2011	2011
	£'000	£'000	£'000
Beginning of the period	7,195	8,512	8,512
Net cash flow	(2,484)	51	(1,317)
End of the period	4,711	8,563	7,195
Ordinary shares	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2012	2011	2011
	£'000	£'000	£'000
Beginning of the period	5,734	4,227	4,227
Net cash flow	(1,808)	798	1,507
End of the period	3,926	5,025	5,734
D shares	Unaudited	Unaudited	Audited
	six months	six months	year
	ended	ended	ended
	30 June	30 June	31 December
	2012	2011	2011
	£'000	£'000	£'000
Beginning of the period	1,461	4,285	4,285
Net cash flow	(676)	(747)	(2,824)
End of the period	785	3,538	1,461

10. Post balance sheet events

Since 30 June 2012, the Company has completed the following material transactions:

- AMS Sciences Limited, £17,000;
- Dragon Hydro Limited, £78,000;
- Rostima Holdings Limited, £7,000; and
- Nelson House Hospital Limited, £33,000.

At the Annual General Meeting on 15 June 2012, shareholders voted in favour of the increase in the Company's distributable reserves by way of a reduction of the Ordinary and D shares' nominal value from 50 pence to 1 penny per share and the cancellation of its capital redemption and share premium reserves. This was approved by Court Order on 11 July 2012. This restructuring has added £20,651,724 and £3,125,887 to distributable reserves for Ordinary and D shares respectively.

Notes to the unaudited summarised financial statements

(continued)

11. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that it is party to a management agreement with the Company. During the period, services of a total value of £328,000 (six months ended 30 June 2011: £319,000; year ended 31 December 2011: £646,000), were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP in respect of these services was £163,000 (30 June 2011: £163,000; 31 December 2011: £162,000).

During the period the Company raised new funds through the Albion VCTs Linked Top Up Offer 2011/2012 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 £6,740 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 the year end.

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

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

12. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 December 2011, and is detailed on page 30 of those accounts. The Company has adequate cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council.

13. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 June 2012 and 30 June 2011, and is unaudited. The information for the year ended 31 December 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.

14. Publication

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

