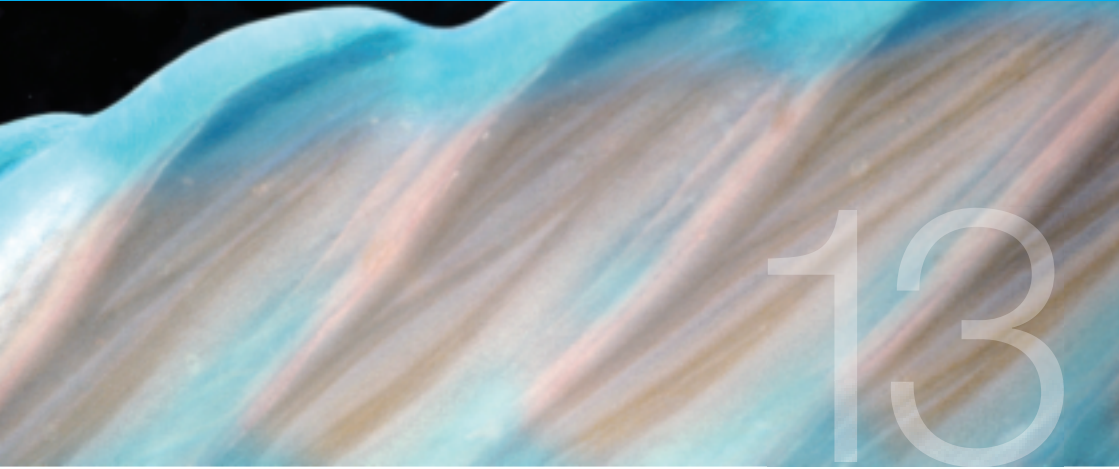


Half-yearly Financial Report
(unaudited) for the six months to
30 June 2013



Albion Development VCT PLC

ALBIONVENTURES

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Company information

Company number	3654040
Directors	G O Vero FCA, Chairman 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	BDO LLP 55 Baker Street London, W1U 7EU
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 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, calls may be recorded)
Website: www.investorcentre.co.uk

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

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

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 £5.0 million was raised for the Ordinary shares through the Albion VCTs Top Up Offers in 2011, 2012 and 2013. 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 investment in more stable, often asset-backed investments that provide a strong income stream combined with a protection of capital. These include freehold-based businesses in the leisure sector, such as pubs and health clubs, as well as stable and profitable businesses in other sectors including business services 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 VCT.
- 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	6 September 2013
Payment date for second dividend	30 September 2013
Financial year end	31 December 2013

Financial highlights (unaudited)

	Ordinary shares			D shares		
	Unaudited six months ended 30 June 2013 (pence per share)	Unaudited six months ended 30 June 2012 (pence per share)	Audited year ended 31 December 2012 (pence per share)	Unaudited six months ended 30 June 2013 (pence per share)	Unaudited six months ended 30 June 2012 (pence per share)	Audited year ended 31 December 2012 (pence per share)
Net asset value	74.60	73.90	74.00	101.50	94.70	97.90
Dividends paid	2.50	2.50	5.00	2.50	1.75	3.50
Revenue return	0.60	0.70	1.50	1.90	1.00	1.90
Capital return	2.50	0.20	2.00	4.10	2.50	6.50
Net asset value uplift from buy-backs	-	-	-	0.10	-	-

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 2013

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
31 December 2012(iv)	5.00	5.36	3.50
30 June 2013(iv)	2.50	2.68	2.50

Total dividends paid to 30 June 2013

	70.25	57.64	9.50
Net asset value as at 30 June 2013(iv)	74.60	79.93	101.50

Total shareholder net asset value return to 30 June 2013

	144.85	137.57	111.00
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The Directors have declared a second dividend of 2.50 pence per Ordinary share and 2.50 pence per D share payable on 30 September 2013 to shareholders on the register as at 6 September 2013.

Notes:

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

Interim management report

Introduction

The results for Albion Development VCT PLC for the six months to 30 June 2013 show a total return of 3.10 pence per Ordinary share and 6.00 pence per D share. This is a marked improvement from the same period last year of 0.90 pence per Ordinary share and 3.50 pence per D share. Net asset value is 74.60 pence per Ordinary share and 101.50 pence per D share, after payment in each case of a 2.50 pence per share dividend.

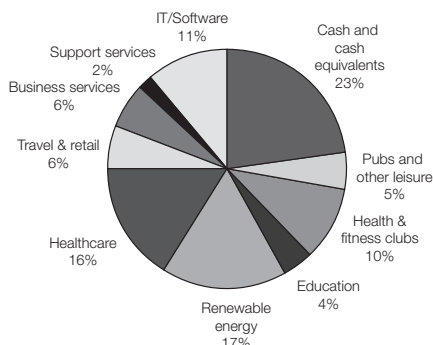
Investment performance and progress

During the period, some £1.57 million was invested by the Ordinary share portfolio and £122,000 by the D share portfolio. The largest investment was £917,000 into GWH Acquisition by the Ordinary shares, which will construct and operate a new hydro electric plant in Northwest Scotland. In addition, both classes of share invested in MyMeds&Me, a healthcare IT company which provides reporting systems for drug performance.

The Nelson House psychiatric hospital in Hampshire was sold during the period, resulting in proceeds, including income, of 1.4 times cost. Shortly after the period end Opta Sports Data was sold resulting in a return of 3.3 times cost and Prime Care, whose domiciliary care services had been adversely affected by local authority funding cuts, was sold for a return of just over 50 per cent. of cost. The valuations of these investments as at 30 June 2013 reflect the subsequent sales consideration.

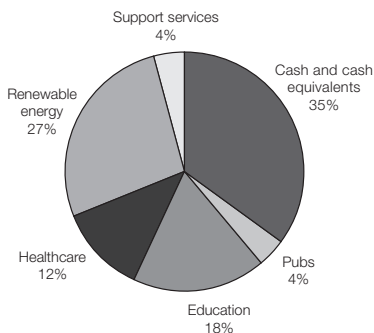
In general, the investment portfolio for both classes of share performed well, with particular encouraging performance from the renewable energy businesses and from Hilson Moran (engineering consultancy). The Ordinary share portfolio benefited not only from the sale of Opta Sports Data, but also from continued growth at Mirada Medical. Against this there were further write-downs against Consolidated PR and Helveta. Looking forward, we see the prospects of further growth in a number of our portfolio companies across a broad spectrum of the sectors in which we are involved.

Ordinary share investment portfolio by sector as at 30 June 2013



Source: Albion Ventures LLP

D share investment portfolio by sector as at 30 June 2013



Source: Albion Ventures LLP

Businesses in the Albion Development VCT portfolio employ approximately 2,200 people.

Risks, uncertainties and prospects

The outlook for the UK and international economies continues to be the key risk affecting our Company, though it is encouraging that the UK economy has resumed growth. The VCT's emphasis on a balanced portfolio across asset-based and high-growth sectors is designed to provide protection against the vicissitudes of the global economy. Investment risk is further mitigated by our policy of ensuring that portfolio companies do not normally have external bank borrowings.

Interim management report (continued)

Other risks and uncertainties remain unchanged and these are detailed on pages 19 to 21 of the Annual Report and Financial Statements for the year ended 31 December 2012.

Share buy-backs and share price discount

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 portfolio companies and for the continued payment of dividends to shareholders. It is the Board's intention for 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.

Albion VCTs Top Up Offers 2012/2013

The third of the top up offers across six of the VCTs managed by Albion Ventures LLP closed on 12 June 2013 and raised a total of £12.8 million (2012: £10.5 million), of which Albion Development VCT PLC's net share was £1.8 million (2012: £1.5 million). The proceeds will be used to provide further resources for both the existing portfolio and for new opportunities.

Results and dividends

At 30 June 2013 the net asset value per Ordinary share was 74.60 pence (30 June 2012: 73.90 pence; 31 December 2012: 74.00 pence). The D share net asset value at 30 June 2013 was 101.50 pence (30 June 2012: 94.70 pence; 31 December 2012: 97.90 pence).

The Ordinary share portfolio's total return before tax for the six months to 30 June 2013 was £1,025,000

(30 June 2012: £306,000; 31 December 2012: £1,138,000) and for the D shares it was £404,000 (30 June 2012: £230,000; 31 December 2012: £550,000). The Company will pay a second dividend for the financial year to 31 December 2013 of 2.50 pence per Ordinary share and 2.50 pence per D share on 30 September 2013 to those shareholders on the register on 6 September 2013.

Transactions with the Manager

Details of the transactions that took place with the Manager in the period can be found in note 5.

Board Change

David Pinckney, who had been a Director since the Company's launch, retired from the Board at the AGM on 6 June 2013. On behalf of the Board and all shareholders, I would like to thank him for his many years of wise counsel.

Outlook

It is encouraging to see some further proof of the recovery in the investment portfolio. Much of this is driven by the fact that a number of businesses in which the Company has invested operate in sectors where the market dynamics are showing strong growth despite the broader background of a subdued global environment. We therefore continue to remain positive over the Company's prospects for the medium term.

Geoffrey Vero

Chairman
22 August 2013

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 2013, 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 2013 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 2012.

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

By order of the Board

Geoffrey Vero
Chairman
22 August 2013

Portfolio of investments (unaudited)

Ordinary shares

The following is a summary of fixed asset investments as at 30 June 2013:

	As at 30 June 2013 (unaudited)				
Portfolio company	% 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	(267)	1,253	6
Radnor House School (Holdings) Limited	4.2	734	339	1,073	23
The Street by Street Solar Programme Limited	8.6	862	133	995	130
GWH Acquisition Limited	16.7	917	–	917	–
Alto Prodotto Wind Limited	7.8	705	201	906	201
Albion Investment Properties Limited	48.4	929	(159)	770	20
Bravo Inns II Limited	4.8	690	1	691	5
Kensington Health Clubs Limited	4.9	1,124	(453)	671	(37)
Regenerco Renewable Energy Limited	6.4	612	34	646	34
Taunton Hospital Limited	9.1	576	16	592	65
Tower Bridge Health Clubs Limited	7.9	322	212	534	65
The Q Garden Company Limited	16.6	1,198	(788)	410	(35)
The Charnwood Pub Company Limited	3.3	1,008	(638)	370	(35)
AVESI Limited	8.0	248	–	248	–
TEG Biogas (Perth) Limited	3.0	182	19	201	6
Dragon Hydro Limited	5.5	187	–	187	–
Bravo Inns Limited	2.6	230	(81)	149	4
Greenenerco Limited	4.0	140	1	141	1
Premier Leisure (Suffolk) Limited	6.5	480	(377)	103	(1)
The Dunedin Pub Company VCT Limited	6.2	60	(3)	57	–
Orchard Portman Hospital Limited	n/a	9	–	9	–
Total asset-backed investments		12,733	(1,810)	10,923	452

*as adjusted for additions, disposals and restructuring during the period

Portfolio of investments (unaudited) (continued)

Ordinary shares (continued)

Portfolio company	As at 30 June 2013 (unaudited)				
	% 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	389	1,208	63
Peakdale Molecular Limited	8.9	908	163	1,071	151
Lowcosttravelgroup Limited	4.0	435	619	1,054	–
Mirada Medical Limited	8.0	240	550	790	212
Opta Sports Data Limited	1.3	165	365	530	274
Hilson Moran Holdings Limited	7.5	409	115	524	140
DySIS Medical Limited	4.0	462	27	489	103
Mi-Pay Limited	5.0	712	(226)	486	(26)
Proveca Limited	6.0	283	5	288	5
Process Systems Enterprise Limited	1.1	118	164	282	38
Helveta Limited	5.1	751	(487)	264	(116)
Rostima Holdings Limited	4.8	179	74	253	(19)
Masters Pharmaceuticals Limited	1.0	195	31	226	29
Prime Care Holdings Limited	9.4	559	(334)	225	(32)
Consolidated PR Limited	21.7	623	(411)	212	(212)
AMS Sciences Limited	4.2	194	(9)	185	(26)
MyMeds&Me Limited	3.5	175	4	179	4
memsstar Limited	1.8	124	(5)	119	(26)
Oxsensis Limited	1.4	213	(118)	95	(1)
Chichester Holdings Limited	10.6	700	(609)	91	–
Abcodia Limited	1.7	60	–	60	–
Total growth investments		8,324	307	8,631	561
Total investments		21,057	(1,503)	19,554	1,013

Realised loss in the current period	(5)
Movement in loan stock accrued interest	(21)
Total gains on investments as per income statement	987

*as adjusted for additions, disposals and restructuring during the period

Investment realisations in the period to 30 June 2013	Cost £'000	Open carrying value £'000	Disposal proceeds £'000	Total realised (loss)/gain £'000	Gain/(loss) on opening value £'000
Chichester Holdings Limited (restructuring)	277	277	277	–	–
DySIS Medical Limited (restructuring)	444	444	444	–	–
Evolutions Group Limited	77	11	11	(66)	–
Hilson Moran Holdings Limited (loan stock repayment)	124	149	153	29	4
Masters Pharmaceuticals Limited (loan stock repayment)	7	8	8	1	–
Nelson House Hospital Limited	292	372	364	72	(8)
The Dunedin Pub Company VCT Limited (loan stock repayment)	3	2	2	(1)	–
The GB Pub Company VCT Limited	168	13	12	(156)	(1)
The Q Garden Company Limited (loan stock repayment)	16	16	16	–	–
Tower Bridge Health Clubs Limited (loan stock repayment)	40	40	40	–	–
Total	1,448	1,332	1,327	(121)	(5)

Portfolio of investments (unaudited) (continued)

D shares

The following is a summary of qualifying fixed asset investments as at 30 June 2013:

As at 30 June 2013 (unaudited)					
Portfolio company	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Asset-backed investments					
Radnor House School (Holdings) Limited	4.6	800	384	1,184	26
Regenerco Renewable Energy Limited	5.5	528	30	558	29
TEG Biogas (Perth) Limited	7.1	428	46	474	16
The Street by Street Solar Programme Limited	3.8	380	57	437	57
Bravo Inns II Limited	1.6	210	13	223	2
Alto Prodotto Wind Limited	1.5	137	39	176	39
AVESI Limited	2.5	76	–	76	–
Total asset-backed investments		2,559	569	3,128	169

As at 30 June 2013 (unaudited)					
Portfolio company	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Growth investments					
Masters Pharmaceuticals Limited	2.6	488	74	562	70
Hilson Moran Holdings Limited	4.0	218	62	280	75
Proveca Limited	2.1	98	2	100	2
Abcodia Limited	2.1	75	–	75	–
MyMeds&Me Limited	1.2	60	1	61	1
Total growth investments		939	139	1,078	148
Total investments		3,498	708	4,206	317

Realised loss in the current period	(21)
Movement in loan stock accrued interest	2
Total gains on investments as per income statement	298

*as adjusted for additions and disposals during the period

Investment realisations in the period to 30 June 2013	Cost £'000	Open carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain/(loss) on opening value £'000
Hilson Moran Holdings Limited (loan stock repayment)	66	79	81	15	2
Masters Pharmaceuticals Limited (loan stock repayment)	18	20	20	2	–
Nelson House Hospital Limited	839	1,067	1,044	205	(23)
Total	923	1,166	1,145	222	(21)

Summary income statement (unaudited)

Combined

	Note	Unaudited six months ended 30 June 2013			Unaudited six months ended 30 June 2012			Audited year ended 31 December 2012		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	1,285	1,285	–	403	403	–	1,410	1,410
Investment income	4	594	–	594	583	–	583	1,177	–	1,177
Investment management fees	5	(87)	(261)	(348)	(82)	(246)	(328)	(165)	(499)	(664)
Other expenses		(102)	–	(102)	(122)	–	(122)	(235)	–	(235)
Return on ordinary activities before tax		405	1,024	1,429	379	157	536	777	911	1,688
Tax (charge)/credit on ordinary activities		(88)	61	(27)	(91)	63	(28)	(172)	128	(44)
Return attributable to shareholders		317	1,085	1,402	288	220	508	605	1,039	1,644

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2012 and the audited statutory accounts for the year ended 31 December 2012.

The accompanying notes on pages 23 to 35 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 2013			Unaudited six months ended 30 June 2012			Audited year ended 31 December 2012		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	987	987	–	206	206	–	921	921
Investment income	4	394	–	394	457	–	457	928	–	928
Investment management fees	5	(69)	(208)	(277)	(65)	(196)	(261)	(132)	(396)	(528)
Other expenses		(79)	–	(79)	(96)	–	(96)	(183)	–	(183)
Return on ordinary activities before tax		246	779	1,025	296	10	306	613	525	1,138
Tax (charge)/credit on ordinary activities		(53)	47	(6)	(71)	50	(21)	(132)	101	(31)
Return attributable to shareholders		193	826	1,019	225	60	285	481	626	1,107
Basic and diluted return per share (pence)*	7	0.60	2.50	3.10	0.70	0.20	0.90	1.50	2.00	3.50

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2012 and the audited statutory accounts for the year ended 31 December 2012.

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Summary income statement (unaudited) (continued)

D shares

	Note	Unaudited six months ended 30 June 2013			Unaudited six months ended 30 June 2012			Audited year ended 31 December 2012		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	298	298	–	197	197	–	489	489
Investment income	4	200	–	200	126	–	126	249	–	249
Investment management fees	5	(18)	(53)	(71)	(17)	(50)	(67)	(33)	(103)	(136)
Other expenses		(23)	–	(23)	(26)	–	(26)	(52)	–	(52)
Return on ordinary activities before tax		159	245	404	83	147	230	164	386	550
Tax (charge)/credit on ordinary activities		(35)	14	(21)	(20)	13	(7)	(40)	27	(13)
Return attributable to shareholders		124	259	383	63	160	223	124	413	537
Basic and diluted return per share (pence)*	7	1.90	4.10	6.00	1.00	2.50	3.50	1.90	6.50	8.40

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2012 and the audited statutory accounts for the year ended 31 December 2012.

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Summary balance sheet (unaudited)

Combined

	Note	Unaudited 30 June 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
Fixed asset investments		23,760	23,595	22,540
Current assets				
Trade and other debtors		39	120	282
Current asset investments		30	1,630	530
Cash at bank and in hand	10	8,424	4,711	7,131
		8,493	6,461	7,943
Creditors: amounts falling due within one year		(335)	(435)	(378)
Net current assets		8,158	6,026	7,565
Net assets		31,918	29,621	30,105
Capital and reserves				
Called up share capital		440	20,863	421
Share premium		2,254	1,129	392
Capital redemption reserve		8	2,203	2
Unrealised capital reserve		(864)	(2,358)	(2,046)
Realised capital reserve		3,451	2,148	3,326
Other distributable reserve		26,629	5,636	28,010
Total equity shareholders' funds		31,918	29,621	30,105

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2012 and the audited statutory accounts for the year ended 31 December 2012.

The accompanying notes on pages 23 to 35 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 22 August 2013, and were signed on its behalf by

Geoffrey Vero

Chairman

Company number: 3654040

Summary balance sheet (unaudited) (continued)

Ordinary shares

	Note	Unaudited 30 June 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
Fixed asset investments		19,554	19,028	17,606
Current assets				
Trade and other debtors		29	107	202
Current asset investments		30	880	30
Cash at bank and in hand	10	6,122	3,926	6,309
		6,181	4,913	6,541
Creditors: amounts falling due within one year		(250)	(349)	(287)
Net current assets		5,931	4,564	6,254
Net assets		25,485	23,592	23,860
Capital and reserves				
Called up share capital	8	376	17,681	357
Share premium		2,231	1,122	383
Capital redemption reserve		8	2,203	2
Unrealised capital reserve		(1,554)	(2,681)	(2,661)
Realised capital reserve		3,455	2,297	3,514
Other distributable reserve		20,969	2,970	22,265
Total equity shareholders' funds		25,485	23,592	23,860
Net asset value per share (pence)*		74.60	73.90	74.00

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2012 and the audited statutory accounts for the year ended 31 December 2012.

The accompanying notes on pages 23 to 35 form an integral part of this Half-yearly Financial Report.

Summary balance sheet (unaudited) (continued)

D shares

	Note	Unaudited 30 June 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
Fixed asset investments		4,206	4,567	4,934
Current assets				
Trade and other debtors		10	13	80
Current asset investments		–	750	500
Cash at bank and in hand	10	2,302	785	822
		2,312	1,548	1,402
Creditors: amounts falling due within one year		(85)	(86)	(91)
Net current assets		2,227	1,462	1,311
Net assets		6,433	6,029	6,245
Capital and reserves				
Called up share capital	8	64	3,182	64
Share premium		23	7	9
Unrealised capital reserve		690	323	615
Realised capital reserve		(4)	(149)	(188)
Other distributable reserve		5,660	2,666	5,745
Total equity shareholders' funds		6,433	6,029	6,245
Net asset value per share (pence)*		101.50	94.70	97.90

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2012 and the audited statutory accounts for the year ended 31 December 2012.

The accompanying notes on pages 23 to 35 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	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 January 2013 (audited)	421	392	2	(2,046)	3,326	28,010	30,105
Return/(loss) for the period	–	–	–	1,311	(226)	317	1,402
Transfer of unrealised gains to realised gains	–	–	–	(129)	129	–	–
Purchase of shares for treasury	–	–	–	–	–	(36)	(36)
Purchase of shares for cancellation	(6)	–	6	–	–	(440)	(440)
Issue of equity (net of costs)	25	1,862	–	–	–	–	1,887
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	222	(222)	–
Dividends paid	–	–	–	–	–	(1,000)	(1,000)
As at 30 June 2013 (unaudited)	440	2,254	8	(864)	3,451	26,629	31,918
As at 1 January 2012 (audited)	20,088	636	1,917	(3,143)	2,713	6,603	28,814
Return/(loss) for the period	–	–	–	398	(178)	288	508
Transfer of unrealised losses to realised losses	–	–	–	387	(387)	–	–
Cancellation of treasury shares	(20)	–	20	–	–	–	–
Purchase of shares for cancellation	(266)	–	266	–	–	(345)	(345)
Issue of equity (net of costs)	1,061	493	–	–	–	–	1,554
Dividends paid	–	–	–	–	–	(909)	(909)
As at 30 June 2012 (unaudited)	20,863	1,129	2,203	(2,358)	2,148	5,636	29,621
As at 1 January 2012 (audited)	20,088	636	1,917	(3,143)	2,713	6,603	28,814
Return/(loss) for the year	–	–	–	1,058	(19)	605	1,644
Transfer of unrealised losses to realised losses	–	–	–	39	(39)	–	–
Reduction in share capital and cancellation of capital redemption and share premium reserves	(20,446)	(1,139)	(2,204)	–	–	23,789	–
Cancellation of treasury shares	(20)	–	20	–	–	–	–
Purchase of shares for cancellation	(269)	–	269	–	–	(499)	(499)
Issue of equity (net of costs)	1,068	895	–	–	–	–	1,963
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	671	(671)	–
Dividends paid	–	–	–	–	–	(1,817)	(1,817)
As at 31 December 2012 (audited)	421	392	2	(2,046)	3,326	28,010	30,105

*Included within these reserves is an amount of £29,216,000 (30 June 2012: £5,426,000; 31 December 2012: £29,290,000) which is considered distributable.

A transfer of £222,000 (30 June 2012: nil; 31 December 2012: £671,000) representing gross realised losses on disposal of investments during the period ended 30 June 2013 has been made from the other distributable reserve to the realised capital reserve.

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	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 January 2013 (audited)	357	383	2	(2,661)	3,514	22,265	23,860
Return/(loss) for the period	–	–	–	992	(166)	193	1,019
Transfer of unrealised losses to realised losses	–	–	–	115	(115)	–	–
Purchase of shares for treasury	–	–	–	–	–	(13)	(13)
Purchase of shares for cancellation	(6)	–	6	–	–	(413)	(413)
Issue of equity (net of costs)	25	1,848	–	–	–	–	1,873
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	222	(222)	–
Dividends paid	–	–	–	–	–	(841)	(841)
As at 30 June 2013 (unaudited)	376	2,231	8	(1,554)	3,455	20,969	25,485
As at 1 January 2012 (audited)	16,912	631	1,917	(3,269)	2,825	3,889	22,905
Return/(loss) for the period	–	–	–	201	(141)	225	285
Transfer of unrealised losses to realised losses	–	–	–	387	(387)	–	–
Cancellation of treasury shares	(20)	–	20	–	–	–	–
Purchase of shares for cancellation	(266)	–	266	–	–	(345)	(345)
Issue of equity (net of costs)	1,055	491	–	–	–	–	1,546
Dividends paid	–	–	–	–	–	(798)	(798)
As at 30 June 2012 (unaudited)	17,681	1,122	2,203	(2,681)	2,297	2,970	23,592
As at 1 January 2012 (audited)	16,912	631	1,917	(3,269)	2,825	3,889	22,905
Return for the year	–	–	–	569	57	481	1,107
Transfer of unrealised losses to realised losses	–	–	–	39	(39)	–	–
Reduction of share capital and cancellation of capital redemption and share premium reserves	(17,327)	(1,129)	(2,204)	–	–	20,660	–
Cancellation of treasury shares	(20)	–	20	–	–	–	–
Purchase of shares for cancellation	(269)	–	269	–	–	(499)	(499)
Issue of equity (net of costs)	1,061	881	–	–	–	–	1,942
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	671	(671)	–
Dividends paid	–	–	–	–	–	(1,595)	(1,595)
As at 31 December 2012 (audited)	357	383	2	(2,661)	3,514	22,265	23,860

*Included within these reserves is an amount of £22,870,000 (30 June 2012: £2,586,000; 31 December 2012: £23,118,000) which is considered distributable.

A transfer of £222,000 (30 June 2012: nil; 31 December 2012: £671,000) representing gross realised losses on disposal of investments during the period ended 30 June 2013 has been made from the other distributable reserve to the realised capital reserve.

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

D shares

	Called-up share capital £'000	Share premium £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 January 2013 (audited)	64	9	615	(188)	5,745	6,245
Return/(loss) for the period	–	–	319	(60)	124	383
Transfer of unrealised gains to realised gains	–	–	(244)	244	–	–
Purchase of shares for treasury	–	–	–	–	(23)	(23)
Purchase of shares for cancellation	–	–	–	–	(27)	(27)
Issue of equity (net of costs)	–	14	–	–	–	14
Dividends paid	–	–	–	–	(159)	(159)
As at 30 June 2013 (unaudited)	64	23	690	(4)	5,660	6,433
As at 1 January 2012 (audited)	3,176	5	126	(112)	2,714	5,909
Return/(loss) for the period	–	–	197	(37)	63	223
Issue of equity (net of costs)	6	2	–	–	–	8
Dividends paid	–	–	–	–	(111)	(111)
As at 30 June 2012 (unaudited)	3,182	7	323	(149)	2,666	6,029
As at 1 January 2012 (audited)	3,176	5	126	(112)	2,714	5,909
Return/(loss) for the year	–	–	489	(76)	124	537
Reduction in share capital and cancellation of share premium reserve	(3,119)	(10)	–	–	3,129	–
Issue of equity (net of costs)	7	14	–	–	–	21
Dividends paid	–	–	–	–	(222)	(222)
As at 31 December 2012 (audited)	64	9	615	(188)	5,745	6,245

*Included within these reserves is an amount of £6,346,000 (30 June 2012: £2,517,000; 31 December 2012: £5,557,000) which is considered distributable.

Summary cash flow statement (unaudited)

Combined

	Note	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Operating activities				
Loan stock income received		513	566	1,144
Deposit interest received		68	66	104
Dividend income received		7	–	–
Investment management fees paid		(338)	(324)	(657)
Administrative expenses paid		(121)	(124)	(224)
Net cash flow from operating activities	9	129	184	367
Taxation				
UK corporation tax recovered/(paid)		17	10	(24)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,522)	(2,446)	(4,124)
Disposal of fixed asset investments		1,753	466	3,904
Purchase of current asset investments		–	(1,000)	–
Disposal of current asset investments		500	–	171
Net cash flow from investing activities		731	(2,980)	(49)
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(919)	(833)	(1,678)
Net cash flow before financing		(42)	(3,619)	(1,384)
Financing				
Purchase of shares for treasury or cancellation		(476)	(350)	(504)
Issue of share capital (net of costs)		1,811	1,485	1,824
Net cash flow from financing		1,335	1,135	1,320
Cash flow in the period	10	1,293	(2,484)	(64)

Summary cash flow statement (unaudited) (continued)

Ordinary shares

	Note	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Operating activities				
Loan stock income received		324	443	906
Deposit interest received		43	38	70
Dividend income received		7	–	–
Investment management fees paid		(268)	(258)	(523)
Administrative expenses paid		(91)	(91)	(175)
Net cash flow from operating activities	9	15	132	278
Taxation				
UK corporation tax recovered/(paid)		17	10	(31)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,437)	(2,781)	(3,304)
Disposal of fixed asset investments		607	430	3,618
Disposal of current asset investments		–	–	171
Net cash flow from investing activities		(830)	(2,351)	485
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(774)	(734)	(1,477)
Net cash flow before financing		(1,572)	(2,943)	(745)
Financing				
Purchase of shares for treasury or cancellation		(426)	(350)	(504)
Issue of share capital (net of costs)		1,811	1,485	1,824
Net cash flow from financing		1,385	1,135	1,320
Cash flow in the period	10	(187)	(1,808)	575

Summary cash flow statement (unaudited) (continued)

D shares

	Note	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Operating activities				
Loan stock income received		189	123	238
Deposit interest received		25	28	34
Investment management fees paid		(70)	(66)	(134)
Administrative expenses paid		(30)	(33)	(49)
Net cash flow from operating activities	9	114	52	89
Taxation				
UK corporation tax recovered		–	–	7
Capital expenditure and financial investments				
Purchase of fixed asset investments		(85)	(415)	(820)
Disposal of fixed asset investments		1,146	36	286
Purchase of current asset investments		–	(250)	–
Disposal of current asset investments		500	–	–
Net cash flow from investing activities		1,561	(629)	(534)
Equity dividends paid				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(145)	(99)	(201)
Net cash flow before financing		1,530	(676)	(639)
Financing				
Purchase of shares for treasury or cancellation		(50)	–	–
Net cash flow from financing		(50)	–	–
Cash flow in the period	10	1,480	(676)	(639)

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, however to enhance clarity of financial reporting, the special reserve, treasury share reserve and revenue reserve have been combined to create a single reserve named other distributable reserve. This has also been applied to 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"). Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

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 there is deemed to be 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 debt issued at a discount and convertible bonds) is classified as loans and receivables as permitted by FRS 26 and measured at amortised cost using the effective interest rate method less impairment. Movements in the amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence

are reflected in the other distributable reserve, and 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 for impairments arising from revaluations of the fair value of the security.

For all unquoted loan stock, whether fully performing, past due or 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 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 other distributable 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.

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 as part of an investment portfolio are not accounted for using the equity method.

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.

Fixed term deposits are classified as current asset investments as they are investments held for the short term. These are designated as loans and receivables and measured at amortised cost, which is considered to be equivalent to fair value.

Investment income

Unquoted equity income

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

Notes to the unaudited summarised Financial Statements

(continued)

Unquoted loan stock income

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using an 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.

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 column of the Income statement except the following which are charged through the realised capital reserve:

- 75 per cent. of management fees are allocated to the realised capital reserve 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. Deferred tax assets and liabilities are not discounted.

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 annual general meeting.

Reserves

Share premium reserve

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 other distributable 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.

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.

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve have been combined to form a single reserve named other distributable reserve.

This reserve accounts for the movements from the revenue column of the Income statement, the payment of dividends, the buy-back of shares and other, non capital realised movements.

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 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss account	950	228	959
Unrealised reversals of impairments on fixed asset investments held at amortised cost	361	170	69
	<u>1,311</u>	<u>398</u>	<u>1,028</u>
Unrealised gains on current asset investments held at fair value through profit or loss account	-	-	30
Unrealised gains sub-total	<u>1,311</u>	<u>398</u>	<u>1,058</u>
Realised (losses)/gains on investments held at fair value through profit or loss account	(31)	5	337
Realised gains/(losses) on investments held at amortised cost	5	-	(19)
	<u>(26)</u>	<u>5</u>	<u>318</u>
Realised gains on current asset investments held at fair value through profit or loss account	-	-	34
Realised (losses)/gains sub-total	<u>(26)</u>	<u>5</u>	<u>352</u>
	<u>1,285</u>	<u>403</u>	<u>1,410</u>

Notes to the unaudited summarised Financial Statements

(continued)

3. Gains on investments (continued)

Ordinary shares

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss account	672	56	569
Unrealised reversals of impairments/(impairments) on fixed asset investments held at amortised cost	320	145	(30)
	992	201	539
Unrealised gains on current asset investments held at fair value through profit or loss account	-	-	30
Unrealised gains sub-total	992	201	569
Realised (losses)/gains on investments held at fair value through profit or loss account	(8)	5	337
Realised gains/(losses) on investments held at amortised cost	3	-	(19)
	(5)	5	318
Realised gains on current asset investments held at fair value through profit or loss account	-	-	34
Realised (losses)/gains sub-total	(5)	5	352
	987	206	921

D shares

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss account	278	172	390
Unrealised reversals of impairments on fixed asset investments held at amortised cost	41	25	99
Unrealised gains sub-total	319	197	489
Realised losses on investments held at fair value through profit or loss account	(23)	-	-
Realised gains on investments held at amortised cost	2	-	-
Realised losses sub-total	(21)	-	-
	298	197	489

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

Notes to the unaudited summarised Financial Statements

(continued)

4. Investment income

Combined

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
--	--	--	--

Income recognised on investments held at fair value through profit or loss account

UK dividend income	7	–	–
Income from convertible bonds and discounted debt	138	100	246
	<u>145</u>	<u>100</u>	<u>246</u>

Income recognised on investments held at amortised cost

Return on loan stock investments	394	429	828
Bank deposit interest	55	54	103
	<u>449</u>	<u>483</u>	<u>931</u>
	<u>594</u>	<u>583</u>	<u>1,177</u>

Ordinary shares

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
--	--	--	--

Income recognised on investments held at fair value through profit or loss account

UK dividend income	7	–	–
Income from convertible bonds and discounted debt	92	63	159
	<u>99</u>	<u>63</u>	<u>159</u>

Income recognised on investments held at amortised cost

Return on loan stock investments	253	356	697
Bank deposit interest	42	38	72
	<u>295</u>	<u>394</u>	<u>769</u>
	<u>394</u>	<u>457</u>	<u>928</u>

Notes to the unaudited summarised Financial Statements

(continued)

4. Investment income (continued)

D shares

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Income recognised on investments held at fair value through profit or loss account			
Income from convertible bonds and discounted debt	46	37	87
	<u>46</u>	<u>37</u>	<u>87</u>
Income recognised on investments held at amortised cost			
Return on loan stock investments	141	73	131
Bank deposit interest	13	16	31
	<u>154</u>	<u>89</u>	<u>162</u>
	<u>200</u>	<u>126</u>	<u>249</u>

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

5. Investment management fees

Combined

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Investment management fee charged to revenue	87	82	165
Investment management fee charged to capital	261	246	499
	<u>348</u>	<u>328</u>	<u>664</u>

Ordinary shares

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Investment management fee charged to revenue	69	65	132
Investment management fee charged to capital	208	196	396
	<u>277</u>	<u>261</u>	<u>528</u>

Notes to the unaudited summarised Financial Statements

(continued)

5. Investment management fees (continued)

D shares

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Investment management fee charged to revenue	18	17	33
Investment management fee charged to capital	53	50	103
	71	67	136

The Manager, Albion Ventures LLP, is party to a management agreement from the Company (details disclosed on page 21 of the Annual Report and Financial Statements for the year ended 31 December 2012). During the period, services of a total value of £348,000 (30 June 2012: £328,000; 31 December 2012: £664,000) were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP disclosed as accruals was £179,000 (30 June 2012: £163,000; 31 December 2012: £169,000).

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the period ended 30 June 2013, fees of £24,000 attributable to the investments of the Company were received pursuant to these arrangements (30 June 2012: £60,000; 31 December 2012: £96,000).

During the period, the Company raised new funds through the Albion VCTs Top Up Offers 2012/2013 as detailed in note 8. The total cost of the issue of these shares was 3.0% of the sums subscribed. Of these costs, an amount of £3,250 (30 June 2012: £6,740; 31 December 2012: £7,403) 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 period 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.

Notes to the unaudited summarised Financial Statements

(continued)

6. Dividends

Ordinary shares

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Dividend of 2.50p per share paid on 31 May 2012	-	799	799
Dividend of 2.50p per share paid on 30 September 2012	-	-	796
Dividend of 2.50p per share paid on 31 May 2013	841	-	-
	841	799	1,595

D shares

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Dividend of 1.75p per D share paid on 31 May 2012	-	111	111
Dividend of 1.75p per D share paid on 30 September 2012	-	-	111
Dividend of 2.50p per D share paid on 31 May 2013	159	-	-
	159	111	222

The Directors have declared a dividend of 2.50 pence per Ordinary share (total approximately £854,000) and 2.50 pence per D share (total approximately £158,000), payable on 30 September 2013 to shareholders on the register as at 6 September 2013.

7. Basic and diluted return per share

Ordinary shares

	Unaudited six months ended 30 June 2013		Unaudited six months ended 30 June 2012		Audited year ended 31 December 2012	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to Ordinary shares (£'000)	193	826	225	60	481	626
Weighted average shares in issue	33,014,345		31,422,426		31,651,285	
Return per Ordinary share (pence)	0.60	2.50	0.70	0.20	1.50	2.00

Notes to the unaudited summarised Financial Statements

(continued)

7. Basic and diluted return per share (continued)

D shares	Unaudited six months ended 30 June 2013		Unaudited six months ended 30 June 2012		Audited year ended 31 December 2012	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to D shares (£'000)	124	259	63	160	124	413
Weighted average shares in issue	6,364,305		6,354,787		6,363,334	
Return per D share (pence)	1.90	4.10	1.00	2.50	1.90	6.50

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.

8. Share capital

Ordinary shares	Unaudited 30 June 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
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**Allotted, called up and fully paid shares of
1 penny each (30 June 2012: 50 pence each;
31 December 2012: 1 penny each).**

Number of shares	37,620,361	35,361,459	35,678,200
Nominal value of allotted shares (£'000)	376	17,681	357
Voting rights (number of shares net of treasury shares)	34,173,361	31,933,459	32,250,200

Under the terms of the Dividend Reinvestment Scheme Circular dated 27 August 2008, the following Ordinary shares, of nominal value 1 penny each 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 2013	100,323	71.50	70.00	62

During the period the Company issued the following new Ordinary shares of nominal value 1 penny each under the Albion VCTs Top Up Offers 2012/2013:

Date of allotment	Number of shares issued	Issue price (pence per share)	Mid-market price on issue date (pence per share)	Net proceeds £'000
5 April 2013	1,930,961	76.30	68.00	1,429
12 June 2013	515,877	76.20	70.00	382
	<u>2,446,838</u>			<u>1,811</u>

During the period the Company purchased 605,000 Ordinary shares for cancellation at a cost of £413,000 representing 1.6 per cent. of the Ordinary shares in issue as at 30 June 2013.

The Company also purchased 19,000 Ordinary shares for treasury at a cost of £13,000. The total number of Ordinary shares held in treasury as at 30 June 2013 was 3,447,000 (30 June 2012: 3,428,000; 31 December 2012: 3,428,000) representing 9.2 per cent. of the shares in issue as at 30 June 2013.

Notes to the unaudited summarised Financial Statements

(continued)

8. Share capital (continued)

D shares	Unaudited 30 June 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
Allotted, called up and fully paid shares of 1 penny each (30 June 2012: 50 pence each; 31 December 2012: 1 penny each).			
Number of shares	6,364,098	6,365,184	6,377,976
Nominal value of allotted shares (£'000)	64	3,182	64
Voting rights (number of shares net of treasury shares)	6,338,473	6,365,184	6,377,976

Under the terms of the Dividend Reinvestment Scheme Circular dated 5 April 2011, the following D shares, of nominal value 1 penny each 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 2013	17,709	95.40	95.00	14

During the period the Company purchased 31,587 D shares for cancellation at a cost of £27,000 representing 0.5 per cent. of the D shares in issue as at 30 June 2013.

The Company also purchased 25,625 D shares for treasury at a cost of £23,000. The Company holds 25,625 D shares in treasury as at 30 June 2013 (30 June 2012: nil; 31 December 2012: nil) representing 0.4 per cent. of the D shares in issue as at 30 June 2013.

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

Combined	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Revenue return on ordinary activities before tax	405	379	777
Investment management fee charged to capital	(261)	(246)	(499)
Movement in accrued amortised loan stock interest	(19)	40	69
Decrease in operating debtors	7	1	2
(Decrease)/increase in operating creditors	(3)	10	18
Net cash flow from operating activities	129	184	367

Notes to the unaudited summarised Financial Statements

(continued)

9. Reconciliation of revenue return on ordinary activities before taxation to net cash flow from operating activities (continued)

Ordinary shares	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Revenue return on ordinary activities before tax	246	296	613
Investment management fee charged to capital	(208)	(196)	(396)
Movement in accrued amortised loan stock interest	(21)	28	50
(Increase) in operating debtors	(3)	(8)	(1)
Increase in operating creditors	1	12	12
Net cash flow from operating activities	15	132	278
D shares	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Revenue return on ordinary activities before tax	159	83	164
Investment management fee charged to capital	(53)	(50)	(103)
Movement in accrued amortised loan stock interest	2	12	19
Decrease in operating debtors	10	9	3
(Decrease)/increase in operating creditors	(4)	(2)	6
Net cash flow from operating activities	114	52	89

10. Analysis of change in cash during the period Combined

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Beginning of the period	7,131	7,195	7,195
Net cash flow	1,293	(2,484)	(64)
End of the period	8,424	4,711	7,131

Notes to the unaudited summarised Financial Statements

(continued)

10. Analysis of change in cash during the period (continued)

Ordinary shares	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Beginning of the period	6,309	5,734	5,734
Net cash flow	(187)	(1,808)	575
End of the period	6,122	3,926	6,309
D shares	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Beginning of the period	822	1,461	1,461
Net cash flow	1,480	(676)	(639)
End of the period	2,302	785	822

11. Commitments and contingencies

As at 30 June 2013, the Company had the following financial commitments in respect of investments:

- MyMeds&Me Limited, £235,000
- Proveca Limited, £178,000
- Dragon Hydro Limited, £48,000
- Mi-Pay Limited, £19,000
- DySIS Medical Limited, £18,000

There are no contingencies or guarantees of the Company as at 30 June 2013 (30 June 2012; £nil: 31 December 2012: £650,000).

12. Post balance sheet events

Since 30 June 2013, the Company has completed the following investment transactions:

- Investment of £180,000 in Bravo Inns II Limited
- Investment of £8,000 in Rostima Holdings Limited
- Investment of £19,000 in Mi-Pay Limited
- Investment of £27,000 in Dragon Hydro Limited
- Proceeds of £225,000 from the sale of Prime Care Holdings Limited; and
- Sale consideration, including rolled up interest and escrow retention, of £528,000 received from the disposal of the investment in Opta Sports Data Limited.

13. Related party transactions

There are no related party transactions or balances requiring disclosure.

Notes to the unaudited summarised Financial Statements

(continued)

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 December 2012, and is detailed on page 59 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.

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 June 2013 and 30 June 2012, and is unaudited. The information for the year ended 31 December 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.

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/ourfunds/AADV.htm.

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