

Albion Development VCT PLC

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

Company information

Company number	03654040
Directors	G O Vero FCA, Chairman A Phillippis PhD, MBA P H Reeve MA, ACA J G T Thornton MA, MBA, FCA
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	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 information

For enquiries relating to the performance of the Fund and information for financial advisers 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. The D shares will merge with the Ordinary shares in early 2015 on the basis of their respective audited net asset value per share at 31 December 2014, in line with the original prospectus.

An additional £7.7 million has been raised for the Ordinary shares through the Albion VCTs Top Up Offers since 2011. 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. 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 portfolio 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 portfolio company's assets.

Financial calendar

Record date for second dividend for the year	5 September 2014
Payment date for second dividend for the year	30 September 2014
Financial year end	31 December 2014

Financial highlights

	Ordinary shares			D shares		
	Unaudited six months ended 30 June 2014 (pence per share)	Unaudited six months ended 30 June 2013 (pence per share)	Audited year ended 31 December 2013 (pence per share)	Unaudited six months ended 30 June 2014 (pence per share)	Unaudited six months ended 30 June 2013 (pence per share)	Audited year ended 31 December 2013 (pence per share)
Net asset value	73.30	74.60	74.10	107.54	101.50	107.40
Dividends paid	2.50	2.50	5.00	2.50	2.50	5.00
Revenue return	0.51	0.60	1.10	1.27	1.90	3.00
Capital return	1.18	2.50	4.00	1.38	4.10	11.40

Ordinary shares (pence per share) (ii)	C shares (pence per share) (ii)	D shares (pence per share) (ii)
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Total shareholder net asset value return to 30 June 2014

Total dividends paid during the period ended:

31 December 1999(i)	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	12.00	12.86	–
31 December 2009	4.00	4.29	–
31 December 2010	8.00	8.58	1.00
31 December 2011	5.00	5.36	2.50
31 December 2012	5.00	5.36	3.50
31 December 2013	5.00	5.36	5.00
30 June 2014	2.50	2.68	2.50

Total dividends paid to 30 June 2014	75.25	63.00	14.50
Net asset value as at 30 June 2014	73.30	78.54	107.54
Total shareholder net asset value return to 30 June 2014	148.55	141.54	122.04

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 2014 to shareholders on the register as at 5 September 2014.

Notes:

- (i) Assuming subscription for Ordinary shares by the First Closing on 26 January 1999.
- (ii) Excludes tax benefits upon subscription.
- (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 2014 showed a total return of 1.69 pence per Ordinary share and 2.65 pence per D share, compared to a total return of 3.10 pence per Ordinary share and 6.00 pence per D share for the period to 30 June 2013. Net asset value at 30 June 2014 was 73.30 pence per Ordinary share and 107.54 pence per D share.

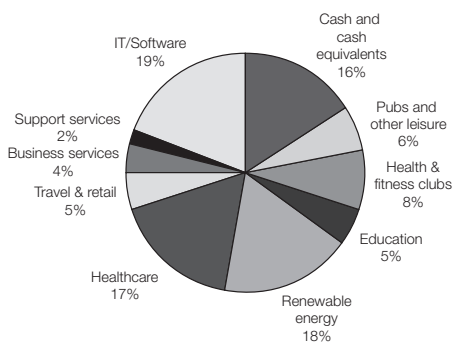
Investment performance and progress

Approximately £1 million was invested for the Ordinary share portfolio and £600,000 for the D share portfolio in unquoted companies during the period. These include £390,000 and £220,000 respectively in Egress, a fast growing developer of encryption services for secure email with major public and private sector clients both in the UK and overseas. In addition, we invested £260,000 and £140,000 respectively in Grapeshot, a business providing contextual analysis for the advertising technology sector.

The sale of our investment in Peakdale Molecular completed just after the half year. Since we first backed Peakdale in 2001, our investment has returned just over twice the sums invested. In addition a number of further exits from within the portfolio are under negotiation. Meanwhile, Mi-Pay, which manages top-up services on behalf of international mobile phone operators, obtained a quotation on the Alternative Investment Market (AIM) in April 2014.

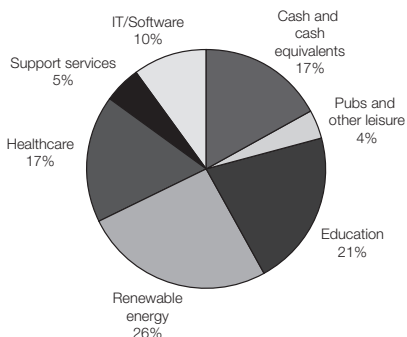
The value of Peakdale has been written up to its sale proceeds, and third party valuations of both our renewable energy businesses and our pubs portfolios have resulted in uplifts to their holding value. While our Tower Bridge Healthclub also saw a strong increase in value, the third party valuations of our Weybridge and Kensington Healthclubs saw an aggregate reduction of £268,000. Trading at both these clubs, however, has improved following a change in management. In addition, our investments in DySIS, Rostima and Helveta saw further write-downs in value of £253,000.

Ordinary share investment portfolio by sector as at 30 June 2014



Source: Albion Ventures LLP

D share investment portfolio by sector as at 30 June 2014



Source: Albion Ventures LLP

Risks and uncertainties

Although growth in the UK has recovered well, the outlook for the UK and global economies continues to be the key risk affecting your Company. Investment risk is mitigated through a variety of processes, including our policy of ensuring that the Company has a first charge over portfolio companies' assets wherever possible and of ensuring that the portfolio is balanced through the inclusion of sectors that are less exposed to the business and consumer cycles.

Other principal risks and uncertainties remain unchanged and are as detailed on pages 11 and 12 of the Annual Report and Financial Statements for the year ended 31 December 2013.

Interim management report (continued)

Discount management and share buy-backs

It remains the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest, including the maintenance of sufficient resources for investment in existing and new portfolio companies and the continued payment of dividends to shareholders.

It is the Company's intention that, subject to the sufficiency of cash resources and any market constraints, the price at which shares are bought back should be in the region of a 5 per cent. discount to net asset value.

Albion VCTs Top Up Offers

During the period 1 January 2014 to the date of this report, the Company issued 3,196,404 Ordinary shares under the Albion VCTs Top Up Offers 2013/2014 and Albion VCTs Prospectus Top Up Offers 2013/2014. The Offer will close on 30 September 2014. To date your Company has raised a total of £2.35 million under these Offers, which compares to £2.15 million raised under the previous Top Up Offer.

The proceeds of the Offers will be used to provide further resources at a time when a number of attractive new investment opportunities are being seen.

Transactions with the Manager

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

Results, dividend and prospects

As at 30 June 2014 the net asset value per Ordinary share was 73.30 pence and per D share was 107.54 pence (30 June 2013: 74.60 pence per Ordinary share and 101.50 pence per D share. At 31 December 2013 the net asset values were 74.10 pence per Ordinary share and 107.10 pence per D share). Dividends are paid twice a year, the next payment being 2.50 pence per Ordinary share and 2.50 pence per D share on 30 September 2014, to those shareholders on the register at 5 September 2014.

We are pleased to note the D share portfolio is diversified, well balanced and performing well. In line with the D share prospectus, the D shares will be merging with the Ordinary shares in early 2015 on the basis of their respective audited net asset value per share at 31 December 2014.

The Company's investment portfolio in general is also considered to be well balanced. As indicated in the portfolio split above, the VCT has investments in a variety of sectors which balance cash generation with growth potential. Over the medium term, we are confident that growth will continue.

Geoffrey Vero

Chairman
19 August 2014

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 2014, 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 Disclosure Rules and Transparency Rules ("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 2014 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 2013.

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

By order of the Board

Geoffrey Vero
Chairman
19 August 2014

Portfolio of investments

Ordinary shares

The following is a summary of fixed asset investments as at 30 June 2014:

Asset-backed investments	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Radnor House School (Holdings) Limited	4.2	734	577	1,311	11
The Street by Street Solar Programme Limited	8.6	896	228	1,124	23
The Weybridge Club Limited	9.4	1,520	(552)	968	(198)
Alto Prodotto Wind Limited	7.8	705	241	946	55
Chonais Holdings Limited	9.2	917	5	922	4
Taunton Hospital Limited	4.7	725	164	889	15
Bravo Inns II Limited	5.0	820	16	836	11
Albion Investment Properties Limited	48.4	929	(150)	779	17
Tower Bridge Health Clubs Limited	7.9	254	460	714	241
Regenerco Renewable Energy Limited	6.4	612	53	665	12
Kensington Health Clubs Limited	6.9	1,124	(574)	550	(70)
The Q Garden Company Limited	16.6	1,198	(794)	404	23
The Charnwood Pub Company Limited	3.3	1,008	(640)	368	35
Dragon Hydro Limited	5.5	233	45	278	45
AVESI Limited	8.0	248	17	265	17
TEG Biogas (Perth) Limited	3.0	182	21	203	3
Greenenerco Limited	4.0	140	51	191	51
Bravo Inns Limited	2.6	227	(83)	144	(1)
Erin Solar Limited	4.3	120	–	120	–
Premier Leisure (Suffolk) Limited	6.2	480	(379)	101	2
The Dunedin Pub Company VCT Limited	6.2	57	(2)	55	1
Total asset-backed investments		13,129	(1,296)	11,833	297

*as adjusted for additions and disposals during the period

Portfolio of investments (continued)

Ordinary shares (continued)

	% 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	807	1,626	8
Peakdale Molecular Limited	8.9	908	455	1,363	292
Mirada Medical Limited	7.2	297	596	893	(17)
Lowcosttravelgroup Limited	4.6	435	437	872	55
Hilson Moran Holdings Limited	7.5	338	292	630	16
Aridhia Informatics Limited	1.5	510	14	524	9
Relayware Limited	2.3	486	33	519	21
Egress Software Technologies Limited	4.0	390	–	390	–
DySIS Medical Limited	3.4	474	(111)	363	(102)
Proveca Limited	6.0	283	28	311	12
Process Systems Enterprise Limited	1.3	118	186	304	11
Grapeshot Limited	2.3	260	–	260	–
Masters Pharmaceuticals Limited	1.3	162	63	225	14
MyMeds&Me Limited	3.5	210	8	218	–
AMS Sciences Limited	4.2	215	1	216	31
Rostima Holdings Limited	4.8	214	1	215	(76)
Cisiv Limited	1.8	193	(8)	185	(12)
memsstar Limited	1.8	124	60	184	7
Chichester Holdings Limited	6.7	700	(527)	173	30
Helveta Limited	5.1	751	(581)	170	(75)
Silent Herdsman Holdings Limited	3.6	156	–	156	–
Consolidated PR Limited	21.5	623	(522)	101	50
Oxsensis Limited	1.4	213	(120)	93	–
Abcodia Limited	1.7	76	–	76	–
Sandcroft Avenue Limited	0.6	40	–	40	–
Total growth investments		8,995	1,112	10,107	274
Total unquoted investments		22,124	(184)	21,940	571

*as adjusted for additions and disposals during the period

Portfolio of investments (continued)

Ordinary shares (continued)

	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
AIM quoted investments					
Mi-Pay Group PLC	3.7	772	(296)	476	(36)
Total AIM quoted investments		772	(296)	476	(36)
Total fixed asset investments		22,896	(480)	22,416	535

		Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Current asset investments					
Dexela Limited		–	60	60	30
Opta Sports Data Limited		–	6	6	–
Total current asset investments		–	66	66	30

Total change on value of investments	565
Movement in loan stock accrued interest	28
Total gains on investments as per income statement	593

*as adjusted for additions and disposals during the period

Investment realisations in the period to 30 June 2014	Cost £'000	Open carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain on opening value £'000
Tower Bridge Health Clubs Limited (<i>loan stock repayment</i>)	56	56	56	–	–
Masters Pharmaceuticals Limited (<i>loan stock repayment</i>)	13	15	15	2	–
Bravo Inns Limited (<i>loan stock repayment</i>)	3	3	3	–	–
Total	72	74	74	2	–

Portfolio of investments (continued)

D shares

The following is a summary of fixed asset investments as at 30 June 2014:

Asset-backed investments	% 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	644	1,444	13
Regenereco Renewable Energy Limited	5.5	528	45	573	11
The Street by Street Solar Programme Limited	3.8	395	100	495	10
TEG Biogas (Perth) Limited	7.1	428	50	478	7
Bravo Inns II Limited	1.7	260	17	277	4
Alto Prodotto Wind Limited	1.5	137	47	184	11
AVESI Limited	2.5	76	5	81	5
Taunton Hospital Limited	0.5	73	2	75	2
Total asset-backed investments		2,697	910	3,607	63

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

Portfolio of investments (continued)

D shares (continued)

Growth investments	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Masters Pharmaceuticals Limited	3.1	405	155	560	35
Hilson Moran Holdings Limited	4.0	180	156	336	8
Egress Software Technologies Limited	2.3	220	–	220	–
Aridhia Informatics Limited	0.5	180	5	185	3
Relayware Limited	0.7	154	11	165	7
Grapeshot Limited	1.2	140	–	140	–
Proveca Limited	2.1	98	10	108	4
Abcodia Limited	2.1	95	1	96	–
MyMeds&Me Limited	1.2	72	3	75	–
Cisiv Limited	0.5	60	(3)	57	(4)
Mirada Medical Limited	0.2	49	3	52	3
Silent Herdsman Holdings Limited	1.2	51	–	51	–
Sandcroft Avenue Limited	0.6	35	–	35	–
Total growth investments		1,739	341	2,080	56
Total unquoted investments		4,436	1,251	5,687	119

Total change on value of investments	119
Movement in loan stock accrued interest	10
Total gains on investments as per income statement	129

*as adjusted for additions and disposals during the period

Investment realisations in the period to 30 June 2014	Cost £'000	Open carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain on opening value £'000
Masters Pharmaceuticals Limited (<i>loan stock repayment</i>)	32	38	38	6	–
Total	32	38	38	6	–

Summary income statement

Combined

		Unaudited six months ended 30 June 2014			Unaudited six months ended 30 June 2013			Audited year ended 31 December 2013		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	722	722	–	1,285	1,285	–	2,474	2,474
Investment income	4	512	–	512	594	–	594	1,059	–	1,059
Investment management fees	5	(92)	(276)	(368)	(87)	(261)	(348)	(177)	(532)	(709)
Other expenses		(96)	–	(96)	(102)	–	(102)	(196)	–	(196)
Return on ordinary activities before tax		324	446	770	405	1,024	1,429	686	1,942	2,628
Tax (charge)/credit on ordinary activities		(62)	59	(3)	(88)	61	(27)	(114)	119	5
Return attributable to shareholders		262	505	767	317	1,085	1,402	572	2,061	2,633

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2013 and the audited statutory accounts for the year ended 31 December 2013.

The accompanying notes on pages 24 to 36 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.

Disclosure of basic and diluted earnings per share is given in the underlying Ordinary and D share Income statements on the following page.

Summary income statement (continued)

Ordinary shares

	Note	Unaudited six months ended 30 June 2014			Unaudited six months ended 30 June 2013			Audited year ended 31 December 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	593	593	–	987	987	–	1,665	1,665
Investment income	4	370	–	370	394	–	394	731	–	731
Investment management fees	5	(73)	(218)	(291)	(69)	(208)	(277)	(141)	(422)	(563)
Other expenses		(74)	–	(74)	(79)	–	(79)	(152)	–	(152)
Return on ordinary activities before tax		223	375	598	246	779	1,025	438	1,243	1,681
Tax (charge)/credit on ordinary activities		(43)	43	–	(53)	47	(6)	(59)	92	33
Return attributable to shareholders		180	418	598	193	826	1,019	379	1,335	1,714
Basic and diluted return per share (pence)*	7	0.51	1.18	1.69	0.60	2.50	3.10	1.10	4.00	5.10

D shares

	Note	Unaudited six months ended 30 June 2014			Unaudited six months ended 30 June 2013			Audited year ended 31 December 2013		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	129	129	–	298	298	–	809	809
Investment income	4	142	–	142	200	–	200	328	–	328
Investment management fees	5	(19)	(58)	(77)	(18)	(53)	(71)	(36)	(110)	(146)
Other expenses		(22)	–	(22)	(23)	–	(23)	(44)	–	(44)
Return on ordinary activities before tax		101	71	172	159	245	404	248	699	947
Tax (charge)/credit on ordinary activities		(19)	16	(3)	(35)	14	(21)	(55)	27	(28)
Return attributable to shareholders		82	87	169	124	259	383	193	726	919
Basic and diluted return per share (pence)*	7	1.27	1.38	2.65	1.90	4.10	6.00	3.00	11.40	14.40

*excluding treasury shares

The accompanying notes on pages 24 to 36 form an integral part of this Half-yearly Financial Report.

Summary balance sheet

Combined

	Note	Unaudited 30 June 2014 £'000	Unaudited 30 June 2013 £'000	Audited 31 December 2013 £'000
Fixed asset investments		28,103	23,760	25,997
Current assets				
Trade and other debtors		84	39	99
Current asset investments		66	30	36
Cash at bank and in hand	10	5,398	8,424	6,210
		5,548	8,493	6,345
Creditors: amounts falling due within one year		(279)	(335)	(340)
Net current assets		5,269	8,158	6,005
Net assets		33,372	31,918	32,002
Capital and reserves				
Called up share capital		467	440	441
Share premium		4,478	2,254	2,343
Capital redemption reserve		12	8	8
Unrealised capital reserve		839	(864)	125
Realised capital reserve		3,563	3,451	3,772
Other distributable reserve		24,013	26,629	25,313
Total equity shareholders' funds		33,372	31,918	32,002

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2013 and the audited statutory accounts for the year ended 31 December 2013.

The accompanying notes on pages 24 to 36 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 19 August 2014, and were signed on its behalf by

Geoffrey Vero

Chairman

Company number: 03654040

Summary balance sheet (continued)

Ordinary shares

	Note	Unaudited 30 June 2014 £'000	Unaudited 30 June 2013 £'000	Audited 31 December 2013 £'000
Fixed asset investments		22,416	19,554	20,945
Current assets				
Trade and other debtors		78	29	95
Current asset investments		66	30	36
Cash at bank and in hand	10	4,160	6,122	4,330
		4,304	6,181	4,461
Creditors: amounts falling due within one year		(200)	(250)	(231)
Net current assets		4,104	5,931	4,230
Net assets		26,520	25,485	25,175
Capital and reserves				
Called up share capital	8	403	376	377
Share premium		4,422	2,231	2,304
Capital redemption reserve		12	8	8
Unrealised capital reserve		(396)	(1,554)	(987)
Realised capital reserve		3,558	3,455	3,731
Other distributable reserve		18,521	20,969	19,742
Total equity shareholders' funds		26,520	25,485	25,175
Net asset value per share (pence) *		73.30	74.60	74.10

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2013 and the audited statutory accounts for the year ended 31 December 2013.

The accompanying notes on pages 24 to 36 form an integral part of this Half-yearly Financial Report.

Summary balance sheet (continued)

D shares

	Note	Unaudited 30 June 2014 £'000	Unaudited 30 June 2013 £'000	Audited 31 December 2013 £'000
Fixed asset investments		5,687	4,206	5,052
Current assets				
Trade and other debtors		6	10	4
Cash at bank and in hand	10	1,238	2,302	1,880
		1,244	2,312	1,884
Creditors: amounts falling due within one year		(79)	(85)	(109)
Net current assets		1,165	2,227	1,775
Net assets		6,852	6,433	6,827
Capital and reserves				
Called up share capital	8	64	64	64
Share premium		56	23	39
Unrealised capital reserve		1,235	690	1,112
Realised capital reserve		5	(4)	41
Other distributable reserve		5,492	5,660	5,571
Total equity shareholders' funds		6,852	6,433	6,827
Net asset value per share (pence) *		107.54	101.50	107.40

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2013 and the audited statutory accounts for the year ended 31 December 2013.

The accompanying notes on pages 24 to 36 form an integral part of this Half-yearly Financial Report.

Summary reconciliation of movements in shareholders' funds

Combined

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 January 2014 (audited)	441	2,343	8	125	3,772	25,313	32,002
Return/(loss) for the period	–	–	–	722	(217)	262	767
Transfer of previously unrealised gains on sale of investments	–	–	–	(8)	8	–	–
Cancellation of treasury shares	(1)	–	1	–	–	–	–
Purchase of shares for treasury	–	–	–	–	–	(300)	(300)
Purchase of shares for cancellation	(3)	–	3	–	–	(190)	(190)
Issue of equity (net of costs)	30	2,135	–	–	–	–	2,165
Dividends paid	–	–	–	–	–	(1,072)	(1,072)
As at 30 June 2014 (unaudited)	467	4,478	12	839	3,563	24,013	33,372
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 previously unrealised gains on sale of investments	–	–	–	(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 2013 (audited)	421	392	2	(2,046)	3,326	28,010	30,105
Return/(loss) for the year	–	–	–	2,253	(191)	572	2,633
Transfer of previously unrealised gains on sale of investments	–	–	–	(82)	82	–	–
Purchase of shares for treasury	–	–	–	–	–	(261)	(261)
Purchase of shares for cancellation	(6)	–	6	–	–	(441)	(441)
Issue of equity (net of costs)	26	1,951	–	–	–	–	1,977
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	555	(555)	–
Dividends paid	–	–	–	–	–	(2,012)	(2,012)
As at 31 December 2013 (audited)	441	2,343	8	125	3,772	25,313	32,002

*Included within these reserves is an amount of £27,576,000 (30 June 2013: £29,216,000; 31 December 2013: £29,085,000) which is considered distributable.

Summary reconciliation of movements in shareholders' funds (continued)

Ordinary shares

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 January 2014 (audited)	377	2,304	8	(987)	3,731	19,742	25,175
Return/(loss) for the period	–	–	–	593	(175)	180	598
Transfer of previously unrealised gains on sale of investments	–	–	–	(2)	2	–	–
Cancellation of treasury shares	(1)	–	1	–	–	–	–
Purchase of shares for treasury	–	–	–	–	–	(300)	(300)
Purchase of shares for cancellation	(3)	–	3	–	–	(190)	(190)
Issue of equity (net of costs)	30	2,118	–	–	–	–	2,148
Dividends paid	–	–	–	–	–	(911)	(911)
As at 30 June 2014 (unaudited)	403	4,422	12	(396)	3,558	18,521	26,520
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 previously unrealised losses on sale of investments	–	–	–	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 2013 (audited)	357	383	2	(2,661)	3,514	22,265	23,860
Return/(loss) for the year	–	–	–	1,428	(92)	379	1,714
Transfer of previously unrealised losses on sale of investments	–	–	–	246	(246)	–	–
Purchase of shares for treasury	–	–	–	–	–	(238)	(238)
Purchase of shares for cancellation	(6)	–	6	–	–	(414)	(414)
Issue of equity (net of costs)	26	1,921	–	–	–	–	1,947
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	555	(555)	–
Dividends paid	–	–	–	–	–	(1,695)	(1,695)
As at 31 December 2013 (audited)	377	2,304	8	(987)	3,731	19,742	25,175

*Included within these reserves is an amount of £21,683,000 (30 June 2013: £22,870,000; 31 December 2013: £22,486,000) which is considered distributable.

Summary reconciliation of movements in shareholders' funds (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 2014 (audited)	64	39	1,112	41	5,571	6,827
Return/(loss) for the period	–	–	129	(42)	82	169
Transfer of previously unrealised gains on sale of investments	–	–	(6)	6	–	–
Issue of equity (net of costs)	–	17	–	–	–	17
Dividends paid	–	–	–	–	(161)	(161)
As at 30 June 2014 (unaudited)	64	56	1,235	5	5,492	6,852
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 previously unrealised gains on sale of investments	–	–	(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 2013 (audited)	64	9	615	(188)	5,745	6,245
Return/(loss) for the period	–	–	825	(99)	193	919
Transfer of previously unrealised gains on sale of investments	–	–	(328)	328	–	–
Purchase of shares for treasury	–	–	–	–	(23)	(23)
Purchase of shares for cancellation	–	–	–	–	(27)	(27)
Issue of equity (net of costs)	–	30	–	–	–	30
Dividends paid	–	–	–	–	(317)	(317)
As at 31 December 2013 (audited)	64	39	1,112	41	5,571	6,827

*Included within these reserves is an amount of £5,497,000 (30 June 2013: £5,656,000; 31 December 2013: £5,612,000) which is considered distributable.

Summary cash flow statement

Combined

	Note	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Operating activities				
Loan stock income received		484	513	983
Deposit interest received		36	68	122
Dividend income received		33	7	25
Investment management fees paid		(360)	(338)	(699)
Other cash payments		(112)	(121)	(216)
Net cash flow from operating activities	9	81	129	215
Taxation				
UK corporation tax recovered/(paid)		–	17	(24)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,622)	(1,522)	(3,697)
Disposal of fixed asset investments		112	1,753	2,809
Disposal of current asset investments		3	500	512
Net cash flow from investing activities		(1,507)	731	(376)
Equity dividends paid				
Dividends paid (net of cost of shares issued under the Dividend Reinvestment Scheme)		(959)	(919)	(1,846)
Net cash flow before financing		(2,385)	(42)	(2,031)
Financing				
Issue of share capital (net of costs)		2,051	1,812	1,812
Purchase of own shares (including costs)		(478)	(477)	(702)
Net cash flow from financing		1,573	1,335	1,110
Cash flow in the period	10	(812)	1,293	(921)

Summary cash flow statement (continued)

Ordinary shares

	Note	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Operating activities				
Loan stock income received		350	324	686
Deposit interest received		28	43	83
Dividend income received		23	7	23
Investment management fees paid		(283)	(268)	(556)
Other cash payments		(86)	(91)	(166)
Net cash flow from operating activities	9	32	15	70
Taxation				
UK corporation tax recovered/(paid)		13	17	(24)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,052)	(1,437)	(3,124)
Disposal of fixed asset investments		74	607	1,486
Disposal of current asset investments		3	–	12
Net cash flow from investing activities		(975)	(830)	(1,626)
Equity dividends paid				
Dividends paid (net of cost of shares issued under the Dividend Reinvestment Scheme)		(813)	(774)	(1,559)
Net cash flow before financing		(1,743)	(1,572)	(3,139)
Financing				
Issue of share capital (net of costs)		2,051	1,812	1,812
Purchase of own shares (including costs)		(478)	(427)	(652)
Net cash flow from financing		1,573	1,385	1,160
Cash flow in the period	10	(170)	(187)	(1,979)

Summary cash flow statement (continued)

D shares

	Note	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Operating activities				
Loan stock income received		134	189	297
Deposit interest received		8	25	39
Dividend income received		10	–	2
Investment management fees paid		(77)	(70)	(143)
Other cash payments		(26)	(30)	(50)
Net cash flow from operating activities	9	49	114	145
Taxation				
UK corporation tax paid		(13)	–	–
Capital expenditure and financial investments				
Purchase of fixed asset investments		(570)	(85)	(573)
Disposal of fixed asset investments		38	1,146	1,323
Disposal of current asset investments		–	500	500
Net cash flow from investing activities		(532)	1,561	1,250
Equity dividends paid				
Dividends paid (net of cost of shares issued under the Dividend Reinvestment Scheme)		(146)	(145)	(287)
Net cash flow before financing		(642)	1,530	1,108
Financing				
Purchase of own shares (including costs)		–	(50)	(50)
Net cash flow from financing		–	(50)	(50)
Cash flow in the period	10	(642)	1,480	1,058

Notes to the unaudited summarised Financial Statements

1. Accounting convention

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

2. Accounting policies

Investments

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

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

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)

2. Accounting policies (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

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 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	637	950	2,117
Unrealised reversals of impairments on fixed asset investments held at amortised cost	55	361	130
	692	1,311	2,247
Unrealised gains on current asset investments held at fair value through profit or loss	30	–	6
Unrealised gains sub-total	722	1,311	2,253
Realised (losses)/gains on investments held at fair value through profit or loss	–	(31)	263
Realised gains/(losses) on investments held at amortised cost	–	5	(42)
Realised (losses)/gains sub-total	–	(26)	221
	722	1,285	2,474
Ordinary shares	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	519	672	1,344
Unrealised reversals of impairments on fixed asset investments held at amortised cost	44	320	78
	563	992	1,422
Unrealised gains on current asset investments held at fair value through profit or loss	30	–	6
Unrealised gains sub-total	593	992	1,428
Realised (losses)/gains on investments held at fair value through profit or loss	–	(8)	286
Realised gains/(losses) on investments held at amortised cost	–	3	(49)
Realised (losses)/gains sub-total	–	(5)	237
	593	987	1,665

Notes to the unaudited summarised Financial Statements

(continued)

3. Gains on investments (continued)

D shares

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	118	278	773
Unrealised reversals of impairments on fixed asset investments held at amortised cost	11	41	52
Unrealised gains sub-total	129	319	825
Realised losses on investments held at fair value through profit or loss	-	(23)	(23)
Realised gains on investments held at amortised cost	-	2	7
Realised losses sub-total	-	(21)	(16)
	129	298	809

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

4. Investment income

Combined

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Income recognised on investments held at fair value through profit or loss account			
Dividend income	31	7	27
Income from convertible bonds and discounted debt	197	138	300
	228	145	327
Income recognised on investments held at amortised cost			
Return on loan stock investments	249	394	637
Bank deposit interest	35	55	95
	284	449	732
	512	594	1,059

Notes to the unaudited summarised Financial Statements

(continued)

4. Investment income (continued)

Ordinary shares

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
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Income recognised on investments held at fair value through profit or loss account

Dividend income	21	7	25
Income from convertible bonds and discounted debt	146	92	206
	167	99	231

Income recognised on investments held at amortised cost

Return on loan stock investments	175	253	428
Bank deposit interest	28	42	72
	203	295	500
	370	394	731

D shares

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
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Income recognised on investments held at fair value through profit or loss account

Dividend income	10	–	2
Income from convertible bonds and discounted debt	51	46	94
	61	46	96

Income recognised on investments held at amortised cost

Return on loan stock investments	74	141	209
Bank deposit interest	7	13	23
	81	154	232
	142	200	328

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

Notes to the unaudited summarised Financial Statements

(continued)

5. Investment management fees

Combined

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Investment management fee charged to revenue	92	87	177
Investment management fee charged to capital	276	261	532
	368	348	709

Ordinary shares

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Investment management fee charged to revenue	73	69	141
Investment management fee charged to capital	218	208	422
	291	277	563

D shares

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Investment management fee charged to revenue	19	18	36
Investment management fee charged to capital	58	53	110
	77	71	146

Further details of the management agreement under which the investment management fee is paid are given in the Directors' report on pages 22 and 23 of the Annual Report and Financial Statements for the year ended 31 December 2013.

During the period, services to a total value of £368,000 (30 June 2013: £348,000; 31 December 2013: £709,000) 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 £188,000 (30 June 2013: £179,000; 31 December 2013: £180,000).

During the period, the Company was not charged by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (30 June 2013: not applicable; 31 December 2013: £nil).

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 2014, fees of £97,000 attributable to the investments of the Company were received pursuant to these arrangements (30 June 2013: £73,000; 31 December 2013: £176,000).

Notes to the unaudited summarised Financial Statements

(continued)

5. Investment management fees (continued)

During the period, the Company raised new funds through the Albion VCTs Top Up Offers 2013/2014 and Albion VCTs Prospectus Top Up Offers 2013/2014 as detailed in note 8. Of these costs, an amount of £2,697 (30 June 2013: £3,250; 31 December 2013: £3,250) was paid to 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. Albion Ventures LLP also holds a further 23,054 Ordinary shares. These shares will be sold for the benefit of the Company at a future date.

6. Dividends

Ordinary shares

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Dividend of 2.50p per Ordinary share paid on 31 May 2013	–	841	841
Dividend of 2.50p per Ordinary share paid on 30 September 2013	–	–	854
Dividend of 2.50p per Ordinary share paid on 30 May 2014	911	–	–
	911	841	1,695

D shares

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Dividend of 2.50p per D share paid on 31 May 2013	–	159	159
Dividend of 2.50p per D share paid on 30 September 2013	–	–	158
Dividend of 2.50p per D share paid on 30 May 2014	161	–	–
	161	159	317

The Directors have declared a dividend of 2.50 pence per Ordinary share (total approximately £915,000) and 2.50 pence per D share (total approximately £159,000), payable on 30 September 2014 to shareholders on the register as at 5 September 2014.

Notes to the unaudited summarised Financial Statements

(continued)

7. Basic and diluted return per share

	Unaudited six months ended 30 June 2014		Unaudited six months ended 30 June 2013		Audited year ended 31 December 2013	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to Ordinary shares (£'000)	180	418	193	826	379	1,335
Weighted average shares in issue	35,465,320		33,014,345		33,589,482	
Return per Ordinary share (pence)	0.51	1.18	0.60	2.50	1.10	4.00
D shares	Unaudited six months ended 30 June 2014		Unaudited six months ended 30 June 2013		Audited year ended 31 December 2013	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to D shares (£'000)	82	87	124	259	193	726
Weighted average shares in issue	6,358,795		6,364,305		6,355,743	
Return per D share (pence)	1.27	1.38	1.90	4.10	3.00	11.40

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 2014 £'000	Unaudited 30 June 2013 £'000	Audited 31 December 2013 £'000
	Allotted, called up and fully paid shares of 1 penny each		
Number of shares	40,311,270	37,620,361	37,728,166
Nominal value of allotted shares (£'000)	403	376	377
Voting rights (number of shares net of treasury shares)	36,180,570	34,173,361	33,959,166

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)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
30 May 2014	139,680	72.20	98	70.00

Notes to the unaudited summarised Financial Statements

(continued)

8. Share capital (continued)

Under the terms of the Albion VCTs Top Up Offers 2013/2014, the following Ordinary shares, of nominal value 1 penny each, were allotted during the period to 30 June 2014:

Date of allotment	Number of shares issued	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
31 January 2014	549,339	74.40	401	69.50
31 January 2014	543,338	74.80	396	69.50
31 January 2014	20,352	73.70	15	69.50
5 April 2014	585,294	76.40	434	70.00
5 April 2014	218,784	76.00	162	70.00
5 April 2014	62,024	75.70	46	70.00
	<u>1,979,131</u>		<u>1,454</u>	

Under the terms of the Albion VCTs Prospectus Top Up Offers 2013/2014, the following Ordinary shares, of nominal value 1 penny each, were allotted during the period to 30 June 2014:

Date of allotment	Number of shares issued	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
5 April 2014	804,293	76.40	596	70.00

The Albion VCTs Prospectus Top Up Offers 2013/2014 will close on 30 September 2014.

During the period to 30 June 2014 the Company purchased 272,000 Ordinary shares for cancellation at a cost of £190,000 representing 0.7 per cent. of the Ordinary shares in issue as at 30 June 2014.

During the period to 30 June 2014 the Company purchased 429,700 Ordinary shares for treasury at a cost of £300,000. The total number of Ordinary shares held in treasury as at 30 June 2014 was 4,130,700 (30 June 2013: 3,447,000; 31 December 2013: 3,769,000) representing 10.2 per cent. of the Ordinary shares in issue as at 30 June 2014.

D shares	Unaudited	Unaudited	Audited
	30 June 2014	30 June 2013	31 December 2013
	£'000	£'000	£'000
Allotted, called up and fully paid shares of 1 penny each			
Number of shares	6,397,531	6,364,098	6,381,604
Nominal value of allotted shares (£'000)	64	64	64
Voting rights (number of shares net of treasury shares)	6,371,906	6,338,473	6,355,979

Notes to the unaudited summarised Financial Statements

(continued)

8. Share capital (continued)

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)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
30 May 2014	15,927	107.10	17	100.00

The Company holds 25,625 D shares in treasury as at 30 June 2014 (30 June 2013: 25,625; 31 December 2013: 25,625) representing 0.4 per cent. of the D shares in issue as at 30 June 2014.

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

Combined	Unaudited	Unaudited	Audited
	six months ended 30 June 2014 £'000	six months ended 30 June 2013 £'000	year ended 31 December 2013 £'000
Revenue return on ordinary activities before tax	324	405	686
Investment management fee charged to capital	(276)	(261)	(532)
Movement in accrued amortised loan stock interest	38	(19)	46
(Increase)/decrease in operating debtors	(3)	7	22
Decrease in operating creditors	(2)	(3)	(7)
Net cash flow from operating activities	81	129	215
Ordinary shares	Unaudited	Unaudited	Audited
	six months ended	six months ended	year ended
	30 June 2014	30 June 2013	31 December 2013
	£'000	£'000	£'000
Revenue return on ordinary activities before tax	223	246	438
Investment management fee charged to capital	(218)	(208)	(422)
Movement in accrued amortised loan stock interest	28	(21)	52
(Increase)/decrease in operating debtors	(1)	(3)	7
Increase/(decrease) in operating creditors	-	1	(5)
Net cash flow from operating activities	32	15	70

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)

D shares	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Revenue return on ordinary activities before tax	101	159	248
Investment management fee charged to capital	(58)	(53)	(110)
Movement in accrued amortised loan stock interest	10	2	(6)
(Increase)/decrease in operating debtors	(2)	10	15
Decrease in operating creditors	(2)	(4)	(2)
Net cash flow from operating activities	49	114	145

10. Analysis of change in cash during the period Combined

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Opening cash balances	6,210	7,131	7,131
Net cash flow	(812)	1,293	(921)
Closing cash balances	5,398	8,424	6,210

Ordinary shares

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Opening cash balances	4,330	6,309	6,309
Net cash flow	(170)	(187)	(1,979)
Closing cash balances	4,160	6,122	4,330

D shares

	Unaudited six months ended 30 June 2014 £'000	Unaudited six months ended 30 June 2013 £'000	Audited year ended 31 December 2013 £'000
Opening cash balances	1,880	822	822
Net cash flow	(642)	1,480	1,058
Closing cash balances	1,238	2,302	1,880

Notes to the unaudited summarised Financial Statements

(continued)

11. Commitments and contingencies

As at 30 June 2014, the Company had the following financial commitments in respect of investments:

- Chonais Holdings Limited; £788,000
- Proveca Limited; £238,000
- MyMeds&Me Limited; £188,000
- DySIS Medical Limited; £5,000
- Dragon Hydro Limited; £2,000

There are no contingencies or guarantees of the Company as at 30 June 2014 (30 June 2013; £nil: 31 December 2013: £nil).

12. Post balance sheet events

Since 30 June 2014, the Company has completed the following transactions:

- Investment of £650,000 in Omprompt Limited;
- Investment of £220,000 in Chonais Holdings Limited;
- Investment of £96,000 in Cisiv Limited;
- Investment of £83,000 in Taunton Hospital Limited;
- Investment of £47,000 in MyMeds&Me Limited;
- Investment of £32,000 in Infinite Ventures (Goathill) Limited;
- Investment of £17,000 in Blackbay Limited;
- Investment of £12,000 in Rostima Holdings Limited;
- Proceeds of £1,326,000 (excluding deferred consideration) received from the disposal of the investment in Peakdale Molecular Limited;
- Proceeds of £70,000 received from the repayment of loan stock in The Charnwood Pub Company Limited; and
- Proceeds of £55,000 received from the disposal of the investment in The Dunedin Pub Company VCT Limited.

The following Ordinary shares of nominal value 1 penny were allotted under the Albion VCTs Top Up Offers 2013/2014 after 30 June 2014:

Date of allotment	Number of Ordinary shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Opening market price per share on allotment date (pence per share)
4 July 2014	10,062	73.70	7	70.00
4 July 2014	5,398	74.10	4	70.00
4 July 2014	30,139	74.50	22	70.00
	<u>45,599</u>		<u>33</u>	

Under the Albion VCT Prospectus Top Up Offers 2013/2014 after 30 June 2014:

Date of allotment	Number of Ordinary shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Opening market price per share on allotment date (pence per share)
4 July 2014	367,381	74.50	266	70.00

Notes to the unaudited summarised Financial Statements

(continued)

13. Related party transactions

Other than transactions with the Manager as described in Note 5, there are no related party transactions.

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 2013 and is detailed on page 62 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 2014 and 30 June 2013 and is unaudited. The information for the year ended 31 December 2013 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006, but is derived from the audited statutory accounts for the financial year, which were unqualified and which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

16. Publication

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

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