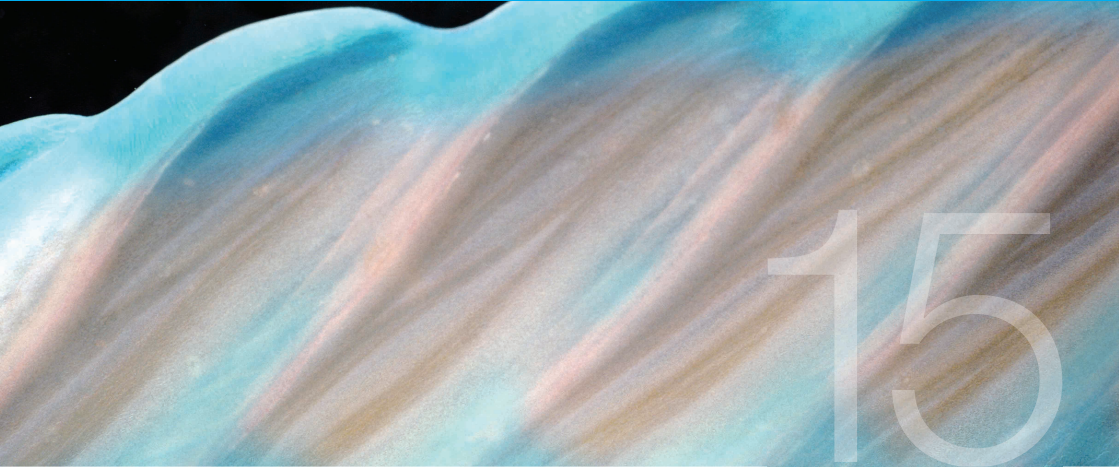


Half-yearly Financial Report
(unaudited) for the six months to
30 June 2015



Albion Development VCT PLC

ALBIONVENTURES

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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, AIFM 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	Robertson Hare LLP 1st Floor 4 Staple Inn London, WC1V 7QH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Development VCT PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder enquiries 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 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 converted to Ordinary shares on 31 March 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 £13.5 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 asset-based businesses in the leisure, healthcare, education and renewable energy sectors, as well as stable and profitable businesses in other sectors. 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	11 September 2015
Payment date for second dividend for the year	30 September 2015
Financial year end	31 December 2015

Financial highlights

	Ordinary shares			D shares	
	Unaudited six months ended 30 June 2015 (pence per share)	Unaudited six months ended 30 June 2014 (pence per share)	Audited year ended 31 December 2014 (pence per share)	Unaudited six months ended 30 June 2014 (pence per share)	Audited year ended 31 December 2014 (pence per share)
Net asset value	73.7	73.3	73.1	107.5	109.5
Dividends paid	2.5	2.5	5.0	2.5	5.0
Revenue return	0.8	0.5	1.0	1.3	3.0
Capital return	2.6	1.2	3.0	1.4	4.1

	Ordinary shares (pence per share) (ii)	C shares (pence per share) (ii) (iv)	D shares (pence per share) (ii) (v)
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Total shareholder return to 30 June 2015

Total dividends paid during the period ended:

31 December 1999(i)	1.0	–	–
31 December 2000	2.9	–	–
31 December 2001	3.9	–	–
31 December 2002	4.2	–	–
31 December 2003(iii)	4.5	0.7	–
31 December 2004	4.0	2.0	–
31 December 2005	5.2	5.9	–
31 December 2006	3.0	4.5	–
31 December 2007	5.0	5.3	–
31 December 2008	12.0	12.8	–
31 December 2009	4.0	4.3	–
31 December 2010	8.0	8.6	1.0
31 December 2011	5.0	5.4	2.5
31 December 2012	5.0	5.4	3.5
31 December 2013	5.0	5.4	5.0
31 December 2014	5.0	5.4	5.0
30 June 2015	2.5	2.7	3.7

Total dividends paid to 30 June 2015

Net asset value as at 30 June 2015

80.2	68.4	20.7
73.7	79.0	110.4

Total shareholder return to 30 June 2015

153.9 **147.4** **131.1**

The Directors have declared a second dividend of 2.5 pence per Ordinary share payable on 30 September 2015 to shareholders on the register as at 11 September 2015.

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.
- (v) The D shares were converted into Ordinary shares on 31 March 2015, with a conversion ratio of 1.4975 Ordinary shares for each D share. The net asset value per share and all dividends paid subsequent to the conversion of the D shares to the Ordinary shares are multiplied by the conversion factor of 1.4975 in respect of the D shares return, in order to give an accurate picture of the shareholder value since launch relating to the D shares.

Interim management report

Introduction

Following the conversion of D shares to Ordinary shares on 31 March 2015, the results for Albion Development VCT PLC for the six months to 30 June 2015 showed a total return of 3.4 pence per share, compared to a total return of 1.7 pence per share for the period to 30 June 2014. Net asset value at 30 June 2015 was 73.7 pence per share, compared to 73.3 pence per share as at 30 June 2014.

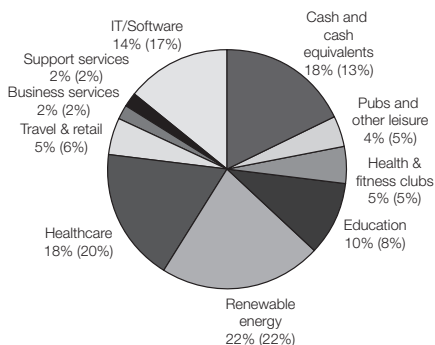
Investment performance and progress

The period has seen positive progress within the portfolio, including the sale of Orchard Portman Group in February 2015 for total consideration, including income received, of 1.6 times cost. Third party professional valuations on our portfolio of renewable energy investments resulted in an increase of £760,000, while some of our newer medical technology investments, including Exco InTouch and MyMeds&Me, were revalued as a result of strong trading. The Kensington Health Club also saw an increase in its valuation, following interest from a number of acquirers. Against this, difficult trading at Rostima saw a substantial provision against the remaining value of our investment.

The income generated by the investment portfolio increased by close to 35 per cent. on the same period last year, with growth mainly generated by the increasingly mature portfolio of renewable energy investments and also by Radnor House School, which by September 2015 will have around 400 pupils. Overall, this is an encouraging trend and indicative of the overall health of the investment portfolio.

£2.3 million was invested in unquoted companies during the period. These included £988,000 into Radnor House School, to purchase the 250 pupil Combe Bank School outside Sevenoaks in Kent and £284,000 as the final element in our programme of renewable energy investments. The Company also invested £670,000 to fund further growth within our existing portfolio of medical technology investments, a number of which show considerable promise.

Investment portfolio by sector



Comparatives for 31 December 2014 are shown in brackets
Source: Albion Ventures LLP

Risks, uncertainties and prospects

Although growth in the UK has currently recovered well, the outlook for the UK and global economies continues to be the key risk affecting your Company, particularly in view of the depressed commodity markets and concerns over the growth in developing economies. 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, such as healthcare, energy and education, that are less exposed to the business and consumer cycles.

Other principal risks and uncertainties remain unchanged and are as detailed on pages 13 and 14 of the Annual Report and Financial Statements for the year ended 31 December 2014.

Changes in VCT legislation

The July budget introduced a number of changes to VCT legislation, including restrictions over the age of investments, a prohibition on management buyouts or the purchase of existing businesses and an overall lifetime investment cap of £12m from tax-advantaged funds into any portfolio company. While these changes are significant, had they been in place previously they would only have affected a relatively small minority of the investments that we have made into new portfolio companies over recent years. Our current view is that

Interim management report (continued)

there will be no change in our investment policy as a result, however the legislation is still being worked on and we will have a more detailed view of its effect after Royal Assent, expected in October 2015.

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 to 30 June 2015, the Company issued 7,116,173 Ordinary shares under the Albion VCTs Prospectus Top Up Offers 2014/2015. To date your Company has raised a total of £5.2 million under this Offer, which compares to £3.0 million raised under the previous Top Up Offer. The offer will close on 30 September 2015 unless fully subscribed earlier.

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 2015 the net asset value per Ordinary share was 73.7 pence (30 June 2014: 73.3 pence; 31 December 2014: 73.1 pence). Dividends are paid twice a year, the next payment being 2.5 pence per Ordinary share on 30 September 2015, to those shareholders on the register at 11 September 2015.

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
26 August 2015

Responsibility statement

The Directors, Geoffrey Vero, Andy Phillipps, Patrick Reeve and Jonathan Thornton, are responsible for the preparation of the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 June 2015 we, the Directors of the Company, confirm that to the best of our knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4;
- (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); and

- (c) 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).

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

By order of the Board

Geoffrey Vero
Chairman
26 August 2015

Portfolio of investments

The following is a summary of investments as at 30 June 2015:

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	8.8	2,454	1,386	3,840	7
Chonais River Hydro Limited	4.6	1,705	231	1,936	204
The Street by Street Solar Programme Limited	12.4	1,291	515	1,806	82
Regenerco Renewable Energy Limited	11.9	1,204	298	1,502	146
Alto Prodotto Wind Limited	9.4	842	399	1,241	111
Bravo Inns II Limited	5.0	1,080	29	1,109	3
TEG Biogas (Perth) Limited	10.2	814	151	965	86
Kensington Health Clubs Limited	4.9	1,140	(202)	938	290
The Weybridge Club Limited	9.4	1,548	(687)	861	(13)
Albion Investment Properties Limited	48.4	929	(126)	803	24
The Q Garden Company Limited	16.6	1,198	(724)	474	51
AVESI Limited	10.5	341	72	413	39
Dragon Hydro Limited	5.5	233	118	351	70
The Charnwood Pub Company Limited	3.3	981	(716)	265	(72)
Greenenerco Limited	4.0	140	72	212	25
Bravo Inns Limited	2.6	230	(84)	146	1
Erin Solar Limited	4.3	120	(3)	117	(3)
Premier Leisure (Suffolk) Limited	6.2	480	(375)	105	–
Infinite Ventures (Goathill) Limited	0.8	32	–	32	–
Total asset-backed investments		16,762	354	17,116	1,051

*as adjusted for additions and disposals during the period

Portfolio of investments (continued)

	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Growth investments					
Lowcosttravelgroup Limited	4.6	435	1,094	1,529	–
Exco Intouch Limited	6.0	1,015	408	1,423	385
Blackbay Limited	7.4	836	564	1,400	(166)
Mirada Medical Limited	7.8	500	448	948	(69)
Hilson Moran Holdings Limited	7.5	352	591	943	209
Relayware Limited	4.0	895	33	928	11
Proveca Limited	10.9	620	307	927	32
Masters Pharmaceuticals Limited	4.2	567	341	908	86
Egress Software Technologies Limited	6.1	610	156	766	45
MyMeds&Me Limited	4.1	470	264	734	270
OmPrompt Holdings Limited	5.3	650	15	665	8
Aridhia Informatics Limited	2.1	825	(180)	645	(59)
Cisiv Limited	6.9	446	157	603	159
Abcodia Limited	5.4	471	56	527	54
Grapeshot Limited	3.5	441	–	441	–
DySIS Medical Limited	3.2	545	(141)	404	(18)
Process Systems Enterprise Limited	1.3	118	193	311	8
AMS Sciences Limited	4.2	222	(12)	210	(1)
Silent Herdsman Holdings Limited	9.4	389	(189)	200	(47)
memsstar Limited	2.8	124	68	192	28
Oxsensis Limited	1.4	224	(125)	99	(6)
Sandcroft Avenue Limited	1.6	105	(12)	93	–
Rostima Holdings Limited	7.8	354	(318)	36	(318)
Chichester Holdings Limited	2.7	322	(291)	31	(10)
Elements Software Limited	0.6	3	–	3	–
Total growth investments		11,539	3,427	14,966	601
Total unquoted fixed asset investments		28,301	3,781	32,082	1,652

*as adjusted for additions and disposals during the period

Portfolio of investments (continued)

	% voting rights	Cost £'000	Cumulative movement in value in value £'000	Value £'000	Change in value for the period* £'000
AIM quoted investments					
Mi-Pay Group PLC	3.5	823	(410)	413	(39)
Total AIM quoted investments		823	(410)	413	(39)
Total fixed asset investments		29,124	3,371	32,495	1,613

*as adjusted for additions and disposals during the period

Total change in value of investments	1,613
Movement in loan stock accrued interest	(118)
Unrealised gains sub-total	1,495
Realised gain in the current period	55
Total gains on investments as per Income statement	1,550

Investment realisations in the period to 30 June 2015	Cost £'000	Opening value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
Orchard Portman Group	925	1,310	1,325	400	15
Consolidated PR Limited	–	–	39	39	39
Hilson Moran Holdings Limited (loan stock repayment)	27	37	37	10	–
Radnor House School (Holdings) Limited (loan stock repayment)	15	15	15	–	–
Tower Bridge Health Clubs Limited	–	–	4	4	4
Chichester Holdings Limited	243	–	–	(243)	–
Opta Sports Data Limited (escrow adjustment)	–	–	(3)	(3)	(3)
Total	1,210	1,362	1,417	207	55

Condensed income statement

		Ordinary shares Unaudited six months ended 30 June 2015			Combined Ordinary and D shares Unaudited six months ended 30 June 2014			Combined Ordinary and D shares Audited year ended 31 December 2014		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	1,550	1,550	–	722	722	–	1,817	1,817
Investment income	4	690	–	690	512	–	512	1,151	–	1,151
Investment management fees	5	(104)	(313)	(417)	(92)	(276)	(368)	(187)	(562)	(749)
Other expenses		(100)	–	(100)	(96)	–	(96)	(305)	–	(305)
Return on ordinary activities before tax		486	1,237	1,723	324	446	770	659	1,255	1,914
Tax (charge)/credit on ordinary activities		(85)	62	(23)	(62)	59	(3)	(106)	119	13
Return attributable to shareholders		401	1,299	1,700	262	505	767	553	1,374	1,927
Basic and diluted return per share (pence)*	7									
– Ordinary shares		0.8	2.6	3.4	0.5	1.2	1.7	1.0	3.0	4.0
– D shares		–	–	–	1.3	1.4	2.7	3.0	4.1	7.1

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2014 and the audited statutory accounts for the year ended 31 December 2014.

The accompanying notes on pages 15 to 22 form an integral part of this Half-yearly Financial Report.

The total column of this condensed 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 comprehensive income 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.

The income statement for the period to 30 June 2015 is in respect of Ordinary shares, as D shares were converted into Ordinary shares on 31 March 2015.

Condensed balance sheet

	Note	Ordinary shares Unaudited 30 June 2015 £'000	Combined Ordinary and D shares Unaudited 30 June 2014 £'000	Combined Ordinary and D shares Audited 31 December 2014 £'000
Fixed assets				
Investments		32,495	28,103	29,873
Current assets				
Trade and other receivables less than one year		674	84	201
Current asset investments		-	66	-
Cash and cash equivalents	10	6,916	5,398	4,645
		7,590	5,548	4,846
Total assets		40,085	33,651	34,719
Creditors: amounts falling due within one year				
Trade and other payables less than one year		(317)	(279)	(284)
Net assets		39,768	33,372	34,435
Equity attributable to equityholders				
Called up share capital	8	588	467	482
Share premium		10,815	4,478	5,560
Capital redemption reserve		12	12	12
Unrealised capital reserve		3,297	839	1,954
Realised capital reserve		4,456	3,563	4,500
Other distributable reserve		20,600	24,013	21,927
Total equity shareholders' funds		39,768	33,372	34,435
Basic and diluted net asset value per share (pence)*				
- Ordinary shares		73.7	73.3	73.1
- D shares		-	107.5	109.5

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2014 and the audited statutory accounts for the year ended 31 December 2014.

The Balance Sheets as at 30 June 2014 and 31 December 2014 represent the aggregate Balance Sheets of the Ordinary shares and D shares. The Balance Sheet as at 30 June 2015 represents Ordinary shares which include D shares converted into Ordinary shares on 31 March 2015.

The accompanying notes on pages 15 to 22 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 26 August 2015, and were signed on its behalf by

Geoffrey Vero

Chairman

Company number: 03654040

Condensed statement of changes in equity

	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 2015	482	5,560	12	1,954	4,500	21,927	34,435
Return/(loss) and total comprehensive income for the period	–	–	–	1,495	(196)	401	1,700
Transfer of previously unrealised gains on sale of investments	–	–	–	(152)	152	–	–
Purchase of shares for treasury	–	–	–	–	–	(360)	(360)
Issue of equity	106	5,418	–	–	–	(33)	5,491
Cost of issue of equity	–	(163)	–	–	–	–	(163)
Dividends paid	–	–	–	–	–	(1,335)	(1,335)
	<u>588</u>	<u>10,815</u>	<u>12</u>	<u>3,297</u>	<u>4,456</u>	<u>20,600</u>	<u>39,768</u>
As at 1 January 2014	441	2,343	8	125	3,772	25,313	32,002
Return/(loss) and total comprehensive income 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	30	2,194	–	–	–	–	2,224
Cost of issue of equity	–	(59)	–	–	–	–	(59)
Dividends paid	–	–	–	–	–	(1,072)	(1,072)
	<u>467</u>	<u>4,478</u>	<u>12</u>	<u>839</u>	<u>3,563</u>	<u>24,013</u>	<u>33,372</u>
As at 1 January 2014	441	2,343	8	125	3,772	25,313	32,002
Return/(loss) and total comprehensive income for the period	–	–	–	1,254	120	553	1,927
Transfer of previously unrealised losses on sale of investments	–	–	–	575	(575)	–	–
Cancellation of treasury shares	(1)	–	1	–	–	–	–
Purchase of shares for cancellation	(3)	–	3	–	–	(190)	(190)
Purchase of treasury shares	–	–	–	–	–	(423)	(423)
Issue of equity	45	3,310	–	–	–	–	3,355
Cost of issue of equity	–	(93)	–	–	–	–	(93)
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	1,183	(1,183)	–
Dividends paid	–	–	–	–	–	(2,143)	(2,143)
	<u>482</u>	<u>5,560</u>	<u>12</u>	<u>1,954</u>	<u>4,500</u>	<u>21,927</u>	<u>34,435</u>

*Included within these reserves is an amount of £25,056,000 (30 June 2014: £27,576,000; 31 December 2014: £26,427,000) which is considered distributable.

Condensed statement of cash flows

	Note	Ordinary shares Unaudited six months ended 30 June 2015 £'000	Combined Ordinary and D shares Unaudited six months ended 30 June 2014 £'000	Combined Ordinary and D shares Audited year ended 31 December 2014 £'000
Cash flow from operating activities				
Loan stock income received		478	484	1,012
Deposit interest received		31	36	67
Dividend income received		61	33	53
Investment management fees paid		(387)	(360)	(736)
Other cash payments		(127)	(112)	(195)
Corporation tax paid		–	–	–
Net cash flow from operating activities	9	56	81	201
Cash flow from investing activities				
Purchase of fixed asset investments		(2,371)	(1,622)	(5,157)
Disposal of fixed asset investments		1,521	112	2,814
Disposal of current asset investments		–	3	71
Net cash flow from investing activities		(850)	(1,507)	(2,272)
Cash flow from financing activities				
Issue of share capital		4,578	2,051	3,029
Cost of issue of shares		(13)	(4)	(7)
Equity dividends paid		(1,151)	(955)	(1,902)
Purchase of own shares (including costs)		(349)	(478)	(614)
Net cash flow from financing activities		3,065	614	506
Increase/(decrease) in cash and cash equivalents		2,271	(812)	(1,565)
Cash and cash equivalents at start of period		4,645	6,210	6,210
Cash and cash equivalents at end of period	10	6,916	5,398	4,645
Cash and cash equivalents comprise:				
Cash at bank and in hand		6,916	5,398	4,645
Cash equivalents		–	–	–
Total cash and cash equivalents		6,916	5,398	4,645

Notes to the condensed Financial Statements

1. Basis of preparation

The condensed 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, including Financial Reporting Standard 102 ("FRS 102"), and with the 2014 Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC"). This is the first period in which the financial statements have been prepared under FRS 102. On adoption of, and in accordance with, FRS 102, loans and receivables previously measured at amortised cost using the effective interest rate method less impairment have been designated at fair value through profit and loss ("FVTPL"). This has not led to a material change in value and so has not led to a restatement of comparatives.

The half-yearly report has not been audited, nor has it been reviewed by the auditor pursuant to the FRC's guidance on Review of interim financial information.

2. Accounting policies

Fixed asset investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the Board.

Upon initial recognition (using trade date accounting) investments are designated by the Company as 'at fair value through profit or loss' and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the income statement).

Subsequently, the investments are valued at 'fair value', which is measured as follows:

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations;
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEVCV Guidelines. Indicators of fair value are derived using established methodologies

including earnings multiples, the level of third party offers received, prices of recent investment rounds, net assets and industry valuation benchmarks. Where the Company has an investment in an early stage enterprise, the price of a recent investment round is often the most appropriate approach to determining fair value. In situations where a period of time has elapsed since the date of the most recent transaction, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:

- the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
- a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
- market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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.

In accordance with the requirements of FRS 102, 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. In these circumstances the investment is measured at fair value through profit and loss.

Notes to the condensed Financial Statements

(continued)

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expect settlement is established.

Bank interest income

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

Investment management fees and expenses

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

- 75 per cent. of management fees are allocated to realised capital reserve. This is 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.

Taxation

Taxation is applied on a current basis in accordance with FRS 102. Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the financial reporting date. Taxation associated with capital expenses is applied in accordance with the SORP.

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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 were combined in 2012 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.

Dividends

Dividends by the Company are accounted for in the period in which the dividend is paid or approved at the Annual General Meeting.

Notes to the condensed Financial Statements

(continued)

3. Gains on investments

	Ordinary shares Unaudited six months ended 30 June 2015 £'000	Combined Ordinary and D shares Unaudited six months ended 30 June 2014 £'000	Combined Ordinary and D shares Audited year ended 31 December 2014 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	1,495	692	1,254
Unrealised gains on current asset investments held at fair value through profit or loss	–	30	–
Unrealised gains sub-total	1,495	722	1,254
Realised gains on investments held at fair value through profit or loss	55	–	525
Realised gains on current asset investments held at fair value through profit or loss	–	–	38
Realised gains sub-total	55	–	563
	1,550	722	1,817

4. Investment income

	Ordinary shares Unaudited six months ended 30 June 2015 £'000	Combined Ordinary and D shares Unaudited six months ended 30 June 2014 £'000	Combined Ordinary and D shares Audited year ended 31 December 2014 £'000
Income recognised on investments held at fair value through profit or loss			
UK dividend income	61	31	51
Loan stock interest	596	446	1,034
Bank deposit interest	33	35	66
	690	512	1,151

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

Notes to the condensed Financial Statements

(continued)

5. Investment management fees

	Ordinary shares Unaudited six months ended 30 June 2015 £'000	Combined Ordinary and D shares Unaudited six months ended 30 June 2014 £'000	Combined Ordinary and D shares Audited year ended 31 December 2014 £'000
Investment management fee charged to revenue	104	92	187
Investment management fee charged to capital	313	276	562
	417	368	749

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on page 11 of the Annual Report and Financial Statements for the year ended 31 December 2014.

During the period, services to a total value of £417,000 (30 June 2014: £368,000; 31 December 2014: £749,000) 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 £224,000 (30 June 2014: £188,000; 31 December 2014: £193,000).

During the period, the Company was not charged by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (30 June 2014: £nil; 31 December 2014: £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 2015, fees of £99,000 attributable to the investments of the Company were received pursuant to these arrangements (30 June 2014: £97,000; 31 December 2014: £212,000).

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 37,574 Ordinary shares as a result of the failure of an original subscriber to pay cleared funds on initial subscription.

Notes to the condensed Financial Statements

(continued)

6. Dividends

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014		Audited year ended 31 December 2014	
		Ordinary shares £'000	D shares £'000	Ordinary shares £'000	D shares £'000
Dividend of 2.5p per Ordinary share paid on 30 May 2014	–	911	–	911	–
Dividend of 2.5p per D share paid on 30 May 2014	–	–	159	–	159
Dividend of 2.5p per Ordinary share paid on 30 September 2014	–	–	–	914	–
Dividend of 2.5p per D share paid on 30 September 2014	–	–	–	–	159
Dividend of 2.5p per Ordinary share paid on 29 May 2015	1,335	–	–	–	–
	1,335	911	159	1,825	318

The Directors have declared a dividend of 2.5 pence per Ordinary share (total approximately £1,348,000), payable on 30 September 2015 to shareholders on the register as at 11 September 2015.

7. Basic and diluted return per share

Ordinary shares	Unaudited six months ended 30 June 2015		Unaudited six months ended 30 June 2014		Audited year ended 31 December 2014	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to Ordinary shares (£'000)	401	1,299	180	418	363	1,111
Weighted average shares in issue	50,822,604		35,465,320		36,282,578	
Return per Ordinary share (pence)	0.8	2.6	0.5	1.2	1.0	3.0
D shares			Unaudited six months ended 30 June 2014		Audited year ended 31 December 2014	
			Revenue	Capital	Revenue	Capital
Return attributable to D shares (£'000)			82	87	211	263
Weighted average shares in issue			6,358,795		6,369,555	
Return per D share (pence)			1.3	1.4	3.0	4.1

In line with the original prospectus, the D shares converted to Ordinary shares on 31 March 2015, with a conversion ratio of 1.4975 Ordinary shares for each D share, on the basis of their respective audited net asset value per share at 31 December 2014.

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.

Notes to the condensed Financial Statements

(continued)

8. Share capital

	Unaudited 30 June 2015	Unaudited 30 June 2014	Audited 31 December 2014
Ordinary shares	£'000	£'000	£'000
Allotted, called up and fully paid shares of 1 penny each			
Number of shares	58,773,551	40,311,270	41,834,205
Nominal value of allotted shares (£'000)	588	403	418
Voting rights (number of shares net of treasury shares)	53,937,851	36,180,570	37,527,505

During the period to 30 June 2015 the Company purchased 529,000 Ordinary shares for treasury at a cost of £360,000. The total number of Ordinary shares held in treasury as at 30 June 2015 was 4,835,700 (30 June 2014: 4,130,700; 31 December 2014: 4,306,700) representing 8.2 per cent. of the Ordinary shares in issue as at 30 June 2015.

During the period to 30 June 2015 the Company did not purchase any Ordinary shares for cancellation (30 June 2014 and 31 December 2014: 272,000 shares at a cost of £190,000).

	Unaudited 30 June 2014	Audited 31 December 2014
D shares	£'000	£'000
Allotted, called up and fully paid shares of 1 penny each		
Number of shares	6,397,531	6,413,822
Nominal value of allotted shares (£'000)	64	64
Voting rights (number of shares net of treasury shares)	6,371,906	6,388,197

Conversion of D shares to Ordinary shares

In accordance with the Articles of Association, on 31 March 2015, the D shares converted to Ordinary shares on the basis of the net assets attributable to the Ordinary shares and the D shares as disclosed in the audited accounts for the year ended 31 December 2014 and in accordance with the calculation as described and approved by shareholders' at the Extraordinary General Meeting on 28 October 2009. D shareholders received 1.4975 Ordinary shares for each D share they owned as at 31 March 2015. New certificates were sent to D shareholders on or before 30 April 2015.

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	Aggregate nominal amount of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
29 May 2015	256,848	3	71.75	181	69.0

Notes to the condensed Financial Statements

(continued)

8. Share capital (continued)

Under the terms of the Albion VCTs Prospectus Top Up Offers 2014/2015, the following Ordinary shares of nominal value 1 penny each, were allotted during the period to 30 June 2015:

Date of allotment	Number of shares issued	Aggregate nominal amount of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
30 January 2015	1,287,521	13	72.9	920	70.0
30 January 2015	693,078	7	73.2	495	70.0
2 April 2015	4,323,601	43	75.4	3,162	69.0
30 June 2015	761,410	8	74.0	547	69.0
30 June 2015	39,242	–	73.3	28	69.0
30 June 2015	11,321	–	73.6	8	69.0
	<u>7,116,173</u>	<u>71</u>		<u>5,160</u>	

The Albion VCTs Prospectus Top Up Offers 2014/2015 will close on 30 September 2015 (unless fully subscribed by an earlier date).

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

	Ordinary shares Unaudited six months ended 30 June 2015 £'000	Combined Ordinary and D shares Unaudited six months ended 30 June 2014 £'000	Combined Ordinary and D shares Audited year ended 31 December 2014 £'000
Revenue return on ordinary activities before tax	486	324	659
Investment management fee charged to capital	(313)	(276)	(562)
Movement in accrued loan stock interest	(118)	38	77
(Increase)/decrease in operating debtors	(1)	(3)	2
Increase/(decrease) in operating creditors	2	(2)	40
Corporation tax paid	–	–	(15)
Net cash flow from operating activities	<u>56</u>	<u>81</u>	<u>201</u>

10. Analysis of change in cash during the period

	Ordinary shares Unaudited six months ended 30 June 2015 £'000	Combined Ordinary and D shares Unaudited six months ended 30 June 2014 £'000	Combined Ordinary and D shares Audited year ended 31 December 2014 £'000
Opening cash balances	4,645	6,210	6,210
Net cash flow	2,271	(812)	(1,565)
Closing cash balances	<u>6,916</u>	<u>5,398</u>	<u>4,645</u>

Notes to the condensed Financial Statements

(continued)

11. Commitments and contingencies

As at 30 June 2015, the Company had the following financial commitments in respect of investments:

- Radnor House School (Holdings) Limited; £560,000
- DySIS Medical Limited; £108,000

There are no contingencies or guarantees of the Company as at 30 June 2015 (30 June 2014; £nil; 31 December 2014: £nil).

12. Post balance sheet events

Since 30 June 2015, the Company has completed the following transactions:

- Investment of £76,000 in MyMeds&Me Limited;
- Proceeds of £315,000 received from the repayment of loan stock in Masters Pharmaceuticals Limited; and
- Proceeds of £37,000 received from the repayment of loan stock and redemption premium in Hilson Moran (Holdings) Limited.

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 2014 and is detailed on page 65 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 435 of the Companies Act 2006 for the periods ended 30 June 2015 and 30 June 2014 and is unaudited. The information for the year ended 31 December 2014 does not constitute statutory accounts within the terms of section 435 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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