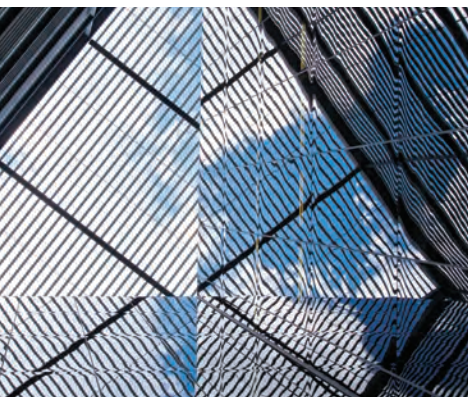


Albion Venture Capital Trust PLC



Half-yearly Financial Report
(unaudited) for the
six months to 30 September 2018



ALBIONCAPITAL

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



Company information

Company number	03142609
Directors	Richard Glover, Chairman John Kerr ACMA Ann Berresford ACA Ebbe Dinesen R (Danish) FSR Jeff Warren ACCA
Country of incorporation	United Kingdom
Legal form	Public Limited Company
Manager, company secretary, AIFM and registered office	Albion Capital Group 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	Philip Hare & Associates LLP 1 st Floor 4 Staple Inn London, WC1V 7QH
Legal adviser	Bird & Bird LLP 12 New Fetter Lane London, EC4A 1JP

Albion Venture Capital Trust PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0370 873 5849 (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 Company, and information for financial advisers, please contact Albion Capital Group LLP: Tel: 020 7601 1850 (lines are open 9.00 am – 5.30 pm; Mon – Fri, calls may be recorded) Email: info@albion.capital Website: www.albion.capital Please note that these contacts are unable to provide financial or taxation advice.

Investment policy

The Company will invest in a broad portfolio of smaller, unquoted growth businesses across a variety of sectors including higher risk technology companies. Investments may take the form of equity or a mixture of equity and loans.

Allocation of funds is determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of company. Funds held pending investment or for liquidity purposes will be held as cash on deposit.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within venture capital trust qualifying industry sectors. The maximum amount which the Company will invest in a single portfolio company is 15 per cent. of the Company's assets at cost, thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where it represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

Gearing

The Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves.

Background to the Company

The Company is a venture capital trust which raised a total of £39.7 million through an issue of Ordinary shares in the spring of 1996 and through an issue of C shares in the following year. The C shares merged with the Ordinary shares in 2001. The Company has raised a further £26.9 million under the Albion VCTs Top Up Offers since 2011.

On 25 September 2012, the Company acquired the assets and liabilities of Albion Prime VCT PLC ("Prime") in exchange for new shares in the Company, resulting in a further £14.3 million of net assets.

Financial calendar

Record date for second dividend	11 January 2019
Payment date for second dividend	31 January 2019
Financial year end	31 March

Financial highlights

	Unaudited six months ended 30 September 2018 (pence per share)	Unaudited six months ended 30 September 2017 (pence per share)	Audited year ended 31 March 2018 (pence per share)
Dividends paid	2.5	2.5	5.0
Revenue return	1.0	0.8	1.8
Capital return	3.5	0.4	3.7
Total return	4.5	1.2	5.5
Net asset value	78.1	74.1	76.0

Total shareholder return to 30 September 2018

(Pence per share)

Total dividends paid during the year ended :

31 March 1997	2.00
31 March 1998	5.20
31 March 1999	11.05
31 March 2000	3.00
31 March 2001	8.55
31 March 2002	7.60
31 March 2003	7.70
31 March 2004	8.20
31 March 2005	9.75
31 March 2006	11.75
31 March 2007	10.00
31 March 2008	10.00
31 March 2009	10.00
31 March 2010	5.00
31 March 2011	5.00
31 March 2012	5.00
31 March 2013	5.00
31 March 2014	5.00
31 March 2015	5.00
31 March 2016	5.00
31 March 2017	5.00
31 March 2018	5.00
Dividends paid in the six months to 30 September 2018	2.50

Total dividends paid to 30 September 2018

152.30

Net asset value as at 30 September 2018

78.10

Total shareholder return to 30 September 2018

230.40

The financial summary above is for the Company, Albion Venture Capital Trust PLC Ordinary shares only. Details of the financial performance of the C shares and Albion Prime VCT PLC, which have been merged into the Company, can be found on page 20.

In addition to the dividends summarised above, the Directors have declared a second dividend for the year ending 31 March 2019 of 2.5 pence per share, to be paid on 31 January 2019 to shareholders on the register on 11 January 2019.

Notes

- Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit. The dividends for the year to 31 March 1999 were maximised in order to take advantage of this tax credit.
- The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be accessed via a link on the Company's webpage at www.albion.capital/funds/AAVC under "Trust Information".
- Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value as 30% income tax relief is only obtainable on subscription for new shares.

Interim management report

Introduction

The results for Albion Venture Capital Trust PLC (the “Company”) for the six months to 30 September 2018 show a total return of 4.5 pence per share (5.9% on opening net asset value). After an interim dividend of 2.5 pence per share paid on 31 July 2018, the net asset value at 30 September 2018 was 78.1 pence per share, compared to 76.0 pence per share at 31 March 2018. Total shareholders’ funds at 30 September 2018 were £67.2 million compared to £65.8 million at 31 March 2018. The Manager, Albion Capital, has won two awards: Investor Allstars Venture Capital Trust of the Year 2018 and Growth Investor of the Year 2018. It is pleasing to see its strong performance recognised by fellow industry peers.

During the period David Watkins retired after 22 years as Chairman of the Company. I would like to put on record the thanks he is owed by all of us for his stewardship, professionalism and commitment throughout his chairmanship.

Change of investment policy

A material change to the Company’s investment policy was voted on by shareholders at the recent Annual General Meeting held on 13 August 2018. The change in investment policy was approved by shareholders with an encouraging 99.5% of shares voted for the resolution. The Company’s new investment policy can be found on page 3.

The Company’s investment portfolio will transition over time from an asset-based one to a portfolio with a greater focus on young growth companies. As at 30 September 2018, the new growth and technology investments accounted for 1% of the Company’s net assets. Further details of recent investments made under the new investment policy can be found below.

Investment performance and progress

During the period, £0.9 million was invested in six early stage growth and technology companies, in accordance with the Company’s new investment policy, while £4.7 million was returned from the refinancing of Kew Green VCT (Stansted), as referred to in the Chairman’s statement in the Annual Report.

The new investments made during the period, all of which are likely to require further investment as the companies prove themselves and grow, are:

- Phrased, which uses artificial intelligence to generate language for optimised marketing campaigns;
- Arecor, a biopharmaceutical formulation company focusing on treatments for diabetes;
- Forward Clinical, a provider of secure mobile messaging services for doctors and care workers;
- uMotif, which has developed patient engagement and data capture software for use in clinical trials and patient support programmes;
- ePatient Network (trading as Raremark), a patient engagement and data business focused on rare diseases; and
- Healios, which delivers online mental health therapy services.

In the existing portfolio, two of our three care homes, the 66 bedroom Shinfield View care home near Reading (owned by Shinfield Lodge Care), and the 60 bedroom Ryefield Court in Hillingdon (owned by Ryefield Court Care) are trading at or near mature levels of occupancy, while the larger 75 bedroom Cumnor Hill House on the outskirts of Oxford (owned by Active Lives Care) has been continuing to grow occupancy. This has led to further uplifts in valuations in two of the three homes.

We are also pleased to report that The Ewell, a gynaecological clinic in Harley Street, has recently opened.

In the hotel and leisure sector, shortly before the period end The Stanwell Hotel received an offer for the business, leading to the significant uplift in its valuation, and it is hoped that the sale will complete early in the Company’s new financial year. The Holiday Inn Express at Stansted Airport, owned by Kew Green VCT (Stansted), has been continuing to trade satisfactorily while refurbishing its bedrooms to the latest brand standards and the development of the wedding venue at Syrencot House in Wiltshire, owned by Beddlestead, is making good

Interim management report continued

progress. The Bravo Inns and Bravo Inns II pub portfolio in the North West has been trading well and now comprises 43 pubs.

In the education sector, Radnor House Twickenham continues to perform strongly at near capacity, with over 410 pupils, and Radnor House Sevenoaks now has 430 pupils, with considerable scope to grow further, leading to further uplifts in the third party valuations. Meanwhile Mount House School in North London has grown encouragingly to 190 pupils.

In the renewable energy sector, our hydro, wind and solar assets continued to perform well. Subsequent to the period end we sold our non-qualifying investment in Infinite Ventures (Goathill) for 1.6 times cost (including interest received) and entered into a contract, subject to satisfaction of some conditions precedent, for the sale of Earnside Energy, our Scottish anaerobic digestion business, which is expected to generate a return of c. 1.2 times cost (including interest received).

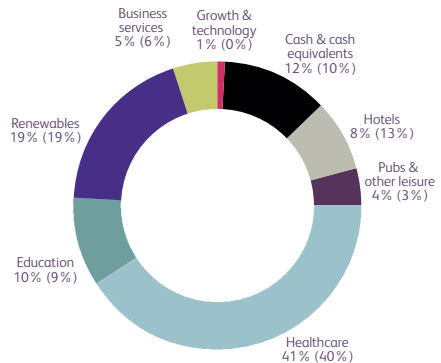
G.Network Communications has continued to make good progress in rolling out its fibre broadband network in central London and subsequent to the period end secured substantial additional funding from a third party investor to allow it to continue to expand, at a valuation which represented a strong premium to its opening value.

Results and dividends

As at 30 September 2018, the net asset value of the Company was £67.2 million or 78.1 pence per share compared to £65.8 million or 76.0 pence per share at 31 March 2018. The revenue return before taxation showed an increase to £1,078,000, compared to £875,000 for the six months to 30 September 2017, as some portfolio companies resumed the payment of interest following a period of deferred interest payments to reinvest their profit for further growth. The Company will pay a second dividend of 2.5 pence per share on 31 January 2019 to shareholders on the register on 11 January 2019, making 5.0 pence per share in total for the full year, in line with the Company's current annual dividend target.

Split of portfolio by valuation as at 30 September 2018

Set out below is the sector diversification of the investment portfolio as at 30 September 2018. At that date healthcare accounted for 41% of the Company's net assets and renewable energy investments accounted for 19%.



Comparatives for 31 March 2018 are shown in brackets
Source: Albion Capital Group LLP

Interim management report continued

Risks and uncertainties

The outlook for the UK economy continues to be the key risk affecting your Company. The forthcoming withdrawal from the European Union may have an effect on the Company and its investments, although the extent of the effect is not quantifiable at this time.

Other risks and uncertainties remain unchanged and are as detailed on pages 15 and 16 of the Annual Report and Financial Statements for the year ended 31 March 2018.

Transactions with the Manager

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

There are no related party transactions or balances that require disclosure.

Albion VCTs Prospectus Top Up Offers 2018/19

The Company announced on 6 November 2018 that, subject to obtaining the requisite regulatory approval, it is the Company's intention to launch a prospectus top up offer to raise up to £6 million before issue costs, with a further over-allotment facility of £2 million, through the issue of new Ordinary shares for subscription in the 2018/19 and 2019/20 tax years. Full details of the offer will be contained in a prospectus that is expected to be published in January 2019.

Share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. Thereafter, it is still the Board's policy to buy back shares in the market, subject to the overall criterion that such purchases are in the Company's interest. The total value bought in for the period to 30 September 2018 was £650,000. In general, the Board targets such buy-backs to be in the region of a 5 per cent. discount to the most recently announced net asset value, so far as market conditions and liquidity permit.

Outlook

We are pleased with the performance of the Company's existing investment portfolio during the period and believe that it is well positioned for future growth. Meanwhile we are continuing to see a good pipeline of earlier stage growth and technology companies which will lead to greater diversification and the potential for growth in the portfolio over time.

Richard Glover

Chairman
7 December 2018

Responsibility statement

The Directors Richard Glover, John Kerr, Ann Berresford, Ebbe Dinesen and Jeff Warren are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 September 2018 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 Financial Reporting Standard 104 "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4R;
- (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

Richard Glover
Chairman
7 December 2018

Portfolio of investments

The following is a summary of investments as at 30 September 2018:

Portfolio company	% voting rights held by Albion Venture Capital Trust PLC	Accounting cost* £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period** £'000
Shinfield Lodge Care Limited	35.3	6,425	5,806	12,231	780
Active Lives Care Limited	22.2	4,810	3,110	7,920	462
Ryefield Court Care Limited	23.6	3,880	2,625	6,505	(37)
Radnor House School (Holdings) Limited	7.1	2,345	3,009	5,354	568
Chonais River Hydro Limited	9.2	3,074	1,319	4,393	3
The Stanwell Hotel Limited	39.2	5,069	(2,176)	2,893	1,013
Kew Green VCT (Stansted) Limited	45.2	1,234	1,217	2,451	154
Gharagain River Hydro Limited	11.5	1,363	428	1,791	–
Earnside Energy Limited	9.5	1,531	138	1,669	50
G. Network Communications Limited	3.9	710	790	1,500	364
Bravo Inns II Limited	6.4	1,085	312	1,397	50
The Street by Street Solar Programme Limited	6.5	676	500	1,176	38
Alto Prodotto Wind Limited	7.4	646	465	1,111	14
MHS1 Limited	14.8	1,026	(3)	1,023	2
Beddlestead Limited	9.1	956	1	957	1
TWCL Limited	14.3	801	2	803	5
The Evewell (Harley Street) Limited (Previously Women's Health (London West One) Limited)	6.0	750	–	750	–
Regenerco Renewable Energy Limited	4.5	451	257	708	25
Infinite Ventures (Goathill) Limited	11.5	480	190	670	(42)
Bravo Inns Limited	7.6	751	(159)	592	14
Erin Solar Limited	18.6	520	(22)	498	–
Dragon Hydro Limited	7.3	311	184	495	(3)
AVESI Limited	7.4	242	112	354	13
Harvest AD Limited	–	307	23	330	19
Phrasee Limited	1.5	310	–	310	–
G&K Smart Developments VCT Limited	50.0	276	(1)	275	10
Greenenerco Limited	3.9	127	85	212	1
Premier Leisure (Suffolk) Limited	9.9	175	26	201	–
Arecor Limited	0.9	144	–	144	–
Forward Clinical Limited	1.2	130	–	130	–
uMotif Limited	0.7	120	–	120	–
ePatient Network Limited (T/A Raremark)	1.2	110	–	110	–
Healios Limited	0.7	65	–	65	–
Total fixed asset investments		40,900	18,238	59,138	3,504

* The cost includes the original cost from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

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

Portfolio of investments continued

Total change in value of investments for the period	3,504
Movement in loan stock accrued interest	(99)
Unrealised gains sub-total	3,405
Realised gain in current period	–
Total gains on investments as per Income statement	3,405

Fixed asset investment realisations during the period to 30 September 2018	Accounting cost* £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain on opening value £'000
Kew Green VCT (Stansted) Limited (repayment of loan stock and share premium)	4,676	4,676	4,676	–	–
Alto Prodotto Wind Limited (loan stock repaid)	13	16	16	3	–
Greenenerco Limited (loan stock repaid)	2	3	3	1	–
Total	4,691	4,695	4,695	4	–

* The cost includes the original cost from Albion Venture Capital Trust PLC and the carried over value on merger from Albion Prime VCT PLC as at 25 September 2012.

Condensed income statement

	Note	Unaudited six months ended 30 September 2018			Unaudited six months ended 30 September 2017			Audited year ended 31 March 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	3,405	3,405	–	688	688	–	3,930	3,930
Investment income	4	1,420	–	1,420	1,187	–	1,187	2,520	–	2,520
Investment management fees	5	(158)	(474)	(632)	(155)	(464)	(619)	(310)	(928)	(1,238)
Other expenses		(184)	–	(184)	(157)	–	(157)	(332)	–	(332)
Return on ordinary activities before tax		1,078	2,931	4,009	875	224	1,099	1,878	3,002	4,880
Tax (charge)/credit on ordinary activities		(200)	90	(110)	(162)	88	(74)	(273)	176	(97)
Return and total comprehensive income attributable to shareholders		878	3,021	3,899	713	312	1,025	1,605	3,178	4,783
Basic and diluted return per share (pence)* 7		1.0	3.5	4.5	0.8	0.4	1.2	1.8	3.7	5.5

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2017 and the audited statutory accounts for the year ended 31 March 2018.

The accompanying notes on pages 15 to 19 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.

Condensed balance sheet

Note	Unaudited 30 September 2018 £'000	Unaudited 30 September 2017 £'000	Audited 31 March 2018 £'000
Fixed asset investments	59,138	57,329	59,451
Current assets			
Trade and other receivables less than one year	26	79	136
Cash and cash equivalents	8,663	8,009	6,762
	8,689	8,088	6,898
Total assets	67,827	65,417	66,349
Payables: amounts falling due within one year			
Trade and other payables less than one year	(669)	(763)	(570)
Total assets less current liabilities	67,158	64,654	65,779
Equity attributable to equityholders			
Called up share capital 8	966	958	962
Share premium	25,761	25,182	25,475
Capital redemption reserve	7	7	7
Unrealised capital reserve	17,190	10,301	13,789
Realised capital reserve	6,375	7,377	6,755
Other distributable reserve	16,859	20,829	18,791
Total equity shareholders' funds	67,158	64,654	65,779
Basic and diluted net asset value per share (pence)*	78.1	74.1	76.0

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2017 and the audited statutory accounts for the year ended 31 March 2018.

The accompanying notes on pages 15 to 19 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 7 December 2018, and were signed on its behalf by

Richard Glover
Chairman
Company number: 03142609

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 April 2018	962	25,475	7	13,789	6,755	18,791	65,779
Return/(loss) and total comprehensive income for the period	-	-	-	3,405	(384)	878	3,899
Transfer of previously unrealised gains on realisations of investments	-	-	-	(4)	4	-	-
Purchase of treasury shares	-	-	-	-	-	(650)	(650)
Issue of equity	4	287	-	-	-	-	291
Cost of issue of equity	-	(1)	-	-	-	-	(1)
Net dividends paid	-	-	-	-	-	(2,160)	(2,160)
As at 30 September 2018	966	25,761	7	17,190	6,375	16,859	67,158
As at 1 April 2017	951	24,630	7	8,623	8,743	22,521	65,475
Return/(loss) and total comprehensive income for the period	-	-	-	711	(399)	713	1,025
Transfer of previously unrealised losses on realisations of investments	-	-	-	967	(967)	-	-
Purchase of treasury shares	-	-	-	-	-	(226)	(226)
Issue of equity	7	561	-	-	-	-	568
Cost of issue of equity	-	(9)	-	-	-	-	(9)
Net dividends paid	-	-	-	-	-	(2,179)	(2,179)
As at 30 September 2017	958	25,182	7	10,301	7,377	20,829	64,654
As at 1 April 2017	951	24,630	7	8,623	8,743	22,521	65,475
Return/(loss) and total comprehensive income for the year	-	-	-	3,736	(558)	1,605	4,783
Transfer of previously unrealised losses on realisations of investments	-	-	-	1,430	(1,430)	-	-
Purchase of treasury shares	-	-	-	-	-	(1,019)	(1,019)
Issue of equity	12	856	-	-	-	-	868
Cost of issue of equity	-	(11)	-	-	-	-	(11)
Net dividends paid	-	-	-	-	-	(4,317)	(4,317)
As at 31 March 2018	962	25,475	7	13,789	6,755	18,791	65,779

* These reserves amount to £23,234,000 (30 September 2017: £28,206,000; 31 March 2018: £25,546,000) which is considered distributable.

Condensed statement of cash flows

	Unaudited six months ended 30 September 2018 £'000	Unaudited six months ended 30 September 2017 £'000	Audited year ended 31 March 2018 £'000
Cash flow from operating activities			
Loan stock income received	1,284	1,100	2,124
Deposit interest received	12	2	7
Dividend income received	25	20	34
Investment management fees paid	(625)	(622)	(1,236)
Other cash payments	(209)	(176)	(321)
Corporation tax refund/(paid)	77	35	(147)
Net cash flow from operating activities	564	359	461
Cash flow from investing activities			
Purchase of fixed asset investments	(879)	(1,084)	(3,027)
Disposal of fixed asset investments	4,696	5	3,410
Net cash flow from investing activities	3,817	(1,079)	383
Cash flow from financing activities			
Issue of share capital	–	267	268
Cost of issue of equity	(1)	–	(2)
Dividends paid	(1,829)	(1,877)	(3,755)
Purchase of own shares (including costs)	(650)	(157)	(1,089)
Net cash flow from financing activities	(2,480)	(1,767)	(4,578)
Increase/(decrease) in cash and cash equivalents	1,901	(2,487)	(3,734)
Cash and cash equivalents at start of period	6,762	10,496	10,496
Cash and cash equivalents at end of period	8,663	8,009	6,762
Cash and cash equivalents comprise			
Cash at bank and in hand	8,663	8,009	6,762
Cash equivalents	–	–	–
Total cash and cash equivalents	8,663	8,009	6,762

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"), Financial Reporting Standard 104 – Interim Financial Reporting ("FRS 104"), 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").

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss ("FVTPL"). The Company values investments by following the International Private Equity and Venture Capital Valuation ("IPEVCV") Guidelines and further detail on the valuation techniques used are outlined below.

The Half-yearly Financial 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.

Information about the Company can be found on page 2.

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.

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 FVTPL.

Upon initial recognition (using trade date accounting) investments, including loan stock, are classified by the Company as FVTPL 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.

Receivables and payables and cash are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than creditors.

Notes to the condensed Financial Statements continued

Investment income

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. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

Bank interest income

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

Investment management fees, performance incentive fees and other 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 and performance incentive fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments and in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

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. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to

obtain approval as a VCT in the foreseeable future. The Company therefore should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

Reserves

Share premium

This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs.

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 period 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 where paid out by capital.

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 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.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in equity and debt. The Company invests in smaller companies principally based in the UK.

Notes to the condensed Financial Statements continued

3. Gains on investments

	Unaudited six months ended 30 September 2018 £'000	Unaudited six months ended 30 September 2017 £'000	Audited year ended 31 March 2018 £'000
Unrealised gains on fixed asset investments	3,405	711	3,736
Realised (losses)/gains on fixed asset investments	–	(23)	194
	3,405	688	3,930

4. Investment income

	Unaudited six months ended 30 September 2018 £'000	Unaudited six months ended 30 September 2017 £'000	Audited year ended 31 March 2018 £'000
Income recognised on investments			
Loan stock interest	1,382	1,165	2,479
Dividend income	25	20	34
Bank deposit interest	13	2	7
	1,420	1,187	2,520

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

5. Investment management fees

	Unaudited six months ended 30 September 2018 £'000	Unaudited six months ended 30 September 2017 £'000	Audited year ended 31 March 2018 £'000
Investment management fee charged to revenue	158	155	310
Investment management fee charged to capital	474	464	928
	632	619	1,238

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on page 13 of the Annual Report and Financial Statements for the year ended 31 March 2018.

During the period, services of a total value of £632,000 in management fees and £26,000 in administration fees (30 September 2017: £619,000 in management fees and £25,000 in administration fees; 31 March 2018: £1,238,000 in management fees and £50,000 in administration fees), were purchased by the Company from Albion Capital Group LLP. At the financial period end, the amount due to Albion Capital Group LLP in respect of these services was £332,000 (30 September 2017: £320,000; 31 March 2018: £325,000).

Albion Capital Group LLP, its partners and staff hold a total of 362,693 shares in the Company as at 30 September 2018.

Albion Capital Group LLP is, from time to time, eligible to receive transaction fees and monitoring fees from portfolio companies. During the period to 30 September 2018, fees of £55,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2017: £98,000; 31 March 2018: £169,000).

Notes to the condensed Financial Statements continued

6. Dividends

	Unaudited six months ended 30 September 2018 £'000	Unaudited six months ended 30 September 2017 £'000	Audited year ended 31 March 2018 £'000
Dividend of 2.5p per share paid on 31 July 2017	–	2,179	2,179
Dividend of 2.5p per share paid on 31 January 2018	–	–	2,178
Dividend of 2.5p per share paid on 31 July 2018	2,160	–	–
Unclaimed dividends	–	–	(40)
	2,160	2,179	4,317

The Directors have declared a second dividend for the year ending 31 March 2019 of 2.5 pence per share (total approximately £2,150,000), payable on 31 January 2019 to shareholders on the register on 11 January 2019.

7. Basic and diluted return per share

	Unaudited six months ended 30 September 2018		Unaudited six months ended 30 September 2017		Audited year ended 31 March 2018	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to Ordinary shares (£'000)	878	3,021	713	312	1,605	3,178
Weighted average shares in issue	86,336,339		87,269,018		87,117,574	
Return per Ordinary share (pence)	1.0	3.5	0.8	0.4	1.8	3.7

The weighted average number of shares is calculated excluding treasury shares of 10,630,188 (30 September 2017: 8,581,188; 31 March 2018: 9,730,188).

There are no convertible instruments, derivatives or contingent share agreements in issue, and therefore no dilution affecting the return per share. The basic return per share is therefore the same as the diluted return per share.

8. Called up share capital

Allotted, called up and fully paid shares of 1 penny each	Unaudited 30 September 2018	Unaudited 30 September 2017	Audited 31 March 2018
Number of shares	96,639,535	95,825,075	96,243,201
Nominal value of allotted shares (£'000)	966	958	962
Voting rights (number of shares net of treasury shares)	86,009,347	87,243,887	86,513,013

During the period to 30 September 2018 the Company purchased 900,000 Ordinary shares (nominal value of £9,000) to be held in treasury (30 September 2017: 318,000; 31 March 2018: 1,467,000) at a cost of £650,000 (30 September 2017: £226,000; 31 March 2018: £1,019,000) representing 0.9% of the shares in issue as at 30 September 2018.

The total number of Ordinary shares held in treasury as at 30 September 2018 was 10,630,188 (30 September 2017: 8,581,188; 31 March 2018: 9,730,188) representing 11.0% of the share capital as at 30 September 2018.

Notes to the condensed Financial Statements continued

8. Called up share capital (continued)

Under the terms of the Dividend Reinvestment Scheme Circular dated 10 July 2008, the following new Ordinary shares of nominal value 1 penny per share were allotted during the period:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening-market price on allotment date (pence per share)
31 July 2018	396,334	4	73.5	290	71.0

9. Commitments and contingencies

As at 30 September 2018, the Company had the following financial commitments (30 September 2017 and 31 March 2018: nil):

- Arecor Limited; £36,000

There are no contingencies or guarantees of the Company as at 30 September 2018 (30 September 2017 and 31 March 2018: nil).

10. Post balance sheet events

Since 30 September 2018 the Company has had the following post balance sheet event:

- Disposal of Infinite Ventures (Goathill) Limited for £687,000 of which £17,000 is deferred and held in escrow

11. Related party transactions

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

12. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 March 2018, 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 the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014.

13. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 435 of the Companies Act 2006 for the periods ended 30 September 2018 and 30 September 2017, and is unaudited. The information for the year ended 31 March 2018 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 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.

14. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at www.albion.capital/funds/AAVC, where the Report can be accessed as a PDF document in the 'Financial Reports and Circulars' section.

Dividend history for Albion Venture Capital Trust PLC 'C Shares' and Albion Prime VCT PLC

	C shares ⁽ⁱ⁾ (pence per share)	Proforma ⁽ⁱⁱ⁾ Albion Prime VCT PLC (pence per share)
Total shareholder return to 30 September 2018		
Total dividends paid to the year ended 31 March 2018	138.25	73.15
Total dividends paid in the six months to 30 September 2018	2.50	2.20
Total dividends paid to 30 September 2018	140.75	75.35
Proforma net asset value as at 30 September 2018	78.10	68.74
Total proforma shareholder return to 30 September 2018	218.85	144.09

Notes

(i) *The Ordinary Shares and the C Shares merged on an equal basis.*

(ii) *The proforma shareholder returns presented above are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and pro-rata dividends per share paid to 30 September 2018. This pro-forma is based upon 0.8801 Albion Venture Capital Trust PLC shares for every Albion Prime VCT PLC share which merged with Albion Venture Capital Trust PLC on 25 September 2012.*



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