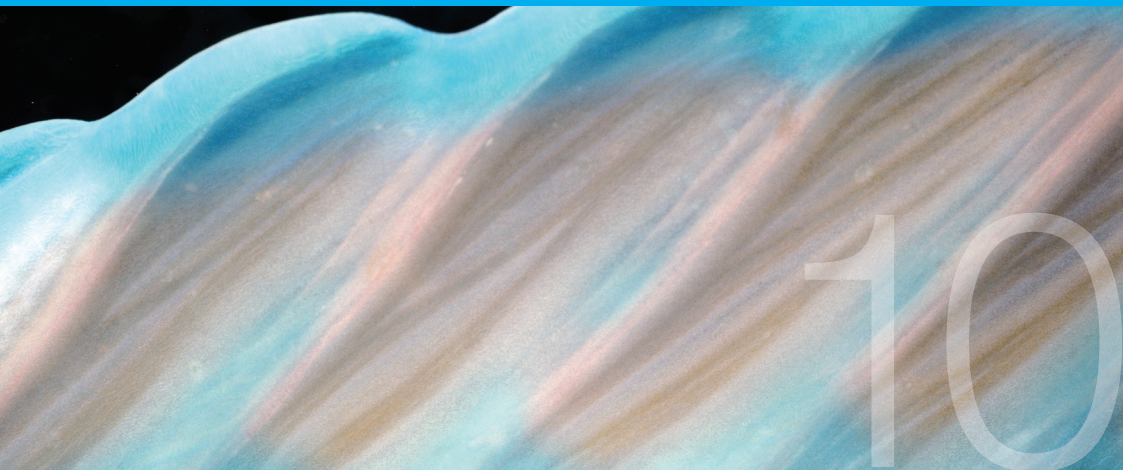


Half-yearly Financial Report
(unaudited) for the six months to
30 June 2010



Albion Development VCT PLC

ALBIONVENTURES

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Company information

Company number	3654040
Directors	G O Vero FCA, Chairman D C Pinckney MA, FCA A J Phillippo PhD, MBA J G T Thornton MA, MBA, FCA
Investment Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF Tel: 020 7601 1850 Fax: 020 7601 1875 www.albion-ventures.co.uk
Registrars	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield, HD8 0LA
Auditors	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Legal advisers	Berwin Leighton Paisner LLP Adelaide House London Bridge London, EC4R 9HA

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 Capita Registrars Limited: Tel: 0871 664 0300 (calls cost 10p per minute plus network extras; lines are open 8.30 am – 5.30 pm Monday to Friday) Email: ssd@capitaregistrars.com Website: www.capitaregistrars.com
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Shareholders can access holdings and valuation information regarding any of their shares held by Capita Registrars by registering on Capita's website.

For enquiries relating to the performance of the Fund please contact Albion Ventures LLP:

Tel: 020 7601 1850 (calls may be recorded; lines are open 9.00 am – 5.30 pm Monday to Friday)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

IFA information	Independent Financial Advisers with questions please contact Albion Ventures LLP: Tel: 020 7601 1850 (calls may be recorded; lines are open 9.00 am – 5.30 pm Monday to Friday) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk
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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 funds raised through the issue of the D Shares 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 reduce the risks normally associated with investment in such companies. It is intended that this will be achieved as follows:

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

Financial calendar

Record date for second dividend	3 September 2010
Payment date for second dividend	30 September 2010
Financial year end	31 December 2010

Financial highlights

	Ordinary shares			D shares	
	Unaudited six months ended 30 June 2010 (pence per share)	Unaudited six months ended 30 June 2009 (pence per share)	Audited year ended 31 December 2009 (pence per share)	Unaudited six months ended 30 June 2010 (pence per share)	Audited year ended 31 December 2009 (pence per share)
Net asset value	77.0	79.2	79.3	94.4	94.6
Revenue return	0.7	1.0	2.4	0.4	–
Capital return	0.9	(6.6)	(4.1)	(0.7)	–

	Ordinary shares (pence per share) (i)	C shares (pence per share) (i)	D shares (pence per share) (i)
Total shareholder net asset value return to 30 June 2010			
Total dividends paid during the period ended:			
31 December 1999(ii)	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(iv)	5.0	5.4	–
31 December 2008(iv)	12.0	12.8	–
31 December 2009(iv)	4.0	4.3	–
30 June 2010(iv)	4.0	4.3	–
Total dividends paid to 30 June 2010	53.7	39.9	–
Net asset value as at 30 June 2010(iv)	77.0	82.5	94.4
Total shareholder net asset value return to 30 June 2010	130.7	122.4	94.4

The Directors have declared a dividend of 4 pence per Ordinary share (0.7 pence out of revenue reserves and 3.3 pence out of capital reserves) and 1 penny per D share payable on 30 September 2010 to shareholders on the register as at 3 September 2010.

Notes:

- (i) Excludes tax benefits upon subscription
- (ii) Assuming subscription for Ordinary shares by the First Closing on 26 January 1999.
- (iii) Those subscribing for C shares after 30 June 2003 were not entitled to the interim dividend.
- (iv) The C shares were converted into Ordinary shares on 31 March 2007, with a conversion 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

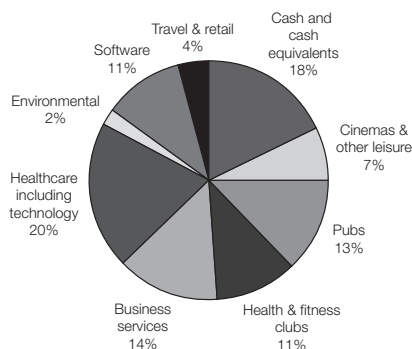
The results for Albion Development VCT PLC for the six months to 30 June 2010 reflect the UK's continued tentative recovery from the 18 month recession. Accordingly, the Ordinary share portfolio recorded a positive total return of 1.6 pence per share. The period also saw the completion of the D share fundraising, which raised a total of £6.3 million.

Investment performance and progress

The Ordinary share portfolio benefited from the successful sale in June 2010 of the investment in RFI Global Services Limited, realising an initial consideration of twice the holding value at 31 December 2009. In addition, strong trading performances from our arthouse cinemas, from Blackbay and also from our longstanding investment in Peakdale Molecular, all led to higher valuations. Against this, further provisions were made against the investments in Rostima and Chichester Holdings, in the light of disappointing trading, while trading prospects for Consolidated PR led to a write down. The share price of the fully quoted investment in Mears Group PLC, meanwhile, fell on market sentiment.

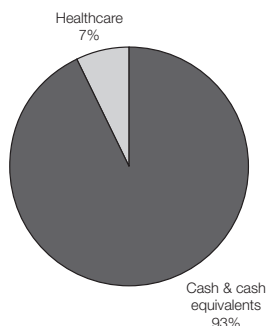
During the period, £576,000 was invested in new investments in the Ordinary share portfolio and £400,000 in the D share portfolio. Key investments included the Orchard Portman psychiatric hospital outside Taunton, and Masters Pharmaceuticals, which distributes "special" pharmaceuticals on a world-wide basis. Subsequent to 30 June, an investment was made in TEG Biogas (Perth), a waste food-to-energy power station in Scotland. Further renewable energy investments are currently in the process of being made.

Split of Ordinary share portfolio valuation by sector as at 30 June 2010



Source: Albion Ventures LLP

Split of D share portfolio valuation by sector as at 30 June 2010



Source: Albion Ventures LLP

Share premium account

Shareholders approved the cancellation of the D shares share premium account by way of special resolution at a General Meeting held on 28 October 2009. The share premium account amounting to £2.8 million was subsequently cancelled on 18 August 2010 by order of the High Court and the Notice regarding the cancellation was registered at Companies House on 20 August 2010. The purpose of this cancellation is to increase the special reserve in order to facilitate the Company's ability to pay dividends and to purchase its own shares in future.

Interim management report (continued)

Risks and uncertainties

Despite the fragile recovery in the economy, we still remain cautious over the longer term outlook for the UK in the light of prospective Government spending cuts and high national debt levels. Nevertheless, despite pressure on certain of our investee companies, the portfolio as a whole remains cash generative and it remains our general policy that investee companies have no external bank borrowings. Other risks and uncertainties remain unchanged, and are as detailed on pages 18 and 19 of the Annual Report and Financial Statements for the year ended 31 December 2009.

Related party transactions

Details of material related party transactions for the reporting period can be found in note 12 to this Half-yearly Financial Report.

Dividend Policy

Over the 12 years since launch, the Company has paid or declared an annual dividend on the Ordinary shares averaging 4.8 pence per share. Since 2008, the annual dividend has averaged 8 pence per share, as a result of the accumulation of substantial realised profits on the disposal of investments. As these have now been largely paid out by way of dividend, and bearing in mind the projected income generation of the portfolio, combined with available reserves and cash resources, it will be your Company's target from 2011 to return to the longer-term average and to pay out annual dividends of around 5 pence per share on the Ordinary share class, so far as it is able.

Results and dividends

As at 30 June 2010 the net asset value per Ordinary share was 77.0 pence (30 June 2009: 79.2 pence; 31 December 2009: 79.3 pence). Revenue return before tax for the six months was £257,000 (six months ended 30 June 2009: £386,000; year ended 31 December 2009: £790,000). Capital return before tax was £226,000 for the first six months of 2010 (six months ended 30 June 2009: loss of £2,026,000; year ended 31 December 2009: loss of £1,310,000).

As at 30 June 2010 the net asset value per D share was 94.4 pence (31 December 2009: 94.6 pence). Revenue return before tax for the six months was £19,000 (year ended 31 December 2009: £1,000). The capital loss before tax was £30,000 for the first six months of 2010 (year ended 31 December 2009: £1,000).

The Ordinary shares will pay a second dividend for the year of 4 pence per share and the D shares will pay a first dividend of 1 penny per share, in each case payable on 30 September 2010 to shareholders on the register as at 3 September 2010.

Jonathan Thornton

Director
24 August 2010

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 2010, we the Directors of the Company, confirm that to the best of our knowledge:

- (a) the summarised set of Financial Statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- (c) the summarised set of Financial Statements give a true and fair view in accordance with UK GAAP of the assets, liabilities, financial position and profit and loss of the Company for the six months ended 30 June 2010 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 2009.

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

By order of the Board

Jonathan Thornton
Director
24 August 2010

Portfolio of investments (unaudited)

Ordinary shares

The following is a summary of the qualifying fixed asset investments as at 30 June 2010:

	As at 30 June 2010 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the period* £'000
Asset-backed investments					
Evolutions Television Limited	23.7	4,255	(1,899)	2,356	106
The Weybridge Club Limited	9.4	1,520	(183)	1,337	(25)
CS (Greenwich) Limited	15.5	906	(15)	891	128
Kensington Health Clubs Limited	4.9	1,124	(459)	665	14
Orchard Portman Hospital	9.1	576	11	587	11
The Charnwood Pub Company Limited	3.3	1,156	(610)	546	13
Geronimo Inns VCT I Limited	6.0	480	61	541	35
Geronimo Inns VCT II Limited	6.0	480	61	541	35
The Q Garden Company Limited	16.6	1,198	(683)	515	32
CS (Brixton) Limited	8.4	356	104	460	83
Bravo Inns II Limited	4.6	480	(22)	458	5
Tower Bridge Health Clubs Limited	7.9	494	(70)	424	(28)
GB Pub Company VCT Limited	9.1	364	(226)	138	–
Bravo Inns Limited	2.6	230	(104)	126	3
Premier Leisure (Suffolk) Limited	6.5	480	(357)	123	(1)
CS (Exeter) Limited	8.3	135	(14)	121	(2)
The Dunedin Pub Company VCT Limited	6.2	221	(145)	76	–
City Screen (Liverpool) Limited	4.6	56	(9)	47	6
CS (Norwich) Limited	3.1	50	(6)	44	10
River Bourne Health Club Limited	5.0	4	–	4	–
Total asset-backed investments		14,565	(4,565)	10,000	425

*as adjusted for additions and disposals

Portfolio of investments (unaudited) (continued)

Ordinary shares (continued)

	As at 30 June 2010 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the period* £'000
Growth investments					
Peakdale Molecular Limited	8.8	1,241	(33)	1,208	110
Blackbay Limited	7.4	764	387	1,151	104
Mears Group plc**	0.6	1,601	(503)	1,098	(173)
Prime Care Holdings Limited	9.4	516	34	550	13
Consolidated PR Limited	11.8	566	(68)	498	(101)
Mi-Pay Limited	4.4	395	33	428	96
Helveta Limited	2.5	364	–	364	(13)
Lowcosttravelgroup Limited	4.0	435	(79)	356	(81)
Forth Photonics Limited	2.6	350	–	350	–
Xceleron Limited	3.8	379	(37)	342	8
Dexela Limited	5.6	415	(97)	318	(105)
Mirada Medical Limited	7.2	240	49	289	12
Chichester Holdings Limited	10.6	700	(520)	180	(106)
Masters Pharmaceuticals Limited	1.0	160	1	161	–
Oxsensis Limited	1.4	192	(46)	146	–
Opta Sports Data Limited	1.3	140	(9)	131	(21)
Point 35 Microstructures Limited	1.6	124	(17)	107	16
Process Systems Enterprise Limited	1.0	96	(35)	61	16
Green Energy Property Services Group Limited	2.8	35	(18)	17	(21)
Rostima Limited	4.0	350	(350)	–	(134)
Total growth investments		9,063	(1,308)	7,755	(380)
Total qualifying investments		23,628	(5,873)	17,755	45

* as adjusted for additions and disposals

**Main market quoted investment

Portfolio of investments (unaudited) (continued)

Ordinary shares (continued)

The following is a summary of non-qualifying fixed asset investments as at 30 June 2010:

	As at 30 June 2010 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the period* £'000
Albion Investment Properties Limited (formerly Smiles Pub Company Limited)	48.4	929	(150)	779	20
Consolidated PR Limited	n/a	33	34	67	(12)
Rostima Limited	n/a	40	–	40	–
Total non-qualifying investments		1,002	(116)	886	8
Total fixed asset investments		24,630	(5,989)	18,641	53

* as adjusted for additions and disposals

Since its launch in 1999, the Company has generated £10.0 million net realised gains (net of disposal costs), including £366,000 in the six month period to 30 June 2010 from the sale of RFI Global Services Limited.

Portfolio of investments (unaudited) (continued)

D shares

The following is a summary of qualifying fixed asset investments as at 30 June 2010:

	As at 30 June 2010 (unaudited)				
Investee company	% voting rights	Cost £'000	Cumulative movement in value £'000	Total value £'000	Change in value for the period* £'000
Masters Pharmaceuticals Limited	2.6	400	2	402	2
Total qualifying investments		400	2	402	2

**as adjusted for additions and disposals*

Summary income statement

Combined

		Unaudited six months ended 30 June 2010			Unaudited six months ended 30 June 2009*			Audited year ended 31 December 2009		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	–	414	414	–	(1,889)	(1,889)	–	(986)	(986)
Investment income	4	469	–	469	531	–	531	1,078	–	1,078
Investment management fees		(72)	(218)	(290)	(69)	(207)	(276)	(135)	(407)	(542)
Recovery of VAT		–	–	–	23	70	93	26	82	108
Other expenses		(121)	–	(121)	(99)	–	(99)	(178)	–	(178)
Return/(loss) on ordinary activities before tax		276	196	472	386	(2,026)	(1,640)	791	(1,311)	(520)
Tax (charge)/credit on ordinary activities		(68)	52	(16)	(86)	39	(47)	(88)	94	6
Return/(loss) attributable to shareholders		208	248	456	300	(1,987)	(1,687)	703	(1,217)	(514)

* D shares were first allotted 23 December 2009

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 24 to 34 form an integral part of this Half-yearly Financial Report.

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

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

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

Summary income statement (continued)

Ordinary shares

		Unaudited six months ended 30 June 2010			Unaudited six months ended 30 June 2009			Audited year ended 31 December 2009		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	–	413	413	–	(1,889)	(1,889)	–	(986)	(986)
Investment income	4	433	–	433	531	–	531	1,077	–	1,077
Investment management fees		(62)	(187)	(249)	(69)	(207)	(276)	(135)	(406)	(541)
Recovery of VAT		–	–	–	23	70	93	26	82	108
Other expenses		(114)	–	(114)	(99)	–	(99)	(178)	–	(178)
Return/(loss) on ordinary activities before tax		257	226	483	386	(2,026)	(1,640)	790	(1,310)	(520)
Tax (charge)/credit on ordinary activities		(63)	48	(15)	(86)	39	(47)	(88)	94	6
Return/(loss) attributable to shareholders		194	274	468	300	(1,987)	(1,687)	702	(1,216)	(514)
Basic and diluted return/(loss) per share (pence)*	6	0.7	0.9	1.6	1.0	(6.6)	(5.6)	2.4	(4.1)	(1.7)

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 24 to 34 form an integral part of this Half-yearly Financial Report.

Summary income statement (continued)

D shares

		Unaudited six months ended 30 June 2010			Audited year ended 31 December 2009		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	1	1	–	–	–
Investment income	4	36	–	36	1	–	1
Investment management fees		(10)	(31)	(41)	–	(1)	(1)
Other expenses		(7)	–	(7)	–	–	–
Return/(loss) on ordinary activities before tax		19	(30)	(11)	1	(1)	–
Tax (charge)/credit on ordinary activities		(5)	4	(1)	–	–	–
Return/(loss) attributable to shareholders		14	(26)	(12)	1	(1)	–
Basic and diluted return/(loss) per share (pence)	6	0.4	(0.7)	(0.3)	–	–	–

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 24 to 34 form an integral part of this Half-yearly Financial Report.

Summary balance sheet

Combined

	Note	Unaudited 30 June 2010 £'000	Unaudited 30 June 2009* £'000	Audited 31 December 2009 £'000
Fixed asset investments				
Qualifying		18,157	15,893	18,004
Non-qualifying		886	828	871
Total fixed asset investments	7	19,043	16,721	18,875
Current assets				
Trade and other debtors		173	218	406
Cash at bank and in hand	10	9,789	6,813	5,908
		9,962	7,031	6,314
Creditors: amounts falling due within one year		(388)	(133)	(306)
Net current assets		9,574	6,898	6,008
Net assets		28,617	23,619	24,883
Capital and reserves				
Called up share capital	8	19,504	16,307	17,074
Share premium		2,843	3,266	640
Capital redemption reserve		1,255	1,183	1,183
Unrealised capital reserve		(6,275)	(7,550)	(6,365)
Special reserve		12,392	9,223	12,507
Treasury shares reserve		(2,664)	(2,399)	(2,540)
Realised capital reserve		1,323	2,400	1,389
Revenue reserve		239	1,189	995
Total equity shareholders' funds		28,617	23,619	24,883

* D shares were first allotted 23 December 2009

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 24 to 34 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 24 August 2010, and were signed on its behalf by

Jonathan Thornton

Director

Company number: 3654040

Summary balance sheet (continued)

Ordinary shares

	Note	Unaudited 30 June 2010 £'000	Unaudited 30 June 2009 £'000	Audited 31 December 2009 £'000
Fixed asset investments				
Qualifying		17,755	15,893	18,004
Non-qualifying		886	828	871
Total fixed asset investments	7	18,641	16,721	18,875
Current assets				
Trade and other debtors		168	218	170
Cash at bank and in hand	10	4,039	6,813	4,709
		4,207	7,031	4,879
Creditors: amounts falling due within one year		(211)	(133)	(228)
Net current assets		3,996	6,898	4,651
Net assets		22,637	23,619	23,526
Capital and reserves				
Called up share capital	8	16,336	16,307	16,357
Share premium		19	3,266	–
Capital redemption reserve		1,255	1,183	1,183
Unrealised capital reserve		(6,276)	(7,550)	(6,365)
Special reserve		12,392	9,223	12,507
Treasury shares reserve		(2,664)	(2,399)	(2,540)
Realised capital reserve		1,351	2,400	1,390
Revenue reserve		224	1,189	994
Total equity shareholders' funds		22,637	23,619	23,526
Net asset value per share (pence)*		77.0	79.2	79.3

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 24 to 34 form an integral part of this Half-yearly Financial Report.

Summary balance sheet (continued)

D shares

	Note	Unaudited 30 June 2010 £'000	Audited 31 December 2009 £'000
Fixed asset investments			
Qualifying		402	–
Total fixed asset investments	7	402	–
Current assets			
Trade and other debtors		5	236
Cash at bank and in hand	10	5,750	1,199
		5,755	1,435
Creditors: amounts falling due within one year		(177)	(78)
Net current assets		5,578	1,357
Net assets		5,980	1,357
Capital and reserves			
Called up share capital	8	3,168	717
Share premium		2,824	640
Unrealised capital reserve		1	–
Realised capital reserve		(28)	(1)
Revenue reserve		15	1
Total equity shareholders' funds		5,980	1,357
Net asset value per share (pence)		94.4	94.6

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 24 to 34 form an integral part of this Half-yearly Financial Report.

Summary reconciliation of movement in shareholders' funds

Combined

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
1 January 2010 (audited)	17,074	640	1,183	(6,365)	12,507	(2,540)	1,389	995	24,883
Realised gains	–	–	–	–	–	–	503	–	503
Unrealised losses	–	–	–	(89)	–	–	–	–	(89)
Transfer of previously unrealised losses to realised losses	–	–	–	179	–	–	(179)	–	–
Capitalised investment management fees	–	–	–	–	–	–	(218)	–	(218)
Tax relief on costs charged to capital	–	–	–	–	–	–	52	–	52
Purchase of own treasury shares	–	–	–	–	–	(239)	–	–	(239)
Issue of equity (net of costs)	2,502	2,203	–	–	–	–	–	–	4,705
Cancellation of treasury shares	(72)	–	72	–	(115)	115	–	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	–	208	208
Dividends paid	–	–	–	–	–	–	(224)	(964)	(1,188)
As at 30 June 2010 (unaudited)	19,504	2,843	1,255	(6,275)	12,392	(2,664)	1,323	239	28,617
As at 1 January 2009 (audited)	16,307	3,266	1,183	(5,622)	9,223	(2,272)	2,459	889	25,433
Realised gains	–	–	–	–	–	–	39	–	39
Unrealised losses	–	–	–	(1,928)	–	–	–	–	(1,928)
Capitalised investment management fees	–	–	–	–	–	–	(207)	–	(207)
Tax relief on costs charged to capital	–	–	–	–	–	–	39	–	39
Recoverable VAT capitalised	–	–	–	–	–	–	70	–	70
Purchase of own treasury shares	–	–	–	–	–	(127)	–	–	(127)
Revenue return attributable to shareholders	–	–	–	–	–	–	–	300	300
As at 30 June 2009 (unaudited)	16,307	3,266	1,183	(7,550)	9,223	(2,399)	2,400	1,189	23,619
As at 1 January 2009 (audited)	16,307	3,266	1,183	(5,622)	9,223	(2,272)	2,459	889	25,433
Realised losses	–	–	–	–	–	–	(3)	–	(3)
Unrealised losses	–	–	–	(983)	–	–	–	–	(983)
Transfer of previously unrealised losses to realised losses	–	–	–	240	–	–	(240)	–	–
Capitalised investment management fees	–	–	–	–	–	–	(407)	–	(407)
Tax relief on costs charged to capital	–	–	–	–	–	–	94	–	94
Recoverable VAT capitalised	–	–	–	–	–	–	82	–	82
Purchase of own treasury shares	–	–	–	–	–	(268)	–	–	(268)
Issue of equity (net of costs)	767	658	–	–	–	–	–	–	1,425
Cancellation of share premium account	–	(3,284)	–	–	3,284	–	–	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	–	703	703
Dividends paid	–	–	–	–	–	–	(596)	(596)	(1,192)
As at 31 December 2009 (audited)	17,074	640	1,183	(6,365)	12,507	(2,540)	1,389	995	24,883

*Included within these reserves is an amount of £5,015,000 (30 June 2009: £2,863,000; 31 December 2009: £5,986,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Summary reconciliation of movement in shareholders' funds (continued)

Ordinary shares

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
1 January 2010 (audited)	16,357	–	1,183	(6,365)	12,507	(2,540)	1,390	994	23,526
Realised gains	–	–	–	–	–	–	503	–	503
Unrealised losses	–	–	–	(90)	–	–	–	–	(90)
Transfer of previously unrealised losses to realised losses	–	–	–	179	–	–	(179)	–	–
Capitalised investment management fees	–	–	–	–	–	–	(187)	–	(187)
Tax relief on costs charged to capital	–	–	–	–	–	–	48	–	48
Purchase of own treasury shares	–	–	–	–	–	(239)	–	–	(239)
Issue of equity (net of costs)	51	19	–	–	–	–	–	–	70
Cancellation of treasury shares	(72)	–	72	–	(115)	115	–	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	–	194	194
Dividends paid	–	–	–	–	–	–	(224)	(964)	(1,188)
As at 30 June 2010 (unaudited)	16,336	19	1,255	(6,276)	12,392	(2,664)	1,351	224	22,637
As at 1 January 2009 (audited)	16,307	3,266	1,183	(5,622)	9,223	(2,272)	2,459	889	25,433
Realised gains	–	–	–	–	–	–	39	–	39
Unrealised losses	–	–	–	(1,928)	–	–	–	–	(1,928)
Capitalised investment management fees	–	–	–	–	–	–	(207)	–	(207)
Tax relief on costs charged to capital	–	–	–	–	–	–	39	–	39
Recoverable VAT capitalised	–	–	–	–	–	–	70	–	70
Purchase of own treasury shares	–	–	–	–	–	(127)	–	–	(127)
Revenue return attributable to shareholders	–	–	–	–	–	–	–	300	300
As at 30 June 2009 (unaudited)	16,307	3,266	1,183	(7,550)	9,223	(2,399)	2,400	1,189	23,619
1 January 2009 (audited)	16,307	3,266	1,183	(5,622)	9,223	(2,272)	2,459	889	25,433
Realised losses	–	–	–	–	–	–	(3)	–	(3)
Unrealised losses	–	–	–	(983)	–	–	–	–	(983)
Transfer of unrealised losses to realised losses	–	–	–	240	–	–	(240)	–	–
Capitalised investment management fees	–	–	–	–	–	–	(406)	–	(406)
Tax relief on costs charged to capital	–	–	–	–	–	–	94	–	94
Recoverable VAT capitalised	–	–	–	–	–	–	82	–	82
Purchase of own treasury shares	–	–	–	–	–	(268)	–	–	(268)
Issue of equity (net of costs)	50	18	–	–	–	–	–	–	68
Cancellation of share premium account	–	(3,284)	–	–	3,284	–	–	–	–
Revenue return attributable to shareholders	–	–	–	–	–	–	–	702	702
Dividends paid	–	–	–	–	–	–	(596)	(596)	(1,192)
As at 31 December 2009 (audited)	16,357	–	1,183	(6,365)	12,507	(2,540)	1,390	994	23,526

*Included within these reserves is an amount of £5,027,000 (30 June 2009: £2,863,000; 31 December 2009: £5,986,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Summary reconciliation of movement in shareholders' funds (continued)

D shares

	Called-up share capital £'000	Share premium £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
1 January 2010 (audited)	717	640	–	(1)	1	1,357
Unrealised gains	–	–	1	–	–	1
Capitalised investment management fees	–	–	–	(31)	–	(31)
Tax relief on costs charged to capital	–	–	–	4	–	4
Issue of equity (net of costs)	2,451	2,184	–	–	–	4,635
Revenue return attributable to shareholders	–	–	–	–	14	14
As at 30 June 2010 (unaudited)	3,168	2,824	1	(28)	15	5,980
As at 1 January 2009 (audited)	–	–	–	–	–	–
Capitalised investment management fees	–	–	–	(1)	–	(1)
Issue of equity (net of costs)	717	640	–	–	–	1,357
Revenue return attributable to shareholders	–	–	–	–	1	1
As at 31 December 2009 (audited)	717	640	–	(1)	1	1,357

*There are currently no distributable reserves (31 December 2009: £nil); however, the share premium account amounting to £2.8 million was cancelled on 18 August 2010. The purpose of this cancellation is to increase the special reserve in order to facilitate the Company's ability to pay dividends and to purchase its own shares in future.

Summary cash flow statement

Combined

	Note	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009* £'000	Audited year ended 31 December 2009 £'000
Operating activities				
Investment income received		359	485	949
Deposit interest received		71	46	66
Dividend income received		–	–	47
Other income received		1	–	22
Investment management fees paid		(273)	(254)	(375)
Recovery of VAT		–	488	522
Administrative fees paid		(135)	(109)	(180)
Net cash inflow from operating activities	9	23	656	1,051
Taxation				
UK corporation tax received/(paid)		43	(384)	(384)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(976)	(415)	(1,819)
Disposal of fixed asset investments		1,199	237	422
Net cash inflow/(outflow) from investing activities		223	(178)	(1,397)
Management of liquid resources				
Disposal of current asset investment		–	3,050	3,050
Net cash inflow from liquid resources		–	3,050	3,050
Equity dividends paid				
Dividends paid (net of costs of shares issued under the dividend reinvestment scheme)		(1,111)	–	(1,133)
Net cash (outflow)/inflow before financing		(822)	3,144	1,187
Financing				
Purchase of own shares		(223)	(110)	(268)
Issue of share capital (net of costs)		4,933	–	1,199
Costs of issue of share capital		(7)	(11)	–
Net cash inflow/(outflow) from financing		4,703	(121)	931
Cash inflow in the period	10	3,881	3,023	2,118

* D shares were first allotted 23 December 2009

Summary cash flow statement (continued)

Ordinary shares

	Note	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Operating activities				
Investment income received		359	485	949
Deposit interest received		39	46	66
Dividend income received		–	–	47
Other income received		1	–	22
Investment management fees paid		(265)	(254)	(375)
Recovery of VAT		–	488	522
Administrative fees paid		(129)	(109)	(180)
Net cash inflow from operating activities	9	5	656	1,051
Taxation				
UK corporation tax received/(paid)		43	(384)	(384)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(576)	(415)	(1,819)
Disposal of fixed asset investments		1,199	3,050	422
Net cash inflow/(outflow) from investing activities		623	2,635	(1,397)
Management of liquid resources				
Disposal of current asset investment		–	237	3,050
Net cash inflow from liquid resources		–	237	3,050
Equity dividends paid				
Dividends paid (net of costs of shares issued under dividend reinvestment scheme)		(1,111)	–	(1,133)
Net cash (outflow)/inflow before financing		(440)	3,144	1,187
Financing				
Purchase of own shares		(223)	(110)	(268)
Costs of issue of share capital		(7)	(11)	–
Net cash outflow from financing		(230)	(121)	(268)
Cash (outflow)/inflow in the period	10	(670)	3,023	919

Summary Cash Flow Statement (continued)

D shares

	Note	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2009 £'000
Operating activities			
Deposit interest received		32	—
Investment management fees paid		(8)	—
Administrative fees paid		(6)	—
Net cash inflow from operating activities	9	18	—
Capital expenditure and financial investments			
Purchase of fixed asset investments		(400)	—
Net cash outflow from investing activities		(400)	—
Net cash outflow before financing		(382)	—
Financing			
Issue of share capital (net of costs)		4,933	1,199
Net cash inflow from financing		4,933	1,199
Cash inflow in the period	10	4,551	1,199

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010

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

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", quoted and unquoted equity investments are designated at fair value through profit or loss. 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). The revised September 2009 IPEVCV guidelines have not had a material impact on the portfolio.

Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement in accordance with the AIC SORP and 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.

Unquoted loan stock

Unquoted loan stock is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method less impairment. Movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve on revaluation.

For all unquoted loan stock, fully performing, renegotiated, past due and impaired, the Board considers that the fair value is equal to or greater than the security value of these assets. For unquoted loan stock, the amount of the impairment is the difference between the asset's cost and the present value of estimated future cash flows, discounted at the effective interest rate.

Warrants, convertibles and unquoted equity derived instruments

Warrants, convertibles and unquoted equity derived instruments are only valued if their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date, and if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

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 revenue reserve when a share becomes ex-dividend.

Loan stock accrued interest is recognised in the Balance sheet as part of the carrying value of the loans and receivables at the end of each reporting period.

It is not the Company's policy to exercise control or significant influence over investee companies. Therefore, in accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent. of the equity are not regarded as associated undertakings.

Investment income

Quoted and unquoted equity income

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

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using the effective interest rate over the life of the financial instrument. Income which is not capable of being 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.

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

2. Accounting policies (continued)

Investment income (continued)

Floating rate note income

Floating rate note income is recognised on an accruals basis using the interest rate applicable to the floating rate note at that time.

Investment management fees and other expenses

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

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

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between revenue and realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

Taxation

Taxation is applied on a current basis in accordance with FRS 16 "Current tax". Taxation associated with capital expenses is applied in accordance with the SORP. In accordance with FRS 19 "Deferred tax", deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

The specific nature of taxation of venture capital trusts means that it is unlikely that any deferred tax will arise. The Directors have considered the requirements of FRS 19 and do not believe that any provision should be made.

Reserves

Share premium

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

Capital redemption reserve

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

Unrealised capital reserve

Increases and decreases in the valuation of investments held at the period end against cost are included in this reserve.

Special reserve

The cancellation of the share premium account has created a special reserve that can be used to fund market purchases and subsequent cancellation of own shares, to cover gross realised losses, and for other distributable purposes.

Treasury shares reserve

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

Realised capital reserve

The following are disclosed in this reserve:

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

Dividends

In accordance with FRS 21 "Events after the balance sheet date", dividends declared by the Company are accounted for in the period in which the dividend has been paid or approved by shareholders in an Annual General Meeting.

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

3. Gains/(losses) on investments Combined

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(66)	(592)	574
Unrealised losses on fixed asset investments held at amortised cost	(23)	(1,369)	(1,557)
Unrealised losses on fixed asset investments	(89)	(1,961)	(983)
Unrealised gains on current asset investments held at fair value through profit or loss account	-	33	-
Unrealised losses sub-total	(89)	(1,928)	(983)
Realised gains/(losses) on investments held at fair value through profit or loss account	369	39	(2)
Realised gains/(losses) on investments held at amortised cost	134	-	(37)
Realised gains on current asset investments held at fair value through profit or loss account	-	-	36
Realised gains/(losses) sub-total	503	39	(3)
Total	414	(1,889)	(986)
Ordinary shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(67)	(592)	574
Unrealised losses on fixed asset investments held at amortised cost	(23)	(1,369)	(1,557)
Unrealised losses on fixed asset investments	(90)	(1,961)	(983)
Unrealised gains on current asset investments held at fair value through profit or loss account	-	33	-
Unrealised losses sub-total	(90)	(1,928)	(983)
Realised gains/(losses) on investments held at fair value through profit or loss account	369	39	(2)
Realised gains/(losses) on investments held at amortised cost	134	-	(37)
Realised gains on current asset investments held at fair value through profit or loss account	-	-	36
Realised gains/(losses) sub-total	503	39	(3)
Total	413	(1,889)	(986)

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

3. Gains/(losses) on investments (continued)

D shares	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2009 £'000
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Unrealised gains on fixed asset investments held
at fair value through profit or loss account

	1	–
Total	1	–

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

The prior year analysis has been re-presented to reflect a separate transfer between reserves for accumulated unrealised gains or losses that had taken place in previous periods relating to investments sold during the period.

4. Investment income

Combined	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
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Income recognised on investments held at fair value through profit or loss account

UK dividend income	–	47	70
Floating rate note interest	–	20	20
Bank deposit interest	73	32	68
Other income	–	1	–
	73	100	158

Income recognised on investments held at amortised cost

Return on loan stock investments	396	431	920
	469	531	1,078

Ordinary shares

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
--	--	--	--

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

UK dividend income	–	47	70
Floating rate note interest	–	20	20
Bank deposit interest	38	32	67
Other income	–	1	–
	38	100	157

Income recognised on investments held at amortised cost

Return on loan stock investments	395	431	920
	433	531	1,077

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

4. Investment income (continued)

D shares	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2009 £'000
Income recognised on investments held at fair value through profit or loss account		
Bank deposit interest	35	1
	<u>35</u>	<u>1</u>
Income recognised on investments held at amortised cost		
Return on loan stock investments	1	–
	<u>1</u>	<u>–</u>
	<u>36</u>	<u>1</u>

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

5. Dividends

Ordinary shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Dividend of 4.0p (0.75p capital and 3.25p revenue) per share paid on 4 May 2010	1,188	–	–
Dividend of 4.0p (2.0p capital and 2.0p revenue) per share paid on 25 September 2009	–	–	1,192
	<u>1,188</u>	<u>–</u>	<u>1,192</u>

No D share dividend was paid during the six months to 30 June 2010.

The Directors have declared a dividend of 4 pence per Ordinary share (total approximately £1,176,000) and 1 penny per D share (total approximately £63,000), payable on 30 September 2010 to shareholders on the register as at 3 September 2010.

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

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

Ordinary shares

	Unaudited six months ended 30 June 2010		Unaudited six months ended 30 June 2009		Audited year ended 31 December 2009	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to Ordinary shares (£'000)	194	274	300	(1,987)	702	(1,216)
Weighted average shares in issue	29,551,163		29,943,949		29,842,149	
Return/(loss) per Ordinary share (pence)	0.7	0.9	1.0	(6.6)	2.4	(4.1)

D shares

	Unaudited six months ended 30 June 2010		Audited year ended 31 December 2009	
	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to D shares (£'000)	14	(26)	1	(1)
Weighted average shares in issue	3,683,788		1,433,600	
Return/(loss) per D share (pence)	0.4	(0.7)	—	—

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

7. Investments

Fixed asset investments held at fair value through profit or loss total £6,701,000 (30 June 2009: £4,502,000; 31 December 2009: £6,023,000). Fixed asset investments held at amortised cost total £12,342,000 (30 June 2009: £12,219,000; 31 December 2009: £12,852,000).

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

8. Share Capital

Ordinary shares

	Unaudited 30 June 2010 £'000	Unaudited 30 June 2009 £'000	Audited 31 December 2009 £'000
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Authorised

50,000,000 Ordinary shares of 50p each
(30 June 2009 and 31 December 2009: 50,000,000)

25,000 25,000 25,000

Allotted, called-up and fully paid

32,672,453 Ordinary shares of 50p each
(30 June 2009: 32,613,482; 31 December 2009: 32,713,157)

16,336 16,307 16,357

Voting rights

29,405,866 Ordinary shares of 50p each (net of treasury shares) (30 June 2009: 29,811,374; 31 December 2009: 29,669,431).

D shares

	Unaudited 30 June 2010 £'000	Audited 31 December 2009 £'000
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Authorised

40,000,000 D shares of 50p each
(31 December 2009: 40,000,000)

20,000 20,000

Allotted, called-up and fully paid

6,335,155 D shares of 50p each
(31 December 2009: 1,433,600)

3,168 717

Voting rights

6,335,155 D shares of 50p each (net of treasury shares) (31 December 2009: 1,433,600).

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

8. Share Capital (continued)

Under the terms of the D share Offer for subscription dated 1 October 2009, the following D shares of nominal value 50 pence per share, were allotted at a price of 100 pence per share. The D share Offer for subscription closed on 30 April 2010.

Date of D share allotment	Number of D shares allotted	Aggregate nominal value of D shares (£'000)	Gross consideration received (£'000)	Opening market price per share on allotment date (pence per share)
28 January 2010	561,425	281	547	95.0
25 February 2010	112,150	56	110	95.0
15 March 2010	408,425	204	406	95.0
23 March 2010	652,295	326	646	95.0
5 April 2010	2,792,235	1,396	2,763	95.0
30 April 2010	323,525	162	323	95.0

Under the authorisation to allot shares granted at the General Meeting on 28 October 2009, the following D shares of nominal value 50 pence per share were allotted at a price of 100 pence per share:

Date of D share allotment	Number of D shares allotted	Aggregate nominal value of D shares (£'000)	Consideration received (£'000)	Opening market price per share on allotment date (pence per share)
21 June 2010	51,500	26	50	95.0

Under the terms of the Dividend Reinvestment Scheme circular dated 27 August 2008, the following Ordinary shares of nominal value 50 pence per share were allotted at 75.3 pence per share:

Date of Ordinary share allotment	Number of Ordinary shares allotted	Aggregate nominal value of Ordinary shares (£'000)	Consideration received (£'000)	Opening market price per share on allotment date (pence per share)
4 May 2010	101,296	51	76	67.0

During the period to 30 June 2010 the Company purchased 364,861 Ordinary shares to be held in treasury at a cost of £239,000, representing 1.1 per cent. of the shares in issue as at 1 January 2010. The shares purchased for treasury were funded from the Treasury shares reserve.

On 30 June 2010, 142,000 Ordinary treasury shares were cancelled.

The total number of Ordinary shares held in treasury as at 30 June 2010 was 3,266,587 (30 June 2009: 2,802,108; 31 December 2009: 3,043,726) representing 10 per cent. of the shares in issue as at 30 June 2010. The Company does not hold any D shares in treasury as at 30 June 2010.

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

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

Combined	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Revenue return on ordinary activities before tax	276	386	791
Investment management fees charged to capital	(218)	(207)	(407)
Recoverable VAT capitalised	–	70	82
Movement in accrued amortised loan stock interest	(47)	24	22
(Increase)/decrease in operating debtors	(1)	363	463
Increase in operating creditors	13	20	100
Net cash inflow from operating activities	23	656	1,051

Ordinary shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Revenue return on ordinary activities before tax	257	386	790
Investment management fees charged to capital	(187)	(207)	(406)
Recoverable VAT capitalised	–	70	82
Movement in accrued amortised loan stock interest	(46)	24	22
Decrease in operating debtors	4	363	463
(Decrease)/increase in operating creditors	(23)	20	100
Net cash inflow from operating activities	5	656	1,051

D shares	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2009 £'000
Revenue return on ordinary activities before tax	19	1
Investment management fees charged to capital	(31)	(1)
Movement in accrued amortised loan stock interest	(1)	–
Increase in operating debtors	(5)	–
Increase in operating creditors	36	–
Net cash inflow from operating activities	18	–

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

10. Analysis of change in cash during the period Combined

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Beginning of the period	5,908	3,790	3,790
Net cash inflow	3,881	3,023	2,118
End of the period	9,789	6,813	5,908

Ordinary shares

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Beginning of the period	4,709	3,790	3,790
Net cash (outflow)/inflow	(670)	3,023	919
End of the period	4,039	6,813	4,709

D shares

	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2009 £'000
Beginning of the period	1,199	–
Net cash inflow/(outflow)	4,551	1,199
End of the period	5,750	1,199

11. Post balance sheet events

Since 30 June 2010, the Company has completed the following material transactions:

- July 2010: Investment in Rostima Limited of £13,000
- July 2010: Investment in TEG Biogas (Perth) Limited of £590,000
- July 2010: Disposal of Green Energy Property Services Group Limited for a deferred consideration of up to £34,000
- July 2010: Repayment of £139,000 of loan stock by Peakdale Molecular Limited
- August 2010: Investment in Xceleron Limited of £36,000
- The Company has cancelled the D Shares Share premium account by way of special resolution at a General Meeting held on 28 October 2009. The Share premium account amounting to £2.8 million was cancelled on 18 August 2010 by order of the High Court and the Notice regarding the cancellation was registered at Companies House on 20 August 2010. The purpose of this cancellation is to increase the Special reserve in order to facilitate the Company's ability to pay dividends and to purchase its own shares in future.

Notes to the unaudited summarised Financial Statements for the six months ended 30 June 2010 (continued)

12. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that it is party to a management agreement with the Company. During the period, services of a total value of £290,000 (six months ended 30 June 2009: £276,000; year ended 31 December 2009: £542,000), 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 £160,000 (30 June 2009: £72,000; 31 December 2009: £143,000).

During the six months to 30 June 2010, Albion Ventures LLP acted as receiving agent and promoter for the Offer for subscription of D shares. Under the terms of the Offer, Albion Ventures LLP was entitled to receive 5.5 per cent. of the funds raised under the Offer in exchange for underwriting the costs of the Offer. For the six months to 30 June 2010, Albion Ventures LLP has charged £266,000 in respect of these fees. As at 30 June 2010, the amount owed to Albion Ventures LLP in respect of these fees was £141,000.

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. These shares will be sold for the benefit of the Company at a future date.

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

13. 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 2009, and is detailed on page 19 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.

14. 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 2010 and 30 June 2009, and is unaudited. The information for the year ended 31 December 2009 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 year ended 31 December 2009 and which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under S498(2) or (3) of the Companies Act 2006.

15. 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 FSA viewing facility and also electronically at www.albion-ventures.co.uk under the 'Our Funds' section.

