

Half-yearly Financial Report  
(unaudited) for the six months to  
30 June 2012



# Albion Technology & General VCT PLC

**ALBION**VENTURES

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# Company information

<b>Company number</b>	4114310
<b>Directors</b>	Dr N E Cross, Chairman Lt Gen Sir Edmund Burton KBE M J Hart P H Reeve
<b>Manager, company secretary and registered office</b>	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
<b>Registrar</b>	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
<b>Auditor</b>	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
<b>Taxation adviser</b>	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
<b>Legal adviser</b>	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Technology & General VCT PLC is a member of The Association of Investment Companies.

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**Shareholder information**

For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:  
Tel: 0870 873 5854 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded)  
Website: [www.computershare.co.uk](http://www.computershare.co.uk)

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

**IFA information**

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

**Please note that these contacts are unable to provide financial or taxation advice.**

# Investment objectives

Albion Technology & General VCT PLC ("the Company") is a venture capital trust which raised £14.3 million in December 2000 and 2002, and raised a further £35.0 million during 2006 through the launch of a C share issue. The Company raised a further £3.1 million under the Albion VCTs Linked Top Up Offers in 2011 and 2012.

The Company offers investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. The Company's investment portfolio is intended to be split approximately as follows:

- 40 per cent. in unquoted UK technology-related companies; and
- 60 per cent. in unquoted UK non-technology companies.

The Investment Manager pursues a longer term investment approach, with a view to providing shareholders with a strong, predictable dividend flow combined with the prospects of capital growth. This is achieved in two ways. First, by controlling the VCT's exposure to technology risk through ensuring that many of the companies in the non-technology portfolio have property as their major asset, with no external borrowings. Second, by balancing the investment portfolio by sector, so that those areas such as leisure and business services, which are susceptible to changes in consumer sentiment, are complemented by sectors with more predictable long term characteristics, such as healthcare and the environment.

# Financial calendar

Record date for second dividend	5 October 2012
Payment date for second dividend	31 October 2012
Financial year end	31 December 2012

# Financial highlights (unaudited)

	Unaudited six months ended 30 June 2012 (pence per share)	Unaudited six months ended 30 June 2011 (pence per share)	Audited year ended 31 December 2011 (pence per share)
Net asset value	<b>83.30</b>	87.90	85.10
Revenue return	<b>0.90</b>	0.70	1.60
Capital (loss)/return	<b>(0.20)</b>	2.00	0.60

	Ordinary shares (pence per share) (i)	C shares (pence per share) (i)(ii)
<b>Total shareholder net asset value return to 30 June 2012</b>		
Total dividends paid during the period ended:		
31 December 2001	1.00	–
31 December 2002	2.00	–
31 December 2003	1.50	–
31 December 2004	7.50	–
31 December 2005	9.00	–
31 December 2006	8.00	0.50
31 December 2007	8.00	2.50
31 December 2008 (iii)	16.00	4.50
31 December 2009 (iii)	–	1.00
31 December 2010	8.00	3.00
31 December 2011	5.00	3.80
30 June 2012	2.50	1.90
	<b>68.50</b>	<b>17.20</b>
<b>Total dividends paid to 30 June 2012</b>		
Net asset value as at 30 June 2012	83.30	64.80
	<b>151.80</b>	<b>82.00</b>
<b>Total shareholder net asset value return to 30 June 2012</b>		

In addition to the dividends summarised above, the Board has declared a second dividend for the year to 31 December 2012 of 2.50 pence per share to be paid on 31 October 2012 to shareholders on the register as at 5 October 2012.

Notes:

(i) Excludes tax benefits upon subscription.

(ii) The C shares were converted into Ordinary shares on 31 March 2011, with a conversion factor of 0.7779 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 0.7779 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.

(iii) The Ordinary shares' dividend of 8.00 pence per share for 2009 was paid in advance on 30 December 2008. The C shares' first dividend for 2009 of 1.50 pence per share was also paid in advance on 30 December 2008.

# Interim management report

## Introduction

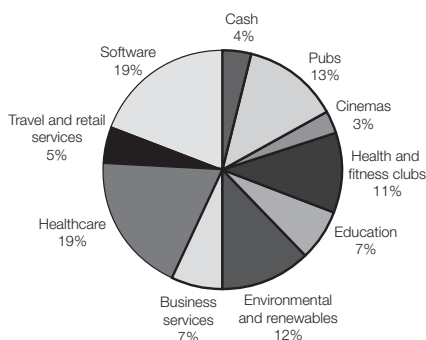
The results for Albion Technology & General VCT PLC for the six months to 30 June 2012 show a total return of 0.70 pence per share, which included a 14 per cent. increase in investment income over the previous period, but a slower rise in the value of our investments. The net asset value is 83.30 pence per share after the payment of a 2.50 pence per share dividend during the period.

## Investment performance and progress

During the period, some £1.9 million was invested in a number of existing investee companies, principally to fund continued growth. Within this, further investments were made in our renewable energy businesses, including Street-by-Street Solar and Regenerco (solar energy) and Alto Prodotto Wind (Wind turbines on brown field and industrial sites in South Wales). The longer term strategy for the VCT is for up to 15 per cent. of funds to be invested in renewable energy, which we see as providing a stable and inflation-resistant source of long term income, compared to the current level of 7 per cent..

In general, the investment portfolio has shown resilience over the period, with the majority of investee companies continuing to show growth. The principal exceptions have been those companies that are either adversely being affected by cuts in public sector funding or by a reduction in the budgets of customers.

## Split of investment portfolio by valuation



Source: Albion Ventures LLP

## Cancellation of share capital and reserves

At the General Meeting on 22 June 2012, shareholders voted in favour of the increase in the Company's distributable reserves by way of a reduction of the Ordinary share capital and cancellation of its deferred share, capital redemption and share premium reserves. This was approved by Court Order on 11 July 2012. This restructuring has added £28,416,000 to distributable reserves.

## Risks, uncertainties and prospects

We remain concerned over the prospects of the UK and Global economies in view of the increasingly recessionary environment. Nevertheless, we believe that many of the sectors in which we operate, and the investee companies which we support, will be able to grow despite these broader economic issues. In addition, it remains our general policy that investee companies have no external bank borrowings, which is a continuing source of stability to the portfolio. Overall we remain positive about the prospects of the portfolio as a whole.

# Interim management report (continued)

Other risks and uncertainties remain unchanged and there are details on pages 19 and 20 of the Annual Report and Financial Statements for the year ended 31 December 2011.

## Discount management and share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new investee companies and for the continued payment of dividends to shareholders. Therefore, the Board's policy is to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interests, including the maintenance of sufficient resources for investment in new and existing investee companies and the continued payment of dividends to shareholders.

It is the Board's intention for such buy-backs to be in the region of 10 to 15 per cent. discount to net asset value, so far as market conditions and liquidity permit. In order to ensure that these conditions are satisfied, the Company will limit the sum available for buy-backs for the six month period to 31 December 2012 to £250,000.

## Related party transactions

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

## Results and dividend

As at 30 June 2012 the net asset value per Ordinary share was 83.30 pence (30 June 2011: 87.90 pence; 31 December 2011: 85.10 pence).

The total return before tax for the six months to 30 June 2012 was £297,000 compared to £1.06 million for the six months to 30 June 2011. A second dividend of 2.50 pence per Ordinary share will be paid on 31 October 2012 to those shareholders on the register on 5 October 2012.

## Dr N E Cross

Chairman

16 August 2012

# 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 2012, 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 2012 and comply with UK GAAP and Companies Act 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 2011.

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

By order of the Board

**Dr N E Cross**

Chairman

16 August 2012

# Portfolio of investments

The following is a summary of the qualifying technology fixed asset investments as at 30 June 2012:

Portfolio company	% voting rights held by Albion Technology & General VCT PLC	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Mi-Pay Limited	19.7	2,669	(788)	1,881	1
Helveta Limited	14.1	2,365	(905)	1,460	(1)
Blackbay Limited	8.5	941	347	1,288	68
Process Systems Enterprise Limited	6.9	706	422	1,128	230
Opta Sports Data Limited	5.9	735	169	904	154
AMS Sciences Limited (formerly Xceleron Limited)	17.8	878	(55)	823	(55)
Mirada Medical Limited	14.0	357	410	767	61
memsstar Limited	10.7	741	11	752	8
sparesFinder Limited	10.5	613	78	691	21
Rostima Holdings Limited	15.5	305	383	688	(8)
Lowcosttravelgroup Limited	4.0	680	(43)	637	194
Peakdale Molecular Limited	6.0	427	9	436	–
Oxsensis Limited	8.2	1,221	(788)	433	(314)
DySIS Medical Limited	5.3	846	(473)	373	(93)
Abcodia Limited	2.1	75	–	75	–
Palm Tree Technology Limited	0.1	37	8	45	–
<b>Total technology investments</b>		<b>13,596</b>	<b>(1,215)</b>	<b>12,381</b>	<b>266</b>

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

## Portfolio of investments (continued)

The following is a summary of the qualifying non-technology fixed asset investments as at 30 June 2012:

Portfolio company	% voting rights held by Albion Technology & General VCT PLC	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Radnor House School (Holdings) Limited	11.1	1,930	594	2,524	29
Kensington Health Clubs Limited	14.7	3,494	(1,090)	2,404	(24)
The Charnwood Pub Company Limited	12.2	2,598	(985)	1,613	15
Bravo Inns II Limited	9.3	1,415	(21)	1,394	53
The Weybridge Club Limited	6.7	1,314	(179)	1,135	(1)
Orchard Portman Hospital Limited	16.2	1,080	(15)	1,065	(17)
The Q Garden Company Limited	33.4	2,401	(1,410)	991	8
Taunton Hospital Limited	15.8	1,000	(26)	974	(25)
Bravo Inns Limited	16.1	1,430	(526)	904	22
Masters Pharmaceuticals Limited	3.7	727	(25)	702	127
TEG Biogas (Perth) Limited	9.4	563	60	623	43
Nelson House Hospital Limited	6.0	553	25	578	25
Chichester Holdings Limited	15.2	2,000	(1,464)	536	10
Prime Care Holdings Limited	15.6	930	(412)	518	(287)
The Street by Street Solar Programme Limited	4.5	451	3	454	4
Regenerco Renewable Energy Limited	5.7	446	–	446	(3)
Hilson Moran Holdings Limited	5.5	391	32	423	32
Alto Prodotto Wind Limited	3.9	350	–	350	(2)
Consolidated PR Limited	21.7	570	(261)	309	(151)
CS (Brixton) Limited	3.9	165	130	295	8
CS (Norwich) Limited	12.5	200	54	254	8
Premier Leisure (Suffolk) Limited	13.6	1,000	(774)	226	(3)
Peakdale Molecular Limited**	n/a	222	–	222	5
Tower Bridge Health Clubs Limited	2.9	164	42	206	7
AVESI Limited	4.3	134	–	134	–
CS (Greenwich) Limited	2.0	103	30	133	3
The Dunedin Pub Company VCT Limited	10.4	107	(4)	103	–
CS (Exeter) Limited	4.0	65	(7)	58	3
Greenenerco Limited	1.4	50	–	50	–
City Screen (Liverpool) Limited	4.5	56	(9)	47	2
GB Pub Company VCT Limited	3.9	142	(130)	12	(4)
<b>Total non-technology investments</b>		<b>26,051</b>	<b>(6,368)</b>	<b>19,683</b>	<b>(113)</b>
<b>Total qualifying investments</b>		<b>39,647</b>	<b>(7,583)</b>	<b>32,064</b>	<b>153</b>

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

\*\* This part of the Peakdale investment is in loan stock secured against debtors and property and is classified as a non-technology holding.

## Portfolio of investments (continued)

The following is a summary of the non-qualifying fixed asset investments as at 30 June 2012:

Portfolio company	% voting rights held by Albion Technology & General VCT PLC	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Albion Investment Properties Limited	22.6	434	(54)	380	(8)
Rostima Holdings Limited	n/a	138	–	138	–
Evolutions Television Limited	n/a	22	–	22	–
Consolidated PR Limited	21.7	33	(12)	21	(31)
Evolutions Group Limited	22.3	37	(28)	9	–
<b>Total non-qualifying investments</b>		<b>664</b>	<b>(94)</b>	<b>570</b>	<b>(39)</b>

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

# Summary income statement

		Unaudited six months ended 30 June 2012			Unaudited six months ended 30 June 2011			Audited year ended 31 December 2011		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	162	162	–	1,022	1,022	–	687	687
Investment income	4	669	–	669	584	–	584	1,257	–	1,257
Investment management fees		(107)	(323)	(430)	(109)	(330)	(439)	(216)	(647)	(863)
Other expenses		(104)	–	(104)	(111)	–	(111)	(206)	–	(206)
<b>Return/(loss) on ordinary activities before tax</b>		<b>458</b>	<b>(161)</b>	<b>297</b>	<b>364</b>	<b>692</b>	<b>1,056</b>	<b>835</b>	<b>40</b>	<b>875</b>
Tax (charge)/credit on ordinary activities		(111)	84	(27)	(76)	85	9	(184)	172	(12)
<b>Return/(loss) attributable to shareholders</b>		<b>347</b>	<b>(77)</b>	<b>270</b>	<b>288</b>	<b>777</b>	<b>1,065</b>	<b>651</b>	<b>212</b>	<b>863</b>
<b>Basic and diluted return/(loss) per share (pence)*</b>	6	<b>0.90</b>	<b>(0.20)</b>	<b>0.70</b>	0.70	2.00	2.70	1.60	0.60	2.20

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2011 and the audited statutory accounts for the year ended 31 December 2011.

The accompanying notes on pages 15 to 21 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 profit/(loss) on ordinary activities before tax and the historical profit is due to the fair value movements on investments. As a result a note on historical cost profit and losses has not been prepared.

# Summary balance sheet

	Note	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
<b>Fixed asset investments</b>				
Qualifying		32,064	29,124	30,353
Non-qualifying		570	1,573	627
<b>Total fixed asset investments</b>		<b>32,634</b>	<b>30,697</b>	<b>30,980</b>
<b>Current assets</b>				
Trade and other debtors		203	68	195
Current asset investments		282	1,000	1,238
Cash at bank and in hand	9	1,404	3,729	1,447
		<b>1,889</b>	<b>4,797</b>	<b>2,880</b>
<b>Creditors: amounts falling due within one year</b>		<b>(402)</b>	<b>(349)</b>	<b>(313)</b>
<b>Net current assets</b>		<b>1,487</b>	<b>4,448</b>	<b>2,567</b>
<b>Net assets</b>		<b>34,121</b>	<b>35,145</b>	<b>33,547</b>
<b>Capital and reserves</b>				
Called up share capital	7	26,824	21,809	21,862
Share premium		1,594	929	959
Capital redemption reserve		449	4,473	4,473
Unrealised capital reserve		(7,664)	(9,355)	(8,001)
Special reserve		5,765	9,525	6,862
Treasury shares reserve		(3,590)	(2,927)	(3,417)
Realised capital reserve		8,832	9,489	9,246
Revenue reserve		1,911	1,202	1,563
<b>Total equity shareholders' funds</b>		<b>34,121</b>	<b>35,145</b>	<b>33,547</b>
<b>Basic and diluted net asset value per share (pence)*</b>		<b>83.30</b>	<b>87.90</b>	<b>85.10</b>

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2011 and the audited statutory accounts for the year ended 31 December 2011.

The accompanying notes on pages 15 to 21 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 16 August 2012, and were signed on its behalf by

**Dr N E Cross**

Chairman

Company number: 4114310

# Summary reconciliation of movements in shareholders' funds

	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
<b>1 January 2011 (Audited)</b>	21,862	959	4,473	(8,001)	6,862	(3,417)	9,246	1,563	33,547
Return/(loss) for the period	—	—	—	148	—	—	(225)	347	270
Transfer of previously unrealised losses to realised losses	—	—	—	189	—	—	(189)	—	—
Issue of deferred share	4,073	—	(4,073)	—	—	—	—	—	—
Purchase of own treasury shares	—	—	—	—	—	(252)	—	—	(252)
Cancellation of treasury shares	(50)	—	50	—	(79)	79	—	—	—
Issue of equity (net of costs)	939	635	—	—	—	—	—	—	1,574
Transfer from special reserve to revenue reserve	—	—	—	—	(1,018)	—	—	1,018	—
Dividends paid	—	—	—	—	—	—	—	(1,018)	(1,018)
<b>As at 30 June 2012 (Unaudited)</b>	<b>26,824</b>	<b>1,594</b>	<b>449</b>	<b>(7,664)</b>	<b>5,765</b>	<b>(3,590)</b>	<b>8,832</b>	<b>1,911</b>	<b>34,121</b>
<b>1 January 2011 (Audited)</b>	24,772	294	400	(9,312)	14,914	(2,166)	4,278	911	34,091
Return/(loss) for the period	—	—	—	(226)	—	—	1,003	288	1,065
Transfer of previously unrealised losses to realised losses	—	—	—	183	—	—	(183)	—	—
Transfer on conversion of C shares	(4,073)	—	4,073	—	—	—	—	—	—
Purchase of own treasury shares	—	—	—	—	—	(761)	—	—	(761)
Issue of equity (net of costs)	1,110	635	—	—	—	—	—	—	1,745
Transfer from special reserve to realised capital and revenue reserves	—	—	—	—	(5,389)	—	4,391	998	—
Dividends paid	—	—	—	—	—	—	—	(995)	(995)
<b>As at 30 June 2011 (Unaudited)</b>	<b>21,809</b>	<b>929</b>	<b>4,473</b>	<b>(9,355)</b>	<b>9,525</b>	<b>(2,927)</b>	<b>9,489</b>	<b>1,202</b>	<b>35,145</b>
<b>1 January 2011 (Audited)</b>	24,772	294	400	(9,312)	14,914	(2,166)	4,278	911	34,091
Return/(loss) for the period	—	—	—	259	—	—	(47)	651	863
Transfer of previously unrealised losses on sale of investments	—	—	—	1,052	—	—	(1,052)	—	—
Transfer on conversion of C Shares	(4,073)	—	4,073	—	—	—	—	—	—
Purchase of own treasury shares	—	—	—	—	—	(1,251)	—	—	(1,251)
Issue of equity (net of costs)	1,163	665	—	—	—	—	—	—	1,828
Transfer from special reserve to revenue reserve	—	—	—	—	(1,985)	—	—	1,985	—
Transfer from special reserve to realised capital reserve	—	—	—	—	(6,067)	—	6,067	—	—
Dividends paid	—	—	—	—	—	—	—	(1,985)	(1,985)
<b>As at 31 December 2011 (Audited)</b>	<b>21,862</b>	<b>959</b>	<b>4,473</b>	<b>(8,001)</b>	<b>6,862</b>	<b>(3,417)</b>	<b>9,246</b>	<b>1,563</b>	<b>33,547</b>

\* Included within these reserves is an amount of £5,254,000 (30 June 2011: £7,934,000; 31 December 2011: £6,253,000) which is considered distributable. The special reserve has been treated as distributable in determining the amounts available for distribution.

A transfer of £1,018,000 representing the dividend payment made from revenue reserve has been made from the special reserve to the revenue reserve.

# Summary cash flow statement

	Note	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
<b>Operating activities</b>				
Investment income received		647	531	1,355
Deposit interest received		14	20	42
Dividend income received		–	–	14
Investment management fees paid		(413)	(428)	(875)
Other cash payments		(113)	(134)	(232)
<b>Net cash flow from operating activities</b>	8	<b>135</b>	<b>(11)</b>	<b>304</b>
<b>Taxation</b>				
UK corporation tax recovered		15	162	154
<b>Capital expenditure and financial investments</b>				
Purchase of fixed asset investments		(2,266)	(3,131)	(5,780)
Disposal of fixed asset investments		767	2,824	4,280
<b>Net cash flow from investing activities</b>		<b>1,499</b>	<b>(307)</b>	<b>(1,500)</b>
<b>Management of liquid resources</b>				
Purchase of current asset investment		–	(1,000)	(1,000)
Disposal of current asset investment		1,000	1,000	1,000
<b>Net cash flow from liquid resources</b>		<b>1,000</b>	<b>–</b>	<b>–</b>
<b>Equity dividends paid</b>				
Dividends paid (net of cost of issuing shares under the Dividend Reinvestment Scheme)		(928)	(914)	(1,820)
<b>Net cash flow before financing</b>		<b>(1,277)</b>	<b>(1,070)</b>	<b>(2,862)</b>
<b>Financing</b>				
Issue of share capital (net of costs)		1,486	1,665	1,665
Purchase of own shares		(252)	(761)	(1,251)
<b>Net cash flow from financing</b>		<b>1,234</b>	<b>904</b>	<b>414</b>
<b>Net cash flow in the period</b>	9	<b>(43)</b>	<b>(166)</b>	<b>(2,448)</b>

# Notes to the unaudited summarised Financial Statements

## 1. Accounting convention

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

## 2. Accounting policies

### Fixed and current asset investments

#### *Unquoted equity investments, debt issued at a discount and convertible bonds*

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Unquoted investments' fair value is determined by the Directors in accordance with the September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Desk-top reviews are carried out by independent RICS qualified surveyors by updating previously prepared full valuations for current trading and market indices. Formal valuations are prepared by similarly qualified surveyors but in full compliance with the RICS Red Book.

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.

#### *Warrants and unquoted equity derived instruments*

Warrants 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.

#### *Unquoted loan stock*

Unquoted loan stock (excluding convertible bonds and debt issued at a discount) are classified as loans and

receivables as permitted by FRS 26 and measured at amortised cost using the Effective Interest Rate method less impairment. Movements in 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 reserve for impairments arising from revaluation of the fair value of the security.

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

#### *Current asset investments*

In accordance with FRS 26, bonds and floating rate notes are designated as fair value through profit or loss and are valued at market bid price at the balance sheet date. Floating rate notes are classified as current asset investments as they are investments held for the short term.

Contractual future contingent receipts on disposal of fixed asset investments are designated at fair value through profit or loss and are subsequently measured at fair value.

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 portfolio 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

#### *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 an

# Notes to the unaudited summarised Financial Statements (continued)

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.

## *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 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. This is in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

## **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 Directors have considered the requirements of FRS 19 and do not believe that any provision for deferred tax should be made.

## **Reserves**

### *Share premium account*

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 year 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 (continued)

## 3. Gains on investments

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Unrealised losses on fixed asset investments held at fair value through profit or loss account	(184)	(327)	(138)
Unrealised reversals of impairments on fixed asset investments held at amortised cost	332	101	397
<b>Unrealised gains/(losses) sub total</b>	<b>148</b>	<b>(226)</b>	<b>259</b>
Realised gains/(losses) on investments held at fair value through profit or loss account	14	712	(147)
Realised gains on investments held at amortised cost	–	541	580
Realised losses on current asset investments held at fair value through profit or loss account	–	(5)	(5)
<b>Realised gains sub total</b>	<b>14</b>	<b>1,248</b>	<b>428</b>
	<b>162</b>	<b>1,022</b>	<b>687</b>

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

## 4. Investment income

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
<b>Income recognised on investments held at fair value through profit or loss account</b>			
UK dividend income	–	–	14
Floating rate note interest	–	10	10
Income from convertible bonds and discounted debt	69	23	95
Other income	1	1	1
	<b>70</b>	<b>34</b>	<b>120</b>
<b>Income recognised on investments held at amortised cost</b>			
Return on loan stock investments	593	531	1,103
Bank deposit interest	6	19	34
	<b>599</b>	<b>550</b>	<b>1,137</b>
	<b>669</b>	<b>584</b>	<b>1,257</b>

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

# Notes to the unaudited summarised Financial Statements (continued)

## 5. Dividends

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Dividend of 2.50p per Ordinary share paid on 28 April 2011	-	998	998
Dividend of 2.50p per Ordinary share paid on 28 October 2011	-	-	987
Dividend of 2.50p per Ordinary share paid on 30 April 2012	1,018	-	-
	<b>1,018</b>	<b>998</b>	<b>1,985</b>

The Directors have declared a dividend of 2.50 pence per Ordinary share (total approximately £1,024,000) payable on 31 October 2012 to shareholders on the register as at 5 October 2012.

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

	Unaudited six months ended 30 June 2012		Unaudited six months ended 30 June 2011		Audited year ended 31 December 2011	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to Ordinary shares (£'000)	347	(77)	288	777	651	212
Weighted average shares in issue	40,425,530		39,783,152		39,764,003	
Return/(loss) per Ordinary share (pence)	0.90	(0.20)	0.70	2.00	1.60	0.60

There are no convertible instruments, derivatives or contingent share agreements in issue for Albion Technology & General 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. Share capital

	Unaudited 30 June 2012 £'000	Unaudited 30 June 2011 £'000	Audited 31 December 2011 £'000
<b>Allotted, called up and fully paid</b>			
45,501,719 Ordinary shares of 50p each (30 June 2011: 43,618,301; 31 December 2011: 43,723,776)	22,751	21,809	21,862
1 Deferred share of £4,073,164 (30 June 2011: nil; 31 December 2011: nil)	4,073	-	-
	<b>26,824</b>	<b>21,809</b>	<b>21,862</b>

### Voting rights

40,972,719 Ordinary shares of 50p each (net of treasury shares) (30 June 2011: 39,961,929; 31 December 2011: 39,433,404).

Following approval by shareholders at the General Meeting on 22 June 2012, 1 deferred share with a nominal value of £4,073,164 (30 June 2011: nil; 31 December 2011: nil) was issued during the period. The deferred share has no voting rights, no right to receive a dividend or any other form of income from the Company. As outlined in note 11, the deferred share was cancelled in July 2012, and the balance was transferred to the special reserve.

# Notes to the unaudited summarised Financial Statements (continued)

## 7. Share capital (continued)

Under the terms of the Dividend Reinvestment Scheme, the following Ordinary shares of nominal value 50p were allotted:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received £'000	Mid-market price per share on allotment date (pence per share)
30 April 2012	119,999	82.60	88	65.00

Under the terms of the Albion VCTs Linked Top Up Offers 2011/2012, the following Ordinary shares of nominal value 50p each were allotted:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received £'000	Mid-market price per share on allotment date (pence per share)
10 January 2012	449,000	88.90	378	76.00
20 March 2012	487,304	88.90	410	73.00
5 April 2012	736,583	90.10	627	73.00
31 May 2012	84,429	88.30	71	65.00
	<u>1,757,316</u>		<u>1,486</u>	

The Albion VCTs Linked Top Up Offers 2011/2012 closed on 31 May 2012. In aggregate, the Company raised a total of £1.5 million.

During the period to 30 June 2012 the Company purchased 338,000 Ordinary shares (30 June 2011: 723,000 Ordinary shares and 337,300 C shares\*; 31 December 2011: 1,357,000 Ordinary shares and 337,300 C shares\*) to be held in treasury at a cost of £250,000 (30 June 2011: £561,000 for Ordinary shares and £200,000 for C shares\*; 31 December 2011: £1,051,000 for Ordinary shares and £200,000 for C shares\*), representing 0.8 per cent. of the Ordinary shares in issue (excluding treasury shares) as at 31 December 2011. The shares purchased for treasury were funded from the Treasury shares reserve.

\*The C shares were converted to Ordinary shares on 31 March 2011 at a ratio of 0.7779 Ordinary shares for each C share.

During the period to 30 June 2012 the Company also cancelled 99,372 shares from the Treasury share reserve, leaving a balance of 4,529,000 Ordinary shares in treasury (30 June 2011: 3,656,372; 31 December 2011: 4,290,372) which represents 9.9 per cent. of the issued share capital as at 30 June 2012.

# Notes to the unaudited summarised Financial Statements (continued)

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

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Revenue return on ordinary activities before tax	458	364	835
Investment management fee charged to capital	(323)	(330)	(647)
Movement in accrued amortised loan stock interest	(38)	(39)	160
(Increase)/decrease in operating debtors	(8)	(10)	1
Decrease/(increase) in operating creditors	46	4	(45)
<b>Net cash flow from operating activities</b>	<b>135</b>	<b>(11)</b>	<b>304</b>

## 9. Analysis of change in cash during the period

	Unaudited six months ended 30 June 2012 £'000	Unaudited six months ended 30 June 2011 £'000	Audited year ended 31 December 2011 £'000
Opening cash balances	1,447	3,895	3,895
Net cash flow	(43)	(166)	(2,448)
<b>End of the period</b>	<b>1,404</b>	<b>3,729</b>	<b>1,447</b>

## 10. Commitments and contingencies

As at 30 June 2012, the Company was committed to making a further investment of £72,000 in AMS Sciences Limited.

There are no contingencies or guarantees of the Company as at 30 June 2012 (30 June 2011 and 31 December 2011: nil).

## 11. Post balance sheet events

Since 30 June 2012, the Company has completed the following material transactions:

- Investment in Rostima Holdings Limited of £23,000 in July 2012;
- Investment in AMS Sciences Limited of £72,000 in August 2012;
- Investment in Nelson House Hospital Limited of £17,000 in August 2012;
- Repayment of £89,000 of loan stock from The Charnwood Pub Company Limited in July 2012;
- As approved by shareholders at the General Meeting on 22 June 2012, the Company received the consent of the court on 11 July 2012 to reduce the nominal value of its shares from 50 pence to one penny, cancel and extinguish the deferred share issued on conversion of C Shares to Ordinary shares, and to cancel its capital redemption and share premium reserves.

# Notes to the unaudited summarised Financial Statements (continued)

## 12. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that Patrick Reeve, a Director of the Company, is also the Managing Partner of the Manager. The Manager is party to a management agreement with the Company. During the period, services of a total value of £430,000 (30 June 2011: £439,000; 31 December 2011: £863,000) 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 £220,000 (30 June 2011: £227,000; 31 December 2011: £201,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged £11,000 (including VAT) by Albion Ventures LLP in respect of his services as a Director (30 June 2011: £11,000; 31 December 2011: £21,000). At the period end, the amount due to Albion Ventures LLP in respect of these services was £5,000 (30 June 2011: £5,000; 31 December 2011: £5,000).

Albion Ventures LLP holds 1,012 fractional entitlement shares of the Company as a result of the conversion of C shares to Ordinary shares on 31 March 2011. These shares will be sold for the benefit of the Company at a later date.

There are no other related party transactions or balances requiring disclosure.

## 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 2011, and is detailed on page 49 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 2012 and 30 June 2011, and is unaudited. The information for the year ended 31 December 2011 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which were unqualified and which have been delivered to the Registrar of Companies. The 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 National Storage Mechanism and also electronically at [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the 'Our Funds' section.



Albion Technology & General  
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