

Half-yearly Financial Report  
(unaudited) for the six months to  
30 June 2013



# 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 V H Rees-Mogg 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>	BDO LLP 55 Baker Street London, W1U 7EU
<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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<b>Shareholder information</b>	<p>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: <a href="http://www.investorcentre.co.uk">www.investorcentre.co.uk</a></p> <p>Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.</p>
<b>IFA information</b>	<p>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: <a href="mailto:info@albion-ventures.co.uk">info@albion-ventures.co.uk</a> Website: <a href="http://www.albion-ventures.co.uk">www.albion-ventures.co.uk</a></p>

**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 has raised a further £5.3 million under the Albion VCTs Top Up Offers since January 2011.

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	4 October 2013
Payment date for second dividend	31 October 2013
Financial year end	31 December 2013

# Financial highlights (unaudited)

	Unaudited six months ended 30 June 2013 (pence per share)	Unaudited six months ended 30 June 2012 (pence per share)	Audited year ended 31 December 2012 (pence per share)
Net asset value	<b>84.60</b>	83.30	84.00
Dividends paid	<b>2.50</b>	2.50	5.00
Revenue return	<b>0.70</b>	0.90	1.60
Capital return/(loss)	<b>2.30</b>	(0.20)	2.10

	Ordinary shares (pence per share) (i)	C shares (pence per share) (i)(ii)
<b>Total shareholder net asset value return to 30 June 2013</b>		
Total dividends paid during the period ended: 31 December 2001 (iii)	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 (iv)	16.00	4.50
31 December 2009 (iv)	–	1.00
31 December 2010	8.00	3.00
31 December 2011	5.00	3.80
31 December 2012	5.00	3.90
30 June 2013	2.50	1.90
<b>Total dividends paid to 30 June 2013</b>	<b>73.50</b>	<b>21.10</b>
Net asset value as at 30 June 2013	84.60	65.80
<b>Total shareholder net asset value return to 30 June 2013</b>	<b>158.10</b>	<b>86.90</b>

In addition to the dividends summarised above, the Board has declared a second dividend for the year to 31 December 2013 of 2.50 pence per share to be paid on 31 October 2013 to shareholders on the register as at 4 October 2013.

## 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) Based on subscription by the first closing on 16 January 2001. Investors subscribing thereafter, up to 30 June 2001 received 0.5 pence per share.

(iv) The Ordinary shares' dividend of 8.0 pence per share for 2009 was paid in advance on 30 December 2008. The C shares' first dividend for 2009 of 1.5 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 6 months to 30 June 2013 show a total return of 3.00 pence per share, which is a pleasing increase over the same period last year. Net asset value is 84.60 pence per share after the payment of a 2.50 pence per share dividend during the period.

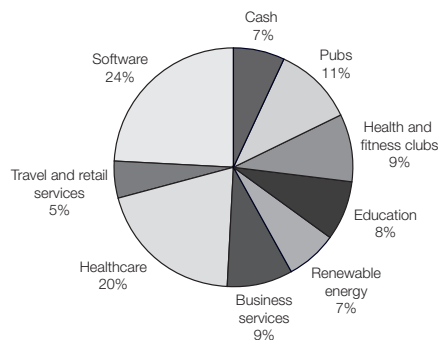
## Investment performance and progress

The biggest contribution to the total return was our investment in Opta Sports Data, which was sold shortly after the end of the period. Including income received, this investment achieved a return of 3.3 times cost. In addition, since the end of the period, we have sold our investment in Prime Care, whose domiciliary care activities for the elderly had long struggled against budget cuts by local authorities, resulting in a total return of 0.5 times cost. Meanwhile, the Nelson House Psychiatric Hospital was sold during the period for a total return of 1.4 times cost.

During the period, some £730,000 was invested in four existing portfolio companies and one new investment, GWH Acquisition Limited, which will fund the development of a new hydro electric power plant in North West Scotland. This continues our strategy of investing up to 15 per cent. of the company's assets in renewable energy projects.

In general, the performance of the investment portfolio continues to be positive with strong growth in Mirada Medical, Process Systems Enterprise and DySIS Medical. Against this, a further financing requirement resulted in an additional provision against Helveta despite the company winning some promising new contracts.

## Portfolio split as at 30 June 2013



Source: Albion Ventures LLP

## Risks, uncertainties and prospects

We remain concerned, despite signs of growth in the UK, about the prospects of the Global economy. Nevertheless, we believe that many of the sectors in which we operate and the portfolio companies which we support, will be able to grow despite these broader economic issues. In addition, it remains our general policy that portfolio companies have no external bank borrowings, which is a continuing source of stability to the portfolio.

Other risks and uncertainties remain unchanged and these are detailed on pages 18 to 19 of the Annual Report and Financial Statements for the year ended 31 December 2012.

## Proposed merger with Albion Income & Growth VCT PLC

The Boards of Albion Technology & General VCT PLC and Albion Income & Growth VCT PLC announced today that they have reached agreement in principal to merge the companies. The merger is expected to achieve, amongst other things, cost savings and administration efficiency through the

# Interim management report (continued)

creation of a significantly enlarged VCT to provide benefits for all shareholders. The proposed merger will be subject to approval by shareholders of both companies.

The intention is that the proposed merger will be completed pursuant to a Section 110 scheme of reconstruction under the Insolvency Act 1986 by transferring the assets and liabilities of Albion Income & Growth VCT PLC to Albion Technology & General VCT PLC in consideration for new Albion Technology & General VCT PLC shares to be issued to Albion Income & Growth VCT PLC shareholders on a relative net asset value basis, based on net assets as at the time when the merger completes, adjusted for merger costs. A merger solely on this basis will be outside provisions of The City Code on Takeovers and Mergers.

A further announcement will be made in due course.

## **Discount management and share buy-backs**

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. 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. It is the Board's intention for such buy-backs to be in the region of a 5 per cent. discount to net asset value, so far as market conditions and liquidity permit.

## **Albion VCTs Top Up Offers 2012/2013**

During the period 1 January 2013 to 12 June 2013, the Company issued 2,244,789

shares under the Albion VCTs Top Up Offers 2012/2013. The Offers closed on 12 June 2013, and your Company raised a total of £2.1 million under this Offer.

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

## **Transactions with Manager**

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

## **Results and dividend**

As at 30 June 2013 the net asset value per Ordinary Share was 84.60 pence (30 June 2012: 83.30 pence; 31 December 2012: 84.00 pence).

The total return before tax for the six months to 30 June 2013 was £1.27 million compared to £297,000 for the six months to 30 June 2012. A second dividend of 2.50 pence per Ordinary Share will be paid on 31 October 2013 to those shareholders on the register on 4 October 2013. Following the merger referred to above, it is the current intention of the Board, whilst retaining the overall annual dividend of 5 pence per share, to pay dividends on a quarterly basis, in order to reflect the payment dates for both VCTs.

## **Dr N E Cross**

Chairman

8 August 2013

# 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 2013, 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 2013 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 2012.

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

By order of the Board

**Dr N E Cross**

Chairman

8 August 2013



# Portfolio of investments

The following is a summary of the technology fixed asset investments as at 30 June 2013:

Technology investments	% 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
Opta Sports Data Limited	5.6	735	1,629	2,364	801
Mi-Pay Limited	19.5	2,792	(895)	1,897	(107)
Process Systems Enterprise Limited	6.9	706	984	1,690	228
Blackbay Limited	8.5	941	447	1,388	72
Mirada Medical Limited	14.0	357	924	1,281	366
DySIS Medical Limited	8.1	924	54	978	206
Helveta Limited	17.5	2,605	(1,690)	915	(401)
sparesFinder Limited	10.5	613	215	828	128
Rostima Holdings Limited	15.6	583	240	823	(57)
AMS Sciences Limited	17.8	819	(38)	781	(109)
Lowcosttravelgroup Limited	4.0	680	95	775	–
memsstar Limited	10.7	741	(30)	711	(157)
Oxsensis Limited	8.2	1,221	(677)	544	(4)
Peakdale Molecular Limited	6.0	427	77	504	68
Abcodia Limited	2.1	75	–	75	–
Palm Tree Technology Limited	0.1	37	8	45	–
<b>Total technology investments</b>		<b>14,256</b>	<b>1,343</b>	<b>15,599</b>	<b>1,034</b>

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

## Portfolio of investments (continued)

The following is a summary of the non-technology fixed asset investments as at 30 June 2013:

Non-technology investments	% 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	923	2,853	62
Kensington Health Clubs Limited	14.7	3,494	(1,380)	2,114	(114)
Bravo Inns II Limited	9.3	1,415	(16)	1,399	9
The Charnwood Pub Company Limited	12.2	2,450	(1,094)	1,356	(128)
Orchard Portman Hospital Limited	16.2	1,080	70	1,150	132
The Weybridge Club Limited	6.7	1,314	(180)	1,134	(10)
Taunton Hospital Limited	15.8	1,000	17	1,017	98
Bravo Inns Limited	16.1	1,430	(505)	925	20
The Q Garden Company Limited	33.4	2,401	(1,580)	821	(71)
Masters Pharmaceuticals Limited	3.7	700	111	811	99
TEG Biogas (Perth) Limited	9.4	563	61	624	20
The Street by Street Solar Programme Limited	4.5	451	68	519	68
Regenerco Renewable Energy Limited	4.7	446	25	471	25
Alto Prodotto Wind Limited	3.9	350	99	449	99
Hilson Moran Holdings Limited	5.5	300	84	384	102
Prime Care Holdings Limited	15.6	930	(554)	376	(52)
Albion Investment Properties Limited	22.6	434	(75)	359	9
Chichester Holdings Limited	15.2	2,000	(1,652)	348	–
Peakdale Molecular Limited**	n/a	222	40	262	40
GWH Acquisition Limited	16.7	250	–	250	–
Premier Leisure (Suffolk) Limited	13.6	1,000	(786)	214	(2)
Consolidated PR Limited	21.7	623	(411)	212	(212)
Tower Bridge Health Clubs Limited	2.9	119	79	198	23
AVESI Limited	4.3	134	–	134	–
The Dunedin Pub Company VCT Limited	10.4	100	(5)	95	–
Greenenerco Limited	1.4	50	–	50	–
<b>Total non-technology investments</b>		<b>25,186</b>	<b>(6,661)</b>	<b>18,525</b>	<b>217</b>
<b>Total fixed asset investments</b>		<b>39,442</b>	<b>(5,318)</b>	<b>34,124</b>	<b>1,251</b>
Realised loss in current year					(14)
Movement in loan stock accrued interest					9
<b>Total gains on investments as per income statement</b>					<b>1,246</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.

# Summary income statement

		Unaudited six months ended 30 June 2013			Unaudited six months ended 30 June 2012			Audited year ended 31 December 2012		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	1,246	1,246	–	162	162	–	1,367	1,367
Investment income	4	571	–	571	669	–	669	1,224	–	1,224
Investment management fees	5	(111)	(334)	(445)	(107)	(323)	(430)	(215)	(644)	(859)
Other expenses		(105)	–	(105)	(104)	–	(104)	(210)	–	(210)
<b>Return/(loss) on ordinary activities before tax</b>		<b>355</b>	<b>912</b>	<b>1,267</b>	<b>458</b>	<b>(161)</b>	<b>297</b>	<b>799</b>	<b>723</b>	<b>1,522</b>
Tax (charge)/credit on ordinary activities		(79)	76	(3)	(111)	84	(27)	(161)	157	(4)
<b>Return/(loss) attributable to shareholders</b>		<b>276</b>	<b>988</b>	<b>1,264</b>	<b>347</b>	<b>(77)</b>	<b>270</b>	<b>638</b>	<b>880</b>	<b>1,518</b>
<b>Basic and diluted return/(loss) per share (pence)*</b>	7	<b>0.70</b>	<b>2.30</b>	<b>3.00</b>	0.90	(0.20)	0.70	1.60	2.10	3.70

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2012 and the audited statutory accounts for the year ended 31 December 2012.

The accompanying notes on pages 14 to 20 form an integral part of this Half-yearly Financial Report.

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

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

There are no recognised gains or losses other than the results for the periods disclosed above. Accordingly a Statement of total recognised gains and losses is not required. The difference between the reported return/(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 2013 £'000	Unaudited 30 June 2012 £'000	Audited 31 December 2012 £'000
<b>Fixed asset investments</b>		<b>34,124</b>	32,634	33,055
<b>Current assets</b>				
Trade and other debtors		23	203	21
Current asset investments		65	282	65
Cash at bank and in hand	10	<b>2,394</b>	1,404	1,656
		<b>2,482</b>	1,889	1,742
<b>Creditors: amounts falling due within one year</b>		<b>(369)</b>	(402)	(338)
<b>Net current assets</b>		<b>2,113</b>	1,487	1,404
<b>Net assets</b>		<b>36,237</b>	34,121	34,459
<b>Capital and reserves</b>				
Called up share capital	8	472	26,824	454
Share premium		2,300	1,594	346
Capital redemption reserve		12	449	6
Unrealised capital reserve		(5,473)	(7,664)	(6,678)
Realised capital reserve		9,218	8,832	9,435
Other distributable reserve		29,708	4,086	30,896
<b>Total equity shareholders' funds</b>		<b>36,237</b>	34,121	34,459
<b>Basic and diluted net asset value per share (pence)*</b>		<b>84.60</b>	83.30	84.00

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2012 and the audited statutory accounts for the year ended 31 December 2012.

The accompanying notes on pages 14 to 20 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 8 August 2013, 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	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
<b>1 January 2013 (Audited)</b>	<b>454</b>	<b>346</b>	<b>6</b>	<b>(6,678)</b>	<b>9,435</b>	<b>30,896</b>	<b>34,459</b>
Return/(loss) for the period	–	–	–	1,260	(272)	276	1,264
Transfer of previously unrealised gains on disposal of investments	–	–	–	(55)	55	–	–
Purchase of shares for cancellation	(6)	–	6	–	–	(403)	(403)
Issue of equity (net of costs)	24	1,954	–	–	–	–	1,978
Dividends paid	–	–	–	–	–	(1,061)	(1,061)
<b>As at 30 June 2013 (Unaudited)</b>	<b>472</b>	<b>2,300</b>	<b>12</b>	<b>(5,473)</b>	<b>9,218</b>	<b>29,708</b>	<b>36,237</b>
<b>1 January 2012 (Audited)</b>	<b>21,862</b>	<b>959</b>	<b>4,473</b>	<b>(8,001)</b>	<b>9,246</b>	<b>5,008</b>	<b>33,547</b>
Return/(loss) for the period	–	–	–	148	(225)	347	270
Transfer of previously unrealised losses on disposal of investments	–	–	–	189	(189)	–	–
Issue of deferred share**	4,073	–	(4,073)	–	–	–	–
Purchase of shares for treasury	–	–	–	–	–	(252)	(252)
Cancellation of treasury shares	(50)	–	50	–	–	–	–
Issue of equity (net of costs)	939	635	–	–	–	–	1,574
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>8,832</b>	<b>4,086</b>	<b>34,121</b>
<b>1 January 2012 (Audited)</b>	<b>21,862</b>	<b>959</b>	<b>4,473</b>	<b>(8,001)</b>	<b>9,246</b>	<b>5,008</b>	<b>33,547</b>
Return/(loss) for the period	–	–	–	1,440	(560)	638	1,518
Transfer of previously unrealised gains on disposal of investments	–	–	–	(117)	117	–	–
Purchase of shares for cancellation	(1)	–	1	–	–	(49)	(49)
Purchase of shares for treasury	–	–	–	–	–	(453)	(453)
Cancellation of treasury shares	(54)	–	54	–	–	–	–
Issue of deferred share**	4,073	–	(4,073)	–	–	–	–
Reduction in share capital and cancellation of deferred share, capital redemption and share premium reserves**	(26,369)	(1,598)	(449)	–	–	28,416	–
Issue of equity (net of costs)	943	986	–	–	–	–	1,929
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	632	(632)	–
Dividends paid	–	–	–	–	–	(2,033)	(2,033)
<b>As at 31 December 2012 (Audited)</b>	<b>454</b>	<b>346</b>	<b>6</b>	<b>(6,678)</b>	<b>9,435</b>	<b>30,896</b>	<b>34,459</b>

\* Included within these reserves is an amount of £33,453,000 (30 June 2012: £5,254,000; 31 December 2012: £33,653,000) which is considered distributable.

\*\* The reduction in the nominal value of shares from 50 pence to 1 penny, the cancellation of the deferred share, capital redemption and share premium reserves (as approved by shareholders at the General Meeting held on 22 June 2012 and by order of the Court dated 11 July 2012) has increased the value of the other distributable reserve.

The special reserve, treasury share reserve and the revenue reserve have been combined in the Balance sheet to form a single reserve named other distributable reserve for both the current and prior year. The Directors consider that the combination of these reserves enhances the clarity of financial reporting. More details regarding treasury shares can be found in note 8.

# Summary cash flow statement

	Note	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
<b>Operating activities</b>				
Loan stock income received		569	647	1,225
Deposit interest received		9	14	19
Dividend income received		5	–	–
Investment management fees paid		(428)	(413)	(847)
Other cash payments		(108)	(113)	(216)
<b>Net cash flow from operating activities</b>	9	<b>47</b>	135	181
<b>Taxation</b>				
UK corporation tax recovered/(paid)		8	15	(9)
<b>Capital expenditure and financial investments</b>				
Purchase of fixed asset investments		(762)	(2,266)	(2,338)
Disposal of fixed asset investments		931	767	1,685
Disposal of current asset investments		–	1,000	1,295
<b>Net cash flow from investing activities</b>		<b>169</b>	(499)	642
<b>Equity dividends paid</b>				
Dividends paid (net of cost of issuing shares under the dividend reinvestment scheme)		(960)	(928)	(1,854)
<b>Net cash flow before financing</b>		<b>(736)</b>	(1,277)	(1,040)
<b>Financing</b>				
Issue of share capital (net of costs)		1,877	1,486	1,751
Purchase of own shares (including costs)		(403)	(252)	(502)
<b>Net cash flow from financing</b>		<b>1,474</b>	1,234	1,249
<b>Net cash flow in the period</b>	10	<b>738</b>	(43)	209

# Notes to the unaudited summarised Financial Statements

## 1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods, however to enhance clarity of financial reporting, the special reserve, treasury share reserve and revenue reserve have been presented as a single reserve named other distributable reserve. This has also been applied to 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 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 amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the other distributable reserve, and movements in respect of capital provisions are reflected in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve for impairments arising from revaluations of the fair value of the security.

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

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

In accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method.

#### *Current asset investments*

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

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the other distributable reserve when a share becomes ex-dividend.

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

# Notes to the unaudited summarised Financial Statements (continued)

## Investment income

### *Unquoted equity income*

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

### *Unquoted loan stock and other preferred income*

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using an effective interest rate over the life of the financial instrument. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

### *Bank interest income*

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

## Investment management fees and expenses

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

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

## Performance incentive fee

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

## Taxation

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

## 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 other distributable reserve.

### *Capital redemption reserve*

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

### *Unrealised capital reserve*

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

### *Realised capital reserve*

The following are disclosed in this reserve:

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

### *Other distributable reserve*

The special reserve, treasury share reserve and the revenue reserve have been combined as a single reserve named other distributable reserve.

This reserve accounts for movements from the revenue column of the Income statement, the payment of dividends, the buyback of shares and other non capital realised movements.

## 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 2013 £'000	Unaudited six months ended 30 June 2012	Audited year ended 31 December 2012 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss	1,571	(184)	1,363
Unrealised (impairments)/reversals of impairments on fixed asset investments held at amortised cost	(311)	332	12
<b>Unrealised gains on fixed asset investments sub-total</b>	<b>1,260</b>	<b>148</b>	<b>1,375</b>
Unrealised gains on current assets held at fair value through profit or loss	–	–	65
<b>Unrealised gains sub-total</b>	<b>1,260</b>	<b>148</b>	<b>1,440</b>
Realised (losses)/gains on investments held at fair value through profit or loss	(14)	14	(136)
<b>Realised (losses)/gains on fixed asset investments sub-total</b>	<b>(14)</b>	<b>14</b>	<b>(136)</b>
Realised gains on current asset investments held at fair value through profit or loss	–	–	63
<b>Realised (losses)/gains sub-total</b>	<b>(14)</b>	<b>14</b>	<b>(73)</b>
	<b>1,246</b>	<b>162</b>	<b>1,367</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 2013 £'000	Unaudited six months ended 30 June 2012	Audited year ended 31 December 2012 £'000
<b>Income recognised on investments held at fair value through profit or loss</b>			
UK dividend income	5	–	–
Income from convertible bonds and discounted debt	70	70	135
	<b>75</b>	<b>70</b>	<b>135</b>
<b>Income recognised on investments held at amortised cost</b>			
Return on loan stock investments	485	593	1,076
Bank deposit interest	11	6	13
	<b>496</b>	<b>599</b>	<b>1,089</b>
	<b>571</b>	<b>669</b>	<b>1,224</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. Investment management fees

	<b>Unaudited six months ended 30 June 2013 £'000</b>	Unaudited six months ended 30 June 2012 31 December 2012 £'000	Audited year ended 31 December 2012 £'000
Investment management fee charged to revenue	<b>111</b>	107	215
Investment management fee charged to capital	<b>334</b>	323	644
	<b>445</b>	430	859

The Manager, Albion Ventures LLP, is party to a management agreement with the Company (details disclosed on page 20 of the Annual Report and Financial Statements for the year ended 31 December 2012) and Patrick Reeve, a Director of the Company, is also Managing Partner of Albion Ventures LLP. During the period, services to a total value of £445,000 (30 June 2012: £430,000; 31 December 2012: £859,000) 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 £233,000 (30 June 2012: £220,000; 31 December 2012: £216,000).

During the year, the Company was charged £11,000 (including VAT) by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (30 June 2012: £11,000; 31 December 2012: £19,000). At the financial period end, the amount due to Albion Ventures LLP in respect of these services was £5,000 (30 June 2012: £5,000; 31 December 2012: £3,500).

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.

During the period the Company raised new funds through the Albion VCTs Top Up Offers 2012/2013 as described in note 8. The total cost of the issue of these shares was 3 per cent. of the sums subscribed. Of these costs, an amount of £3,186 (30 June 2012: £6,740; 31 December 2012: £7,403) was paid to the Manager, Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at the year end.

## 6. Dividends

	<b>Unaudited six months ended 30 June 2013 £'000</b>	Unaudited six months ended 30 June 2012 31 December 2012 £'000	Audited year ended 31 December 2012 £'000
Dividend of 2.50p per Ordinary share paid on 30 April 2012	–	1,018	1,018
Dividend of 2.50p per Ordinary share paid on 31 October 2012	–	–	1,015
Dividend of 2.50p per Ordinary share paid on 30 April 2013	<b>1,061</b>	–	–
	<b>1,061</b>	1,018	2,033

The Directors have declared a dividend of 2.50 pence per Ordinary share (total approximately £1,071,000) payable on 31 October 2013 to shareholders on the register as at 4 October 2013.

# Notes to the unaudited summarised Financial Statements (continued)

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

Return per share has been calculated on 41,669,928 Ordinary shares excluding treasury shares (30 June 2012: 40,425,530; 31 December 2012: 40,576,647) being the weighted average number of shares in issue for the period.

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.

## 8. Share capital

	Unaudited 30 June 2013 £'000	Unaudited 30 June 2012 31 December 2012 £'000	Audited 31 December 2012 £'000
<b>Allotted, called up and fully paid</b>			
47,191,713 Ordinary shares of 1 penny each (30 June 2012: 45,501,719 of 50p each; 31 December 2012: 45,365,688 of 1 penny each)	472	22,751	454
Nil deferred shares of £4,073,164 (30 June 2012: 1; 31 December 2012: nil)	–	4,073	–
	<b>472</b>	<b>26,824</b>	<b>454</b>

### Voting rights

42,850,643 Ordinary shares of 1 penny each (net of treasury shares) (30 June 2012: 40,972,719 of 50p each; 31 December 2012: 41,024,618 of 1 penny each).

During the previous year, 1 deferred share with a nominal value of £4,073,164 was issued in order to formally effect the merger of the C shares with the Ordinary shares, which took place in 2011. This was approved by shareholders at the General Meeting on 22 June 2012. The deferred share had no voting rights, no right to receive a dividend or any other form of income from the Company.

The Company also obtained authority to reduce the nominal value of its shares from 50 pence to 1 penny, and to cancel its capital redemption reserve, share premium reserve and deferred share. This was approved by the Court on 11 July 2012. This restructuring increased the distributable reserves available to the Company for the payment of dividends, the buy-back of shares and for other corporate purposes. The effect of these transactions were to reduce the Ordinary share capital by £26,369,006, capital redemption reserve by £449,243 and share premium reserve by £1,598,100 and increase the other distributable reserve by £28,416,349.

During the period the Company purchased 551,000 Ordinary shares for cancellation (30 June 2012: nil; 31 December 2012: 75,936) at a cost of £403,000 including stamp duty (30 June 2012: nil; 31 December 2012: £49,000), representing 1.2 per cent. of its issued share capital as at 31 December 2012. The shares purchased for cancellation were funded by the other distributable reserve.

The Company did not purchase any shares for treasury during the period to 30 June 2013 (30 June 2012: 338,000 at a cost of £250,000; 31 December 2012: 650,070 at a cost of £453,000). The Company did not cancel any shares from treasury during the period to 30 June 2013 (30 June 2012: 99,372; 31 December 2012: 599,372) leaving a balance of 4,341,070 Ordinary shares in treasury (30 June 2012: 4,529,000; 31 December 2012: 4,341,070) which represents 9.2 per cent. of the issued share capital as at 30 June 2013.

# Notes to the unaudited summarised Financial Statements (continued)

## 8. Share capital (continued)

Under the terms of the dividend reinvestment scheme, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2013:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
30 April 2013	135,236	1	81.50	101	77.00

Under the terms of the Albion VCTs Top Up Offers 2012/2013, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2013:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares £'000	Issue price (pence per share)	Net consideration received £'000	Opening market price per share on allotment date (pence per share)
5 April 2013	1,601,492	16	86.60	1,345	74.00
12 June 2013	640,297	6	85.60	532	77.00
	<u>2,244,789</u>	<u>22</u>		<u>1,877</u>	

The Albion VCTs Top Up Offers 2012/2013 closed on 12 June 2013. In aggregate, the Company raised a total of £2.1 million.

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

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012 £'000	Audited year ended 31 December 2012 £'000
Revenue return on ordinary activities before tax	355	458	800
Investment management fee charged to capital	(334)	(323)	(643)
Movement in accrued amortised loan stock interest	9	(38)	3
Increase in operating debtors	(1)	(8)	(5)
Decrease in operating creditors	18	46	26
<b>Net cash flow from operating activities</b>	<u>47</u>	<u>135</u>	<u>181</u>

# Notes to the unaudited summarised Financial Statements (continued)

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

	Unaudited six months ended 30 June 2013 £'000	Unaudited six months ended 30 June 2012	Audited year ended 31 December 2012 £'000
Opening cash balances	1,656	1,447	1,447
Net cash flow	738	(43)	209
<b>Closing cash balances</b>	<b>2,394</b>	<b>1,404</b>	<b>1,656</b>

## 11. Commitments and contingencies

As at 30 June 2013, the Company had the following financial commitments in respect of investments:

- Mi-Pay Limited; £67,000
- DySIS Medical Limited; £35,000

There are no contingencies or guarantees of the Company as at 30 June 2013 (30 June 2012 and 31 December 2012: nil).

## 12. Post balance sheet events

Since 30 June 2013, the Company has completed the following material transactions:

- Investment of £25,000 in Rostima Holdings Limited;
- Investment of £67,000 in Mi-Pay Limited;
- Sale consideration, including rolled up interest and escrow retention, of £2,356,000 received from the disposal of the investment in Opta Sports Data Limited;
- Cash of £375,000 received from the disposal of the investment in Prime Care Holdings Limited.

## 13. Related party transactions

There are no related party transactions or balances requiring disclosure.

## 14. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 December 2012, and is detailed on page 47 of those accounts. The Company has adequate cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council.

## 15. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 June 2013 and 30 June 2012, and is unaudited. The information for the year ended 31 December 2012 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which were unqualified and which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

## 16. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the 'Our Funds' section.



# Albion Technology & General VCT PLC

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