

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

Albion Technology & General VCT PLC

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

Company information

Company number	04114310
Directors	Dr N E Cross, Chairman R Archibald M A Cordeiro M V H Rees-Mogg P H Reeve
Manager, company secretary, AIFM and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Taxation adviser	Robertson Hare LLP 1st Floor 4 Staple Inn London, WC1V 7QH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

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

Shareholder information	<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: www.investorcentre.co.uk</p> <p>Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.</p>
Financial adviser information	<p>For enquiries relating to the performance of the Company, and information for financial advisers please contact Albion Ventures LLP:</p> <p>Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk</p>

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

Investment objective and policy

Albion Technology & General VCT PLC's (the "Company") investment strategy is to provide investors with a regular and predictable source of dividend income combined with the prospect of longer term capital growth.

This is achieved in two ways. Firstly, 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. Secondly, 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.

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.

This split is subject to the availability of good quality new investments arising within the UK technology and non-technology sectors.

Background to the Company

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 £14m under the Albion VCTs Top Up Offers since January 2011.

On 15 November 2013, the Company acquired the assets and liabilities of Albion Income & Growth VCT PLC ("Income & Growth") in exchange for new shares in the Company ("the Merger"). Each Income & Growth shareholder received 0.7813 shares in the Company for each Income & Growth share that they held at the date of the Merger.

Financial calendar

Record date for fourth dividend for the year	2 October 2015
Payment of fourth dividend for the year	30 October 2015
Financial year end	31 December 2015

Financial highlights

	Unaudited six months ended 30 June 2015 (pence per share)	Unaudited six months ended 30 June 2014 (pence per share)	Audited year ended 31 December 2014 (pence per share)
Net asset value	79.19	82.01	82.85
Dividends paid	3.75	3.75	5.00
Revenue return	0.77	0.61	1.25
Capital (loss)/return	(0.69)	(0.61)	0.79

	Ordinary shares (pence per share) (i)	C shares (pence per share) (i)(ii)	Albion Income & Growth VCT PLC (pence per share) (i)(iii)
Total shareholder return to 30 June 2015			
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	–	0.65
31 December 2006	8.00	0.50	2.60
31 December 2007	8.00	2.50	3.45
31 December 2008	16.00	4.50	3.50
31 December 2009	–	1.00	3.00
31 December 2010	8.00	3.00	3.00
31 December 2011	5.00	3.80	3.50
31 December 2012	5.00	3.90	3.50
31 December 2013	5.00	3.90	3.50
31 December 2014	5.00	3.90	3.90
30 June 2015	3.75	2.92	2.93
Total dividends paid to 30 June 2015	84.75	29.92	33.53
Net asset value as at 30 June 2015	79.19	61.60	61.87
Total shareholder return to 30 June 2015	163.94	91.52	95.40

In addition to the dividends paid above, the Board declared a fourth dividend for the year ending 31 December 2015 of 1.25 pence per Ordinary share to be paid on 30 October 2015 to shareholders on the register as at 2 October 2015.

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) Albion Income & Growth VCT PLC was merged with Albion Technology & General VCT PLC on 15 November 2013. The pro-forma NAV is based upon 0.7813 Albion Technology & General VCT PLC shares for every Albion Income & Growth VCT PLC share. The total shareholder returns are based on the dividends paid to shareholders before the merger and the pro-rata net asset value per share and the pro-rata dividends paid to 30 June 2015.

Interim management report

Introduction

The results for Albion Technology & General VCT PLC for the six months to 30 June 2015 showed further subdued performance with a marginally positive return, slightly above the period to 30 June 2014. Net asset value at 30 June 2015 was 79.2 pence per share, largely reflecting the deduction of 3.75 pence per share dividends paid to date this year, compared to 82.9 pence per share net asset value at 31 December 2014.

Performance

While the performance of the Ordinary shares has been strong since launch in 2001, the performance of the C shares and the former Albion Income and Growth shares, the majority of whose funds were raised and invested at the peak of the market in 2005/2006, has been weak. Investments made over that period were characterised by property-backed businesses invested in at the high point of the property cycle and technology-oriented business with a capital intensive business model. Since the Crash of 2008/2009, all three classes of share have seen a recovery after a significant markdown in net asset value. The disappointment, however, has been that after a particularly strong performance in 2013, growth over the last 18 months has slowed. This is in contrast to the performance of the other Albion VCTs, which have a much lower proportion of investments made in the second half of the last decade.

While a number of the investments made prior to 2009 have the potential for further growth in value, the Board and the Manager have agreed a policy of reducing the proportion of those investments as a percentage of the overall portfolio through a programme of orderly divestment. These investments currently account for 58 per cent. of the portfolio and we would aim to reduce this to below 30 per cent. by the end of 2016 whilst aiming to maximise the proceeds of disposal.

Much of the work on portfolio re-alignment has already been achieved. Nevertheless, there is more to be done and the restoration of the type of growth prospects that the Board and Manager would like to see will not be immediate. In the meantime, the focus will be on preserving value, continuing with the policy of paying an annual dividend of 5 pence per share, as well as maintaining the share buyback policy. The net proceeds of realisations, issuance of new equity and income from the portfolio will be deployed into sectors where there is a prospect of good growth, including healthcare, education, and niche, capital efficient segments of IT, as well as more mature businesses in other areas.

Investment progress

The key negative valuation movement over the period was in Rostima, a company in which we invested in 2007. Its staff rostering software for international ports, although a leader in its field, has had difficulties penetrating a complex market and the investment is now largely written off, with a write down of £1.9m in the current period. In addition, there was a disappointing decline in Blackbay's performance over the period, resulting in a write down of £528,000, while the Charnwood Pub Company, whose pubs are currently being disposed of, also saw a write-down of £484,000.

Against that, however, there has been a high degree of purchaser interest in our Kensington Health Club which occupies a 999 year lease in Olympia in West Kensington, with an increase in valuation of £1.7m, while our portfolio of renewable energy investments continued to perform strongly. A number of our newer medical technology and IT businesses are also showing considerable promise and saw uplifts in value in the period, with further uplifts likely in the second half of the year.

In the first half of the year, approximately £5m was invested, of which £1.7m was invested in Radnor House to purchase Combe Bank School in Sevenoaks in Kent. In addition, £1.5m was invested into our two hydroelectric schemes in Scotland which are now generating electricity ahead of budget. This brings us close to our target for renewable energy investments of 15 per cent. of the portfolio. During the period, the Orchard Portman Group was sold for a total return of 1.6 times cost. A number of exits are currently under review, with particular emphasis on those invested in prior to 2009.

Portfolio split as at 30 June 2015

Interim management report (continued)

Risks, uncertainties and prospects

Although growth in the UK has recovered well, the outlook for the UK and global economies continues to be the key risk affecting your Company, coupled with the legacy issues of investments the Company made prior to 2009. Investment risk is mitigated through a variety of processes, including our policy of ensuring that the Company has a first charge over portfolio companies' assets wherever possible and of aiming to achieve balance in the portfolio through the inclusion of sectors that are less exposed to the business and consumer cycles.

Other principal risks and uncertainties remain unchanged and are as detailed on pages 13 to 15 of the Annual Report and Financial Statements for the year ended 31 December 2014.

Changes in VCT legislation

The July budget introduced a number of changes to VCT legislation, including restrictions over the age of investments, a prohibition on management buyouts or the purchase of existing businesses and an overall lifetime investment cap of £12m from tax-advantaged funds into any portfolio company. While these changes are significant, had they been in place previously they would only have affected a relatively small minority of the investments that we have made into new portfolio companies over recent years. Our current view is that there will be no change in our investment policy as a result, however the legislation is still being worked on and we will have a more detailed view of its effect after Royal Assent, expected in October 2015.

Discount management and share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. Thereafter, it is still the Board's policy to buy back shares in the market, subject to the overall constraint that such purchases are in the VCT's interest. In order to ensure that this condition is satisfied, the Company will limit the sum available for buy-backs for the 6 month period to 31 December 2015 to £1m. 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

The VCT has raised £5.1m to date under the Albion VCTs Prospectus Top Up Offers 2014/2015.

The proceeds of the Offer 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 the Manager

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

Results and dividends

As at 30 June 2015 the net asset value per Ordinary share was 79.2 pence (30 June 2014: 82.0 pence; 31 December 2014: 82.9 pence) largely reflecting the 3.75 pence per share dividends paid to date against a break-even total return. Dividends are paid on a quarterly basis, the next payment being 1.25 pence per share on 30 October 2015, to those shareholders on the register at 2 October 2015.

As detailed above, there is a continuing programme to reduce the proportion of those investments made at the top of the cycle in the last decade, although it should be noted that some of these still have considerable upside potential. In the meantime, the Company's three core target areas of investment, namely healthcare (including medical technology), renewable energy and education, continue to show good growth prospects. In addition, the latter two of these sectors have contributed to a strong rise in the income generated by the investment portfolio, which is almost 20 per cent. higher than for the same period last year. The task of the Manager and the Board is to maintain the continued rebalancing of the portfolio towards growth sectors and companies with capital efficient business models, with a view to providing long term returns to shareholders in the form of capital growth and dependable income.

Dr N E Cross

Chairman
20 August 2015

Responsibility statement

The Directors, Dr. Neil Cross, Robin Archibald, Mary Anne Cordeiro, Modwenna Rees-Mogg and Patrick Reeve, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 June 2015 we, the Directors of the Company, confirm that to the best of our knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

- (c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

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

By order of the Board

Dr N E Cross

Chairman
20 August 2015

Portfolio of investments

The following is a summary of the technology fixed asset investments as at 30 June 2015:

Technology investments	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Lowcosttravelgroup Limited	15.3	2,638	2,145	4,783	–
Blackbay Limited	23.5	4,213	194	4,407	(528)
Process Systems					
Enterprise Limited	13.3	2,019	1,292	3,311	82
Mi-Pay Group plc	21.6	4,163	(1,651)	2,512	(237)
AMS Sciences Limited	23.9	2,016	49	2,065	(5)
memsstar Limited	30.1	1,322	722	2,044	291
Mirada Medical Limited	14.6	799	748	1,547	(140)
DySIS Medical Limited	8.0	1,357	(348)	1,009	(44)
sparesFinder Limited	12.0	613	396	1,009	(71)
Oxsensis Limited	13.9	1,696	(744)	952	(58)
Relayware Limited	3.9	893	30	923	11
Exco Intouch Limited	3.5	580	233	813	220
Cisiv Limited	7.0	452	159	611	161
Aridhia Informatics Limited	1.7	695	(153)	542	(49)
Proveca Limited	5.1	298	135	433	15
Abcodia Limited	3.7	319	40	359	38
MyMeds&Me Limited	1.9	225	119	344	126
Egress Software					
Technologies Limited	2.0	200	51	251	15
Rostima Holdings Limited	47.4	2,411	(2,189)	222	(1,938)
Silent Herdsman					
Holdings Limited	9.8	402	(196)	206	(49)
OmPrompt Holdings Limited	1.6	200	5	205	2
Palm Tree Technology Limited	0.5	320	(156)	164	–
Grapeshot Limited	1.2	149	–	149	–
PayAsUGym.com	0.5	35	(4)	31	–
Elements Software Limited	3.3	19	–	19	–
Total technology investments		28,034	877	28,911	(2,158)

* 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 2015:

Non-technology investments	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Radnor House School (Holdings) Limited	15.3	4,864	1,816	6,680	2
Kensington Health Clubs Limited	27.6	5,264	263	5,527	1,710
Bravo Inns II Limited	15.1	2,639	14	2,653	9
The Weybridge Club Limited	25.2	3,719	(1,220)	2,499	(38)
Chonais River Hydro Limited	3.8	2,169	189	2,358	167
The Charnwood Pub Company Limited	22.5	3,302	(1,510)	1,792	(484)
Gharagain River Hydro Limited	6.7	1,526	202	1,728	192
Bravo Inns Limited	28.8	2,163	(536)	1,627	8
Masters Pharmaceuticals Limited	5.5	796	396	1,192	106
TEG Biogas (Perth) Limited	12.4	1,014	162	1,176	103
The Street by Street Solar Programme Limited	8.1	896	280	1,176	55
Regenerco Renewable Energy Limited	7.9	822	177	999	97
The Q Garden Company Limited	33.4	2,401	(1,452)	949	103
Alto Prodotto Wind Limited	6.9	692	220	912	81
Hilson Moran Holdings Limited	9.0	383	354	737	164
Premier Leisure (Suffolk) Limited	25.8	1,212	(774)	438	1
Erin Solar Limited	15.7	440	(9)	431	(9)
Infinite Ventures (Goathill) Limited	9.6	400	–	400	–
Albion Investment Properties Limited	22.6	434	(59)	375	11
AVESI Limited	8.0	260	55	315	29
Harvest AD Limited	0.0	210	–	210	–
Chichester Holdings Limited	37.6	579	(395)	184	(56)
Greenenerco Limited	3.1	110	57	167	19
Total non-technology investments		36,295	(1,770)	34,525	2,270
Total investments		64,329	(893)	63,436	112

* As adjusted for additions and disposals during the period.

Total change in value on investments for the period	112
Realised loss in current period	(104)
Movement in loan stock accrued interest	(106)
Total loss on investments as per income statement	(98)

Portfolio of investments (continued)

	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	(Loss)/gain on opening value £'000
Fixed asset realisations					
Orchard Portman Group	2,898	4,238	4,102	1,204	(136)
Infinite Ventures (Goathill) Limited (<i>loan stock repaid</i>)	1,050	1,050	1,050	–	–
Consolidated PR Limited	–	–	39	39	39
Hilson Moran Holdings Limited (<i>loan stock repaid & redemption premium</i>)	21	29	29	8	–
Radnor House School (Holdings) Limited (<i>loan stock repaid & redemption premium</i>)	26	23	26	–	3
Tower Bridge Health Clubs Limited	–	–	9	9	9
The Dunedin Pub Company VCT Limited	–	–	1	1	1
Chichester Holdings Limited	924	–	–	(924)	–
Opta Sports Data Limited (<i>escrow adjustment</i>)	–	–	(20)	(20)	(20)
Total	4,919	5,340	5,236	317	(104)

Condensed income statement

		Unaudited six months ended 30 June 2015			Unaudited six months ended 30 June 2014			Audited year ended 31 December 2014		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	3	–	(98)	(98)	–	9	9	–	1,573	1,573
Investment income	4	1,097	–	1,097	918	–	918	1,940	–	1,940
Investment management fees	5	(205)	(613)	(818)	(200)	(600)	(800)	(401)	(1,205)	(1,606)
Other expenses		(120)	–	(120)	(129)	–	(129)	(331)	–	(331)
Return/(loss) on ordinary activities before tax		772	(711)	61	589	(591)	(2)	1,208	368	1,576
Tax (charge)/credit on ordinary activities		(143)	143	–	(120)	120	–	(238)	249	11
Return/(loss) attributable to shareholders		629	(568)	61	469	(471)	(2)	970	617	1,587
Basic and diluted return/(loss) per share (pence)*	7	0.77	(0.69)	0.08	0.61	(0.61)	0.00	1.25	0.79	2.04

* excluding treasury shares

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

The accompanying notes on pages 15 to 21 form an integral part of this Half-yearly Financial Report.

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

There are no recognised gains or losses other than the results for the periods disclosed above. Accordingly a Statement of comprehensive income is not required. The difference between the reported return/(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.

Condensed balance sheet

	Note	Unaudited 30 June 2015 £'000	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
Fixed assets				
Investments		63,436	62,227	63,520
Current assets				
Trade and other receivables less than one year		751	334	518
Current asset investments		–	252	–
Cash and cash equivalents	10	2,655	1,807	1,449
		<u>3,406</u>	<u>2,393</u>	<u>1,967</u>
Total assets		66,842	64,620	65,487
Creditors: amounts falling due within one year				
Trade and other payables less than one year		(474)	(476)	(601)
Net assets		<u>66,368</u>	<u>64,144</u>	<u>64,886</u>
Equity attributable to equityholders				
Called up share capital	8	908	826	810
Share premium		39,339	32,814	33,917
Capital redemption reserve		28	28	28
Unrealised capital reserve		(1,046)	(4,169)	(632)
Realised capital reserve		11,361	10,324	11,515
Other distributable reserve		15,778	24,321	19,218
Total equity shareholders' funds		<u>66,368</u>	<u>64,144</u>	<u>64,886</u>
Basic and diluted net asset value per share (pence)*		<u>79.19</u>	<u>82.01</u>	<u>82.85</u>

* excluding treasury shares

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

The accompanying notes on pages 15 to 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 20 August 2015, and were signed on its behalf by

Dr N E Cross

Chairman

Company number: 04114310

Condensed statement of changes in equity

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
1 January 2015	840	33,917	28	(632)	11,515	19,218	64,886
Return/(loss) and total comprehensive income for the period	–	–	–	7	(575)	629	61
Transfer of previously unrealised gains on investments	–	–	–	(421)	421	–	–
Purchase of shares for treasury	–	–	–	–	–	(1,005)	(1,005)
Issue of equity	68	5,574	–	–	–	–	5,642
Cost of issue of equity	–	(152)	–	–	–	–	(152)
Equity dividends paid	–	–	–	–	–	(3,064)	(3,064)
As at 30 June 2015	908	39,339	28	(1,046)	11,361	15,778	66,368
1 January 2014	799	30,031	21	(4,166)	10,792	27,354	64,831
Return/(loss) and total comprehensive income for the period	–	–	–	9	(480)	469	(2)
Transfer of previously unrealised gains on investments	–	–	–	(12)	12	–	–
Purchase of shares for cancellation	(7)	–	7	–	–	(563)	(563)
Purchase of shares for treasury	–	–	–	–	–	(40)	(40)
Issue of equity	34	2,877	–	–	–	–	2,911
Cost of issue of equity	–	(94)	–	–	–	–	(94)
Equity dividends paid	–	–	–	–	–	(2,899)	(2,899)
As at 30 June 2014	826	32,814	28	(4,169)	10,324	24,321	64,144
1 January 2014	799	30,031	21	(4,166)	10,792	27,354	64,831
Return/(loss) and total comprehensive income for the period	–	–	–	1,687	(1,070)	970	1,587
Transfer of previously unrealised losses on investments	–	–	–	1,846	(1,846)	–	–
Purchase of shares for cancellation	(7)	–	7	–	–	(563)	(563)
Purchase of shares for treasury	–	–	–	–	–	(1,028)	(1,028)
Issue of equity	48	3,994	–	–	–	–	4,042
Cost of issue of equity	–	(108)	–	–	–	–	(108)
Transfer from other distributable reserve to realised capital reserve	–	–	–	–	3,639	(3,639)	–
Equity dividends paid	–	–	–	–	–	(3,876)	(3,876)
As at 31 December 2014	840	33,917	28	(632)	11,515	19,218	64,886

*Included within these reserves is an amount of £26,093,000 (30 June 2014: £30,476,000; 31 December 2014: £30,101,000) which is considered distributable.

Condensed statement of cash flows

	Note	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Audited year ended 31 December 2014 £'000
Cash flow from operating activities				
Loan stock income received		894	883	1,852
Deposit interest received		21	14	24
Dividend income received		74	40	49
Investment management fees paid		(915)	(808)	(1,501)
Other cash payments		(150)	(161)	(255)
Corporation tax paid		—	(11)	—
Net cash flow from operating activities	9	(76)	(43)	169
Cash flow from investing activities				
Purchase of fixed asset investments		(5,141)	(958)	(5,514)
Disposal of fixed asset investments		5,643	262	4,849
Disposal of current asset investments		—	—	262
Net cash flow from investing activities		502	(696)	(403)
Cash flow from financing activities				
Issue of share capital (net of costs)		4,491	2,547	3,562
Equity dividends paid (net of cost of issuing shares under the dividend reinvestment scheme)		(2,705)	(2,622)	(3,500)
Purchase of own shares (including costs)		(1,005)	(603)	(1,591)
Costs of Merger (paid on behalf of the Company and Albion Income & Growth VCT PLC)		(1)	(2)	(14)
Net cash flow from financing activities		780	(680)	(1,543)
Increase/(decrease) in cash and cash equivalents		1,206	(1,419)	(1,777)
Cash and cash equivalents at start of period		1,449	3,226	3,226
Cash and cash equivalents at end of period	10	2,655	1,807	1,449
Cash and cash equivalents comprise:				
Cash at bank and in hand		2,655	1,807	1,449
Cash equivalents		—	—	—
Total cash and cash equivalents		2,655	1,807	1,449

Notes to the condensed Financial Statements

1. Basis of preparation

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

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

2. Accounting policies

Fixed asset investments

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

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

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

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

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

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

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

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

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at fair value through profit and loss.

Notes to the condensed Financial Statements (continued)

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

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

Bank interest income

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

Investment management fees and expenses

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

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

Taxation

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

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

Reserves

Share premium 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 were combined in 2012 to form a single reserve named other distributable reserve.

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

Dividends

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

Notes to the condensed Financial Statements (continued)

3. (Losses)/gains on investments

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Audited year ended 31 December 2014 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	6	(97)	1,687
Unrealised gains on current assets held at fair value through profit or loss	–	106	–
Unrealised gains sub-total	6	9	1,687
Realised losses on fixed asset investments held at fair value through profit or loss	(104)	–	(250)
Realised gains on current asset investments held at fair value through profit or loss	–	–	136
Realised losses sub-total	(104)	–	(114)
	(98)	9	1,573

4. Investment income

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Audited year ended 31 December 2014 £'000
Income recognised on investments held at fair value through profit or loss			
UK dividend income	73	38	48
Loan stock interest	1,001	867	1,871
Bank deposit interest	23	13	21
	1,097	918	1,940

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

Notes to the condensed Financial Statements (continued)

5. Investment management fees

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Audited year ended 31 December 2014 £'000
Investment management fee charged to revenue	205	200	401
Investment management fee charged to capital	613	600	1,205
	818	800	1,606

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

During the period, services for a total value of £818,000 (30 June 2014: £800,000; 31 December 2014: £1,606,000) 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 £412,000 (30 June 2014: £395,000; 31 December 2014: £509,000).

During the period, the Company was not charged by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (30 June 2014 and 31 December 2014: nil).

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. In addition, Albion Ventures LLP holds a further 19,836 Ordinary shares in the Company.

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the period to 30 June 2015, fees of £181,000 attributable to the investments of the Company were received pursuant to these arrangements (30 June 2014: £132,000; 31 December 2014: £274,000).

6. Dividends

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Audited year ended 31 December 2014 £'000
Dividend of 1.25p per Ordinary share paid on 31 January 2014	–	945	945
Dividend of 1.25p per Ordinary share paid on 30 April 2014	–	977	977
Dividend of 1.25p per Ordinary share paid on 30 June 2014	–	977	977
Dividend of 1.25p per Ordinary share paid on 31 October 2014	–	–	977
Dividend of 1.25p per Ordinary share paid on 9 February 2015	979	–	–
Dividend of 1.25p per Ordinary share paid on 30 April 2015	1,050	–	–
Dividend of 1.25p per Ordinary share paid on 30 June 2015	1,035	–	–
	3,064	2,899	3,876

The Directors have declared a dividend of 1.25 pence per Ordinary share (total approximately £1,048,000) payable on 30 October 2015 to shareholders on the register as at 2 October 2015.

Notes to the condensed Financial Statements (continued)

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

Return per share has been calculated on 81,245,092 Ordinary shares excluding treasury shares (30 June 2014: 77,205,683; 31 December 2014: 77,721,693) being the weighted average number of shares in issue for the period.

There are no convertible instruments, derivatives or contingent share agreements in issue, and therefore no dilution effecting 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 2015 £'000	Unaudited 30 June 2014 £'000	Audited 31 December 2014 £'000
Allotted, called up and fully paid			
90,804,030 Ordinary shares of 1 penny each (30 June 2014: 82,610,846; 31 December 2014: 83,983,306)	908	826	840

Voting rights

83,808,960 Ordinary shares of 1 penny each (net of treasury shares) (30 June 2014: 78,219,776; 31 December 2014: 78,318,236).

During the period the Company did not purchase any Ordinary shares for cancellation (30 June 2014: 702,000 at a cost of £563,000; 31 December 2014: 702,000 at a cost of £563,000).

During the period the Company purchased 1,330,000 Ordinary shares to be held in treasury (30 June 2014: 50,000; 31 December 2014: 1,324,000) at a cost of £1,005,000 including stamp duty (30 June 2014: £40,000; 31 December 2014: £1,028,000), leaving a balance of 6,995,070 Ordinary shares in treasury (30 June 2014: 4,391,070; 31 December 2014: 5,665,070) which represents 7.7 per cent. of the issued share capital as at 30 June 2015.

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 2015:

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 on allotment date (pence per share)
9 February 2015	134,362	1	76.69	105	77.00
30 April 2015	158,319	2	80.35	125	76.00
30 June 2015	171,137	2	77.94	132	76.00
	463,818	5		362	

Notes to the condensed Financial Statements (continued)

8. Share capital (continued)

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

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
30 January 2015	1,185,345	12	81.40	945	77.00
30 January 2015	565,178	6	81.80	451	77.00
2 April 2015	3,789,380	38	84.20	3,095	76.50
30 June 2015	765,445	8	80.40	597	76.00
30 June 2015	37,392	–	79.60	29	76.00
30 June 2015	14,166	–	80.00	11	76.00
	6,356,906	64		5,128	

The Albion VCTs Prospectus Top Up Offers 2014/2015 will close no later than 30 September 2015 (unless fully subscribed by an earlier date).

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

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Audited year ended 31 December 2014 £'000
Revenue return on ordinary activities before tax	772	589	1,208
Investment management fee charged to capital	(613)	(600)	(1,205)
Movement in accrued loan stock interest	(106)	15	57
(Increase)/decrease in operating debtors	(5)	(3)	1
(Decrease)/increase in operating creditors	(124)	(33)	108
Corporation tax paid	–	(11)	–
Net cash flow from operating activities	(76)	(43)	169

10. Analysis of change in cash during the period

	Unaudited six months ended 30 June 2015 £'000	Unaudited six months ended 30 June 2014 £'000	Audited year ended 31 December 2014 £'000
Opening cash balances	1,449	3,226	3,226
Net cash flow	1,206	(1,419)	(1,777)
Closing cash balances	2,655	1,807	1,449

Notes to the condensed Financial Statements (continued)

11. Commitments and contingencies

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

- Radnor House School (Holdings) Limited; £971,000
- DySIS Medical Limited; £269,000

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

12. Post balance sheet events

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

- Investment of £35,000 in MyMeds&Me Limited;
- Proceeds of £414,000 received from the repayment of loan stock and redemption premium by Masters Pharmaceuticals Limited in July 2015.

13. Related party transactions

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

14. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 December 2014, and is detailed on page 56 of those accounts. The Company has adequate cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council.

15. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 435 of the Companies Act 2006 for the periods ended 30 June 2015 and 30 June 2014, and is unaudited. The information for the year ended 31 December 2014 does not constitute statutory accounts within the terms of section 435 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which were unqualified and which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

16. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at www.albion-ventures.co.uk/ourfunds/AATG.htm.

Albion Technology & General VCT PLC

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