

Half-yearly Financial Report
(unaudited) for the six months to
30 June 2017



Albion Technology & General VCT PLC

ALBIONCAPITAL

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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
Country of incorporation	United Kingdom
Legal form	Public Limited Company
Manager, company secretary, AIFM and registered office	Albion Capital Group LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Taxation adviser	Philip Hare & Associates LLP 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: 0370 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 Capital Group LLP:</p> <p>Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded) Email: info@albion.capital Website: www.albion.capital</p>

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

Investment objective and policy

Investment objective

The Company's investment objective is to provide investors with a regular and predictable source of dividend income combined with the prospect of long-term capital-growth through allowing investors the opportunity to participate in a balanced portfolio of unquoted technology and non-technology businesses.

Investment policy

It is intended that the Company's investment portfolio will 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. In neither categories listed above would portfolio companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two thirds of investments (by cost) will comprise loan stock secured with a first charge on the portfolio company's assets.

The Company 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 Company'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.

VCT qualifying investments

In addition to the above, the investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs. The maximum amount invested in any one company is limited to any HMRC annual investment limits and, generally, no more than 15 per cent. of the Company's assets, at cost, are invested in a single company. It is intended that at least 80 per cent. of the Company's funds will be invested in VCT qualifying investments.

Non-VCT qualifying investments

Funds held prior to investing in VCT qualifying assets or for liquidity purposes will be held as cash on deposit, invested in floating rate notes or similar instruments with banks or other financial institutions with high credit ratings or invested in liquid open-ended equity funds providing income and capital equity exposure (where it is considered economic to do so). Investment in such open-ended equity funds will not exceed 7.5 per cent. of the Company's assets at the time of investment.

Investment objective and policy (continued)

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within VCT qualifying industry sectors using a mixture of securities. The maximum the Company will invest in a single company is 15 per cent. of the Company's assets at cost. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. It is possible that individual holdings may grow in value to a point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available.

Borrowing powers

The Company's maximum exposure in relation to gearing is restricted to 10 per cent. of the adjusted share capital and reserves. The Directors do not have any intention to utilise long-term gearing.

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 £26.4 million 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 third dividend for the year	1 December 2017
Payment of third dividend	29 December 2017
Financial year end	31 December

Financial summary

	Unaudited six months ended 30 June 2017 (pence per share)	Unaudited six months ended 30 June 2016 (pence per share)	Audited year ended 31 December 2016 (pence per share)
Dividends paid	2.0	3.8	5.0
Revenue return	0.1	0.5	0.8
Capital gain/(loss)	1.9	(1.6)	1.7
Net asset value	71.5	69.2	71.6

	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 2017			
Total dividends paid during the period ended:			
31 December 2001	1.0	–	–
31 December 2002	2.0	–	–
31 December 2003	1.5	–	–
31 December 2004	7.5	–	–
31 December 2005	9.0	–	0.6
31 December 2006	8.0	0.5	2.6
31 December 2007	8.0	2.5	3.5
31 December 2008	16.0	4.5	3.5
31 December 2009	–	1.0	3.0
31 December 2010	8.0	3.0	3.0
31 December 2011	5.0	3.8	3.5
31 December 2012	5.0	3.9	3.5
31 December 2013	5.0	3.9	3.5
31 December 2014	5.0	3.9	3.9
31 December 2015	5.0	3.9	3.9
31 December 2016	5.0	3.9	3.9
30 June 2017	2.0	1.6	1.6
Total dividends paid to 30 June 2017	93.0	36.4	40.0
Net asset value as at 30 June 2017	71.5	55.6	55.9
Total shareholder return to 30 June 2017	164.5	92.0	95.9

In addition to the dividends paid above, the Board declared a third dividend for the year ending 31 December 2017 of 2.0 pence per Ordinary share to be paid on 29 December 2017 to shareholders on the register on 1 December 2017.

Notes:

(i) Excludes tax benefits upon subscription.

(ii) The C shares were converted into Ordinary shares on 31 March 2011. 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 net asset value per share and all dividends paid subsequent to the merger of the Income & Growth shares to the Ordinary shares are multiplied by the issue ratio of 0.7813 in respect of the Income & Growth shares' return, in order to give an accurate picture of the shareholder value since launch relating to the Income & Growth shares. Prior to the merger, Albion Income & Growth VCT PLC had a financial year end of 30 September and as such, the above dividends per share relate to the relevant period.

Interim management report

Introduction

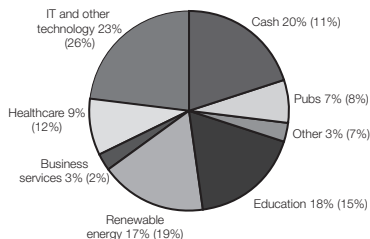
The results for Albion Technology & General VCT PLC for the six months to 30 June 2017 showed a total return of 2.0 pence per share, compared to a loss of 1.1 pence per share for the interim period the previous year. Net asset value at 30 June 2017 was 71.5 pence per share.

Performance and portfolio update

These interim results, on top of the total return of 2.5 pence per share for the year ended 31 December 2016, reflect the continued progress in repositioning the portfolio which began in 2014. The return was driven principally by strong performance in the technology sector, which led to material revaluations in memsstar and Oxsensis. Against this, the share price of the AIM-quoted Mi-Pay fell during the period. The disposal programme of the pre-2009 investments continues, with the disposal of AMS Sciences, Blackbay and Masters Pharmaceuticals during the period. This takes the proportion of investments made before 2009 down to 22 per cent. of the portfolio.

Investments in four new companies have been made during the period, all of which should result in further investment as the companies prove themselves and grow. These are MPP Global Solutions (provider of a cloud platform to measure and manage e-commerce), G. Network Communications (provider of ultra-high speed fibre optic broadband to SME's in central London), Quantexa (predictive analytics services to protect and detect complex financial crime) and Locum's Nest (digital platform for NHS Trusts to manage their requirements for locum doctors). Amongst our other investments, we provided a further £367,000 to DySIS Medical.

Portfolio split as at 30 June 2017



Comparatives for 31 December 2016 are in brackets
Source: Albion Capital Group LLP

Results and dividends

As at 30 June 2017, the net asset value was 71.5 pence per share (30 June 2016: 69.2 pence per share; 31 December 2016: 71.6 pence per share).

It was announced on 22 November 2016 that the Company's dividend target was changing from 5.0 pence per share to 4.0 pence per share and in the 31 December 2016 Annual Report and Financial Statements that it would move from paying quarterly dividends to semi-annual dividends.

A first dividend of 1 penny per share was paid on 31 January 2017, with a second dividend of 1 penny per share paid on 30 June 2017. The next payment is 2.0 pence per share on 29 December 2017, to shareholders on the register on 1 December 2017. Thereafter, it is the Board's intention that two dividends are payable per annum in June and December.

Liquidity management

The Company aims to hold between 15 to 20 per cent. of its net asset value in cash and liquid assets so that it is in a position to invest in new private equity opportunities when they arise. Following shareholder approval at the Annual General Meeting for the modification to the investment policy, the Company is able to invest part of its liquidity in an open-ended equity fund, delivering strong income and the potential for capital growth without any double charging of fees, pending deployment in suitable private equity opportunities. Investments of £1,050,000 in SVS Albion OLIM UK Equity Income Fund were made after the period end.

Risks, uncertainties and prospects

The prospective exit of the UK from the EU is having a dampening effect on consumer and business confidence and it remains wise to prepare for a renewed economic slowdown in the UK. Overall investment risk, however, is mitigated through a variety of processes, including our policies of first ensuring that the Company has a first charge over portfolio companies' assets wherever possible, and second of aiming to achieve balance in the portfolio through the inclusion of sectors that are less exposed to the business and consumer cycles. In addition, the current consultation entitled "Financing growth in innovative firms" may result in changes to VCT legislation in the next budget.

Interim management report (continued)

Other principal risks and uncertainties remain unchanged and are as detailed on page 13 of the Annual Report and Financial Statements for the year ended 31 December 2016.

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 Company'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 2017 to £1 million. 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 Company was pleased to announce on 22 February 2017 that it had reached its £6 million limit under the Albion VCTs Prospectus Top-Up Offers 2016/2017. On 6 September 2017 the Company announced the publication of a prospectus in relation to an offer for subscription for new Ordinary Shares. The Company is aiming to raise circa £6 million out of a target of £32 million in aggregate that the Albion VCTs are seeking to raise. The Manager continues to see a number of attractive investment opportunities into which offer proceeds can be deployed in due course. A Securities Note, which forms part of the Prospectus, is being sent to shareholders.

Transactions with the Manager

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

Outlook

The Board is encouraged by the progress made in repositioning the investment portfolio, by the prospects in many of our portfolio companies and in the outlook for fresh investment opportunities. We expect further progress in the second half of the year, both in terms of performance and in the making of new investments in growth sectors.

Dr N E Cross

Chairman

12 September 2017

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 2017 we, the Directors of the Company, confirm that to the best of our knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4R;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

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

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

By order of the Board

Dr N E Cross

Chairman

12 September 2017

Portfolio of investments

Technology investments	% voting rights	As at 30 June 2017			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
Process Systems Enterprise Limited	13.9	2,160	2,429	4,589	195
memsstar Limited	30.1	1,157	1,266	2,423	1,274
Mirada Medical Limited	14.6	978	1,055	2,033	264
Oxsensis Limited	13.9	1,696	(226)	1,470	518
Proveca Limited	7.2	729	720	1,449	33
DySIS Medical Limited	10.5	2,369	(1,251)	1,118	(165)
Mi-Pay Group plc	21.6	4,163	(3,087)	1,076	(718)
MPP Global Solutions Limited	3.2	950	–	950	–
Relayware Limited	2.8	895	(14)	881	(7)
sparesFinder Limited	12.0	613	245	858	–
Grapeshot Limited	1.9	390	400	790	299
Egress Software Technologies Limited	2.0	200	588	788	212
Convertr Media Limited	7.0	650	–	650	–
Aridhia Informatics Limited	5.1	822	(186)	636	90
MyMeds&Me Limited	2.1	260	125	385	9
Black Swan Data Limited	1.1	362	–	362	–
Quantexa Limited	3.0	335	–	335	–
Panaseer Limited	2.8	248	65	313	65
Cisiv Limited	7.4	574	(280)	294	1
Abcodia Limited	3.2	409	(234)	175	–
Oviva AG	2.2	165	–	165	–
Palm Tree Technology Limited	0.5	320	(156)	164	–
OmPrompt Holdings Limited	2.3	210	(55)	155	(63)
Locum's Nest Limited	3.0	135	–	135	–
InCrowd Sports Limited	1.9	84	–	84	–
ComOps Limited	1.0	68	(20)	48	(8)
Sandcroft Avenue Limited	0.6	50	(7)	43	–
Elements Software Limited	3.3	19	(19)	–	–
Total technology investments		21,011	1,358	22,369	1,999

* As adjusted for additions and disposals during the period.

Portfolio of investments (continued)

		As at 30 June 2017			Change in value for the period* £'000
		% voting rights	Cost £'000	Cumulative movement in value £'000	
Non-technology investments					
Radnor House School (Holdings) Limited	15.3	5,415	3,873	9,288	76
Chonais River Hydro Limited	15.7	2,169	944	3,113	201
Bravo Inns II Limited	15.1	2,639	353	2,992	111
Earnside Energy Limited	12.7	2,059	198	2,257	(17)
Bravo Inns Limited	28.8	2,411	(548)	1,863	(24)
Gharagain River Hydro Limited	18.5	1,526	265	1,791	(6)
MHS 1 Limited (Previously The Charnwood Pub Company Limited)	22.5	1,565	(3)	1,562	(3)
TWCL Limited (Previously The Weybridge Club Limited)	25.2	1,501	(51)	1,450	71
The Street by Street Solar Programme Limited	8.1	895	436	1,331	70
Regenerco Renewable Energy Limited	7.9	822	291	1,113	9
Hilson Moran Holdings Limited	6.2	265	696	961	111
Alto Prodotto Wind Limited	6.9	683	259	942	4
The Q Garden Company Limited	33.4	934	5	939	5
Infinite Ventures (Goathill) Limited	9.6	400	119	519	24
Premier Leisure (Suffolk) Limited	25.8	454	65	519	(25)
Erin Solar Limited	15.7	440	(18)	422	(8)
Secured by Design Limited	2.7	410	–	410	–
Albion Investment Properties Limited	31.8	434	(35)	399	8
AVESI Limited	8.0	259	87	346	2
G. Network Communications Limited	7.5	337	–	337	–
Harvest AD Limited	0.0	210	(3)	207	(3)
CSS Group Limited	10.0	188	4	192	55
Greenenerco Limited	3.1	109	56	165	(6)
Dickson Financial Services Limited	6.0	60	29	89	7
Beddlestead Farm Limited	10.0	10	–	10	–
Total non-technology investments		26,195	7,022	33,217	662
Total investments		47,206	8,380	55,586	2,661

* As adjusted for additions and disposals during the period.

Portfolio of investments (continued)

Total change in value of investments for the period	2,661
Movement in loan stock accrued interest	67
Unrealised gains on fixed asset investments	2,728
Realised losses on fixed asset investments (per the table below)	(346)
Total gains on investments as per income statement	2,382

Investment realisations and loan stock repayments in the period to 30 June 2017	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised (loss)/gain £'000	Gain/(loss) on opening value £'000
Disposals:					
Blackbay Limited	4,213	3,652	3,699	(514)	47
AMS Sciences Limited	2,016	1,555	1,504	(512)	(51)
Masters Pharmaceuticals Limited	452	681	687	235	6
Loan stock repayments:					
memsstar Limited	165	606	321	156	(285)
Radnor House School (Holdings) Limited	153	153	153	–	–
Alto Prodotto Wind Limited	7	11	11	4	–
Greenenerco Limited	1	2	2	1	–
Escrow adjustments and other:					
TWCL Limited (Previously The Weybridge Club Limited)+	375	–	–	(375)	–
Escrow Adjustments	–	–	(63)	(63)	(63)
Total	7,382	6,660	6,314	(1,068)	(346)

+ The accounting cost as shown above represents realised losses of investments still held at the Balance Sheet date.

Condensed income statement

		Unaudited six months ended 30 June 2017			Unaudited six months ended 30 June 2016			Audited year ended 31 December 2016		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	–	2,382	2,382	–	(1,023)	(1,023)	–	2,419	2,419
Investment income	4	493	–	493	881	–	881	1,570	–	1,570
Investment management fees	5	(197)	(591)	(788)	(183)	(549)	(732)	(369)	(1,108)	(1,477)
Other expenses		(152)	–	(152)	(139)	–	(139)	(284)	–	(284)
Profit/(loss) on ordinary activities before tax		144	1,791	1,935	559	(1,572)	(1,013)	917	1,311	2,228
Tax (charge)/credit on ordinary activities		(18)	18	–	(102)	102	–	(166)	167	1
Profit/(loss) and total comprehensive income attributable to shareholders		126	1,809	1,935	457	(1,470)	(1,013)	751	1,478	2,229
Basic and diluted return/(loss) per share (pence)*	7	0.1	1.9	2.0	0.5	(1.6)	(1.1)	0.8	1.7	2.5

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2016 and the audited statutory accounts for the year ended 31 December 2016.

The accompanying notes on pages 16 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.

Condensed balance sheet

	Note	Unaudited 30 June 2017 £'000	Unaudited 30 June 2016 £'000	Audited 31 December 2016 £'000
Fixed asset investments		55,586	53,517	57,021
Current assets				
Trade and other receivables less than one year		667	896	1,096
Cash and cash equivalents		13,882	8,987	6,752
		14,549	9,883	7,848
Total assets		70,135	63,400	64,869
Creditors: amounts falling due within one year				
Trade and other payables less than one year		(566)	(484)	(443)
Total assets less current liabilities		69,569	62,916	64,426
Equity attributable to equity holders				
Called up share capital	8	1,094	1,004	1,007
Share premium		52,587	46,423	46,585
Capital redemption reserve		28	28	28
Unrealised capital reserve		8,075	(872)	4,625
Realised capital reserve		8,017	12,207	9,658
Other distributable reserve		(232)	4,126	2,523
Total equity shareholders' funds		69,569	62,916	64,426
Basic and diluted net asset value per share (pence)*		71.5	69.2	71.6

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2016 and the audited statutory accounts for the year ended 31 December 2016.

The accompanying notes on pages 16 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 12 September 2017 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
At 1 January 2017	1,007	46,585	28	4,625	9,658	2,523	64,426
Profit/(loss) and total comprehensive income for the period	–	–	–	2,728	(919)	126	1,935
Transfer of previously unrealised losses on disposal of investments	–	–	–	722	(722)	–	–
Purchase of own shares for treasury	–	–	–	–	–	(1,003)	(1,003)
Issue of equity	87	6,176	–	–	–	–	6,263
Cost of issue of equity	–	(174)	–	–	–	–	(174)
Dividends paid	–	–	–	–	–	(1,878)	(1,878)
At 30 June 2017	1,094	52,587	28	8,075	8,017	(232)	69,569
At 1 January 2016	919	40,171	28	(424)	13,229	7,868	61,791
(Loss)/profit and total comprehensive income for the period	–	–	–	(479)	(991)	457	(1,013)
Transfer of previously unrealised losses on disposal of investments	–	–	–	31	(31)	–	–
Purchase of own shares for treasury	–	–	–	–	–	(874)	(874)
Issue of equity	85	6,411	–	–	–	–	6,496
Cost of issue of equity	–	(159)	–	–	–	–	(159)
Dividends paid	–	–	–	–	–	(3,325)	(3,325)
At 30 June 2016	1,004	46,423	28	(872)	12,207	4,126	62,916
At 1 January 2016	919	40,171	28	(424)	13,229	7,868	61,791
Profit/(loss) and total comprehensive income for the period	–	–	–	1,937	(459)	751	2,229
Transfer of previously unrealised losses on disposal of investments	–	–	–	3,112	(3,112)	–	–
Purchase of own shares for treasury	–	–	–	–	–	(1,638)	(1,638)
Issue of equity	88	6,574	–	–	–	–	6,662
Cost of issue of equity	–	(160)	–	–	–	–	(160)
Dividends paid	–	–	–	–	–	(4,458)	(4,458)
At 31 December 2016	1,007	46,585	28	4,625	9,658	2,523	64,426

*These reserves amount to £7,785,000 (30 June 2016: £15,461,000; 31 December 2016: £12,181,000) which is considered distributable.

Condensed statement of cash flows

	Unaudited six months ended 30 June 2017 £'000	Unaudited six months ended 30 June 2016 £'000	Audited year ended 31 December 2016 £'000
Cash flow from operating activities			
Loan stock income received	492	729	1,185
Deposit interest received	3	37	80
Dividend income received	57	50	76
Investment management fees paid	(722)	(696)	(1,413)
Other cash payments	(170)	(131)	(281)
Corporation tax received/(paid)	2	—	(32)
Net cash flow from operating activities	(338)	(11)	(385)
Cash flow from investing activities			
Purchase of fixed asset investments	(2,555)	(1,855)	(3,821)
Disposal of fixed asset investments	6,745	1,196	3,044
Net cash flow from investing activities	4,190	(659)	(777)
Cash flow from financing activities			
Issue of ordinary share capital	5,817	5,869	5,869
Cost of issue of equity	(2)	(3)	(8)
Dividends paid	(1,602)	(2,852)	(3,818)
Purchase of own shares (including costs)	(935)	(866)	(1,638)
Net cash flow from financing activities	3,278	2,148	405
Increase/(decrease) in cash and cash equivalents	7,130	1,478	(757)
Cash and cash equivalents at start of period	6,752	7,509	7,509
Cash and cash equivalents at end of period	13,882	8,987	6,752
Cash and cash equivalents comprise:			
Cash at bank and in hand	13,882	8,987	6,752
Cash equivalents	—	—	—
Total cash and cash equivalents	13,882	8,987	6,752

Notes to the condensed Financial Statements

1. Basis of preparation

The condensed Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 ("FRS 102"), Financial Reporting Standard 104 – Interim Financial Reporting ("FRS 104"), and with the 2014 Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by the Association of Investment Companies ("AIC").

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss ("FVTPL"). The Company values investments by following the IPEVCV Guidelines and further detail on the valuation techniques used are outlined in note 2 below.

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

Company information can be found on page 2.

2. Accounting policies

Fixed asset investments

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

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

Upon initial recognition (using trade date accounting) investments, including loan stock, are classified by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the Income statement).

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

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations;
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEVCV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, the level of third party offers received, prices of recent investment rounds, net assets and industry valuation benchmarks. Where the Company has an investment in an early stage enterprise, the price of a recent investment round is often the most appropriate approach to determining fair value. In situations where a period of time has elapsed since the date of the most recent transaction, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:
 - the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
 - a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
 - market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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

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

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

Notes to the condensed Financial Statements (continued)

2. Accounting policies (continued)

Investment income

Equity income

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

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

Bank interest income

Interest income is recognised on an 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 the 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

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

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. As a VCT the Company has an exemption from tax on capital gains. The Company

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

Reserves

Share premium account

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

Capital redemption reserve

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

Unrealised capital reserve

Increases and decreases in the valuation of investments held at the 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 buy-back of shares and other non-capital realised movements.

Dividends

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

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in equity and debt.

Notes to the condensed Financial Statements (continued)

3. Gains/(losses) on investments

	Unaudited six months ended 30 June 2017 £'000	Unaudited six months ended 30 June 2016 £'000	Audited year ended 31 December 2016 £'000
Unrealised gains/(losses) on fixed asset investments	2,728	(479)	1,937
Realised (losses)/gains on fixed asset investments	(346)	(544)	482
	<u>2,382</u>	<u>(1,023)</u>	<u>2,419</u>

4. Investment income

	Unaudited six months ended 30 June 2017 £'000	Unaudited six months ended 30 June 2016 £'000	Audited year ended 31 December 2016 £'000
Income recognised on investments			
Loan stock interest and other fixed returns	434	788	1,417
UK dividend income	57	50	76
Bank deposit interest	2	43	77
	<u>493</u>	<u>881</u>	<u>1,570</u>

5. Investment management fees

	Unaudited six months ended 30 June 2017 £'000	Unaudited six months ended 30 June 2016 £'000	Audited year ended 31 December 2016 £'000
Investment management fee charged to revenue	197	183	369
Investment management fee charged to capital	591	549	1,108
	<u>788</u>	<u>732</u>	<u>1,477</u>

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 2016.

During the period, services for a total value of £788,000 (30 June 2016: £732,000; 31 December 2016: £1,477,000) were purchased by the Company from Albion Capital Group LLP. At the financial period end, the amount due to Albion Capital Group LLP in respect of these services was £439,000 (30 June 2016: £384,000; 31 December 2016: £373,000). The total annual running costs of the Company are capped at an amount equal to 2.75 per cent. of the Company's net assets, with any excess being met by Albion by way of a reduction in management fees. During the period, the management fee was reduced by £88,000 as a result of this cap (30 June 2016: £35,000; 31 December 2016: £94,000).

During the period, the Company was not charged by Albion Capital Group LLP in respect of Patrick Reeve's services as a Director (30 June 2016 and 31 December 2016: nil).

Albion Capital Group LLP, the Manager, holds 23,452 Ordinary shares in the Company.

Albion Capital Group LLP is, from time to time, eligible to receive transaction fees and monitoring fees from portfolio companies. During the period to 30 June 2017, fees of £131,000 attributable to the investments of the Company were received pursuant to these arrangements (30 June 2016: £88,000; 31 December 2016: £197,000).

Notes to the condensed Financial Statements (continued)

6. Dividends

	Unaudited six months ended 30 June 2017 £'000	Unaudited six months ended 30 June 2016 £'000	Audited year ended 31 December 2016 £'000
Dividend of 1.25p per Ordinary share paid on 29 January 2016	–	1,045	1,045
Dividend of 1.25p per Ordinary share paid on 29 April 2016	–	1,146	1,146
Dividend of 1.25p per Ordinary share paid on 30 June 2016	–	1,135	1,135
Dividend of 1.25p per Ordinary share paid on 31 October 2016	–	–	1,132
Dividend of 1.0p per Ordinary share paid on 31 January 2017	900	–	–
Dividend of 1.0p per Ordinary share paid on 30 June 2017	978	–	–
	1,878	3,325	4,458

The Directors have declared a dividend of 2.0 pence per Ordinary share (total approximately £1,945,000) payable on 29 December 2017, to shareholders on the register on 1 December 2017.

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

	Unaudited six months ended 30 June 2017	Unaudited six months ended 30 June 2016	Audited year ended 31 December 2016
	Revenue Capital	Revenue Capital	Revenue Capital
Return/(loss) attributable to equity shares (£'000)	126 1,809	457 (1,470)	751 1,478
Weighted average shares in issue	95,774,724	88,695,736	89,594,274
Return/(loss) per Ordinary share (pence)	0.1 1.9	0.5 (1.6)	0.8 1.7

The weighted average number of shares is calculated excluding treasury shares of 12,192,070 (30 June 2016: 9,532,070; 31 December 2016: 10,705,070)

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

8. Share capital

	Unaudited 30 June 2017	Unaudited 30 June 2016	Audited 31 December 2016
Allotted, called up and fully paid shares of 1 penny each			
Number of shares	109,439,903	100,426,980	100,671,234
Nominal value of allotted shares (£'000)	1,094	1,004	1,007
Voting rights (number of shares net of treasury shares)	97,247,833	90,894,910	89,966,164

During the period to 30 June 2017 the Company purchased 1,487,000 Ordinary shares (nominal value of £14,870) for treasury at a cost of £1,003,000 including stamp duty. The total number of Ordinary shares held in treasury as at 30 June 2017 was 12,192,070 (30 June 2016: 9,532,070; 31 December 2016: 10,705,070) at a nominal value of £121,921 representing 11.1 per cent. of the Ordinary shares in issue as at 30 June 2017.

Notes to the condensed 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 2017:

Date of allotment	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
31 January 2017	193,189	2	68.75	131	61.50
30 June 2017	200,714	2	71.10	141	68.50
	393,903	4		272	

Under the terms of the Albion VCTs Prospectus Top-Up Offers 2016/2017, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2017:

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)
31 January 2017	1,063,482	11	70.2	732	61.50
31 January 2017	377,120	4	70.6	260	61.50
31 January 2017	3,856,902	39	70.9	2,652	61.50
28 March 2017	2,800,677	28	72.8	1,978	64.50
7 April 2017	19,619	–	72.1	14	68.00
7 April 2017	22,126	–	72.5	15	68.00
7 April 2017	234,840	2	72.8	166	68.00
	8,374,766	84		5,817	

9. Commitments and contingencies

As at 30 June 2017, the Company had the following financial commitments in respect of investments:

- Aridhia Informatics Limited; £11,000

There are no contingencies or guarantees of the Company as at 30 June 2017 (30 June 2016 and 31 December 2016: nil).

10. Post balance sheet events

Since 30 June 2017, the Company has completed the following material transactions:

- Investment of £1,050,000 in SVS Albion OLIM UK Equity Income Fund;
- Investment of £337,000 in G. Network Communications Limited;
- Investment of £266,000 in Egress Software Technologies Limited;
- Investment of £233,000 in Black Swan Data Limited;
- Investment of £130,000 in Convertr Media Limited;
- Investment of £30,000 in Abcodia Limited;
- Investment of £11,000 in Aridhia Informatics Limited;
- Investment of £10,000 in Beddlestead Farm Limited.

On 6 September 2017 the Company announced the publication of a prospectus in relation to an offer for subscription for new Ordinary Shares. The Company is aiming to raise circa £6 million out of a target of £32 million in aggregate that the Albion VCTs are seeking to raise. A Securities Note, which forms part of the Prospectus, is being sent to shareholders.

11. Related party transactions

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

Notes to the condensed Financial Statements (continued)

12. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 December 2016 and is detailed on pages 55 and 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 the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014.

13. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 435 of the Companies Act 2006 for the periods ended 30 June 2017 and 30 June 2016 and is unaudited. The information for the year ended 31 December 2016, does not constitute statutory accounts within the terms of section 435 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

14. Publication

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

Albion Technology & General VCT PLC

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