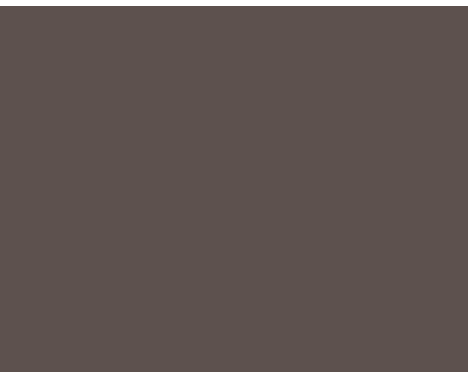


# Albion Technology & General VCT PLC



Half-yearly Financial Report  
(unaudited) for the  
six months to 30 June 2018



**ALBION**CAPITAL



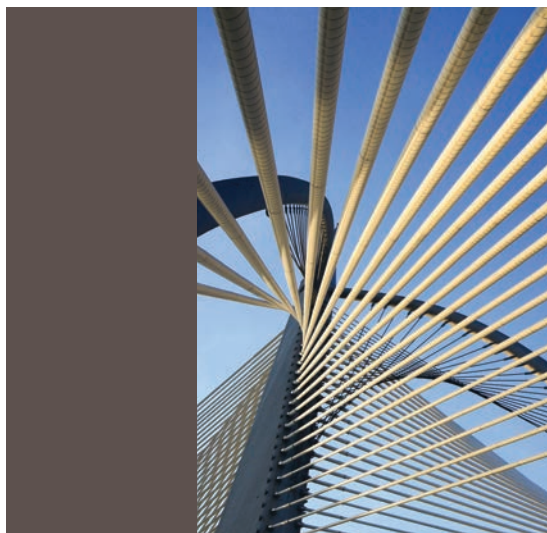
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**This Half-yearly Financial Report has not been audited or reviewed by the Auditor.**



# Company information

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<b>Company number</b>	04114310
<b>Directors</b>	Dr N E Cross, Chairman R Archibald M A Cordeiro M V H Rees-Mogg P H Reeve
<b>Country of incorporation</b>	United Kingdom
<b>Legal form</b>	Public Limited Company
<b>Manager, company secretary, AIFM and registered office</b>	Albion Capital Group 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>	Philip Hare & Associates LLP 1st Floor 4 Staple Inn London, WC1V 7QH
<b>Legal adviser</b>	Bird & Bird LLP 12 New Fetter Lane London, EC4A 1JP

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

<b>Shareholder information</b>	<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: <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>Financial adviser information</b>	<p>For enquiries relating to the performance of the Company and information for financial advisers please contact Albion Capital Group LLP: Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded) Email: <a href="mailto:info@albion.capital">info@albion.capital</a> Website: <a href="http://www.albion.capital">www.albion.capital</a></p> <p><b>Please note that these contacts are unable to provide financial or taxation advice.</b></p>

# Investment objective and policy

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 a balanced portfolio of unquoted growth and technology businesses in a qualifying venture capital trust.

## **Investment policy**

The Company will invest in a broad portfolio of unquoted growth and technology businesses. Allocation of assets will be determined by the investment opportunities which become available but efforts will be made to ensure that the portfolio is diversified in terms of sectors and stages of maturity of portfolio companies.

## ***VCT qualifying and non-qualifying investments***

Application of the investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HM Revenue and Customs ("VCT regulations"). The maximum amount invested in any one company is limited to any HMRC annual investment limits. It is intended that normally at least 80 per cent. of the Company's funds will be invested in VCT qualifying investments. The VCT regulations also have an impact on the type of investments and qualifying sectors in which the Company can make investment.

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.

## ***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 of utilising 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 £32.2 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") resulting in a further £28.1 million of net assets.

## Financial calendar

Record date for second dividend for the year

7 December 2018

Payment date for second dividend

31 December 2018

Financial year end

31 December

# Financial summary

	Unaudited six months ended 30 June 2018 (pence per share)	Unaudited six months ended 30 June 2017 (pence per share)	Audited year ended 31 December 2017 (pence per share)
Dividends paid	2.0	2.0	4.0
Revenue return	0.1	0.1	0.2
Capital return	5.9	1.9	4.1
Total return	6.0	2.0	4.3
Net asset value	75.9	71.5	71.9

	Ordinary shares (pence per share) (i)	C shares (pence per share) (i)(ii)	Albion Income & Growth VCT PLC (pence per share) (i)(iii)
<b>Total shareholder return to 30 June 2018</b>			
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
31 December 2017	4.0	3.1	3.1
30 June 2018	2.0	1.6	1.6
<b>Total dividends paid to 30 June 2018</b>	<b>97.0</b>	<b>39.5</b>	<b>43.1</b>
Net asset value as at 30 June 2018	75.9	59.0	59.3
<b>Total shareholder return to 30 June 2018</b>	<b>172.9</b>	<b>98.5</b>	<b>102.4</b>

In addition to the dividends paid above, the Board declared a second dividend for the year ending 31 December 2018 of 2.0 pence per Ordinary share to be paid on 31 December 2018 to shareholders on the register on 7 December 2018.

## 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

I am pleased to report that the results for Albion Technology & General VCT PLC for the six months to 30 June 2018 showed a total return of 6.0 pence per share (8.3 per cent. on opening net asset value), compared to 2.0 pence per share for the same interim period the previous year, and 4.3 pence per share for the year ended 31 December 2017. Net asset value increased from 71.9 pence per share at 31 December 2017 to 75.9 pence per share at 30 June 2018, following the payment of a 2.0 pence per share dividend on 29 June 2018. This is good progress after a period of divestment under the recovery plan of the last three years or so.

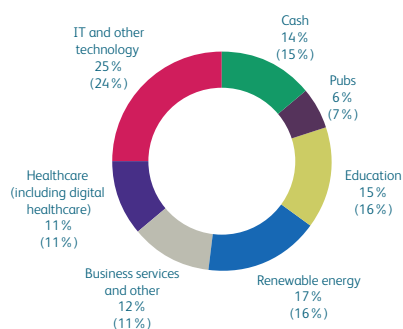
## Performance and portfolio update

The period has been a busy one, with a successful exit, a number of write ups from further investment in existing portfolio companies by third party investors, and £2.9 million invested in new and existing companies. The net effect of the Board's regular portfolio revaluation has been an overall gain on investments of £6.7 million (30 June 2017: £2.4 million; 31 December 2017: £5.1 million). The key movements in the period include: a further £1.7 million uplift following the disposal of Grapeshot to Oracle Corporation; a £2.4 million uplift in the valuation of Quantexa during a £15 million funding round in which we participated; and a £650,000 write up in G. Network Communications, also as a result of a further £2 million funding round from a new investor. In addition, third party valuations led to a write up of £1.6 million for our portfolio of renewable energy projects. Further details of the portfolio of investments can be found on pages 8 to 10.

Investments in three 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 Koru Kids (an online marketplace connecting parents and nannies), uMotif (a patient engagement and data capture platform for use in research) and Healios (online delivery of mental health therapy services). Amongst our other investments, we provided a further £309,000 to Panaseer, £300,000 to Sandcroft Avenue (PayAsUGym), £233,000 to Black Swan Data and £210,000 to InCrowd Sports.

In the period, the Company sold its investment in Grapeshot generating proceeds at completion of £3.1 million (excluding an amount placed in escrow). If the full escrow amount is received, the Company will realise approximately 10x the total investment cost of £390,000, a very satisfactory result. For more information please see the realisation table on page 10.

## Current portfolio sector allocation



Comparatives for 31 December 2017 are in brackets  
Source: Albion Capital Group LLP

## Results and dividends

As at 30 June 2018, the net asset value was 75.9 pence per share (30 June 2017: 71.5 pence per share; 31 December 2017: 71.9 pence per share).

A first dividend of 2.0 pence per share was paid on 29 June 2018. The Company will pay a second dividend of 2.0 pence per share on 31 December 2018 to shareholders on the register on 7 December 2018, making 4.0 pence per share in total for the full year, in line with the Company's current dividend target.

## Risks, uncertainties and prospects

The uncertainty over the process and implications of the withdrawal of the UK from the European Union remains a risk, added to which is muted economic growth and rising interest rates. Overall investment risk, however, is mitigated through a variety of processes, including our policy of aiming to achieve balance in the portfolio

# Interim management report continued

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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 15 and 16 of the Annual Report and Financial Statements for the year ended 31 December 2017.

## **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. 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 announced on 28 February 2018 that it had reached its £6 million limit under the Albion VCTs Prospectus Top Up Offers 2017/18 which was fully subscribed and closed early raising net proceeds of £5.9 million. The proceeds of the Offer are being deployed into new investments as mentioned above, and supporting further funding of existing portfolio companies to promote growth.

The Company is pleased to announce that, subject to obtaining the requisite regulatory approval, it is the Company's current intention to launch a prospectus top up offer of new Ordinary shares for subscription in the 2018/19 and 2019/20 tax years. Full details of the offer, including the amount to be raised, will be contained in a prospectus that is expected to be published in early January 2019.

## **Transactions with the Manager**

Details of the transactions that took place with the Manager in the period can be found in note 5. Details of related party transactions can be found in note 11.

## **Outlook**

The Board is encouraged by the repositioning of 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, notwithstanding that venture capital trust investment is a long term process, both in terms of performance and in the making of new investments in growth sectors.

## **Dr N E Cross**

Chairman

18 September 2018



# Responsibility statement

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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 2018 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.

For and on behalf of the Board

**Dr N E Cross**  
Chairman  
18 September 2018

# Portfolio of investments

The following is a summary of fixed and current asset investments as at 30 June 2018:

Fixed asset 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	5,338	4,973	10,311	53
Process Systems Enterprise Limited	13.9	2,160	2,372	4,532	47
Chonais River Hydro Limited	15.7	2,169	1,998	4,167	969
Bravo Inns II Limited	15.1	2,639	672	3,311	178
Quantexa Limited	3.0	335	2,429	2,764	2,429
Earnside Energy Limited	12.7	2,059	213	2,272	10
Gharagain River Hydro Limited	18.5	1,526	687	2,213	373
Mirada Medical Limited	14.6	978	1,177	2,155	203
memsstar Limited	30.1	958	1,084	2,042	(348)
Bravo Inns Limited	28.8	2,411	(652)	1,759	(155)
G. Network Communications Limited	11.2	1,050	657	1,707	657
MHS 1 Limited	22.5	1,565	(5)	1,560	(2)
The Street by Street Solar Programme Limited	8.1	895	555	1,450	72
Proveca Limited	7.0	729	709	1,438	(63)
TWCL Limited	25.2	1,502	(81)	1,421	(33)
Oxsensis Limited	12.3	1,548	(177)	1,371	–
Convertr Media Limited	7.0	975	290	1,265	344
DySIS Medical Limited	9.4	2,509	(1,273)	1,236	174
Regenerco Renewable Energy Limited	7.9	822	405	1,227	21
Egress Software Technologies Limited	2.5	466	588	1,054	–
Zift Channel Solutions Inc.	1.7	881	157	1,038	157
The Ewell (Harley Street) Limited (previously Women's Health (London West One) Limited)	8.3	1,039	(1)	1,038	(1)
Alto Prodotto Wind Limited	6.9	675	352	1,027	89
Beddlestead Limited	9.8	1,000	–	1,000	–
MPP Global Solutions Limited	3.2	950	–	950	–
The Q Garden Company Limited	33.4	934	1	935	3
sparesFinder Limited	12.0	613	245	858	–
Mi-Pay Group plc	21.6	4,163	(3,311)	852	(224)
Oviva AG	3.8	665	165	830	–
Black Swan Data Limited	1.7	828	–	828	–
Panaseer Limited	3.2	556	215	771	66
Infinite Ventures (Goathill) Limited	9.6	400	171	571	44
Secured by Design Limited	2.7	410	128	538	127
MyMeds&Me Limited	4.6	439	70	509	3
Premier Leisure (Suffolk) Limited	25.8	454	52	506	(12)
Erin Solar Limited	15.7	440	(20)	420	–
Sandcroft Avenue Limited (PayAsUGym)	2.2	397	16	413	11
Albion Investment Properties Limited	31.8	434	(36)	398	10
AVESI Limited	8.0	259	110	369	(1)
InCrowd Sports Limited	3.4	294	28	322	28
Aridhia Informatics Limited	5.1	887	(567)	320	(121)
Cisiv Limited	7.4	574	(278)	296	1
Harvest AD Limited	0.0	210	6	216	7

# Portfolio of investments continued

Fixed asset investments	% voting rights	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
OmPrompt Holdings Limited	2.9	266	(61)	205	(2)
Koru Kids Limited	1.7	204	–	204	–
Abcodia Limited	3.2	549	(354)	195	(95)
Greenenerco Limited	3.1	105	71	176	17
Locum's Nest Limited	3.0	135	41	176	41
uMotif Limited	1.1	170	–	170	–
Innovation Broking Group Limited	6.0	60	32	92	–
Palm Tree Technology Limited	0.5	320	(238)	82	(82)
Healios Limited	0.8	80	–	80	–
ComOps Limited	0.7	68	(14)	54	24
CSS Group Limited	10.0	188	(141)	47	(131)
Elements Software Limited	3.3	19	(19)	–	–
<b>Total fixed asset investments</b>		<b>52,300</b>	<b>13,441</b>	<b>65,741</b>	<b>4,888</b>

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

<b>Total change in value of investments for the period</b>	<b>4,888</b>
Movement in loan stock accrued interest	33
<b>Unrealised gains on fixed asset investments</b>	<b>4,921</b>
Realised gains on fixed asset investments	1,782
Unrealised losses on current asset investments	(12)
<b>Total gains on investments as per Income statement</b>	<b>6,691</b>

# Portfolio of investments continued

	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period £'000
<b>Current asset investments</b>				
SVS Albion OLIM UK Equity Income Fund	2,250	10	2,260	(12)
<b>Total current asset investments</b>	<b>2,250</b>	<b>10</b>	<b>2,260</b>	<b>(12)</b>

	Cost £'000	Opening value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain on opening value £'000
<b>Investment realisations in the period to 30 June 2018</b>					
<u>Disposals:</u>					
Grapeshot Limited	390	1,795	3,474	3,084	1,679
<u>Loan stock repayments and other:</u>					
MyMeds&Me Limited	193	259	259	66	–
Radnor House School (Holdings) Limited	77	77	77	–	–
memsstar Limited	50	50	50	–	–
Alto Prodotto Wind Limited	7	10	10	3	–
Greenenerco Limited	1	2	2	1	–
Escrow adjustments	–	–	103	103	103
<b>Total</b>	<b>718</b>	<b>2,193</b>	<b>3,975</b>	<b>3,257</b>	<b>1,782</b>

# Condensed income statement

	Note	Unaudited six months ended 30 June 2018			Unaudited six months ended 30 June 2017			Audited year ended 31 December 2017		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	6,691	6,691	–	2,382	2,382	–	5,145	5,145
Investment income	4	549	–	549	493	–	493	995	–	995
Investment management fee	5	(222)	(667)	(889)	(197)	(591)	(788)	(410)	(1,231)	(1,641)
Other expenses		(149)	–	(149)	(152)	–	(152)	(308)	–	(308)
<b>Profit on ordinary activities before tax</b>		<b>178</b>	<b>6,024</b>	<b>6,202</b>	<b>144</b>	<b>1,791</b>	<b>1,935</b>	<b>277</b>	<b>3,914</b>	<b>4,191</b>
Tax (charge)/credit on ordinary activities		(21)	21	–	(18)	18	–	(44)	44	–
<b>Profit and total comprehensive income attributable to shareholders</b>		<b>157</b>	<b>6,045</b>	<b>6,202</b>	<b>126</b>	<b>1,809</b>	<b>1,935</b>	<b>233</b>	<b>3,958</b>	<b>4,191</b>
<b>Basic and diluted return per share (pence)*</b>	<b>7</b>	<b>0.1</b>	<b>5.9</b>	<b>6.0</b>	<b>0.1</b>	<b>1.9</b>	<b>2.0</b>	<b>0.2</b>	<b>4.1</b>	<b>4.3</b>

\* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2017 and the audited statutory accounts for the year ended 31 December 2017.

The accompanying notes on pages 15 to 20 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 2018 £'000	Unaudited 30 June 2017 £'000	Audited 31 December 2017 £'000
<b>Fixed asset investments</b>		<b>65,741</b>	55,586	60,724
<b>Current assets</b>				
Current asset investments		<b>2,260</b>	–	1,372
Trade and other receivables less than one year		<b>696</b>	667	930
Cash and cash equivalents		<b>10,693</b>	13,882	10,154
		<b>13,649</b>	14,549	12,456
<b>Total assets</b>		<b>79,390</b>	70,135	73,180
<b>Payables: amounts falling due within one year</b>				
Trade and other payables less than one year		<b>(715)</b>	(566)	(532)
<b>Total assets less current liabilities</b>		<b>78,675</b>	69,569	72,648
<b>Equity attributable to equity holders</b>				
Called up share capital	8	<b>1,183</b>	1,094	1,143
Share premium		<b>26,330</b>	52,587	23,469
Capital redemption reserve		<b>28</b>	28	28
Unrealised capital reserve		<b>13,126</b>	8,075	9,692
Realised capital reserve		<b>11,160</b>	8,017	8,549
Other distributable reserve		<b>26,848</b>	(232)	29,767
<b>Total equity shareholders' funds</b>		<b>78,675</b>	69,569	72,648
Basic and diluted net asset value per share (pence)*		<b>75.9</b>	71.5	71.9

\*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2017 and the audited statutory accounts for the year ended 31 December 2017.

The accompanying notes on pages 15 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 18 September 2018 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
<b>As at 1 January 2018</b>	<b>1,143</b>	<b>23,469</b>	<b>28</b>	<b>9,692</b>	<b>8,549</b>	<b>29,767</b>	<b>72,648</b>
Profit and total comprehensive income for the period	–	–	–	4,909	1,136	157	6,202
Transfer of previously unrealised gains on disposal of investments	–	–	–	(1,475)	1,475	–	–
Purchase of own shares for treasury	–	–	–	–	–	(995)	(995)
Issue of equity	40	2,940	–	–	–	–	2,980
Cost of issue of equity	–	(79)	–	–	–	–	(79)
Dividends paid	–	–	–	–	–	(2,081)	(2,081)
<b>As at 30 June 2018</b>	<b>1,183</b>	<b>26,330</b>	<b>28</b>	<b>13,126</b>	<b>11,160</b>	<b>26,848</b>	<b>78,675</b>
<b>As at 1 January 2017</b>	<b>1,007</b>	<b>46,585</b>	<b>28</b>	<b>4,625</b>	<b>9,658</b>	<b>2,523</b>	<b>64,426</b>
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)
<b>As at 30 June 2017</b>	<b>1,094</b>	<b>52,587</b>	<b>28</b>	<b>8,075</b>	<b>8,017</b>	<b>(232)</b>	<b>69,569</b>
<b>As at 1 January 2017</b>	<b>1,007</b>	<b>46,585</b>	<b>28</b>	<b>4,625</b>	<b>9,658</b>	<b>2,523</b>	<b>64,426</b>
Profit/(loss) and total comprehensive income for the year	–	–	–	4,750	(792)	233	4,191
Transfer of previously unrealised losses on disposal of investments	–	–	–	317	(317)	–	–
Purchase of own shares for treasury	–	–	–	–	–	(1,719)	(1,719)
Issue of equity	136	9,750	–	–	–	–	9,886
Cost of issue of equity	–	(245)	–	–	–	–	(245)
Cancellation of Share premium**	–	(32,621)	–	–	–	32,621	–
Dividends paid	–	–	–	–	–	(3,891)	(3,891)
<b>As at 31 December 2017</b>	<b>1,143</b>	<b>23,469</b>	<b>28</b>	<b>9,692</b>	<b>8,549</b>	<b>29,767</b>	<b>72,648</b>

\*These reserves amount to £38,008,000 (30 June 2017: £7,785,000; 31 December 2017: £38,316,000) which is considered distributable.

\*\*Following approval by shareholders and the High Court, an amount of £32,621,000 was reclassified to the other distributable reserve.



# Condensed statement of cash flows

	Unaudited six months ended 30 June 2018 £'000	Unaudited six months ended 30 June 2017 £'000	Audited year ended 31 December 2017 £'000
<b>Cash flow from operating activities</b>			
Loan stock income received	502	492	921
Dividend income received	67	57	74
Deposit interest received	11	3	7
Investment management fee paid	(853)	(722)	(1,569)
Other cash payments	(175)	(170)	(295)
Corporation tax received	–	2	1
<b>Net cash flow from operating activities</b>	<b>(448)</b>	<b>(338)</b>	<b>(861)</b>
<b>Cash flow from investing activities</b>			
Purchase of current asset investments	(900)	–	(1,350)
Purchase of fixed asset investments	(2,060)	(2,555)	(6,623)
Disposal of fixed asset investments	3,952	6,745	8,202
<b>Net cash flow from investing activities</b>	<b>992</b>	<b>4,190</b>	<b>229</b>
<b>Cash flow from financing activities</b>			
Issue of share capital	2,606	5,817	9,072
Cost of issue of equity	(2)	(2)	(3)
Dividends paid	(1,771)	(1,602)	(3,318)
Purchase of own shares (including costs)	(838)	(935)	(1,717)
<b>Net cash flow from financing activities</b>	<b>(5)</b>	<b>3,278</b>	<b>4,034</b>
<b>Increase in cash and cash equivalents</b>	<b>539</b>	<b>7,130</b>	<b>3,402</b>
Cash and cash equivalents at start of period	10,154	6,752	6,752
<b>Cash and cash equivalents at end of period</b>	<b>10,693</b>	<b>13,882</b>	<b>10,154</b>
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand	10,693	13,882	10,154
Cash equivalents	–	–	–
<b>Total cash and cash equivalents</b>	<b>10,693</b>	<b>13,882</b>	<b>10,154</b>

# 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 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 International Private Equity and Venture Capital Valuation ("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 and current 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, including liquid open-ended equity funds, 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 payables.

# 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, performance incentive 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 and performance incentive 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.

### 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*

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 smaller companies principally based in the UK.

# Notes to the condensed Financial Statements continued

## 3. Gains on investments

	Unaudited six months ended 30 June 2018 £'000	Unaudited six months ended 30 June 2017 £'000	Audited year ended 31 December 2017 £'000
Unrealised gains on fixed asset investments	4,921	2,728	4,728
Unrealised (losses)/gains on current asset investments	(12)	–	22
Realised gains/(losses) on fixed asset investments	1,782	(346)	395
	<b>6,691</b>	<b>2,382</b>	<b>5,145</b>

## 4. Investment income

	Unaudited six months ended 30 June 2018 £'000	Unaudited six months ended 30 June 2017 £'000	Audited year ended 31 December 2017 £'000
Loan stock interest and other fixed returns	471	434	915
UK dividend income	67	57	74
Bank deposit interest	11	2	6
	<b>549</b>	<b>493</b>	<b>995</b>

## 5. Investment management fee

	Unaudited six months ended 30 June 2018 £'000	Unaudited six months ended 30 June 2017 £'000	Audited year ended 31 December 2017 £'000
Investment management fee charged to revenue	222	197	410
Investment management fee charged to capital	667	591	1,231
	<b>889</b>	<b>788</b>	<b>1,641</b>

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on pages 13 and 14 of the Annual Report and Financial Statements for the year ended 31 December 2017.

During the period, services for a total value of £889,000 (30 June 2017: £788,000; 31 December 2017: £1,641,000) 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 £483,000 (30 June 2017: £439,000; 31 December 2017: £446,000). 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 £82,000 as a result of this cap (30 June 2017: £88,000; 31 December 2017: £137,000).

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 2017 and 31 December 2017: nil).

Albion Capital Group LLP, the Manager, its partners and staff (including Patrick Reeve), hold 1,192,327 Ordinary shares in the Company.

# Notes to the condensed Financial Statements continued

## 5. Investment management fee (continued)

Albion Capital Group LLP is, from time to time, eligible to receive arrangement fees and monitoring fees from portfolio companies. During the period to 30 June 2018, fees of £119,000 attributable to the investments of the Company were received pursuant to these arrangements (30 June 2017: £131,000; 31 December 2017: £305,000).

During the period, an amount of £900,000 (30 June 2017: £nil; 31 December 2017: £1,350,000) was invested in the SVS Albion OLIM UK Equity Income Fund ("OUEIF") as part of the Company's management of surplus liquid funds. To avoid double charging, Albion agreed to reduce its management fee relating to the investment in the OUEIF by 0.75 per cent., which represents the OUEIF management fee charged by OLIM. This resulted in a further reduction of the management fee of £8,000 (30 June 2017: £nil; 31 December 2017: £3,000).

## 6. Dividends

	Unaudited six months ended 30 June 2018 £'000	Unaudited six months ended 30 June 2017 £'000	Audited year ended 31 December 2017 £'000
Dividend of 1.0p per share paid on 31 January 2017	–	900	900
Dividend of 1.0p per share paid on 30 June 2017	–	978	978
Dividend of 2.0p per share paid on 29 December 2017	–	–	2,013
Dividend of 2.0p per share paid on 29 June 2018	2,081	–	–
	<b>2,081</b>	<b>1,878</b>	<b>3,891</b>

The Directors have declared a dividend of 2.0 pence per Ordinary share (total approximately £2,072,000) payable on 31 December 2018, to shareholders on the register on 7 December 2018.

## 7. Basic and diluted return per share

	Unaudited six months ended 30 June 2018		Unaudited six months ended 30 June 2017		Audited year ended 31 December 2017	
Ordinary shares	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to equity shares (£'000)	157	6,045	126	1,809	233	3,958
Weighted average shares in issue	103,070,606		95,774,724		96,895,249	
Return per Ordinary share (pence)	0.1	5.9	0.1	1.9	0.2	4.1

The weighted average number of shares is calculated excluding treasury shares of 14,721,470 (30 June 2017: 12,192,070; 31 December 2017: 13,268,070).

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.

# Notes to the condensed Financial Statements continued

## 8. Share capital

	Unaudited 30 June 2018	Unaudited 30 June 2017	Audited 31 December 2017
<b>Allotted, called up and fully paid shares of 1 penny each</b>			
Number of shares	118,320,317	109,439,903	114,269,311
Nominal value of allotted shares (£'000)	1,183	1,094	1,143
Voting rights (number of shares net of treasury shares)	103,598,847	97,247,833	101,001,241

During the period to 30 June 2018 the Company purchased 1,453,400 Ordinary shares (nominal value of £14,534) for treasury at a cost of £995,000 including stamp duty. The total number of Ordinary shares held in treasury as at 30 June 2018 was 14,721,470 (30 June 2017: 12,192,070; 31 December 2017: 13,268,070) representing 12.4 per cent. of the Ordinary shares in issue as at 30 June 2018.

Under the terms of the Dividend Reinvestment Scheme, the following new Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2018:

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)
29 June 2018	424,973	4	72.7	296	69.00

Under the terms of the Albion VCTs Prospectus Top Up Offers 2017/18, the following new Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2018:

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 2018	1,815,597	18	73.6	1,303	67.25
5 April 2018	1,541,406	15	73.8	1,109	65.00
11 April 2018	83,144	1	73.0	60	65.00
11 April 2018	7,901	—	73.4	6	65.00
11 April 2018	177,985	2	73.8	128	65.00
	<b>3,626,033</b>	<b>36</b>		<b>2,606</b>	

## 9. Commitments and contingencies

As at 30 June 2018, the Company had no financial commitments in respect of investments (30 June 2017: £11,000; 31 December 2017: £nil).

There are no contingencies or guarantees of the Company as at 30 June 2018 (30 June 2017 and 31 December 2017: nil).

# Notes to the condensed Financial Statements continued

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## 10. Post balance sheet events

Since 30 June 2018, the Company has completed the following material transactions:

- Disposal of sparesFinder Limited for £946,000 of which £218,000 is deferred and held in escrow;
- Investment of £438,000 in Quantexa Limited;
- Investment of £392,000 in Phrasee Limited; and
- Investment of £176,000 in Arcor Limited.

## 11. Related party transactions

During the period, a total of £900,000 (30 June 2017: £nil; 31 December 2017: £1,350,000) was invested into the SVS Albion OLIM UK Equity Income Fund ("OUEIF"), a fund managed by OLIM Limited which is part of the Albion group.

Albion agreed to reduce that proportion of its management fee relating to the investment in the OUEIF by 0.75 per cent., which represents the OUEIF management fee charged by OLIM; this resulted in a reduction of the management fee of £8,000 (30 June 2017: £nil; 31 December 2017: £3,000).

Other than transactions with the Manager as disclosed in note 5 and that disclosed above, there are no other related party transactions requiring disclosure.

## 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 2017 and is detailed on page 63 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 2018 and 30 June 2017 and is unaudited. The information for the year ended 31 December 2017, 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](http://www.albion.capital/funds/AATG), where the Report can be accessed via a link in the 'Financial Reports and Circulars' section.







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