


Albion Technology & General VCT PLC



Half-yearly Financial Report
(unaudited) for the
six months to 30 June 2019



2019



AlbionCapital

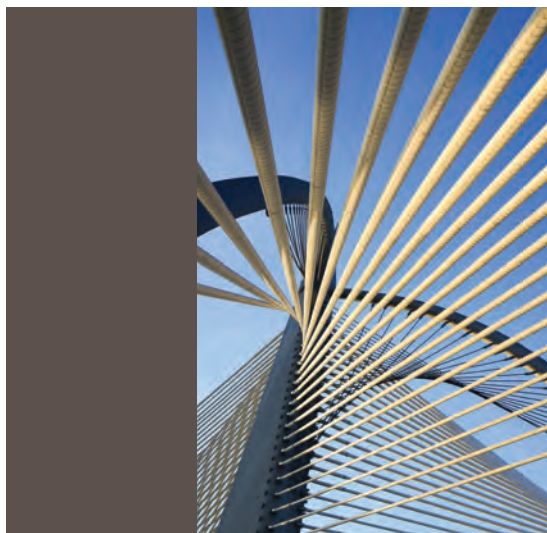


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This Half-yearly Financial Report has not been audited or reviewed by the Auditor.



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 Benjamin Street London, EC1M 5QL
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 12 New Fetter Lane London, EC4A 1JP
Depository	Ocorian (UK) Limited 11 Old Jewry London, EC2R 8DU

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

Shareholder information	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 Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.
Financial adviser information	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 are recorded) Email: info@albion.capital Website: www.albion.capital Please note that these contacts are unable to provide financial or taxation advice.

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 £40.0 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

6 December 2019

Payment date for second dividend

31 December 2019

Financial year end

31 December

Financial summary

	Unaudited six months ended 30 June 2019 (pence per share)	Unaudited six months ended 30 June 2018 (pence per share)	Audited year ended 31 December 2018 (pence per share)
Opening net asset value	77.40	71.90	71.90
Revenue return	0.25	0.10	0.40
Capital return	9.83	5.90	9.10
Total return	10.08	6.00	9.50
Dividends paid	(2.00)	(2.00)	(4.00)
Impact from buy-backs and issue of share capital	(0.33)	—	—
Net asset value	85.15	75.90	77.40

	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 2019			
Total dividends paid during the period ended:			
31 December 2001	1.00	—	—
31 December 2002	2.00	—	—
31 December 2003	1.50	—	—
31 December 2004	7.50	—	—
31 December 2005	9.00	—	0.65
31 December 2006	8.00	0.50	2.60
31 December 2007	8.00	2.50	3.45
31 December 2008	16.00	4.50	3.50
31 December 2009	—	1.00	3.00
31 December 2010	8.00	3.00	3.00
31 December 2011	5.00	3.80	3.50
31 December 2012	5.00	3.90	3.50
31 December 2013	5.00	3.90	3.50
31 December 2014	5.00	3.90	3.90
31 December 2015	5.00	3.90	3.90
31 December 2016	5.00	3.90	3.90
31 December 2017	4.00	3.11	3.13
31 December 2018	4.00	3.11	3.13
30 June 2019	2.00	1.56	1.56
Total dividends paid to 30 June 2019	101.00	42.62	46.23
Net asset value as at 30 June 2019	85.15	66.24	66.53
Total shareholder return to 30 June 2019	186.15	108.86	112.76

In addition to the dividends paid above, the Board declared a second dividend for the year ending 31 December 2019 of 2.00 pence per Ordinary share to be paid on 31 December 2019 to shareholders on the register on 6 December 2019.

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 2019 showed a total return of 10.08 pence per share (13.0 per cent. on opening net asset value), compared to 6.00 pence per share for the same interim period last year, and 9.50 pence per share for the year ended 31 December 2018. Net asset value increased from 77.40 pence per share at 31 December 2018 to 85.15 pence per share at 30 June 2019, following the payment of a 2.00 pence per share dividend on 28 June 2019. This shows continued strong performance following the recovery plan of the last three years.

Performance and portfolio update

The period has been a busy one with a number of write ups from further investment in existing portfolio companies by third party investors, and £2.7 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 £11.3 million (30 June 2018: £6.7 million; 31 December 2018: £10.7 million). The key movements in the period include: a £9 million uplift in the valuation of Process Systems Enterprise following the exchange of contracts for the sale of the portfolio company to Siemens for over 10x total funds invested; a £641,000 uplift in the valuation of Proveca following a £3.5 million funding round in which we participated; and a £380,000 write up in Bravo Inns II, following a new professional third party valuation. There were a few investments where valuations declined over the period, the largest being a £409,000 decrease in Convertr Media, which required further finance during the period as it continues to develop its business. Further details of the portfolio of investments can be found on pages 8 to 10.

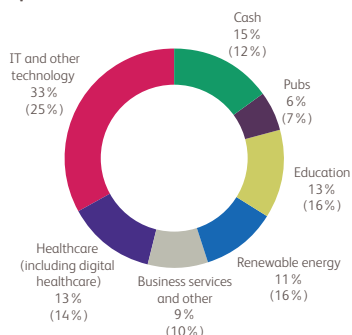
Investments in five new portfolio companies have been made during the period, all of which should result in further investment as the companies prove themselves and grow. These are:

- £400,000 into Avora, a developer of software to improve decision making through augmented analytics and machine learning;
- £380,000 into Limitless Technology, a customer service platform powered by crowd and machine learning technology;

- £367,000 into Clear Review, a provider of talent management software to mid-market enterprises;
- £151,000 into Imandra, a provider of automated software testing and an enhanced learning experience for artificial neural networks; and
- £68,000 into Symetrica, a designer and manufacturer of radiation detection equipment.

We provided further investments to a number of portfolio companies including £455,000 to Proveca, £338,000 to Oxsensis, and £200,000 to Beddlestead to support growth.

Current portfolio sector allocation



Comparatives for 31 December 2018 are in brackets
Source: Albion Capital Group LLP

Results and dividends

As at 30 June 2019, the net asset value was 85.15 pence per share (30 June 2018: 75.90 pence per share; 31 December 2018: 77.40 pence per share).

A first dividend of 2.00 pence per share was paid on 28 June 2019. The Company will pay a second dividend of 2.00 pence per share on 31 December 2019 to shareholders on the register on 6 December 2019, making 4.00 pence per share in total for the full year, in line with the Company's current dividend target.

Interim management report continued

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 other political uncertainty. Overall investment risk, however, is mitigated through a variety of processes, including our policy of aiming to achieve balance in the portfolio through the inclusion of sectors that are less exposed to the business and consumer cycles.

Other principal risks and uncertainties remain unchanged and are as detailed on pages 13 and 14 of the Annual Report and Financial Statements for the year ended 31 December 2018.

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 was pleased to announce on 5 April 2019 that it had reached its £8 million limit under the Albion VCTs Prospectus Top Up Offers 2018/19 which was fully subscribed and closed early raising net proceeds of £7.8 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.

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.

Fraud warning

We note over recent months an increase in the number of shareholders being contacted in connection with increasingly sophisticated but fraudulent financial scams. This is often by a phone call or an email which normally originates from outside of the UK, often claiming or appearing to come from a corporate finance firm and typically offering to buy your VCT shares at an inflated price. If you are contacted, we recommend that you do not respond with any personal information and say you are not interested.

The Manager maintains a page on their website in relation to fraud advice at www.albion.capital/investor-centre/fraud-advice.

If you are in any doubt, we recommend that you seek financial advice before taking any action. You can also call Shareholder relations on 020 7601 1850, or email info@albion.capital, if you wish to check whether any claims made are genuine.

Outlook

The Board is encouraged by the continuing strong performance of the investment portfolio, by the prospects in many of our portfolio companies and in the outlook for fresh investment opportunities. We believe the portfolio is well positioned to continue to grow over the coming years but the political and economic background remains challenging.

Dr N E Cross

Chairman

16 September 2019

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 2019 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

16 September 2019

Portfolio of investments

Fixed asset investments	% voting rights	As at 30 June 2019			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
Process Systems Enterprise Limited	13.6	2,160	11,696	13,856	8,993
Radnor House School (Holdings) Limited	15.3	4,701	6,327	11,028	144
Chonais River Hydro Limited	15.7	2,169	1,955	4,124	(59)
Bravo Inns II Limited	15.1	2,639	1,109	3,748	380
Mirada Medical Limited	12.9	1,321	2,107	3,428	(135)
Quantexa Limited	3.1	773	2,429	3,202	–
Proveca Limited	7.2	1,184	1,558	2,742	641
G. Network Communications Limited	4.6	1,050	1,247	2,297	52
Gharagain River Hydro Limited	18.5	1,526	660	2,186	(25)
Egress Software Technologies Limited	2.2	765	1,349	2,114	–
Oxsensis Limited	13.8	1,886	163	2,049	339
Bravo Inns Limited	28.8	2,411	(365)	2,046	229
memsstar Limited	30.1	852	858	1,710	311
MHS 1 Limited	22.5	1,565	(5)	1,560	–
The Street by Street Solar Programme Limited	8.1	895	581	1,476	24
TWCL Limited	25.2	1,502	(93)	1,409	(8)
DySIS Medical Limited	5.7	2,589	(1,249)	1,340	18
Regenerco Renewable Energy Limited	7.9	822	474	1,296	26
Beddlestead Limited	9.8	1,200	–	1,200	–
Convertr Media Limited	7.0	1,079	19	1,098	(409)
The Ewell (Harley Street) Limited	8.3	1,039	–	1,039	–
Zift Channel Solutions Inc.	1.6	881	123	1,004	10
Alto Prodotto Wind Limited	6.9	649	310	959	(9)
MPP Global Solutions Limited	3.2	950	–	950	–
The Q Garden Company Limited	33.4	934	(3)	931	–
Secured by Design Limited	2.7	410	463	873	210
Mi-Pay Group plc	19.6	4,163	(3,311)	852	90
Black Swan Data Limited	1.7	828	–	828	–
Panaseer Limited	3.2	557	214	771	–
Locum's Nest Limited	7.7	675	41	716	–
Oviva AG	3.8	665	20	685	14
Cisiv Limited	7.8	695	(28)	667	–
Premier Leisure (Suffolk) Limited	25.8	454	52	506	(14)
Albion Investment Properties Limited	31.8	434	(12)	422	16
Erin Solar Limited	15.7	440	(19)	421	–
MyMeds&Me Limited	4.6	439	(23)	416	–
Avora Limited	2.5	400	–	400	–
Koru Kids Limited	1.7	204	192	396	192
Pharsee Limited	1.9	392	–	392	–
Limitless Technology Limited	2.4	380	–	380	–
Sandcroft Avenue Limited (Hussle)	2.2	397	(21)	376	(37)
AVESI Limited	8.0	259	115	374	(6)
Clear Review Limited	2.9	367	–	367	–
InCrowd Sports Limited	3.4	294	28	322	–
OmPrompt Holdings Limited	3.3	306	(10)	296	76
Harvest AD Limited	0.0	210	15	225	(7)

Portfolio of investments continued

Fixed asset investments	% voting rights	As at 30 June 2019			Change in value for the period* £'000
		Cost £'000	Cumulative movement in value £'000	Value £'000	
Arecor Limited	1.2	220	–	220	–
Aridhia Informatics Limited	4.9	950	(748)	202	(182)
Abcodia Limited	3.2	549	(355)	194	–
Greenenerco Limited	3.1	101	71	172	3
Forward Clinical Limited	1.6	170	–	170	–
Imandra Inc.	1.6	151	–	151	–
Innovation Broking Group Limited	6.0	60	71	131	27
uMotif Limited	1.1	170	(51)	119	(51)
Healios Limited	0.8	80	–	80	–
ePatient Limited (Raremark)	1.2	115	(42)	73	(42)
Symetrica Limited	0.3	68	–	68	–
Palm Tree Technology Limited	0.5	320	(287)	33	–
Elements Software Limited	3.3	19	(19)	–	–
Total fixed asset investments		53,484	27,606	81,090	10,811

* As adjusted for additions and disposals during the period.

Current asset investments	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period £'000
SVS Albion OLIM UK Equity Income Fund	2,260	(108)	2,152	230
Total current asset investments	2,260	(108)	2,152	230

Portfolio of investments continued

Investment realisations in the period to 30 June 2019	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/ (loss) £'000	Gain/ (loss) on opening value £'000
<u>Disposals:</u>					
Earnside Energy Limited	2,059	2,482	2,334	275	(148)
Tambla Limited	68	37	39	(29)	2
<u>Loan stock repayments and other:</u>					
Mirada Medical Limited	564	700	746	182	46
Radnor House School (Holdings) Limited	638	638	638	–	–
memsstar Limited	54	54	54	–	–
Alto Prodotto Wind Limited	12	18	18	6	–
Greenenerco Limited	2	3	3	1	–
Escrow adjustments	–	–	123	123	123
Total	3,397	3,932	3,955	558	23

Total change in value of investments for the period	10,811
Movement in loan stock accrued interest	233
Unrealised gains on fixed asset investments	11,044
Realised gains on fixed asset investments	23
Unrealised gains on current asset investments	230
Total gains on investments as per income statement	11,297

Condensed income statement

	Note	Unaudited six months ended 30 June 2019			Unaudited six months ended 30 June 2018			Audited year ended 31 December 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	11,297	11,297	–	6,691	6,691	–	10,709	10,709
Investment income	4	694	–	694	549	–	549	1,184	–	1,184
Investment management fee	5	(250)	(752)	(1,002)	(222)	(667)	(889)	(460)	(1,379)	(1,839)
Other expenses		(153)	–	(153)	(149)	–	(149)	(295)	–	(295)
Profit on ordinary activities before tax		291	10,545	10,836	178	6,024	6,202	429	9,330	9,759
Tax (charge)/credit on ordinary activities		(24)	24	–	(21)	21	–	(59)	59	–
Profit and total comprehensive income attributable to shareholders		267	10,569	10,836	157	6,045	6,202	370	9,389	9,759
Basic and diluted return per share (pence)*	7	0.25	9.83	10.08	0.10	5.90	6.00	0.40	9.10	9.50

* adjusted for treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2018 and the audited statutory accounts for the year ended 31 December 2018.

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 2019 £'000	Unaudited 30 June 2018 £'000	Audited 31 December 2018 £'000
Fixed asset investments		81,090	65,741	70,737
Current assets				
Current asset investments		2,152	2,260	1,921
Trade and other receivables less than one year		838	696	664
Cash and cash equivalents		11,879	10,693	7,142
		14,869	13,649	9,727
Total assets		95,959	79,390	80,464
Payables: amounts falling due within one year				
Trade and other payables less than one year		(636)	(715)	(567)
Total assets less current liabilities		95,323	78,675	79,897
Equity attributable to equity holders				
Called up share capital	8	1,292	1,183	1,187
Share premium		34,642	26,330	26,621
Capital redemption reserve		28	28	28
Unrealised capital reserve		27,436	13,126	16,697
Realised capital reserve		10,763	11,160	10,933
Other distributable reserve		21,162	26,848	24,431
Total equity shareholders' funds		95,323	78,675	79,897
Basic and diluted net asset value per share (pence)*		85.15	75.90	77.40

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2018 and the audited statutory accounts for the year ended 31 December 2018.

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 16 September 2019 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
As at 1 January 2019	1,187	26,621	28	16,697	10,933	24,431	79,897
Return/(loss) and total comprehensive income for the year	–	–	–	11,274	(705)	267	10,836
Transfer of previously unrealised gains on disposal of investments	–	–	–	(535)	535	–	–
Purchase of own shares for treasury	–	–	–	–	–	(1,299)	(1,299)
Issue of equity	105	8,225	–	–	–	–	8,330
Cost of issue of equity	–	(204)	–	–	–	–	(204)
Dividends paid	–	–	–	–	–	(2,237)	(2,237)
As at 30 June 2019	1,292	34,642	28	27,436	10,763	21,162	95,323
As at 1 January 2018	1,143	23,469	28	9,692	8,549	29,767	72,648
Return and total comprehensive income for the year	–	–	–	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)
As at 30 June 2018	1,183	26,330	28	13,126	11,160	26,848	78,675
As at 1 January 2018	1,143	23,469	28	9,692	8,549	29,767	72,648
Return and total comprehensive income for the year	–	–	–	8,910	479	370	9,759
Transfer of previously unrealised gains on disposal of investments	–	–	–	(1,905)	1,905	–	–
Purchase of own shares for treasury	–	–	–	–	–	(1,570)	(1,570)
Issue of equity	44	3,233	–	–	–	–	3,277
Cost of issue of equity	–	(81)	–	–	–	–	(81)
Dividends paid	–	–	–	–	–	(4,136)	(4,136)
As at 31 December 2018	1,187	26,621	28	16,697	10,933	24,431	79,897

*These reserves amount to £31,925,000 (30 June 2018: £38,008,000; 31 December 2018: £35,364,000) which is considered distributable.

Condensed statement of cash flows

	Unaudited six months ended 30 June 2019 £'000	Unaudited six months ended 30 June 2018 £'000	Audited year ended 31 December 2018 £'000
Cash flow from operating activities			
Loan stock income received	739	502	1,098
Dividend income received	140	67	119
Deposit interest received	21	11	25
Investment management fee paid	(944)	(853)	(1,803)
Other cash payments	(159)	(175)	(293)
Corporation tax paid	–	–	–
Net cash flow from operating activities	(203)	(448)	(854)
Cash flow from investing activities			
Purchase of current asset investments	–	(900)	(910)
Purchase of fixed asset investments	(2,728)	(2,060)	(4,354)
Disposal of fixed asset investments	3,060	3,952	5,621
Net cash flow from investing activities	332	992	357
Cash flow from financing activities			
Issue of share capital	7,804	2,606	2,606
Cost of issue of equity	(2)	(2)	(15)
Dividends paid	(1,895)	(1,771)	(3,536)
Purchase of own shares (including costs)	(1,299)	(838)	(1,570)
Net cash flow from financing activities	4,608	(5)	(2,515)
Increase/(decrease) in cash and cash equivalents	4,737	539	(3,012)
Cash and cash equivalents at start of period	7,142	10,154	10,154
Cash and cash equivalents at end of period	11,879	10,693	7,142
Cash and cash equivalents comprise:			
Cash at bank	11,879	10,693	7,142
Cash equivalents	–	–	–
Total cash and cash equivalents	11,879	10,693	7,142

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 ("IPEV") 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 IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, the level of third party offers received, cost or price of recent investment rounds, net assets and industry valuation benchmarks. Where price of recent investment is used as a starting point for estimating fair value at subsequent measurement dates, this has been benchmarked using an appropriate valuation technique permitted by the IPEV guidelines.
- In situations where cost or price of recent investment is used, 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:
 - o the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
 - o 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
 - o 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, 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 expected 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 2019 £'000	Unaudited six months ended 30 June 2018 £'000	Audited year ended 31 December 2018 £'000
Unrealised gains on fixed asset investments	11,044	4,921	9,271
Unrealised gains/(losses) on current asset investments	230	(12)	(361)
Realised gains on fixed asset investments	23	1,782	1,799
	11,297	6,691	10,709

4. Investment income

	Unaudited six months ended 30 June 2019 £'000	Unaudited six months ended 30 June 2018 £'000	Audited year ended 31 December 2018 £'000
Loan stock interest and other fixed returns	507	471	1,039
UK dividend income	167	67	119
Bank deposit interest	20	11	26
	694	549	1,184

5. Investment management fee

	Unaudited six months ended 30 June 2019 £'000	Unaudited six months ended 30 June 2018 £'000	Audited year ended 31 December 2018 £'000
Investment management fee charged to revenue	250	222	460
Investment management fee charged to capital	752	667	1,379
	1,002	889	1,839

Further details of the Management agreement under which the investment management fee is paid are given in the Strategic report on pages 11 and 12 of the Annual Report and Financial Statements for the year ended 31 December 2018.

During the period, services for a total value of £1,002,000 (30 June 2018: £889,000; 31 December 2018: £1,839,000) 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 £539,000 (30 June 2018: £483,000; 31 December 2018: £482,000). 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 2018: £82,000; 31 December 2018: £136,000).

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 2018 and 31 December 2018: nil).

Albion Capital Group LLP, the Manager, its partners and staff (including Patrick Reeve), hold 1,264,240 Ordinary shares in the Company.

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 2019, fees of £123,000 attributable to the investments of the Company were received pursuant to these arrangements (30 June 2018: £119,000; 31 December 2018: £214,000).

Notes to the condensed Financial Statements continued

5. Investment management fee (continued)

The Company entered into an offer agreement relating to the Offers with the Company's investment manager Albion Capital Group LLP, pursuant to which Albion Capital received a fee of 2.5 per cent. of the gross proceeds of the Offers and out of which Albion Capital paid the costs of the Offers, as detailed in the Prospectus. The Offers closed on 5 April 2019.

During the period, no funds (30 June 2018: £900,000; 31 December 2018: £910,000) were 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 2018: £8,000; 31 December 2018: £15,000).

6. Dividends

	Unaudited six months ended 30 June 2019 £'000	Unaudited six months ended 30 June 2018 £'000	Audited year ended 31 December 2018 £'000
Dividend of 2.00p per share paid on 29 June 2018	–	2,081	2,081
Dividend of 2.00p per share paid on 31 December 2018	–	–	2,055
Dividend of 2.00p per share paid on 28 June 2019	2,237	–	–
	2,237	2,081	4,136

The Directors have declared a dividend of 2.00 pence per Ordinary share (total approximately £2,239,000) payable on 31 December 2019, to shareholders on the register on 6 December 2019.

7. Basic and diluted return per share

	Unaudited six months ended 30 June 2019		Unaudited six months ended 30 June 2018		Audited year ended 31 December 2018	
Ordinary shares	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return attributable to equity shares (£'000)	267	10,569	157	6,045	370	9,389
Weighted average shares in issue	107,475,312		103,070,606		103,202,241	
Return per Ordinary share (pence)	0.25	9.83	0.10	5.90	0.40	9.10

The weighted average number of shares is calculated after adjusting for treasury shares of 17,279,470 (30 June 2018: 14,721,470; 31 December 2018: 15,518,470).

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 2019	Unaudited 30 June 2018	Audited 31 December 2018
Allotted, called up and fully paid shares of 1 penny each			
Number of shares	129,232,525	118,320,317	118,711,589
Nominal value of allotted shares (£'000)	1,292	1,183	1,187
Voting rights (number of shares net of treasury shares)	111,953,055	103,598,847	103,193,119

During the period to 30 June 2019 the Company purchased 1,761,000 Ordinary shares (nominal value of £17,610) for treasury at a cost of £1,299,000 including stamp duty. The total number of Ordinary shares held in treasury as at 30 June 2019 was 17,279,470 (30 June 2018: 14,721,470; 31 December 2018: 15,518,470) representing 13.4 per cent. of the Ordinary shares in issue as at 30 June 2019.

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 2019:

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)
28 June 2019	440,639	4	76.60	322	72.00

Under the terms of the Albion VCTs Prospectus Top Up Offers 2018/19, the following new Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2019:

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)
1 April 2019	1,188,131	12	78.60	920	72.50
1 April 2019	287,073	3	79.00	222	72.50
1 April 2019	6,429,303	64	79.40	4,978	72.50
5 April 2019	1,795,802	18	79.40	1,390	73.50
12 April 2019	101,276	1	78.60	78	73.50
12 April 2019	4,049	—	79.00	3	73.50
12 April 2019	274,663	3	79.40	213	73.50
	10,080,297	101		7,804	

9. Commitments and contingencies

As at 30 June 2019, the Company had no financial commitments in respect of investments (30 June 2018 and 31 December 2018: £nil).

There are no contingencies or guarantees of the Company as at 30 June 2019 (30 June 2018 and 31 December 2018: £nil).

Notes to the condensed Financial Statements continued

10. Post balance sheet events

Since 30 June 2019, the Company has completed the following material transactions:

- Investment of £1,402,000 in Elliptic Enterprises Limited; and
- Investment of £141,000 in Koru Kids Limited.

11. Related party transactions

During the period, no additional funds (30 June 2018: £900,000; 31 December 2018: £910,000) were invested into the SVS Albion OLIM UK Equity Income Fund ("OUEIF"), a fund managed by OLIM Limited which is part of the Albion group. At the period end, the Company had invested a total of £2,260,000 (30 June 2018: £2,250,000; 31 December 2018: £2,260,000) in the OUEIF.

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 2018: £8,000; 31 December 2018: £15,000).

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 2018 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.

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 434 of the Companies Act 2006 for the periods ended 30 June 2019 and 30 June 2018 and is unaudited. The information for the year ended 31 December 2018, does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which 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.





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