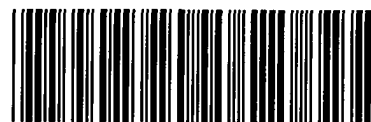


Half-yearly Financial
Report (unaudited) for
the six months to
30 September 2014

Albion Enterprise VCT PLC

FRIDAY



A415SG37

A29

13/02/2015

#39

COMPANIES HOUSE

Contents

Page

- 2** Company information
- 3** Investment objective and policy
- 3** Financial calendar
- 4** Financial highlights
- 5** Interim management report
- 7** Responsibility statement
- 8** Portfolio of investments
- 10** Summary income statement
- 11** Summary balance sheet
- 12** Summary reconciliation of movements in shareholders' funds
- 13** Summary cash flow statement
- 14** Notes to the unaudited summarised Financial Statements

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

Company information

Company number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P H Reeve
Manager, company secretary, AIFM and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Legal adviser	Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP

Albion Enterprise VCT PLC is a member of The Association of Investment Companies.

Shareholder information	For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0870 873 5860 (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 Fund, and information for financial advisers, please contact Albion Ventures LLP: Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon – Fri, calls may be recorded) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk
--------------------------------------	---

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

Investment objective and policy

The investment objective of Albion Enterprise VCT PLC ("the Company") is to provide investors with a regular and predictable source of income, combined with the prospect of longer term capital growth.

The Company achieves this by investing up to 50 per cent. of the net funds raised in an asset-based portfolio of more stable, ungeared businesses, (the "Asset-based Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, are invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These range from more stable, income producing businesses to higher risk technology companies (the "Growth Portfolio"). In neither category do portfolio companies normally have any external borrowing with a charge ranking ahead of the Company. Up to two-thirds of qualifying investments by cost comprise loan stock secured with a first charge on the portfolio company's assets. Funds awaiting investment in Qualifying Investments or retained for liquidity purposes are held on deposit or invested in floating rate notes (in both cases with banks with a Moody's credit rating of 'A' or above).

The Company's investment portfolio is structured to provide a balance between income and capital growth for the longer term. The Asset-based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide diversified exposure through its portfolio of investments in unquoted UK companies. Stock specific risk will be reduced by the Company's policy of holding a diversified portfolio of Qualifying Investments.

Financial calendar

Record date for second dividend	6 February 2015
Payment date for second dividend	27 February 2015
Financial year end	31 March 2015

Financial highlights

	Unaudited six months ended 30 September 2014 (pence per share)	Unaudited six months ended 30 September 2013 (pence per share)	Audited year ended 31 March 2014 (pence per share)
Opening net asset value	96.90	92.90	92.90
Dividends paid	(2.50)	(2.50)	(5.00)
Revenue return	0.94	0.80	1.70
Capital return	0.30	4.10	7.30
Net asset value uplift from buy-backs	0.03	0.10	–
Closing net asset value	95.67	95.40	96.90

(pence per share)

Total shareholder net asset value return to 30 September 2014:

Dividends paid during the year ended:

31 March 2008	0.70
31 March 2009	1.65
31 March 2010	2.00
31 March 2011	3.00
31 March 2012	3.00
31 March 2013	3.50
31 March 2014	5.00
Total dividends paid in the six months to 30 September 2014	2.50

Total dividends paid to 30 September 2014 **21.35**

Net asset value as at 30 September 2014 **95.67**

Total shareholder net asset value return to 30 September 2014 **117.02**

In addition to the dividends summarised above, the Company will pay a second dividend of 2.50 pence per share, payable on 27 February 2015 to shareholders on the register at 6 February 2015.

Notes

- The dividend of 0.70 pence per share paid during the period ended 31 March 2008 and first dividend of 0.40 pence per share paid during the year ended 31 March 2009 were paid to shareholders who subscribed in the 2006/2007 offer only.
- All dividends paid by the Company are free of income tax. It is an H. M. Revenue & Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on the dividend voucher and need not disclose any income they receive from a VCT on their tax return.
- The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies – VCTs section of the Financial Times on a daily basis.
- Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value as tax reliefs are only obtainable on initial subscription.

Interim management report

Introduction

The Company achieved a total return for the six months to 30 September 2014 of 1.24 pence per share compared to 4.90 pence per share for the same period last year. Although the results for the period are relatively subdued, there continued to be a good level of progress amongst a number of the companies in which we invest and it was encouraging to see an 18 per cent. increase in income received.

Investment progress and prospects

During the period £1.7 million was invested in existing and new companies, including £650,000 into Omprompt, a company developing and selling software services to support the automation of order processing. There were no exits during the period, although £239,000 was received through the repayment of loan stock and a further £69,000 from the previous sale of our investment in Dexela.

In general, the investment portfolio is performing well, with continued growth at Radnor House School, which now has 350 pupils and the Taunton Hospital which is now fully converted to psychiatric use. Continued growth was also achieved amongst our more technology oriented investments, including Masters Pharmaceuticals and Proveca, which are involved in the sale or development of pharmaceuticals. Although our investment in Dysis Medical was written down during the period, its new and highly effective method for screening for cervical cancer is now beginning to gain traction both in Europe and in the USA.

Elsewhere, our newer investments in the IT sector including Egress Software and

Grapeshot are continuing to show high levels of growth.

Risks & uncertainties

The outlook for the UK and global economies continues to be the key risk affecting your Company, despite the welcome return of the UK to growth. Investment risk is mitigated in a number of ways, including our policy that portfolio companies should have no external borrowing, that the portfolio should be balanced across sectors and it should include a significant level of asset backing.

Other risks and uncertainties remain unchanged and are as detailed on pages 11 and 12 in the Strategic report of the Annual Report and Financial Statements for the year ended 31 March 2014.

Discount management and share buy-backs

It remains the Board's policy to buy-back shares in the market, subject to the overall constraint that such purchases are in the VCT's interests, including the maintenance of sufficient resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders. 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.

Transactions with the Manager

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

There are no related party transactions or balances that require disclosure.

Interim management report continued

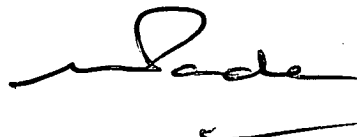
Albion VCTs Prospectus Top Up Offers 2014/2015

The launch of the Albion VCTs Prospectus Top Up Offers 2014/2015 was announced on 17 November 2014 with the aim of raising £25.5 million across the six Albion VCTs, including Albion Enterprise VCT PLC. There is an "Early Bird" offer for existing Albion shareholders who apply by 30 January 2015. The 2013/14 Top Up Offers raised £21 million in aggregate, including £3.44 million for the Company.

£401,000 compared to £325,000 for the six months to 30 September 2013. In line with the annual dividend target of 5.00 pence per share, the Directors declare a second dividend for the year of 2.50 pence per share payable on 27 February 2015 to shareholders on the register as at 6 February 2015.

Results and dividends

As at 30 September 2014, the net asset value was £33.7 million or 95.67 pence per share compared to £32.1 million or 96.90 pence per share at 31 March 2014. The revenue return before taxation was



M Packe
Chairman
28 November 2014

Responsibility statement

The Directors, as listed on page 2 of this Report, are responsible for preparing the Half-yearly Financial Report. The Directors have chosen to prepare this Half-yearly Financial Report for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

In preparing these summarised Financial Statements for the six months to 30 September 2014 we, the Directors of the Company, confirm that to the best of our knowledge:

- (a) the summarised set of Financial Statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;
- (b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- (c) the summarised set of Financial Statements gives a true and fair view in accordance with UK

GAAP of the assets, liabilities, financial position and profit and loss of the Company for the six months ended 30 September 2014 and comply with UK GAAP and Companies Act 2006; and

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

The accounting policies applied to the Half-yearly Financial Report have been consistently applied in current and prior periods and are those applied in the Annual Report and Financial Statements for the year ended 31 March 2014.

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

By order of the Board

M Packe
Chairman
28 November 2014



Portfolio of investments

The following is a summary of fixed asset investments as at 30 September 2014:

Fixed asset investments	% voting rights held by Albion Enterprise VCT PLC	Cost £'000	Cumulative movement in value £'000	Value £'000	Change in value for the period* £'000
Asset-based investments					
Radnor House School (Holdings) Limited	9.8	1,697	1,480	3,177	219
Taunton Hospital Limited	13.1	2,195	649	2,844	226
Bravo Inns II Limited	13.1	2,150	52	2,202	(12)
Greenenerco Limited	28.6	1,000	344	1,344	(18)
Regenerco Renewable Energy Limited	12.5	1,195	149	1,344	46
Alto Prodotto Wind Limited	11.1	1,000	340	1,340	(5)
The Street by Street Solar Programme Limited	8.6	894	287	1,181	67
TEG Biogas (Perth) Limited	16.4	986	116	1,102	4
Bravo Inns Limited	8.4	742	(266)	476	(3)
AVESL Limited	5.5	172	17	189	5
The Charnwood Pub Company Limited	1.2	245	(127)	118	(1)
Total asset-based investments		12,276	3,041	15,317	528
Growth investments					
Mirada Medical Limited	15.0	600	1,099	1,699	(47)
Masters Pharmaceuticals Limited	7.7	993	427	1,420	66
Relayware Limited	4.7	1,065	59	1,124	23
DySIS Medical Limited	9.0	1,254	(295)	959	(78)
Process Systems Enterprise Limited	3.9	365	567	932	-
Egress Software Technologies Limited	9.0	880	-	880	-
Mi-Pay Group PLC	6.6	1,413	(586)	827	(89)
Ardhia Informatics Limited	2.3	760	27	787	14
Hilson Moran Holdings Limited	10.0	435	315	750	(58)
Omprompt Limited	5.3	650	3	653	3
Grapeshot Limited	5.1	570	-	570	-
memsstar Limited	5.6	384	111	495	(63)
Proveca Limited	7.2	380	35	415	13
Cisiv Limited	2.9	409	(8)	401	9
Abcodia Limited	6.4	285	2	287	2
MyMeds&Me Limited	3.6	288	(2)	286	(14)
Oxsensis Limited	3.8	559	(314)	245	-
Lowcosttravelgroup Limited	1.0	270	(75)	195	49
Silent Herdsman Holdings Limited	5.1	248	(62)	186	(62)
Sandcroft Avenue Limited (payasUgym.com)	1.3	80	-	80	-
Total growth investments		11,888	1,303	13,191	(232)
Total fixed asset investments		24,164	4,344	28,508	296

* As adjusted for additions and disposals during the period.

Portfolio of investments continued

Total change in value of investments for the period	296
Realised gains on fixed asset investments	9
Realised gains on current asset investments	39
Movement in loan stock accrued interest	4
Total gains on investments as per Income statement	348

	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain on opening value £'000
Fixed asset realisations					
Radnor House School (Holdings) Limited <i>(loan stock and capitalised interest repayment)</i>	3	107	114	111	7
Masters Pharmaceuticals Limited <i>(loan stock and redemption premium repayment)</i>	78	91	93	15	2
Hilson Moran Holdings Limited <i>(loan stock and redemption premium repayment)</i>	15	20	20	5	–
The Charnwood Pub Company Limited <i>(loan stock repayment)</i>	12	12	12	–	–
Total fixed asset realisations	108	230	239	131	9

	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain £'000	Gain on opening value £'000
Current asset realisations					
Dexela Limited	–	30	69	69	39
Opta Sports Data Limited	–	13	13	13	–
Total current asset realisations	–	43	82	82	39

Summary income statement

		Unaudited six months ended 30 September 2014			Unaudited six months ended 30 September 2013			Audited year ended 31 March 2014		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	-	348	348	-	1,600	1,600	-	2,833	2,833
Investment income	4	606	-	606	514	-	514	1,099	-	1,099
Investment management fees	5	(103)	(309)	(412)	(95)	(284)	(379)	(194)	(580)	(774)
Other expenses		(102)	-	(102)	(94)	-	(94)	(193)	-	(193)
Return on ordinary activities before taxation		401	39	440	325	1,316	1,641	712	2,253	2,965
Tax (charge)/credit on ordinary activities		(75)	65	(10)	(70)	63	(7)	(151)	131	(20)
Return attributable to shareholders		326	104	430	255	1,379	1,634	561	2,384	2,945
Basic and diluted return per share (pence)*	7	0.94	0.30	1.24	0.80	4.10	4.90	1.70	7.30	9.00

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2013 and the audited statutory accounts for the year ended 31 March 2014.

The accompanying notes on pages 14 to 21 form an integral part of this Half-yearly Financial Report.

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

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

There are no recognised gains or losses other than the results for the periods disclosed above. Accordingly a statement of total recognised gains and losses is not required.

The difference between the reported return on ordinary activities before tax and the historical profit is due to the fair value movements on investments. As a result a note on historical cost profit and losses has not been prepared.

Summary balance sheet

	Note	Unaudited 30 September 2014 £'000	Unaudited 30 September 2013 £'000	Audited 31 March 2014 £'000
Fixed asset investments		28,508	22,367	26,720
Current assets				
Trade and other debtors		757	409	122
Current asset investments		-	1,596	43
Cash at bank	10	4,771	7,120	5,514
		5,528	9,125	5,679
Creditors: amounts falling due within one year		(291)	(406)	(343)
Net current assets		5,237	8,719	5,336
Net assets		33,745	31,086	32,056
Capital and reserves				
Called up share capital	8	395	362	367
Share premium		5,572	1,988	3,015
Capital redemption reserve		104	99	104
Unrealised capital reserve		4,299	2,956	4,164
Realised capital reserve		41	(303)	72
Other distributable reserve		23,334	25,984	24,334
Total equity shareholders' funds		33,745	31,086	32,056
Basic and diluted net asset value per share (pence)*		95.67	95.40	96.90

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2013 and the audited statutory accounts for the year ended 31 March 2014.

The accompanying notes on pages 14 to 21 form an integral part of this Half-yearly Financial Report.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 28 November 2014 and were signed on its behalf by

M Packe
Chairman

Company number 05990732



Summary reconciliation of movements in shareholders' funds

	Called up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 April 2014	367	3,015	104	4,164	72	24,334	32,056
Return/(loss) for the period	-	-	-	300	(196)	326	430
Transfer of previously unrealised gains	-	-	-	(165)	165	-	-
Issue of share capital	28	2,557	-	-	-	-	2,585
Purchase of shares for treasury	-	-	-	-	-	(451)	(451)
Dividends paid	-	-	-	-	-	(875)	(875)
As at 30 September 2014	395	5,572	104	4,299	41	23,334	33,745
As at 1 April 2013	345	290	97	1,810	(536)	27,593	29,599
Return for the period	-	-	-	1,340	39	255	1,634
Transfer of previously unrealised gains	-	-	-	(194)	194	-	-
Issue of share capital	19	1,698	-	-	-	-	1,717
Purchase of shares for treasury	-	-	-	-	-	(1,044)	(1,044)
Cancellation of treasury shares	(2)	-	2	-	-	-	-
Dividends paid	-	-	-	-	-	(820)	(820)
As at 30 September 2013	362	1,988	99	2,956	(303)	25,984	31,086
As at 1 April 2013	345	290	97	1,810	(536)	27,593	29,599
Return/(loss) for the period	-	-	-	2,570	(186)	561	2,945
Transfer of previously unrealised gains	-	-	-	(216)	216	-	-
Issue of share capital	30	2,725	-	-	-	-	2,755
Purchase of shares for cancellation	(1)	-	1	-	-	(81)	(81)
Purchase of shares for treasury	-	-	-	-	-	(1,501)	(1,501)
Cancellation of treasury shares	(6)	-	6	-	-	-	-
Dividends paid	-	-	-	-	-	(1,661)	(1,661)
Transfer from other distributable reserve	-	-	-	-	578	(578)	-
As at 31 March 2014	367	3,015	104	4,164	72	24,334	32,056

* Included within the aggregate of these reserves is an amount of £23,375,000 (30 September 2013: £25,681,000; 31 March 2014: £24,406,000) which is considered distributable.

Summary cash flow statement

	Note	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Operating activities				
Dividend income received		47	9	32
Loan stock income received		535	522	1,028
Deposit interest received		35	40	135
Investment management fees paid		(401)	(370)	(759)
Other cash payments		(118)	(114)	(197)
Net cash flow from operating activities	9	98	87	239
Taxation				
UK corporation tax		-	-	(36)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(1,780)	(1,338)	(4,406)
Disposal of fixed asset investments		226	2,319	2,455
Disposal of current asset investments		69	-	-
Net cash flow from investing activities		(1,485)	981	(1,951)
Management of liquid resources				
Disposal of current asset investments		-	-	1,553
Net cash flow from management of liquid resources		-	-	1,553
Equity dividends paid (net of costs of shares issued under the Dividend Reinvestment Scheme)		(776)	(742)	(1,496)
Net cash flow before financing		(2,163)	326	(1,691)
Financing				
Issue of ordinary share capital (net of costs)		1,871	1,640	2,589
Purchase of own shares (including costs)		(451)	(1,044)	(1,582)
Net cash flow from financing		1,420	596	1,007
Cash flow in the period	10	(743)	922	(684)

Notes to the unaudited summarised Financial Statements

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards and with the Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC") in January 2009. Accounting policies have been applied consistently in current and prior periods.

2. Accounting policies

Investments

Quoted and unquoted equity investments, debt issued at a discount and convertible bonds

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", quoted and unquoted equity, debt issued at a discount and convertible bonds are designated as fair value through profit or loss ("FVTPL"). Investments listed on recognised exchanges are valued at the closing bid prices at the end of the accounting period. Unquoted investments' fair value is determined by the Directors in accordance with the International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Fair value movements on equity investments and gains and losses arising on the disposal of investments are reflected in the capital column of the Income statement in accordance with the AIC SORP. Realised gains or losses on the sale of investments will be reflected in the realised capital reserve, and unrealised gains or losses arising from the revaluation of investments will be reflected in the unrealised capital reserve.

Warrants and unquoted equity derived instruments

Warrants and unquoted equity derived instruments are only valued if there is additional value to the Company in exercising or converting as at the balance sheet date. Otherwise these instruments are held at nil value. The valuation techniques used are those used for the underlying equity investment.

Unquoted loan stock

Unquoted loan stock (excluding debt issued at a discount and convertible bonds) are classified as loans and receivables as permitted by FRS 26 and measured at amortised cost using the Effective Interest Rate method less impairment. Movements in amortised cost relating to interest income are reflected in the revenue column of the Income statement, and hence are reflected in the other distributable reserve, and movements in respect of capital provisions are reflected

in the capital column of the Income statement and are reflected in the realised capital reserve following sale, or in the unrealised capital reserve on impairment from revaluations of the fair value of the security.

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

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

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

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

In accordance with the exemptions under FRS 9 "Associates and joint ventures", those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is accounted for according to FRS 26 "Financial Instruments Recognition and Measurement" and measured at fair value through profit or loss.

Current asset investments

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

Investment income

Unquoted equity income

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

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis using the effective interest rate over the life of the financial

Notes to the unaudited summarised Financial Statements

continued

instrument. Income which is not capable of being received within a reasonable period of time is reflected in the capital value of the investment.

Bank interest income

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

Investment management fees and other expenses

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

- 75 per cent. of management fees are allocated to the capital account to the extent that these relate to an enhancement in the value of the investments. 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.

Total recurring expenses including management fees and excluding performance fees will not exceed 3 per cent. of the net asset value of the Company at year end.

Performance incentive fee

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

Taxation

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

The Directors have considered the requirements of FRS 19 and do not believe that any provision for deferred tax should be made.

Reserves

Share premium account

This reserve accounts for the difference between the prices paid for shares and the nominal value of the share, less issue costs and transfers to the other distributable reserve.

Capital redemption reserve

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

Unrealised capital reserve

Increases and decreases in the valuation of investments held at the period 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

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

Dividends

In accordance with FRS 21 "Events after the balance sheet date", dividends by the Company are accounted for in the period in which the dividend is declared.

Notes to the unaudited summarised Financial Statements

continued

3. Gains on investments

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Unrealised gains on fixed asset investments held at fair value through profit or loss	272	1,349	2,463
Unrealised reversals of impairments/(impairments) on fixed asset investments held at amortised cost	28	(22)	94
Unrealised gains on fixed asset investments sub-total	300	1,327	2,557
Unrealised gains on current asset investments held at fair value through profit or loss	-	13	13
Unrealised gains sub-total	300	1,340	2,570
Realised gains on fixed asset investments held at fair value through profit or loss	-	465	405
Realised gains/(losses) on fixed asset investments held at amortised cost	9	(205)	(142)
Realised gains on fixed asset investments sub-total	9	260	263
Realised gains on current asset investments held at fair value through profit or loss	39	-	-
Realised gains sub-total	48	260	263
	348	1,600	2,833

Investments measured at amortised cost are unquoted loan stock instruments as described in note 2.

4. Investment income

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Income recognised on investments held at fair value through profit or loss			
Dividend income received	39	9	40
Interest on convertible bonds and debt issued at a discount	223	161	370
	262	170	410
Income recognised on investments held at amortised cost			
Return on loan stock investments	308	279	569
Bank deposit interest	36	65	120
	344	344	689
	606	514	1,099

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

Notes to the unaudited summarised Financial Statements

continued

5. Investment management fees

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Investment management fee charged to revenue	103	95	194
Investment management fee charged to capital	309	284	580
	412	379	774

Further details of the management agreement under which the investment management fee is paid are given in the Strategic report on page 9 of the Annual Report and Financial Statements for the year ended 31 March 2014.

During the period, services of a total value of £412,000 (30 September 2013: £379,000; 31 March 2014: £774,000) were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP in respect of these services disclosed within creditors was £211,000 (30 September 2013: £194,000; 31 March 2014: £200,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the period, the Company was charged £10,800 including VAT (30 September 2013: £10,800; 31 March 2014: £21,600) by Albion Ventures LLP in respect of Patrick Reeve's services as a Director. At the financial period end, the amount due to Albion Ventures LLP in respect of these services disclosed as creditors was £5,400 (30 September 2013: £5,400; 31 March 2014: £5,400).

Albion Ventures LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the period to 30 September 2014, fees of £79,000 attributable to the investments of the Company were received pursuant to these arrangements (30 September 2013: £66,000; 31 March 2014: £169,000).

During the period the Company raised new funds through the Albion VCTs Top Up Offers 2013/2014 as described in note 8. The total cost of the issue of these shares was 3 per cent. of the sums subscribed. Of these costs, an amount of £2,938 (30 September 2013: £2,945; 31 March 2014: £4,492) was paid to the Manager, Albion Ventures LLP in respect of receiving agent services.

6. Dividends

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Dividend of 2.50p per share paid on 30 August 2013	–	820	820
Dividend of 2.50p per share paid on 28 February 2014	–	–	841
Dividend of 2.50p per share paid on 29 August 2014	875	–	–
	875	820	1,661

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2015 of 2.50 pence per share which will be paid on 27 February 2015 to shareholders on the register as at 6 February 2015. This is expected to amount to approximately £882,000.

Notes to the unaudited summarised Financial Statements

continued

7. Basic and diluted return per share

	Unaudited six months ended 30 September 2014			Unaudited six months ended 30 September 2013			Audited year ended 31 March 2014		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	326	104	430	255	1,379	1,634	561	2,384	2,945
Weighted average shares in issue (excluding treasury shares)	34,705,763			33,046,443			32,920,511		
Return attributable per Ordinary share (pence) (basic and diluted)	0.94	0.30	1.24	0.80	4.10	4.90	1.70	7.30	9.00

The weighted average number of shares is calculated excluding treasury shares of 4,179,000 (30 September 2013: 3,614,255; 31 March 2014: 3,674,000).

There are no convertible instruments, derivatives or contingent share agreements in issue for the Company, hence there are no dilution effects to the return per share. The basic return per share is, therefore the same as the diluted return per share.

8. Called up share capital

	Unaudited 30 September 2014 £'000	Unaudited 30 September 2013 £'000	Audited 31 March 2014 £'000
Allotted, called up and fully paid			
39,453,306 Ordinary shares of 1 penny each (30 September 2013: 36,197,684; 31 March 2014: 36,744,386)	395	362	367

Voting rights

35,274,306 shares of 1 penny each (net of treasury shares) (30 September 2013: 32,583,429; 31 March 2014: 33,070,386).

In the six months to 30 September 2014 the Company purchased 505,000 shares (30 September 2013: 1,245,000; 31 March 2014: 1,757,000) to be held in treasury at a cost of £451,000 (30 September 2013: £1,044,000; 31 March 2014: £1,501,000), representing 1.4 per cent. of the shares in issue (excluding treasury shares) as at 30 September 2014. The Company did not cancel any shares from treasury (30 September 2013: 230,000; 31 March 2014: 682,255).

The Company did not purchase any shares for cancellation (30 September 2013: nil; 31 March 2014: 91,000 shares for a cost of £81,000).

The Company holds a total of 4,179,000 shares (30 September 2013: 3,614,255; 31 March 2014: 3,674,000) in treasury representing 10.6 per cent. of the shares in issue as at 30 September 2014.

Notes to the unaudited summarised Financial Statements

continued

8. Called up share capital (continued)

Under the terms of the Dividend Reinvestment Scheme Circular dated 26 November 2009, the following Ordinary shares of nominal value 1 penny were allotted in the six months to 30 September 2014:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
29 August 2014	104,186	94.73	96	90.00

During the period from 1 April 2014 to 30 September 2014, the Company issued the following new Ordinary shares of nominal value 1 penny under the Albion VCTs offers for subscription:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Opening market price on allotment date (pence per share)
5 April 2014 (Prospectus)	1,191,908	98.50	1,139	90.00
5 April 2014	432,079	98.50	413	90.00
5 April 2014	13,833	98.00	13	90.00
5 April 2014	12,772	97.50	12	90.00
4 July 2014 (Prospectus)	269,955	99.90	262	90.00
4 July 2014	22,475	99.90	22	90.00
4 July 2014	4,024	99.40	4	90.00
4 July 2014	6,486	98.90	6	90.00
30 September 2014 (Prospectus)	464,714	97.70	440	90.00
30 September 2014 (Non-Prospectus)	186,488	97.70	177	90.00
	<u>2,604,734</u>		<u>2,488</u>	

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

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Revenue return on ordinary activities before taxation	401	325	712
Investment management fee charged to capital	(309)	(284)	(580)
Movement in accrued amortised loan stock interest	4	83	90
Decrease/(increase) in debtors	7	(25)	6
(Decrease)/increase in creditors	(5)	(12)	11
Net cash flow from operating activities	<u>98</u>	<u>87</u>	<u>239</u>

Notes to the unaudited summarised Financial Statements

continued

10. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2014 £'000	Unaudited six months ended 30 September 2013 £'000	Audited year ended 31 March 2014 £'000
Opening cash balances	5,514	6,198	6,198
Net cash flow	(743)	922	(684)
Closing cash balances	4,771	7,120	5,514

11. Commitments and contingencies

As at 30 September 2014, the Company had the following financial commitments in respect of investments:

- Cisiv Limited, £113,000
- Mirada Medical Limited, £111,000
- Proveca Limited, £90,000
- MyMeds&Me Limited, £72,000
- DySIS Medical Limited, £13,000

(30 September 2013: £761,000; 31 March 2014: £675,000).

There are no contingent liabilities or guarantees given by the Company as at 30 September 2014 (30 September 2013: £nil, 31 March 2014: £nil).

12. Post balance sheet events

Since 30 September 2014, the Company has had the following post balance sheet events:

Investment of £36,000 in Mirada Medical Limited;
Investment of £36,000 in MyMeds&Me Limited;
Investment of £32,000 in Abcodia Limited;
Investment of £20,000 in Silent Herdsman Holdings Limited; and
Investment of £13,000 in DySIS Medical Limited.

On 17 November 2014 the Company announced the publication of a prospectus in relation to an offer for subscription for new Ordinary shares. The Company is aiming to raise circa £4.25 million out of a target of £25.5 million in aggregate that the Albion VCTs are seeking to raise. In addition, the Board may elect to allot up to a further £1.75 million if there is sufficient demand and the Board deems it prudent to do so. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen. A Securities Note, which forms part of the Prospectus, has been sent to shareholders.

13. Related party transactions

There are no related party transactions or balances requiring disclosure.

14. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 31 March 2014, and is detailed on page 48 of those accounts. The Company has adequate cash and liquid resources and has no borrowing. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, share buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' published by the Financial Reporting Council.

Notes to the unaudited summarised Financial Statements

continued

15. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 434 of the Companies Act 2006 for the periods ended 30 September 2014 and 30 September 2013, and is unaudited. The information for the year ended 31 March 2014 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 and is derived from the 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 statements under s498 (2) or (3) of the Companies Act 2006.

16. Publication

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