

venture matters

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Update on Kings Arms Yard VCTs

Welcome to the spring/summer 2011 issue of Venture Matters

SPARK VCTs renamed as Kings Arms Yard VCT & VCT 2 PLC

► Following the change of management to Albion of the two SPARK VCTs in January 2011, shareholders recently voted to approve the resolutions to change the VCTs' investment policies and names.

The investment policies have been brought in-line with Albion's standard model and are intended to produce a regular and predictable dividend stream, combined with the prospect of longer term appreciation in capital value. It has also recently been announced that it is the Boards' intention for the two VCTs to merge. Information on the Kings Arms Yard VCTs can be found in the performance table on the reverse of Venture Matters and is always available on our website www.albion-ventures.co.uk

Fundraising – Albion VCTs Linked Top Up Offer:

► Albion VCTs Linked Top Offer closed on 16th May, having raised a total of £11.8 million

Investors will receive; A tax-free dividend yield of around 5% p.a. which is equivalent to 7% on the net cost of investment after up-front income tax relief at 30%.

At least one tax free dividend will be paid to shareholders on the last day of each month directly by the individual Albion VCTs. All Albion VCTs operate dividend reinvestment schemes giving shareholders the option to receive their dividend in shares, with additional up-front income tax relief.

Budget 2011

► In the Budget this year the Chancellor announced that, from April 2012, the size limit on companies eligible for investment for both the VCTs and EISs, will be increased, from 50 to 250 employees and from £7 million to £15 million in gross assets.

This means that VCTs will have a much broader range of SMEs in which they can invest. This decision is still subject to EU State Aid approval. This will play to Albion's strength as generalist VCT manager.

City
Screen
**2 for 1
ticket
offer**

Throughout July and August all recipients of Venture Matters are entitled to two tickets for the price of one at Picturehouse Cinemas.

Picturehouse



This offer is available from Monday to Thursday only. To claim this offer please quote "Venture Matters" in person at the cinema or in advance by telephoning the booking line. This offer is not available through the Picturehouse website. Premium-priced films and events are excluded from the offer. It cannot be used in conjunction with any other offer.

For a list of participating cinemas please see:
www.picturehouses.co.uk or telephone 0871 902 5747

Shareholder feedback

We'd like to thank those shareholders who completed the questionnaire in Autumn 2010. We found this an extremely useful exercise in helping improve our services to shareholders. As well as being strongly supportive of Albion and its dividend flows, key findings included:

- ▶ 74% of shareholders intended to hold their shares for 7 years or more.
- ▶ 78% of shareholders viewed VCTs as a stand-alone investment, rather than as a vehicle for tax breaks.
- ▶ 75% of shareholders were in favour of a share buy-back policy.
- ▶ 32% of shareholders would like to see IHT relief on their VCT shares.

Feedback from shareholders and advisers is always welcome, if you have any comments or queries, please email info@albion-ventures.co.uk or call us on 0207 601 1850.

Dexela

Dexela

► Albion is pleased to announce the successful sale of Dexela, the market leading innovator of technologies for fast, low-dose X-ray imaging applications, to PerkinElmer Inc of the USA.

Albion Ventures first invested £1.2m in Dexela in 2006, and a further £1.4m in 2008, after being attracted to their optimised approach to digital imaging with low-dose X-Rays. After pioneering better ways to detect breast cancer using low-dose X-Rays, in a process known as Tomosynthesis, Dexela developed a series of world-leading digital X-Ray detectors, to further improve its imaging systems.

This technology has since been applied to a wide variety of healthcare applications such as Mobile CT and X-Ray, CT for head, neck and dental and digital mammography, as well as non-healthcare applications such as Non-Destructive Testing. The success of Albion's investment stems from developing world-leading technology into a range of commercially viable applications, together with a strong and resourceful management team. Albion funds will receive a return of up to 3 times their original investment.

ROSTIMA®

Rostima

► Rostima has successfully implemented its labour management system (LMS) at Jebel Ali, Dubai.



The port of Jebel Ali in Dubai is the flagship container terminal within DP World, one of the world's largest terminal operators. Rostima's LMS represents a quantum leap in operational efficiency, fully automating the deployment of labour across the terminal.

The system integrates with the port's operating and HR systems ensuring that the terminal's workforce is effectively matched to the workload and skills required as each vessel arrives at the port. This implementation has taken almost a year to complete, and sets an exciting global precedent in the automation of labour management for ports.

Albion Ventures LLP is a leading venture capital investor which has been managing investments since 1996. The team previously worked together at Close Ventures before becoming an independent business in January 2009.



memsstar Limited

► Strong growth in Albion investee company memsstar Limited formerly Point 35 Microstructures Ltd

memsstar was founded in 2003 and is a leading provider of equipment and process expertise to the micro-electrical mechanical systems (MEMS) and semiconductor industries.

Following investment from Albion funds of £1.95m in 2007, the company has enjoyed strong growth. Recently it announced that it more than doubled its new orders in 2010 to over US \$20 million, more than 4 times growth since investment. memsstar's sales were driven by its MEMS manufacturing equipment and process consultancy, its remanufactured MEMS equipment and its remanufactured etch and deposition semiconductor manufacturing equipment, all of which saw strong growth.

The company anticipates that its sales in 2011 will also grow strongly as the MEMS market starts to transition into mass production of increasingly advanced devices. memsstar secured orders across its full portfolio of MEMS solutions. The company has developed vapor etch processes and surface coatings that deliver leading-edge performance, high yield and precise process control.



Mi-Pay

► Mi-Pay, the leading mobile payments supplier first backed by the Albion VCTs in 2007, has been selected by O2 to provide a range of new automatic top-up services to over eight million O2 Pay & Go customers in the UK.

Mi-Pay now provides automatic top-up services to O2 customers who top up their Pay & Go mobiles using credit and debit cards. Customers can set up and manage auto top-ups easily online using O2's existing online portal. The service was launched in February 2011.

The new O2 top-up services run on Mi-Pay's PCI DSS certified platform which ensures the safe handling and processing of consumers' financial and card data, minimising the likelihood of fraud and helping to safeguard the operator's brand reputation.

This contract comes amid a series of high profile customer wins and strong transaction growth.

Albion Ventures continues to pay a regular stream of income tax free dividends to their VCT investors. For details on recent dividends, fund share prices and latest Manager's Report, please visit the Our Funds section of the Albion website. www.albion-ventures.co.uk. Dates of forthcoming AGMs can also be found on our website.

Performance of VCTs managed by Albion Ventures LLP

Fund	Launch date	Total return since launch†	Mid-market share price††	Last dividend paid/declared per share
Albion Venture Capital Trust PLC – Ordinary shares*	Apr 96	195.30p	58p	2.5p payable on 29/7/11
Albion Prime VCT PLC formerly Albion Protected VCT PLC	Apr 97	114.94p	62p	1.5p paid on 28/2/11
Albion Development VCT PLC – Ordinary shares*	Jan 99	133.95p	65.5p	2.5p paid on 31/5/11
Albion Development VCT PLC – D shares****	Dec 09	93.75p	94p	1.25p paid on 31/5/11
Albion Technology & General VCT PLC – Ordinary shares**	Jan 01	149.60p	78p	2.5p paid on 28/4/11
Albion Income & Growth VCT PLC	Oct 04	84.75p	59p	1.75p payable on 30/6/11
Albion Enterprise VCT PLC	Apr 07	93.05p	77.5p	1.5p paid on 28/2/11
Kings Arms Yard VCT PLC (formerly SPARK VCT plc)†††	Apr 96	75.20p	7.25p	0.67p payable on 24/6/11
Kings Arms Yard VCT 2 PLC (formerly SPARK VCT 2 plc)†††	Dec 01	31.50p	10.5p	1.0p payable on 24/6/11
Crown Place VCT PLC***	Apr 98	72.23p	30p	1.25p paid on 31/3/11

Source: Albion Ventures. All data is prepared as at 16 June 2011, using the last published net asset value of the relevant fund.

*The Albion VCT PLC C shares were converted to Ordinary shares at a rate of 1 Ordinary share for each C share and the Albion Development VCT PLC C shares were converted to Ordinary shares at a rate of 1.0715 Ordinary shares for each C share.

**The Albion Technology & General C shares were converted to Ordinary shares at a rate of 0.7779 Ordinary shares for each C share on 31 Mar 2011

***Albion Ventures took over the management of this VCT in April 2005.

****The Albion Development VCT PLC D shares were issued at 100 pence each. The total return since launch of 93.75 pence is after deducting fundraising costs of 5.5 pence per share.

† Dividends paid/declared plus NAV. Please note: the above excludes all tax reliefs.
†† 16 June 2011.

††† Albion Ventures took over the management of these VCTs in January 2011.

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