

Half-yearly Financial
Report (unaudited) for
the six months to
30 September 2011



Albion Enterprise VCT PLC

ALBIONVENTURES

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Company information

Company number	05990732
Directors	M Packe, Chairman Lady Balfour of Burleigh Lord St. John of Bletso P Reeve
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London, EC2R 7AF
Registrar	Computershare Investor Services PLC (with effect from 5 December 2011) The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	PKF (UK) LLP Farringdon Place 20 Farringdon Road London, EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London, WC2N 6RH
Legal adviser	Berwin Leighton Paisner LLP Adelaide House London Bridge London, EC4R 9HA

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 (calls will be charged at your provider's national call rate, lines are open 8:30am – 5:30pm Monday to Friday)
Website: www.computershare.co.uk
Contact information and faq's:
www-uk.computershare.com/investor/contactus

Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.

For enquiries relating to the performance of the Fund please contact Albion Ventures LLP:
Tel: 020 7601 1850 (calls may be recorded; lines are open 9:00am – 5:30pm Monday to Friday)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

IFA information

Independent Financial Advisers with questions please contact Albion Ventures LLP:
Tel: 020 7601 1850 (calls may be recorded; lines are open 9:00am – 5:30pm Monday to Friday)
Email: info@albion-ventures.co.uk
Website: www.albion-ventures.co.uk

Investment objectives

The aim 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 intends to achieve this by investing around 50 per cent. of the net funds raised in an asset-based portfolio of lower risk, ungeared businesses, principally operating in the leisure sector and related areas (the "Asset-Based Portfolio"). The balance of the net funds raised, other than funds retained for liquidity purposes, will be invested in a growth portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to higher risk technology companies (the "Growth Portfolio"). Funds awaiting investment in Qualifying Investments or retained for liquidity purposes will be held in gilts, on deposit or invested in floating rate notes or similar instruments, in the latter two cases with banks with a Moody's credit rating of 'A' or above.

The Company's investment portfolio will thus be 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 highly diversified exposure through its portfolio of investments in unquoted UK companies.

Financial calendar

Record date for second dividend	3 February 2012
Payment date for second dividend	29 February 2012
Financial year end	31 March 2012

Financial highlights (unaudited)

	Unaudited six months ended 30 September 2011 (pence per share)	Unaudited six months ended 30 September 2010 (pence per share)	Audited year ended 31 March 2011 (pence per share)
Net asset value	85.40	88.10	87.13
Dividends paid	1.50	1.50	3.00
Revenue return	0.62	0.72	1.23
Capital (loss)/return	(0.87)	0.62	0.67

(pence per share)

Net asset value total return to shareholders since launch:

Dividends paid during the period ended:

31 March 2008	0.70
31 March 2009	1.65
31 March 2010	2.00
31 March 2011	3.00
30 September 2011	1.50

Total dividends paid to 30 September 2011 8.85

Net asset value as at 30 September 2011 85.40

Total net asset value return to 30 September 2011 **94.25**

In addition to the above dividends, the Company will pay a second dividend of 1.50 pence per share on 29 February 2012 to shareholders on the register at 3 February 2012.

Notes

- The dividend of 0.7 pence per share paid during the period ended 31 March 2008 and first dividend of 0.4 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 their 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.

Interim management report

Introduction

The Company's results for the six months to 30 September 2011 show a small negative return of 0.25 pence per share. This slightly disappointing result has been driven by a cautious view of two of our higher growth businesses and masks a strong performance elsewhere within the portfolio. Although income is slightly below the same period last year, as a result of the sale of our high yielding investment in Geronimo Inns, the income is ahead of the six month period to 31 March 2011. Net asset value, after payment of the first dividend of 1.50 pence per share on 31 August 2011, was 85.40 pence per share.

Investment progress and prospects

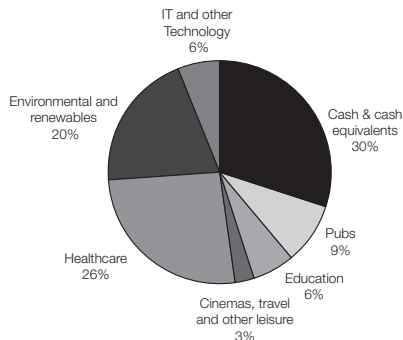
During the period some £1.9 million was invested in one new and four existing investee companies. This included £225,000 in Abcodia, a company spin-out from University College London, which owns a unique serum bank, the largest of its kind in the world, for use in disease diagnosis and screening. Meanwhile, £700,000 and £651,000 were invested in Radnor House School and Nelson House Hospital respectively as further tranches of the original investments made last year.

As regards the existing portfolio, and as referred to above, partial provisions were made against Mi-Pay (payment processing services to mobile network operators) and Masters Pharmaceuticals (international pharmaceutical distribution). Although both these businesses have broad international franchises, and Mi-Pay in particular continues to show strong growth, both companies have been behind their forecasts and required additional investment. Against that, in the growth portfolio, Process Systems Enterprise has seen good progress in its activity of process simulation, particularly in the petrochemical industry. In addition, Radnor House School, which owns and operates a new independent school on the Thames at Twickenham, opened in September and now has over twice the number of pupils originally budgeted for.

Two areas that are of particular interest for the VCT are the healthcare and environmental sectors, where progress in our companies in these areas has been promising. In addition, the VCT still has good cash resources at a time when there are a number of promising investment opportunities under review and

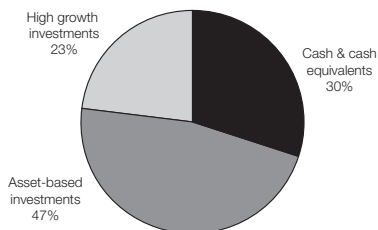
when alternative sources of finance have become scarce.

The following shows the current split in the investment portfolio by sector and by nature of the investment as at 30 September 2011:



Source: Albion Ventures LLP

Split of investment portfolio between asset-based and high growth investments



Source: Albion Ventures LLP

Albion VCTs Linked Top Up Offer 2011/2012

The Company has announced the launch of the second Albion VCTs Linked Top Up Offer 2011/2012. In aggregate the Albion VCTs will again be aiming to raise up to £15 million across seven of the VCTs managed by Albion Ventures, of which the Company's share will be approximately £2.25 million. The proceeds for the Offer will be to provide further resources at a time when a number of attractive new opportunities are being seen. An Investor Guide and Offer Document have been sent to shareholders.

Risks and uncertainties

The outlook for the UK and international economies continues to be the key risk affecting your Company. Indications are that growth has leveled off, both in the

Interim management report continued

UK and in the Eurozone, which will impact some of the markets in which our investee companies operate. However, your Company's balanced mix of asset-based and high growth investments is designed to be an "all weather" portfolio, while investment risk is further mitigated through our policy of ensuring that portfolio companies have no external bank borrowings.

Other risks and uncertainties remain unchanged and are detailed on pages 17 to 18 of the Annual Report and Financial Statements for the year ended 31 March 2011.

Related party transactions

Details for material related party transactions for the reporting period can be found in note 12 to this Half-yearly Financial Report.

Results and dividends

As at 30 September 2011 the net asset value of the Company was 85.40 pence per share or £27.4 million, compared to 87.13 pence or £27.5 million on 31 March 2011. The revenue return on ordinary activities before taxation was £257,000 compared with £290,000 for the six months to 30 September 2010. The Directors declare a second dividend for the year of 1.50 pence per share, payable on 29 February 2012 to shareholders on the register as at 3 February 2012.

M Packe

Chairman
24 November 2011

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 2011, 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 2011 and comply with UK GAAP and Companies Act 1985 and 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 2011.

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

By order of the Board of Directors

M Packe

Chairman
24 November 2011

Portfolio of investments

The following is a summary of qualifying fixed asset investments as at 30 September 2011:

	% voting rights	% voting rights of AVL* managed companies	Investment at cost £'000	Cumulative movement in carrying value £'000	Total carrying value £'000
Asset-based investments					
Bravo Inns II Limited	14.5	50.0	1,793	(58)	1,735
Radnor House School (Holdings) Limited	9.8	50.0	1,700	24	1,724
Nelson House Hospital Limited	18.9	50.0	1,612	1	1,613
Regenerco Renewable Energy Limited	21.5	50.0	1,195	–	1,195
Taunton Hospital Limited	15.8	50.0	1,000	2	1,002
Alto Prodotto Wind Limited	23.2	50.0	1,000	–	1,000
Greenenerco Limited	50.0	50.0	1,000	–	1,000
TEG Biogas (Perth) Limited	16.4	50.0	953	6	959
The Street by Street Solar Programme Limited	21.5	50.0	860	–	860
Orchard Portman Hospital Limited	10.2	50.0	664	3	667
Bravo Inns Limited	8.4	50.0	751	(287)	464
The Charnwood Pub Company Limited	1.2	50.0	290	(116)	174
AVESI Limited	21.5	50.0	172	–	172
CS (Norwich) Limited	6.3	50.0	100	4	104
Total asset-based investments			13,090	(421)	12,669
Growth investments					
Masters Pharmaceuticals Limited	6.2	16.9	1,239	(131)	1,108
Prime Care Holdings Limited	12.5	49.9	1,016	(123)	893
Mirada Medical Limited	16.7	50.0	389	386	775
DySIS Medical Limited	6.2	16.7	925	(180)	745
Opta Sports Data Limited	2.8	14.2	653	3	656
Mi-Pay Limited	8.1	43.1	986	(335)	651
Memsstar Limited	5.5	28.1	384	44	428
Process Systems Enterprise Limited	3.1	15.9	295	112	407
Oxsensis Limited	3.8	20.6	503	(217)	286
Abcodia Limited	6.4	21.4	225	–	225
Lowcosttravelgroup Limited	1.0	26.0	270	(212)	58
Total growth investments			6,885	(653)	6,232
Total qualifying investments			19,975	(1,074)	18,901

The following is a summary of current asset investments as at 30 September 2011:

	Investment at cost £'000	Cumulative movement in carrying value £'000	Total carrying value £'000
Royal Skandia Collective Bond	1,000	2	1,002
Total current asset investments	1,000	2	1,002

* AVL is Albion Ventures LLP

Summary income statement

		Unaudited six months ended 30 September 2011			Unaudited six months ended 30 September 2010			Audited year ended 31 March 2011		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments	3	-	(80)	(80)	-	374	374	-	588	588
Investment income	4	436	-	436	470	-	470	852	-	852
Investment management fees		(86)	(257)	(343)	(83)	(249)	(332)	(168)	(505)	(673)
Other expenses		(93)	-	(93)	(97)	-	(97)	(190)	-	(190)
Return/(loss) on ordinary activities before taxation		257	(337)	(80)	290	125	415	494	83	577
Tax (charge)/credit on ordinary activities		(60)	60	-	(73)	64	(9)	(121)	121	-
Return/(loss) attributable to equityholders		197	(277)	(80)	217	189	406	373	204	577
Basic and diluted return/(loss) per share (pence)*	6	0.62	(0.87)	(0.25)	0.72	0.62	1.34	1.23	0.67	1.90

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2010 and the audited statutory accounts for the year ended 31 March 2011.

The accompanying notes on pages 13 to 19 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 loss 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 2011 £'000	Unaudited 30 September 2010 £'000	Audited 31 March 2011 £'000
Fixed asset investments		18,901	14,602	18,164
Current assets				
Trade and other debtors		316	102	144
Current asset investments		1,002	2,518	2,507
Cash at bank	9	7,339	9,722	7,002
		8,657	12,342	9,653
Creditors: amounts falling due within one year		(188)	(238)	(284)
Net current assets		8,469	12,104	9,369
Net assets		27,370	26,706	27,533
Capital and reserves				
Called up share capital	7	16,213	15,204	15,937
Share premium		733	6	535
Unrealised capital reserve		(1,151)	(371)	(518)
Special reserve		11,987	13,435	11,987
Treasury shares reserve		(284)	(64)	(207)
Realised capital reserve		(518)	(1,721)	(874)
Revenue reserve		390	217	673
Total equity shareholders' funds		27,370	26,706	27,533
Basic and diluted net asset value per share (pence)*		85.40	88.10	87.13

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 September 2010 and the audited statutory accounts for the year ended 31 March 2011.

The accompanying notes on pages 13 to 19 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 24 November 2011 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	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
As at 1 April 2011 (audited)	15,937	535	(518)	11,987	(207)	(874)	673	27,533
Issue of share capital (net of costs)	276	198	-	-	-	-	-	474
Capitalised investment management fees	-	-	-	-	-	(257)	-	(257)
Tax relief on costs charged to capital	-	-	-	-	-	60	-	60
Purchase of own treasury shares	-	-	-	-	(77)	-	-	(77)
Net realised gains on investments	-	-	-	-	-	132	-	132
Unrealised losses on investments	-	-	(212)	-	-	-	-	(212)
Transfer of previously unrealised gains on sale of investments	-	-	(421)	-	-	421	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	197	197
Dividends paid	-	-	-	-	-	-	(480)	(480)
As at 30 September 2011 (unaudited)	16,213	733	(1,151)	11,987	(284)	(518)	390	27,370
As at 1 April 2010 (audited)	15,189	-	(797)	13,473	(39)	(1,368)	300	26,758
Issue of share capital (net of costs)	15	6	-	-	-	-	-	21
Capitalised investment management fees	-	-	-	-	-	(249)	-	(249)
Tax relief on costs charged to capital	-	-	-	-	-	64	-	64
Purchase of own treasury shares	-	-	-	-	(25)	-	-	(25)
Net realised gains on investments	-	-	-	-	-	28	-	28
Unrealised gains on investments	-	-	346	-	-	-	-	346
Transfer of previously unrealised losses on sale of investments	-	-	80	-	-	(80)	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	217	217
Dividends paid	-	-	-	(38)	-	(116)	(300)	(454)
As at 30 September 2010 (unaudited)	15,204	6	(371)	13,435	(64)	(1,721)	217	26,706
As at 1 April 2010 (audited)	15,189	-	(797)	13,473	(39)	(1,368)	300	26,758
Issue of share capital (net of costs)	748	535	-	-	-	-	-	1,283
Capitalised investment management fees	-	-	-	-	-	(505)	-	(505)
Tax relief on costs charged to capital	-	-	-	-	-	121	-	121
Purchase of own treasury shares	-	-	-	-	(168)	-	-	(168)
Net realised gains on investments	-	-	-	-	-	91	-	91
Unrealised gains on investments	-	-	497	-	-	-	-	497
Transfer of previously unrealised gains on sale of investments	-	-	(218)	-	-	218	-	-
Revenue return attributable to shareholders	-	-	-	-	-	-	373	373
Dividends paid	-	-	-	-	-	-	(917)	(917)
Transfer from Special reserve to realised capital reserve	-	-	-	(569)	-	569	-	-
Transfer from Special reserve to Revenue reserve	-	-	-	(917)	-	-	917	-
As at 31 March 2011 (audited)	15,937	535	(518)	11,987	(207)	(874)	673	27,533

* Included within these reserves is an amount of £10,424,000 (30 September 2010: £11,496,000; 31 March 2011: £11,061,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

Summary cash flow statement

	Note	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Operating activities				
Investment income received		381	306	767
Deposit interest received		36	90	150
Investment management fees paid		(166)	(169)	(670)
Other cash payments		(120)	(73)	(170)
Net cash flow from operating activities	8	<u>131</u>	<u>154</u>	<u>77</u>
Taxation				
UK corporation tax		–	6	6
Capital expenditure and financial investments				
Purchase of fixed asset investments		(2,119)	(3,112)	(8,737)
Disposal of fixed asset investments		889	–	3,161
Net cash flow from investing activities		<u>(1,230)</u>	<u>(3,112)</u>	<u>(5,576)</u>
Management of liquid resources				
Purchase of current asset investments		(1,000)	(3,004)	(3,009)
Disposal of current asset investments		2,517	3,851	3,054
Net cash flow from management of liquid resources		<u>1,517</u>	<u>847</u>	<u>45</u>
Equity dividends paid (net of costs of shares issued under the Dividend Reinvestment Scheme)		(445)	(433)	(861)
Net cash flow before financing		<u>(27)</u>	<u>(2,538)</u>	<u>(6,309)</u>
Financing				
Issue of ordinary share capital		457	–	1,210
Purchase of own shares		(81)	(21)	(164)
Expenses of issue of ordinary share capital		(12)	–	(16)
Net cash flow from financing		<u>364</u>	<u>(21)</u>	<u>1,030</u>
Cash flow in the period	9	<u>337</u>	<u>(2,559)</u>	<u>(5,279)</u>

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

Fixed and current asset 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 September 2009 International Private Equity and Venture Capital Valuation Guidelines (IPEVCV guidelines).

Desk top reviews are carried out by independent RICS qualified surveyors by updating previously prepared full valuations for current trading and market indices. Full valuations are prepared by similarly qualified surveyors but in full compliance with the RICS Red Book.

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 and 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 their exercise or contractual conversion terms would allow them to be exercised or converted as at the balance sheet date, and 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 convertible bonds and debt issued at a discount) are classified as loans and receivables as permitted by FRS 26 and carried 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 revenue 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 revaluation.

For all unquoted loan stock, whether fully performing, re-negotiated, 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.

Floating rate notes

In accordance with FRS 26, floating rate notes are designated as fair value through profit or loss. Floating rate notes are valued at market bid price at the balance sheet date. Floating rate notes are classified as current asset investments as they are investments held for the short term.

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.

It is not the Company's policy to exercise control or significant influence over portfolio companies. Therefore 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 are not regarded as associated undertakings.

Notes to the unaudited summarised Financial Statements

continued

2. Accounting policies continued

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 an effective interest rate over the life of the financial 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.

Floating rate note income

Floating rate note income is recognised on an accruals basis using the interest rate applicable to the floating rate note at that time.

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 are charged through the realised capital reserve.

Performance incentive fee

In the event that a performance incentive fee crystallises, the fee will be allocated between revenue 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.

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

Reserves

Unrealised capital reserve

Increases and decreases in the valuation of investments held at the period end against cost are included in this reserve.

Special reserve

The cancellation of the share premium account has created a special reserve that can be used to fund market purchases and subsequent cancellation of own shares, to cover gross realised losses, and for other distributable purposes.

Treasury shares reserve

This reserve accounts for amounts by which the distributable reserves of the Company are diminished through the repurchase of the Company's own shares for treasury.

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.

Dividends

In accordance with FRS 21 "Events after the balance sheet date", dividends declared by the Company are accounted for in the period in which the dividend has been paid or approved by shareholders in an Annual General Meeting.

Notes to the unaudited summarised Financial Statements

continued

3. (Losses)/gains on investments

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Unrealised (losses)/gains on fixed asset investments held at fair value through profit or loss account	(173)	340	405
Unrealised (impairments)/releases of impairments on investments held at amortised cost	(39)	24	121
Unrealised (losses)/gains on fixed asset investments	(212)	364	526
Unrealised (losses) on current asset investments held at fair value through profit or loss account	-	(18)	(29)
Unrealised (losses)/gains sub-total	(212)	346	497
Realised gains/(losses) on fixed asset investments held at fair value through profit or loss account	78	(1)	43
Realised gains/(losses) on fixed asset investments held at amortised cost	61	(18)	-
Realised (losses)/gains on current asset investments held at fair value through profit or loss account	(7)	47	48
Realised gains sub-total	132	28	91
Total	(80)	374	588

Investments valued on amortised cost basis are unquoted loan stock instruments.

4. Investment income

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Income recognised on investments held at fair value through profit or loss			
Floating rate note and bond income	13	36	70
Interest on convertible bonds and debt issued at a discount	52	-	-
	65	36	70
Income recognised on investments held at amortised cost			
Return on loan stock investments	305	345	618
Bank deposit interest	66	89	164
	371	434	782
	436	470	852

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

Notes to the unaudited summarised Financial Statements

continued

5. Dividends

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Dividend of 1.50p per share paid on 7 August 2010	–	454	454
Dividend of 1.50p per share paid on 28 February 2011	–	–	463
Dividend of 1.50p per share paid on 31 August 2011	480	–	–
	480	454	917

In addition to the dividends summarised above, the Board has declared a second dividend for the year ending 31 March 2012 of 1.50 pence per share to be paid on 29 February 2012 to shareholders on the register on 3 February 2012. This is expected to amount to approximately £481,000.

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

	Unaudited six months ended 30 September 2011			Unaudited six months ended 30 September 2010			Audited year ended 31 March 2011		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return/(loss) attributable to equity shares (£'000)	197	(277)	(80)	217	189	406	373	204	577
Weighted average shares in issue (excluding treasury shares)		32,051,434			30,320,927			30,462,927	
Return/(loss) attributable per Ordinary share (pence) (basic and diluted)	0.62	(0.87)	(0.25)	0.72	0.62	1.34	1.23	0.67	1.90

There are no convertible instruments, derivatives or contingent share agreements in issue for Albion Enterprise VCT PLC 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.

The Company's policy is to sell treasury shares at a price greater than the purchase price hence the net asset value per share on a diluted basis would be equal to or greater than the basic net asset value per share, depending on the actual price achieved for selling the treasury shares.

Notes to the unaudited summarised Financial Statements

continued

7. Called up share capital

	Unaudited 30 September 2011 £'000	Unaudited 30 September 2010 £'000	Audited 31 March 2011 £'000
Authorised			
Authorised 50,000,000 Ordinary shares of 50p each (30 September 2010 and 31 March 2011: 50,000,000)	25,000	25,000	25,000
Allotted, called up and fully paid			
32,425,893 Ordinary shares of 50p each (30 September 2010: 30,408,962; 31 March 2011: 31,873,247)	16,213	15,204	15,937

Voting rights

32,052,883 shares of 50p each (net of treasury shares) (30 September 2010: 30,321,151; 31 March 2011: 31,599,237).

Under the terms of the Dividend Reinvestment Scheme Circular dated 26 November 2009, the following Ordinary shares of nominal value 50 pence were allotted in the six months to 30 September 2011:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Mid-market price per share on allotment date (pence per share)
31 August 2011	42,409	86.04	35	75.75

During the period from 1 April to 30 September 2011, the Company issued the following New Ordinary shares of nominal value 50 pence under the Albion VCTs Linked Top Up Offer:

Date of allotment	Number of shares allotted	Issue price (pence per share)	Net consideration received (£'000)	Mid-market price per share on allotment date (pence per share)
5 April 2011	470,928	90.67	405	77.25
16 May 2011	39,309	92.30	34	77.25
	510,237		439	

During the period to 30 September 2011, the Company purchased 99,000 Ordinary shares to be held in treasury at a cost of £77,000, representing 0.3 per cent. of its issued share capital as at 1 April 2011. The shares purchased for treasury were funded from the treasury shares reserve. The total number of Ordinary shares held in treasury as at 30 September 2011 was 373,010 (30 September 2010: 87,811; 31 March 2011: 274,010) representing 1.2 per cent. of share capital as at 30 September 2011.

Notes to the unaudited summarised Financial Statements

continued

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

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Revenue return on ordinary activities before taxation	257	290	494
Investment management fee charged to capital	(257)	(249)	(505)
Movement in accrued amortised loan stock interest	(23)	(74)	79
(Decrease)/increase in operating debtors	(21)	3	(16)
Increase in operating creditors	175	184	25
Net cash flow from operating activities	<u>131</u>	<u>154</u>	<u>77</u>

9. Analysis of change in cash during the period

	Unaudited six months ended 30 September 2011 £'000	Unaudited six months ended 30 September 2010 £'000	Audited year ended 31 March 2011 £'000
Opening cash balances	7,002	12,281	12,281
Net cash flow	337	(2,559)	(5,279)
Closing cash balances	<u>7,339</u>	<u>9,722</u>	<u>7,002</u>

10. Commitments and contingencies

As at 30 September 2011, the Company was committed to making a further investment of £244,000 in Nelson House Hospital Limited (30 September 2010: £nil; 31 March 2011: £853,000).

There are no contingent liabilities or guarantees given by the Company as at 30 September 2011 (30 September 2010: £nil; 31 March 2011: £nil).

11. Post balance sheet events

Since 30 September 2011, the Company has completed the following material transaction:

- Investment of £192,000 in DySIS Medical Limited

On 1 November 2011 the Company announced the launch of the Albion VCTs Linked Top Up Offer 2011/2012. In aggregate, the Albion VCTs will be aiming to raise up to £15 million across seven of the VCTs managed by Albion Ventures LLP, of which Albion Enterprise VCT PLC's share will be approximately £2.25 million. The maximum amount raised by each of the Albion VCTs will be 10 per cent. of its issued share capital (over any one 12 months period, including any shares issued under Dividend Reinvestment Schemes), being the amount that they may issue under the Prospectus Rules without the publication of a full prospectus.

The proceeds of the Offer will be used to provide further resources to the Albion VCTs at a time when a number of attractive new investment opportunities are being seen. An Investor Guide and Offer Document have been sent to shareholders.

12. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that Patrick Reeve, a Director of the Company, is also Managing Partner of the Manager. The Manager is party to a management agreement from the Company (details disclosed on page 19 of the Annual Report and Financial Statements for the year ended 31 March 2011).

Notes to the unaudited summarised Financial Statements

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During the period, services of a total value of £343,000 (30 September 2010: £332,000; 31 March 2011: £673,000) were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP disclosed as accruals and deferred income was £171,000 (30 September 2010: £165,000; 31 March 2011: £5,000).

During the period, the Company was charged £10,000 including VAT (30 September 2010: £10,000; 31 March 2011: £21,000) 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 accruals and deferred income was £5,000 (30 September 2010: £5,000; 31 March 2011: £4,000).

13. 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 2011, and is detailed on page 44 of those accounts. The Company has significant cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, buy-backs and dividends) are within the Company's control. Accordingly, after making reasonable 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.

14. 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 2011 and 30 September 2010, and is unaudited. The information for the year ended 31 March 2011 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 auditors reported on these accounts; their reports were unqualified and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

15. 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 under the 'Our Funds' section.

Albion Enterprise VCT PLC

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