

Half-yearly Financial Report (unaudited)  
for the six months  
to 30 June 2010



Albion Technology & General  
VCT PLC

ALBION VENTURES

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# Company information

<b>Company number</b>	4114310
<b>Directors</b>	Dr N E Cross, Chairman Lt Gen Sir Edmund Burton KBE M J Hart P H Reeve
<b>Investment Manager, company secretary and registered office</b>	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF Tel: 020 7601 1850 Fax: 020 7601 1875 www.albion-ventures.co.uk
<b>Registrars</b>	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield HD8 0LA
<b>Auditors</b>	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
<b>Taxation adviser</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Legal advisers</b>	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA

Albion Technology & General 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 Capita Registrars Limited:  
Tel: 0871 664 0300 (calls cost 10p per minute plus network extras; lines are open 8.30 am – 5.30 pm Monday to Friday)  
Email: [ssd@capitaregistrars.com](mailto:ssd@capitaregistrars.com)  
[www.capitaregistrars.com](http://www.capitaregistrars.com)

Shareholders can access holdings and valuation information regarding any of their shares held by Capita Registrars by registering on Capita'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 9.00 am – 5.30 pm Monday to Friday)  
Email: [info@albion-ventures.co.uk](mailto:info@albion-ventures.co.uk)  
Website: [www.albion-ventures.co.uk](http://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 9.00 am – 5.30 pm Monday to Friday)  
Email: [info@albion-ventures.co.uk](mailto:info@albion-ventures.co.uk)  
Website: [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk)

# Investment objectives

Albion Technology & General VCT PLC (“the Company”) is a Venture Capital Trust which raised £14.3 million in December 2000 and 2002, and raised a further £35.0 million during 2006 through the launch of a C share issue. The Company offers investors the opportunity to participate in a balanced portfolio of technology and non-technology businesses. The Company’s investment portfolio is intended to be split approximately as follows:

- 40 per cent. in unquoted UK technology-related companies; and
- 60 per cent. in unquoted UK non-technology companies.

The Investment Manager pursues a longer term investment approach, with a view to providing shareholders with a strong, predictable dividend flow combined with the prospects of capital growth. This is achieved in two ways. First, controlling the VCT’s exposure to technology risk by ensuring that many of the companies in the non-technology portfolio have property as their major asset, with no external borrowings. Second, by balancing the investment portfolio by sector, so that those areas such as leisure and business services, which are susceptible to changes in consumer sentiment, are complemented by sectors with more predictable long term characteristics, such as healthcare and the environment.

## Financial calendar

Record date for second dividend	1 October 2010
Payment date for second dividend	29 October 2010
Financial year end	31 December 2010

# Financial highlights

	Ordinary shares			C shares		
	Unaudited six months ended 30 June 2010 (pence per share)	Unaudited six months ended 30 June 2009 (pence per share)	Audited year ended 31 December 2009 (pence per share)	Unaudited six months ended 30 June 2010 (pence per share)	Unaudited six months ended 30 June 2009 (pence per share)	Audited year ended 31 December 2009 (pence per share)
Net asset value	92.0	86.9	92.7	70.6	73.3	72.7
Revenue return	0.9	1.3	2.5	0.5	0.5	1.5
Capital return	2.4	(1.3)	3.2	(1.4)	(7.3)	(8.1)

	Ordinary shares (pence per share) (i)	C shares (pence per share) (i)
<b>Total shareholder net asset value return to 30 June 2010</b>		
Total dividends paid during the period ended:		
31 December 2001	1.0	–
31 December 2002	2.0	–
31 December 2003	1.5	–
31 December 2004	7.5	–
31 December 2005	9.0	–
31 December 2006	8.0	0.5
31 December 2007	8.0	2.5
31 December 2008	16.0	4.5
31 December 2009	–	1.0
30 June 2010	4.0	1.5
	<hr/>	<hr/>
<b>Total dividends paid to 30 June 2010</b>	<b>57.0</b>	<b>10.0</b>
Net asset value as at 30 June 2010	92.0	70.6
	<hr/>	<hr/>
<b>Total shareholder net asset value return to 30 June 2010</b>	<b>149.0</b>	<b>80.6</b>

The Directors have declared a dividend of 4 pence per Ordinary share (2 pence out of capital reserves and 2 pence out of revenue reserves) and 1.5 pence per C share (out of capital reserves), payable on 29 October 2010 to shareholders on the register as at 1 October 2010.

Notes:

(i) Excludes tax benefits upon subscription

# Interim management report

## Introduction

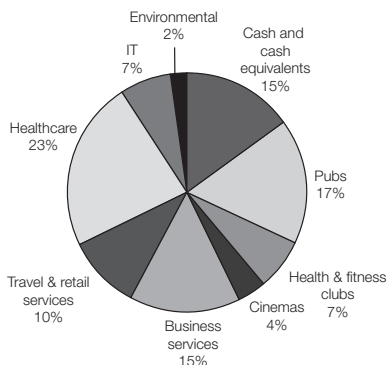
The results for Albion Technology & General VCT PLC for the six months to 30 June 2010 reflect the UK's continued tentative recovery from the 18 month recession. Accordingly, the Ordinary share portfolio recorded a positive total return of 3.3 pence per share, while the less mature C Share portfolio recorded a small negative return of 0.9 pence per share.

## Investment performance and progress

The Ordinary share portfolio benefited from the successful sale in June 2010 of the investment in RFI Global Services Limited, realising an initial consideration of twice the holding value at 31 December 2009. In addition, strong trading performances from our longstanding investments in Peakdale Molecular and The Q Garden Company both led to higher valuations. The C share portfolio also benefited from the sale of RFI Global Services, although to a lesser degree as the investment was considerably smaller. After 18 months of write downs, the C share portfolio remained largely stable over the period, though further provisions were made against the investments in Rostima and Chichester Holdings, in the light of disappointing trading.

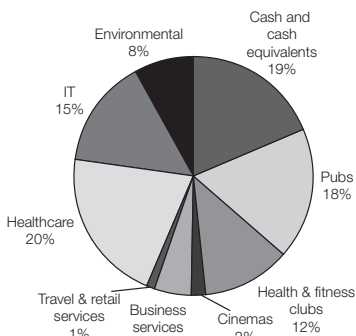
During the period, £480,000 was invested in new investments in the Ordinary share portfolio and £1.75 million in the C share portfolio. Key investments included the Orchard Portman psychiatric hospital outside Taunton, and Masters Pharmaceuticals, which distributes "special" pharmaceuticals on a world-wide basis. Subsequent to 30 June, an investment was made in TEG Biogas (Perth) Limited, a waste food-to-energy power station in Scotland. Further renewable energy investments are currently in the process of being made.

## Split of Ordinary share portfolio by valuation



Source: Albion Ventures LLP

## Split of C share portfolio by valuation



Source: Albion Ventures LLP

## Risks and uncertainties

Despite the current growth in the economy, we still remain cautious over the longer term outlook for the UK in the light of prospective Government spending cuts and high national debt levels. Nevertheless, despite pressures on certain of our investee companies, the portfolio as a whole remains cash generative and it remains our general policy that investee companies have no external bank borrowings.

Other risks and uncertainties remain unchanged and are as detailed on pages 24 and 25 of the Annual Report and Financial Statements for the year ended 31 December 2009.

# Interim management report (continued)

## Related party transactions

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

## Merger of Ordinary shares and C shares

In line with the terms of the C share issue in 2006, the C shares are due to convert to Ordinary shares based on the respective net asset values of each class of share as at 31 December 2010. The merger will become effective by 31 March 2011. The merged portfolio will comprise 44 companies and will benefit both from the revenue-generating maturity of the older companies within the Ordinary share portfolio and the growth potential of the C share portfolio. Bearing in mind the projected income generation of the enlarged portfolio, combined with available reserves and cash resources, it will be your Company's longer term target to pay out annual dividends of 5 pence per share on the enlarged Ordinary share class, so far as it is able. Were the C shares to convert to Ordinary shares on the basis of the 30 June 2010 net asset value, after allowing for the second dividend of the year, this would be equivalent to annual dividends of approximately 4 pence per C share.

## Results and dividends

As at 30 June 2010 the net asset value per Ordinary share was 92.0 pence (30 June 2009: 86.9 pence, 31 December 2009: 92.7 pence) and the net asset

value per C share was 70.6 pence (30 June 2009: 73.3 pence, 31 December 2009: 72.7 pence). The revenue return before tax in respect of the Ordinary shares for the six months to 30 June 2010 was £150,000 (six months to 30 June 2009: £203,000, 31 December 2009: £432,000), and for the C shares the revenue return before tax was £262,000 (six months to 30 June 2009: £212,000, 31 December 2009: £544,000). The capital return before tax for the Ordinary shares was a gain of £279,000 for the first six months of 2010 (six months to 30 June 2009: loss of £179,000, 31 December 2009: gain of £355,000) and for the C shares was a loss of £535,000 for the six months to 30 June 2010 (six months to 30 June 2009: loss of £2,641,000, 31 December 2009: loss of £2,964,000).

The Ordinary shares will pay a second dividend for the year of 4 pence per share and the C shares will pay a second dividend for the year of 1.5 pence per share, in each case payable on 29 October 2010 to shareholders on the register as at 1 October 2010.

**Dr N E Cross**

Chairman

18 August 2010

# 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 period to 30 June 2010, 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 give 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 June 2010 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 December 2009.

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

By order of the Board

**Dr N E Cross**  
Chairman

18 August 2010

# Portfolio of investments

## Ordinary shares

The following is a summary of the qualifying technology fixed asset investments as at 30 June 2010:

Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000
Xceleron Limited	7.3	45.1	723	179	902
Peakdale Molecular Limited	6.0	14.9	427	(7)	420
Blackbay Limited	2.5	34.9	258	131	389
Mi-Pay Limited	2.4	43.7	219	18	237
Lowcosttravelgroup Limited	2.0	26.0	200	(49)	151
Forth Photonics Limited	1.0	18.4	133	–	133
Helveta Limited	0.9	20.8	129	–	129
Oxsensis Limited	1.2	20.7	165	(40)	125
Dexela Limited	2.1	34.8	155	(37)	118
Mirada Medical Limited	2.7	45.0	90	18	108
Opta Sports Data Limited	1.0	14.0	110	(7)	103
sparesFinder Limited	10.3	14.3	613	(510)	103
Point 35 Microstructures Limited	0.9	28.1	65	(8)	57
Process Systems Enterprise Limited	0.5	15.9	50	(18)	32
Red-M Wireless Limited	4.1	41.0	30	1	31
Palm Tree Technology plc	0.1	0.7	38	(32)	6
Rostima Limited	1.0	33.8	88	(88)	–
<b>Total technology investments</b>			<b>3,493</b>	<b>(449)</b>	<b>3,044</b>

\*AVL is Albion Ventures LLP

## Portfolio of investments (continued)

### Ordinary shares (continued)

The following is a summary of the qualifying non-technology fixed asset investments as at 30 June 2010:

Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000
Evolutions Television Limited	10.7	49.9	1,942	(856)	1,086
The Q Garden Company Limited	33.4	50.0	2,401	(1,369)	1,032
Consolidated PR Limited	10.6	25.5	567	(62)	505
The Weybridge Club Limited	3.3	50.0	530	(49)	481
Peakdale Molecular Limited**	n/a	n/a	489	(18)	471
Geronimo Inns VCT I Limited	4.6	50.0	370	47	417
Geronimo Inns VCT II Limited	4.6	50.0	370	47	417
Bravo Inns II Limited	4.1	49.6	415	(8)	407
The Charnwood Pub Company Limited	1.6	50.0	515	(257)	258
CS (Brixton) Limited	3.9	50.0	165	48	213
Orchard Portman Hospital Limited	5.9	50.0	201	4	205
Prime Care Holdings Limited	3.4	49.9	190	13	203
Tower Bridge Health Clubs Limited	2.9	50.0	183	13	196
Kensington Health Clubs Limited	1.1	50.0	255	(104)	151
CS (Greenwich) Limited	2.0	50.0	117	(3)	114
Masters Pharmaceuticals Limited	0.6	17.1	100	1	101
Bravo Inns Limited	2.6	50.0	140	(63)	77
GB Pub Company VCT Limited	3.9	50.0	159	(98)	61
CS (Exeter) Limited	4.0	50.0	65	(7)	58
City Screen (Liverpool) Limited	4.6	50.0	56	(9)	47
Chichester Holdings Limited	2.3	50.0	150	(110)	40
The Dunedin Pub Company VCT Limited	2.4	50.0	85	(56)	29
Premier Leisure (Suffolk) Limited	1.5	45.0	110	(82)	28
CS (Norwich) Limited	1.9	50.0	30	(3)	27
Green Energy Property Services Group Limited	1.6	23.4	19	(10)	9
River Bourne Health Club Limited	1.5	50.0	1	-	1
<b>Total non-technology investments</b>			<b>9,625</b>	<b>(2,991)</b>	<b>6,634</b>
<b>Total qualifying investments</b>			<b>13,118</b>	<b>(3,440)</b>	<b>9,678</b>

\* AVL is Albion Ventures LLP

\*\* This part of the Peakdale investment is in loan stock secured against debtors and property and is classified as a non-technology holding.

## Portfolio of investments (continued)

### Ordinary shares (continued)

The following is a summary of the non-qualifying fixed asset investments as at 30 June 2010:

Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000
Albion Investment Properties Limited (formerly Smiles Pub Company Limited)	22.6	100.0	434	(70)	364
Consolidated PR Limited	2.2	25.5	33	27	60
Rostima Limited	n/a	n/a	10	–	10
<b>Total non-qualifying investments</b>			<b>477</b>	<b>(43)</b>	<b>434</b>

\*AVL is Albion Ventures LLP

## Portfolio of investments (continued)

### C shares

The following is a summary of the qualifying technology fixed asset investments as at 30 June 2010:

Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000
Mi-Pay Limited	14.8	43.7	1,339	112	1,451
Helveta Limited	7.9	20.8	1,136	–	1,136
Blackbay Limited	6.0	34.9	620	313	933
Xceleron Limited	8.9	45.1	872	(65)	807
Oxsensis Limited	7.0	20.7	933	(226)	707
Point 35 Microstructures Limited	9.0	28.1	676	(86)	590
Dexela Limited	10.0	34.8	740	(170)	570
Forth Photonics Limited	4.2	18.4	567	–	567
Opta Sports Data Limited	4.9	14.0	515	(34)	481
Process Systems Enterprise Limited	5.5	15.9	520	(183)	337
Mirada Medical Limited	9.9	45.0	203	63	266
Lowcosttravelgroup Limited	2.0	26.0	480	(385)	95
Rostima Limited	12.3	33.8	1,051	(1,051)	–
<b>Total technology investments</b>			<b>9,652</b>	<b>(1,712)</b>	<b>7,940</b>

\*AVL is Albion Ventures LLP

## Portfolio of investments (continued)

### C share (continued)

The following is a summary of the qualifying non-technology fixed asset investments as at 30 June 2010:

Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value £'000	Total value £'000
Kensington Health Clubs Limited	13.6	50.0	3,239	(1,160)	2,079
The Charnwood Pub Company Limited	10.7	50.0	2,279	(536)	1,743
Taunton Nursing Home Limited	15.8	50.0	1,000	14	1,014
Bravo Inns II Limited	7.4	49.6	840	(55)	785
Prime Care Holdings Limited	12.1	49.9	668	45	713
Bravo Inns Limited	14.5	50.0	1,290	(585)	705
The Weybridge Club Limited	3.4	50.0	784	(82)	702
Chichester Holdings Limited	12.9	50.0	1,850	(1,190)	660
Masters Pharmaceuticals Limited	3.1	17.1	475	2	477
Geronimo Inns VCT I Limited	4.9	50.0	390	50	440
Geronimo Inns VCT II Limited	4.9	50.0	390	50	440
Orchard Portman Hospital Limited	10.2	50.0	348	6	354
Premier Leisure (Suffolk) Limited	12.1	45.0	890	(662)	228
CS (Norwich) Limited	10.6	50.0	170	(19)	151
The Dunedin Pub Company VCT Limited	8.0	50.0	285	(186)	99
Evolutions Television Limited	0.4	49.9	85	(38)	47
Green Energy Property Services Group Limited	7.0	23.4	84	(42)	42
River Bourne Health Club Limited	15.5	50.0	12	-	12
<b>Total non-technology investments</b>			<b>15,079</b>	<b>(4,388)</b>	<b>10,691</b>
<b>Total qualifying investments</b>			<b>24,731</b>	<b>(6,100)</b>	<b>18,631</b>

\*AVL is Albion Ventures LLP

## Portfolio of investments (continued)

### C share (continued)

The following is a summary of the non-qualifying fixed asset investments as at 30 June 2010:

Investee company	% voting rights	% voting rights of AVL* managed companies	Cost £'000	Cumulative movement in value in value £'000	Total value £'000
Rostima Limited	n/a	n/a	118	–	118
<b>Total non-qualifying investments</b>			<b>118</b>	<b>–</b>	<b>118</b>

\*AVL is Albion Ventures LLP

The following is a summary of current asset investments as at 30 June 2010:

Current asset investment	Cost £'000	Cumulative movement in value in value £'000	Total value £'000
UBS Floating Rate Note 20 May 2011	1,000	11	1,011
<b>Total current asset investments</b>	<b>1,000</b>	<b>11</b>	<b>1,011</b>

# Summary income statement

## Combined Ordinary and C shares

	Note	Unaudited six months ended 30 June 2010			Unaudited six months ended 30 June 2009			Audited year ended 31 December 2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	88	88	-	(2,526)	(2,526)	-	(1,979)	(1,979)
Investment income	4	629	-	629	625	-	625	1,396	-	1,396
Investment management fees		(115)	(344)	(459)	(118)	(353)	(471)	(233)	(698)	(931)
Recovery of VAT		-	-	-	20	59	79	23	68	91
Other expenses		(102)	-	(102)	(112)	-	(112)	(210)	-	(210)
<b>Return/(loss) on ordinary activities before tax</b>		<b>412</b>	<b>(256)</b>	<b>156</b>	<b>415</b>	<b>(2,820)</b>	<b>(2,405)</b>	<b>976</b>	<b>(2,609)</b>	<b>(1,633)</b>
Tax (charge)/credit on ordinary activities		(117)	82	(35)	(72)	62	(10)	(122)	187	65
<b>Return/(loss) attributable to shareholders</b>		<b>295</b>	<b>(174)</b>	<b>121</b>	<b>343</b>	<b>(2,758)</b>	<b>(2,415)</b>	<b>854</b>	<b>(2,422)</b>	<b>(1,568)</b>

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 26 to 37 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 income statement (continued)

## Ordinary shares

	Note	Unaudited six months ended 30 June 2010			Unaudited six months ended 30 June 2009			Audited year ended 31 December 2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	392	392	-	(132)	(132)	-	502	502
Investment income	4	220	-	220	254	-	254	547	-	547
Investment management fees		(38)	(113)	(151)	(36)	(106)	(142)	(72)	(215)	(287)
Recovery of VAT		-	-	-	20	59	79	23	68	91
Other expenses		(32)	-	(32)	(35)	-	(35)	(66)	-	(66)
<b>Return/(loss) on ordinary activities before tax</b>		<b>150</b>	<b>279</b>	<b>429</b>	<b>203</b>	<b>(179)</b>	<b>24</b>	<b>432</b>	<b>355</b>	<b>787</b>
Tax (charge)/credit on ordinary activities		(37)	24	(13)	(40)	10	(30)	(104)	54	(50)
<b>Return/(loss) attributable to shareholders</b>		<b>113</b>	<b>303</b>	<b>416</b>	<b>163</b>	<b>(169)</b>	<b>(6)</b>	<b>328</b>	<b>409</b>	<b>737</b>
Basic and diluted return/(loss) per share (pence)*	6	0.9	2.4	3.3	1.3	(1.3)	-	2.5	3.2	5.7

\*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 26 to 37 form an integral part of this Half-yearly Financial Report.

# Summary income statement (continued)

## C shares

	Note	Unaudited six months ended 30 June 2010			Unaudited six months ended 30 June 2009			Audited year ended 31 December 2009		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Losses on investments	3	–	(304)	(304)	–	(2,394)	(2,394)	–	(2,481)	(2,481)
Investment income	4	409	–	409	371	–	371	849	–	849
Investment management fees		(77)	(231)	(308)	(82)	(247)	(329)	(161)	(483)	(644)
Other expenses		(70)	–	(70)	(77)	–	(77)	(144)	–	(144)
<b>Return/(loss) on ordinary activities before tax</b>		<b>262</b>	<b>(535)</b>	<b>(273)</b>	212	(2,641)	(2,429)	544	(2,964)	(2,420)
Tax (charge)/credit on ordinary activities		(80)	58	(22)	(32)	52	20	(18)	133	115
<b>Return/(loss) attributable to shareholders</b>		<b>182</b>	<b>(477)</b>	<b>(295)</b>	180	(2,589)	(2,409)	526	(2,831)	(2,305)
Basic and diluted return/(loss) per share (pence)*	6	0.5	(1.4)	(0.9)	0.5	(7.3)	(6.8)	1.5	(8.1)	(6.6)

\*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 26 to 37 form an integral part of this Half-yearly Financial Report.

# Summary balance sheet

## Combined

	Note	Unaudited 30 June 2010 £'000	Unaudited 30 June 2009 £'000	Audited 31 December 2009 £'000
<b>Fixed asset investments</b>				
Qualifying		28,309	23,887	26,819
Non-qualifying		552	852	566
AIM		–	107	20
<b>Total fixed asset investments</b>	7	<b>28,861</b>	24,846	27,405
<b>Current assets</b>				
Trade and other debtors		182	402	319
Current asset investments		1,011	5,992	1,014
Cash at bank and in hand	10	6,195	5,701	8,749
		<b>7,388</b>	12,095	10,082
<b>Creditors: amounts falling due within one year</b>		<b>(365)</b>	(101)	(375)
<b>Net current assets</b>		<b>7,023</b>	11,994	9,707
<b>Net assets</b>		<b>35,884</b>	36,840	37,112
<b>Capital and reserves</b>				
Called up share capital	8	24,725	24,660	24,680
Share premium		273	256	259
Capital redemption reserve		400	400	400
Unrealised capital reserve		(10,009)	(11,836)	(10,083)
Special reserve		21,327	21,327	21,327
Treasury shares reserve		(1,746)	(1,123)	(1,372)
Realised capital reserve		167	2,262	845
Revenue reserve		747	894	1,056
<b>Total equity shareholders' funds</b>		<b>35,884</b>	36,840	37,112

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 26 to 37 form an integral part of this Half-yearly Financial Report.

These Financial Statements were approved by the Board of Directors and authorised for issue on 18 August 2010, and were signed on its behalf by

**Dr N E Cross**

Chairman

Company number: 4114310

# Summary balance sheet (continued)

## Ordinary shares

	Note	Unaudited 30 June 2010 £'000	Unaudited 30 June 2009 £'000	Audited 31 December 2009 £'000
<b>Fixed asset investments</b>				
Qualifying		9,678	7,796	9,312
Non-qualifying		434	415	452
AIM		–	107	20
<b>Total fixed asset investments</b>	7	<b>10,112</b>	8,318	9,784
<b>Current assets</b>				
Trade and other debtors		47	147	60
Cash at bank and in hand	10	1,781	2,758	2,168
		<b>1,828</b>	2,905	2,228
<b>Creditors: amounts falling due within one year</b>		<b>(126)</b>	(19)	(110)
<b>Net current assets</b>		<b>1,702</b>	2,886	2,118
<b>Net assets</b>		<b>11,814</b>	11,204	11,902
<b>Capital and reserves</b>				
Called up share capital	8	6,868	6,851	6,851
Share premium		222	215	215
Capital redemption reserve		400	400	400
Unrealised capital reserve		(3,577)	(5,015)	(3,930)
Special reserve		5,554	5,554	5,554
Treasury shares reserve		(823)	(763)	(808)
Realised capital reserve		2,607	3,420	2,913
Revenue reserve		563	542	707
<b>Total equity shareholders' funds</b>		<b>11,814</b>	11,204	11,902
<b>Net asset value per share (pence)*</b>		<b>92.0</b>	86.9	92.7

\*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 26 to 37 form an integral part of this Half-yearly Financial Report.

# Summary balance sheet (continued)

## C shares

	Note	Unaudited 30 June 2010 £'000	Unaudited 30 June 2009 £'000	Audited 31 December 2009 £'000
<b>Fixed asset investments</b>				
Qualifying		18,631	16,091	17,507
Non-qualifying		118	437	114
<b>Total fixed asset investments</b>	7	<b>18,749</b>	16,528	17,621
<b>Current assets</b>				
Trade and other debtors		135	255	259
Current asset investments		1,011	5,992	1,014
Cash at bank and in hand	10	4,414	2,943	6,581
		<b>5,560</b>	9,190	7,854
<b>Creditors: amounts falling due within one year</b>		<b>(239)</b>	(82)	(265)
<b>Net current assets</b>		<b>5,321</b>	9,108	7,589
<b>Net assets</b>		<b>24,070</b>	25,636	25,210
<b>Capital and reserves</b>				
Called up share capital	8	17,857	17,809	17,829
Share premium		51	41	44
Unrealised capital reserve		(6,432)	(6,821)	(6,153)
Special reserve		15,773	15,773	15,773
Treasury shares reserve		(923)	(360)	(564)
Realised capital reserve		(2,440)	(1,158)	(2,068)
Revenue reserve		184	352	349
<b>Total equity shareholders' funds</b>		<b>24,070</b>	25,636	25,210
<b>Net asset value per share (pence)*</b>		<b>70.6</b>	73.3	72.7

\*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2009 and the audited statutory accounts for the year ended 31 December 2009.

The accompanying notes on pages 26 to 37 form an integral part of this Half-yearly Financial Report.

# Summary reconciliation of movement in shareholders' funds

## Combined

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
<b>1 January 2010 (audited)</b>	<b>24,680</b>	<b>259</b>	<b>400</b>	<b>(10,083)</b>	<b>21,327</b>	<b>(1,372)</b>	<b>845</b>	<b>1,056</b>	<b>37,112</b>
Realised gains	-	-	-	-	-	-	130	-	130
Unrealised losses	-	-	-	(42)	-	-	-	-	(42)
Transfer of previously unrealised losses to realised losses	-	-	-	116	-	-	(116)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(344)	-	(344)
Tax relief on costs charged to capital	-	-	-	-	-	-	82	-	82
Purchase of own treasury shares	-	-	-	-	-	(374)	-	-	(374)
Issue of equity (net of costs)	45	14	-	-	-	-	-	-	59
Revenue return attributable to shareholders	-	-	-	-	-	-	-	295	295
Dividends paid	-	-	-	-	-	-	(430)	(604)	(1,034)
<b>As at 30 June 2010 (unaudited)</b>	<b>24,725</b>	<b>273</b>	<b>400</b>	<b>(10,009)</b>	<b>21,327</b>	<b>(1,746)</b>	<b>167</b>	<b>747</b>	<b>35,884</b>
<b>As at 1 January 2009 (audited)</b>	<b>24,660</b>	<b>256</b>	<b>400</b>	<b>(9,176)</b>	<b>21,327</b>	<b>(743)</b>	<b>2,360</b>	<b>551</b>	<b>39,635</b>
Realised gains	-	-	-	-	-	-	420	-	420
Unrealised losses	-	-	-	(2,946)	-	-	-	-	(2,946)
Transfer of previously unrealised losses to realised losses	-	-	-	286	-	-	(286)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(353)	-	(353)
Tax relief on costs charged to capital	-	-	-	-	-	-	62	-	62
Recoverable VAT capitalised	-	-	-	-	-	-	59	-	59
Purchase of own treasury shares	-	-	-	-	-	(380)	-	-	(380)
Revenue return attributable to shareholders	-	-	-	-	-	-	-	343	343
<b>As at 30 June 2009 (unaudited)</b>	<b>24,660</b>	<b>256</b>	<b>400</b>	<b>(11,836)</b>	<b>21,327</b>	<b>(1,123)</b>	<b>2,262</b>	<b>894</b>	<b>36,840</b>
<b>As at 1 January 2009 (audited)</b>	<b>24,660</b>	<b>256</b>	<b>400</b>	<b>(9,176)</b>	<b>21,327</b>	<b>(743)</b>	<b>2,360</b>	<b>551</b>	<b>39,635</b>
Realised gains	-	-	-	-	-	-	282	-	282
Unrealised losses	-	-	-	(2,261)	-	-	-	-	(2,261)
Transfer of previously unrealised losses to realised losses	-	-	-	1,354	-	-	(1,354)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(698)	-	(698)
Tax relief on costs charged to capital	-	-	-	-	-	-	68	-	68
Recoverable VAT capitalised	-	-	-	-	-	-	187	-	187
Purchase of own treasury shares	-	-	-	-	-	(629)	-	-	(629)
Issue of equity (net of costs)	20	3	-	-	-	-	-	-	23
Revenue return attributable to shareholders	-	-	-	-	-	-	-	854	854
Dividends paid	-	-	-	-	-	-	-	(349)	(349)
<b>As at 31 December 2009 (audited)</b>	<b>24,680</b>	<b>259</b>	<b>400</b>	<b>(10,083)</b>	<b>21,327</b>	<b>(1,372)</b>	<b>845</b>	<b>1,056</b>	<b>37,112</b>

\*Included within these reserves is an amount of £10,486,000 (30 June 2009: £11,524,000; 31 December 2009: £11,773,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

# Summary reconciliation of movement in shareholders' funds (continued)

## Ordinary shares

	Called-up share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve* £'000	Special reserve* £'000	Treasury shares reserve* £'000	Realised capital reserve* £'000	Revenue reserve* £'000	Total £'000
<b>1 January 2010 (audited)</b>	<b>6,851</b>	<b>215</b>	<b>400</b>	<b>(3,930)</b>	<b>5,554</b>	<b>(808)</b>	<b>2,913</b>	<b>707</b>	<b>11,902</b>
Realised gains	-	-	-	-	-	-	150	-	150
Unrealised gains	-	-	-	242	-	-	-	-	242
Transfer of previously unrealised losses to realised losses	-	-	-	111	-	-	(111)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(113)	-	(113)
Tax relief on costs charged to capital	-	-	-	-	-	-	24	-	24
Purchase of own treasury shares	-	-	-	-	-	(15)	-	-	(15)
Issue of equity (net of costs)	17	7	-	-	-	-	-	-	24
Revenue return attributable to shareholders	-	-	-	-	-	-	-	113	113
Dividends paid	-	-	-	-	-	-	(256)	(257)	(513)
<b>As at 30 June 2010 (unaudited)</b>	<b>6,868</b>	<b>222</b>	<b>400</b>	<b>(3,577)</b>	<b>5,554</b>	<b>(823)</b>	<b>2,607</b>	<b>563</b>	<b>11,814</b>
<b>As at 1 January 2009 (audited)</b>	<b>6,851</b>	<b>215</b>	<b>400</b>	<b>(4,747)</b>	<b>5,554</b>	<b>(713)</b>	<b>3,321</b>	<b>379</b>	<b>11,260</b>
Realised gains	-	-	-	-	-	-	402	-	402
Unrealised losses	-	-	-	(534)	-	-	-	-	(534)
Transfer of previously unrealised losses to realised losses	-	-	-	266	-	-	(266)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(106)	-	(106)
Tax relief on costs charged to capital	-	-	-	-	-	-	10	-	10
Recoverable VAT capitalised	-	-	-	-	-	-	59	-	59
Purchase of own treasury shares	-	-	-	-	-	(50)	-	-	(50)
Revenue return attributable to shareholders	-	-	-	-	-	-	-	163	163
<b>As at 30 June 2009 (unaudited)</b>	<b>6,851</b>	<b>215</b>	<b>400</b>	<b>(5,015)</b>	<b>5,554</b>	<b>(763)</b>	<b>3,420</b>	<b>542</b>	<b>11,204</b>
<b>As at 1 January 2009 (audited)</b>	<b>6,851</b>	<b>215</b>	<b>400</b>	<b>(4,747)</b>	<b>5,554</b>	<b>(713)</b>	<b>3,321</b>	<b>379</b>	<b>11,260</b>
Realised gains	-	-	-	-	-	-	431	-	431
Unrealised gains	-	-	-	71	-	-	-	-	71
Transfer of unrealised losses to realised losses	-	-	-	746	-	-	(746)	-	-
Capitalised investment management fees	-	-	-	-	-	-	(215)	-	(215)
Tax relief on costs charged to capital	-	-	-	-	-	-	68	-	68
Recoverable VAT capitalised	-	-	-	-	-	-	54	-	54
Purchase of own treasury shares	-	-	-	-	-	(95)	-	-	(95)
Revenue return attributable to shareholders	-	-	-	-	-	-	-	328	328
<b>As at 31 December 2009 (audited)</b>	<b>6,851</b>	<b>215</b>	<b>400</b>	<b>(3,930)</b>	<b>5,554</b>	<b>(808)</b>	<b>2,913</b>	<b>707</b>	<b>11,902</b>

\*Included within these reserves is an amount of £4,324,000 (30 June 2009: £3,738,000; 31 December 2009: £4,436,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

# Summary reconciliation of movement in shareholders' funds (continued)

## C shares

	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
<b>1 January 2010 (audited)</b>	<b>17,829</b>	<b>44</b>	<b>(6,153)</b>	<b>15,773</b>	<b>(564)</b>	<b>(2,068)</b>	<b>349</b>	<b>25,210</b>
Realised losses	-	-	-	-	-	(20)	-	(20)
Unrealised losses	-	-	(284)	-	-	-	-	(284)
Transfer of unrealised losses to realised losses	-	-	5	-	-	(5)	-	-
Capitalised investment management fees	-	-	-	-	-	(231)	-	(231)
Tax relief on costs charged to capital	-	-	-	-	-	58	-	58
Purchase of own treasury shares	-	-	-	-	(359)	-	-	(359)
Issue of equity (net of costs)	28	7	-	-	-	-	-	35
Revenue return attributable to shareholders	-	-	-	-	-	-	182	182
Dividends paid	-	-	-	-	-	(174)	(347)	(521)
<b>As at 30 June 2010 (unaudited)</b>	<b>17,857</b>	<b>51</b>	<b>(6,432)</b>	<b>15,773</b>	<b>(923)</b>	<b>(2,440)</b>	<b>184</b>	<b>24,070</b>
<b>1 January 2009 (audited)</b>	<b>17,809</b>	<b>41</b>	<b>(4,429)</b>	<b>15,773</b>	<b>(30)</b>	<b>(961)</b>	<b>172</b>	<b>28,375</b>
Realised gains	-	-	-	-	-	18	-	18
Unrealised losses	-	-	(2,412)	-	-	-	-	(2,412)
Transfer of unrealised losses to realised losses	-	-	20	-	-	(20)	-	-
Capitalised investment management fees	-	-	-	-	-	(247)	-	(247)
Tax relief on costs charged to capital	-	-	-	-	-	52	-	52
Purchase of own treasury shares	-	-	-	-	(330)	-	-	(330)
Revenue return attributable to shareholders	-	-	-	-	-	-	180	180
<b>As at 30 June 2009 (unaudited)</b>	<b>17,809</b>	<b>41</b>	<b>(6,821)</b>	<b>15,773</b>	<b>(360)</b>	<b>(1,158)</b>	<b>352</b>	<b>25,636</b>
<b>1 January 2009 (audited)</b>	<b>17,809</b>	<b>41</b>	<b>(4,429)</b>	<b>15,773</b>	<b>(30)</b>	<b>(961)</b>	<b>172</b>	<b>28,375</b>
Realised losses	-	-	-	-	-	(149)	-	(149)
Unrealised losses	-	-	(2,332)	-	-	-	-	(2,332)
Transfer of unrealised losses to realised losses	-	-	608	-	-	(608)	-	-
Capitalised investment management fees	-	-	-	-	-	(483)	-	(483)
Tax relief on costs charged to capital	-	-	-	-	-	133	-	133
Purchase of own treasury shares	-	-	-	-	(534)	-	-	(534)
Issue of equity (net of costs)	20	3	-	-	-	-	-	23
Revenue return attributable to shareholders	-	-	-	-	-	-	526	526
Dividends paid	-	-	-	-	-	-	(349)	(349)
<b>As at 31 December 2009 (audited)</b>	<b>17,829</b>	<b>44</b>	<b>(6,153)</b>	<b>15,773</b>	<b>(564)</b>	<b>(2,068)</b>	<b>349</b>	<b>25,210</b>

\*Included within these reserves is an amount of £6,162,000 (30 June 2009: £7,786,000; 31 December 2009: £7,337,000) which is considered distributable. The Special reserve has been treated as distributable in determining the amounts available for distribution.

# Summary cash flow statement

## Combined

	Note	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
<b>Operating activities</b>				
Investment income received		513	774	1,449
Deposit interest received		76	48	92
Dividend income received		–	67	68
Investment management fees paid		(453)	(512)	(726)
Recovery of VAT		–	621	714
Other cash payments		(125)	(122)	(196)
Interclass account movement		–	340	341
<b>Net cash inflow from operating activities</b>	9	<b>11</b>	1,216	1,742
<b>Taxation</b>				
UK corporation tax recovered/(paid)		132	(345)	(339)
<b>Capital expenditure and financial investments</b>				
Purchase of fixed asset investments		(2,262)	(1,463)	(3,668)
Disposal of fixed asset investments		860	814	1,109
<b>Net cash outflow from investing activities</b>		<b>(1,402)</b>	(649)	(2,559)
<b>Management of liquid resources</b>				
Purchase of current asset investment		–	(1,000)	(1,000)
Disposal of current asset investment		–	5,000	10,001
<b>Net cash inflow from liquid resources</b>		<b>–</b>	4,000	9,001
<b>Equity dividends paid</b>				
Dividends paid (net of cost of shares issued under the dividend reinvestment scheme)		(962)	–	(326)
<b>Net cash (outflow)/inflow before financing</b>		<b>(2,221)</b>	4,222	7,519
<b>Financing</b>				
Purchase of own shares		(321)	(380)	(629)
Costs of issue of share capital		(12)	–	–
<b>Net cash outflow from financing</b>		<b>(333)</b>	(380)	(629)
<b>Cash (outflow)/inflow in the period</b>	10	<b>(2,554)</b>	3,842	6,890

## Summary cash flow statement (continued)

### Ordinary shares

	Note	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
<b>Operating activities</b>				
Investment income received		210	262	497
Deposit interest received		16	16	29
Dividend income received		–	10	11
Investment management fees paid		(149)	(156)	(229)
Recovery of VAT		–	275	368
Other cash payments		(37)	(38)	(59)
Interclass account movement		–	355	355
<b>Net cash inflow from operating activities</b>	9	<b>40</b>	724	972
<b>Taxation</b>				
UK corporation tax recovered/(paid)		9	(126)	(122)
<b>Capital expenditure and financial investments</b>				
Purchase of fixed asset investments		(485)	(210)	(1,285)
Disposal of fixed asset investments		538	773	1,051
<b>Net cash inflow/(outflow) from investing activities</b>		<b>53</b>	563	(234)
<b>Equity dividends paid</b>				
Dividends paid (net of costs of shares issued under dividend reinvestment scheme)		(483)	–	–
<b>Net cash (outflow)/inflow before financing</b>		<b>(381)</b>	1,161	616
<b>Financing</b>				
Purchase of own shares		–	(50)	(95)
Costs of issue of share capital		(6)	–	–
<b>Net cash outflow from financing</b>		<b>(6)</b>	(50)	(95)
<b>Cash (outflow)/inflow in the period</b>	10	<b>(387)</b>	1,111	521

# Summary Cash Flow Statement (continued)

## C shares

	Note	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
<b>Operating activities</b>				
Investment income received		303	512	952
Deposit interest received		60	32	63
Dividend income received		–	57	57
Investment management fees paid		(304)	(356)	(497)
Recovery of VAT		–	346	346
Other cash payments		(88)	(84)	(137)
Interclass account movement		–	(15)	(14)
<b>Net cash (outflow)/inflow from operating activities</b>	9	<b>(29)</b>	492	770
<b>Taxation</b>				
UK corporation tax recovered/(paid)		123	(219)	(217)
<b>Capital expenditure and financial investments</b>				
Purchase of fixed asset investments		(1,777)	(1,253)	(2,383)
Disposal of fixed asset investments		322	41	58
<b>Net cash outflow from investing activities</b>		<b>(1,455)</b>	(1,212)	(2,325)
<b>Management of liquid resources</b>				
Purchase of current asset investment		–	(1,000)	(1,000)
Disposal of current asset investment		–	5,000	10,001
<b>Net cash inflow from liquid resources</b>		<b>–</b>	4,000	9,001
<b>Equity dividends paid</b>				
Dividends paid (net of costs of shares issued under dividend reinvestment scheme)		(479)	–	(326)
<b>Net cash (outflow)/inflow before financing</b>		<b>(1,840)</b>	3,061	6,903
<b>Financing</b>				
Purchase of own shares		(321)	(330)	(534)
Costs of issue of share capital		(6)	–	–
<b>Net cash outflow from financing</b>		<b>(327)</b>	(330)	(534)
<b>Cash (outflow)/inflow in the period</b>	10	<b>(2,167)</b>	2,731	6,369

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010

## 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*

In accordance with FRS 26 "Financial Instruments Recognition and Measurement", quoted and unquoted equity investments are designated as fair value through profit or loss. 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). The revised September 2009 IPEVCV guidelines have not had a material impact on the portfolio.

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.

#### *Unquoted loan stock*

Unquoted loan stock is classified as loans and receivables in accordance with FRS 26 and carried at amortised cost using the Effective Interest Rate method less impairment. 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, fully performing, renegotiated, past due and impaired, the Board considers that the fair value is equal 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 effective interest rate.

#### *Warrants, convertibles and unquoted equity derived instruments*

Warrants, convertibles 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.

#### *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 investee 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.

### **Investment income**

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

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 2. Accounting policies (continued)

### Investment income (continued)

#### *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 accrual basis using the interest rate applicable to the floating rate note at that time. Floating rate notes are classified as current asset investments as they are held for the short term.

### 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 and 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 specific nature of taxation of venture capital trusts means that it is unlikely that any deferred tax will arise.

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

### Reserves

#### *Share premium*

This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to the special 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 year 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.

### C shares

Until such time that C shares are converted into Ordinary shares, all investments and returns attributable to this class of share will be separately identifiable from the existing Ordinary shares. All residual expenses will be allocated on the basis of total funds raised for each class of share.

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 3. Gains/(losses) on investments Combined Ordinary and C shares

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	158	(1,681)	(412)
Unrealised losses on fixed asset investments held at amortised cost	(197)	(1,303)	(1,863)
<b>Unrealised losses on fixed asset investments</b>	<b>(39)</b>	<b>(2,984)</b>	<b>(2,275)</b>
Unrealised (losses)/gains on current asset investments held at fair value through profit or loss account	(3)	38	14
<b>Unrealised losses sub-total</b>	<b>(42)</b>	<b>(2,946)</b>	<b>(2,261)</b>
Realised gains/(losses) on investments held at fair value through profit or loss account	208	401	(42)
Realised (losses)/gains on investments held at amortised cost	(78)	3	326
Realised gains/(losses) on current asset investments held at fair value through profit or loss account	-	16	(2)
<b>Realised gains subtotal</b>	<b>130</b>	<b>420</b>	<b>282</b>
<b>Total</b>	<b>88</b>	<b>(2,526)</b>	<b>(1,979)</b>
<b>Ordinary shares</b>	<b>Unaudited six months ended 30 June 2010 £'000</b>	<b>Unaudited six months ended 30 June 2009 £'000</b>	<b>Audited year ended 31 December 2009 £'000</b>
Unrealised gains on fixed asset investments held at fair value through profit or loss account	126	-	660
Unrealised gains/(losses) on fixed asset investments held at amortised cost	116	(534)	(589)
<b>Unrealised gains/(losses) sub-total</b>	<b>242</b>	<b>(534)</b>	<b>71</b>
Realised gains on investments held at fair value through profit or loss account	153	399	447
Realised (losses)/gains on investments held at amortised cost	(3)	3	(16)
<b>Realised gains subtotal</b>	<b>150</b>	<b>402</b>	<b>431</b>
<b>Total</b>	<b>392</b>	<b>(132)</b>	<b>502</b>

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 3. Gains/(losses) on investments (continued)

C shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	32	(1,681)	(1,072)
Unrealised losses on fixed asset investments held at amortised cost	(313)	(769)	(1,274)
<b>Unrealised losses on fixed asset investments</b>	<b>(281)</b>	<b>(2,450)</b>	<b>(2,346)</b>
Unrealised (losses)/gains on current asset investments held at fair value through profit or loss account	(3)	38	14
<b>Unrealised losses sub-total</b>	<b>(284)</b>	<b>(2,412)</b>	<b>(2,332)</b>
Realised gains/(losses) on investments held at fair value through profit or loss account	55	2	(97)
Realised losses on investments held at amortised cost	(75)	–	(115)
Realised gains on current asset investments held at fair value through profit or loss account	–	16	63
<b>Realised (losses)/gains subtotal</b>	<b>(20)</b>	<b>18</b>	<b>(149)</b>
<b>Total</b>	<b>(304)</b>	<b>(2,394)</b>	<b>(2,481)</b>

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

The prior year analysis has been re-presented to reflect a separate transfer between reserves for accumulated unrealised gains or losses that had taken place in previous periods relating to investments sold during the period.

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 4. Investment income

Combined	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
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### Income recognised on investments held at fair value through profit or loss account

UK dividend income	–	67	68
Floating rate note interest	13	80	114
Bank deposit interest	65	47	89
Other income	4	–	–
	<u>82</u>	<u>194</u>	<u>271</u>

### Income recognised on investments held at amortised cost

Return on loan stock investments	547	431	1,125
	<u>629</u>	<u>625</u>	<u>1,396</u>

## Ordinary shares

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
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### Income recognised on investments held at fair value through profit or loss account

UK dividend income	–	10	11
Bank deposit interest	15	15	29
Other income	1	–	–
	<u>16</u>	<u>25</u>	<u>40</u>

### Income recognised on investments held at amortised cost

Return on loan stock investments	204	229	507
	<u>220</u>	<u>254</u>	<u>547</u>

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 4. Investment income (continued)

C shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
<b>Income recognised on investments held at fair value through profit or loss account</b>			
UK dividend income	–	57	57
Floating rate note interest	13	80	114
Bank deposit interest	50	32	60
Other income	3	–	–
	<b>66</b>	169	231
<b>Income recognised on investments held at amortised cost</b>			
Return on loan stock investments	343	202	618
	<b>409</b>	371	849

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

## 5. Dividends

### Ordinary shares

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Dividend of 4.0p per share (2.0p capital and 2.0p revenue) paid on 21 May 2010	513	–	–
	<b>513</b>	–	–

### C shares

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Dividend of 1.0p per share (1.0p revenue) paid on 18 September 2009	–	–	349
Dividend of 1.5p per share (0.5p capital and 1.0p revenue) paid on 21 May 2010	521	–	–
	<b>521</b>	–	349

The Directors have declared a dividend of 4 pence per Ordinary share (total approximately £514,000) and 1.5 pence per C share (total approximately £512,000), payable on 29 October 2010 to shareholders on the register as at 1 October 2010.

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

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

Ordinary shares	Unaudited six months ended 30 June 2010		Unaudited six months ended 30 June 2009		Audited year ended 31 December 2009	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to Ordinary shares (£'000)	113	303	163	(169)	328	409
Weighted average shares in issue	12,841,483		12,951,822		12,911,888	
Return/(loss) per Ordinary share (pence)	0.9	2.4	1.3	(1.3)	2.5	3.2
<b>C shares</b>	<b>Unaudited six months ended 30 June 2010</b>		<b>Unaudited six months ended 30 June 2009</b>		<b>Audited year ended 31 December 2009</b>	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Return/(loss) attributable to C shares (£'000)	182	(477)	180	(2,589)	526	(2,831)
Weighted average shares in issue	34,502,164		35,401,114		35,130,628	
Return/(loss) per C share (pence)	0.5	(1.4)	0.5	(7.3)	1.5	(8.1)

There are no convertible instruments, derivatives or contingent share agreements in issue for Albion Technology & General 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.

## 7. Investments

Ordinary share fixed asset investments held at fair value through profit or loss total £3,443,000 (30 June 2009: £2,075,000; 31 December 2009: £2,974,000). Fixed asset investments held at amortised cost total £6,669,000 (30 June 2009: £6,243,000; 31 December 2009: £6,810,000).

C share fixed asset investments held at fair value through profit or loss total £7,884,000 (30 June 2009: £5,148,000; 31 December 2009: £6,024,000). Fixed asset investments held at amortised cost total £10,865,000 (30 June 2009: £11,380,000; 31 December 2009: £11,597,000).

C share current asset investments held at fair value through profit or loss total £1,011,000 (30 June 2009: £5,992,000; 31 December 2009: £1,014,000).

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 8. Share Capital

Ordinary shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
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### Authorised

70,000,000 Ordinary shares of 50p each  
(30 June 2009 and 31 December 2009: 70,000,000) **35,000** 35,000 35,000

### Allotted, called-up and fully paid

13,735,783 Ordinary shares of 50p each  
(30 June 2009: 13,702,045; 31 December 2009: 13,702,045) **6,868** 6,851 6,851

### Voting rights

12,847,689 Ordinary shares of 50p each (net of treasury shares) (30 June 2009: 12,897,002; 31 December 2009: 12,833,951).

## C shares

	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
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### Authorised

40,000,000 Ordinary shares of 50p each  
(30 June 2009 and 31 December 2009: 40,000,000) **20,000** 20,000 20,000

### Allotted, called-up and fully paid

35,714,640 Ordinary shares of 50p each  
(30 June 2009: 35,618,841; 31 December 2009: 35,657,472) **17,857** 17,809 17,829

### Voting rights

34,115,722 C shares of 50p each (net of treasury shares) (30 June 2009: 34,981,186; 31 December 2009: 34,662,440).

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 8. Share Capital (continued)

During the period to 30 June 2010 the Company purchased 20,000 Ordinary shares and 603,886 C shares to be held in treasury at a cost of £15,000 and £359,000 respectively, representing 0.15% and 1.69% of the shares in issue as at 1 January 2010 respectively. The shares purchased for treasury were funded from the Treasury shares reserve.

The total number of Ordinary shares held in treasury as at 30 June 2010 was 888,094 (30 June 2009: 805,043; 31 December 2009: 868,094) and the total number of C shares held in treasury as at 30 June 2010 was 1,598,918 (30 June 2009: 637,655; 31 December 2009: 995,032) representing 6.5% and 4.5% of each respective class of share capital as at 30 June 2010.

Under the terms of the Dividend Reinvestment Scheme Circular dated 18 April 2008, the following Ordinary shares and C shares of nominal value 50 pence per share were allotted at a price of 88.7 and 71.2 pence per share respectively:

Date of allotment	Number of shares allotted		Aggregate nominal value of shares (£'000)		Consideration received (£'000)		Opening market price per share on allotment date (pence per share)	
							Ordinary shares	C shares
	Ordinary shares	C shares	Ordinary shares	C shares	Ordinary shares	C shares	Ordinary shares	C shares
21 May 2010	33,738	57,168	17	29	30	41	74	62

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

Combined	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Revenue return on ordinary activities before tax	412	415	976
Investment management fee charged to capital	(344)	(353)	(698)
Recoverable VAT capitalised	-	59	68
Movement in accrued amortised loan stock interest	(31)	91	86
Decrease in operating debtors	11	658	715
(Decrease)/increase in operating creditors	(37)	6	255
Interclass account movement	-	340	340
<b>Net cash inflow from operating activities</b>	<b>11</b>	<b>1,216</b>	<b>1,742</b>

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 9. Reconciliation of revenue return on ordinary activities before taxation to net cash inflow from operating activities (continued)

Ordinary shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Revenue return on ordinary activities before tax	150	203	432
Investment management fee charged to capital	(113)	(106)	(215)
Recoverable VAT capitalised	-	59	68
Movement in accrued amortised loan stock interest	(15)	31	5
Decrease in operating debtors	17	200	254
Increase/(decrease) in operating creditors	1	(18)	73
Interclass account movement	-	355	355
<b>Net cash inflow from operating activities</b>	<b>40</b>	<b>724</b>	<b>972</b>
C shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Revenue return on ordinary activities before tax	262	212	544
Investment management fee charged to capital	(231)	(247)	(483)
Movement in accrued amortised loan stock interest	(16)	60	81
(Increase)/decrease in operating debtors	(6)	458	461
(Decrease)/increase in operating creditors	(38)	24	182
Interclass account movement	-	(15)	(15)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(29)</b>	<b>492</b>	<b>770</b>

## 10. Analysis of change in cash during the period

Combined	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Opening cash balances	8,749	1,859	1,859
Net cash (outflow)/inflow	(2,554)	3,842	6,890
<b>End of the period</b>	<b>6,195</b>	<b>5,701</b>	<b>8,749</b>

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 10. Analysis of change in cash during the period (continued)

Ordinary shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Opening cash balances	2,168	1,647	1,647
Net cash (outflow)/inflow	<b>(387)</b>	1,111	521
<b>End of the period</b>	<b>1,781</b>	2,758	2,168
C shares	Unaudited six months ended 30 June 2010 £'000	Unaudited six months ended 30 June 2009 £'000	Audited year ended 31 December 2009 £'000
Opening cash balances	6,581	212	212
Net cash (outflow)/inflow	<b>(2,167)</b>	2,731	6,369
<b>End of the period</b>	<b>4,414</b>	2,943	6,581

## 11. Post balance sheet events

Since 30 June 2010, the Company has completed the following material transactions:

- Investment in Rostima Limited of £3,000 (Ordinary shares) and £41,000 (C shares) in July 2010;
- Investment in TEG Biogas (Perth) Limited of £24,000 (Ordinary shares) and £145,000 (C shares) in July 2010;
- Investment in Xceleron Limited of £68,000 (Ordinary shares) and £82,000 (C shares) in August 2010;
- Disposal of Green Energy Property Services Group Limited in July 2010 for a deferred consideration of up to £9,000 in respect of the Ordinary share portfolio and £42,000 in respect of the C share portfolio;
- Repayment of £111,000 of loan stock (Ordinary shares) by Peakdale Molecular Limited in July 2010.

## 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 the Managing Partner of the Manager. The Manager is party to a management agreement with the Company. During the period, services of a total value of £459,000 (30 June 2009: £471,000; 31 December 2009: £931,000) 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 was £225,000 (30 June 2009: £30,000; 31 December 2009: £221,000).

Patrick Reeve is the Managing Partner of the Manager, Albion Ventures LLP. During the year, the Company was charged £10,000 (including VAT) by Albion Ventures LLP in respect of his services as a Director (30 June 2009: £10,000; 31 December 2009: £20,000). At the period end, the amount due to Albion Ventures LLP in respect of these services was £5,000 (30 June 2009: £nil; 31 December 2009: £5,000).

# Notes to the unaudited summarised Financial Statements for the six months to 30 June 2010 (continued)

## 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 December 2009, and is detailed on pages 31 and 32 of those accounts. The Company has adequate cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with '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 June 2010 and 30 June 2009, and is unaudited. The information for the year ended 31 December 2009 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 but is derived from the audited statutory accounts for the financial year, which were unqualified and which have been delivered to the Registrar of Companies. The Auditors reported on those accounts; their report was unqualified and did not contain a statement 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 FSA viewing facility and also electronically at [www.albion-ventures.co.uk](http://www.albion-ventures.co.uk) under the 'Our Funds' section.

Albion Technology & General  
VCT PLC

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