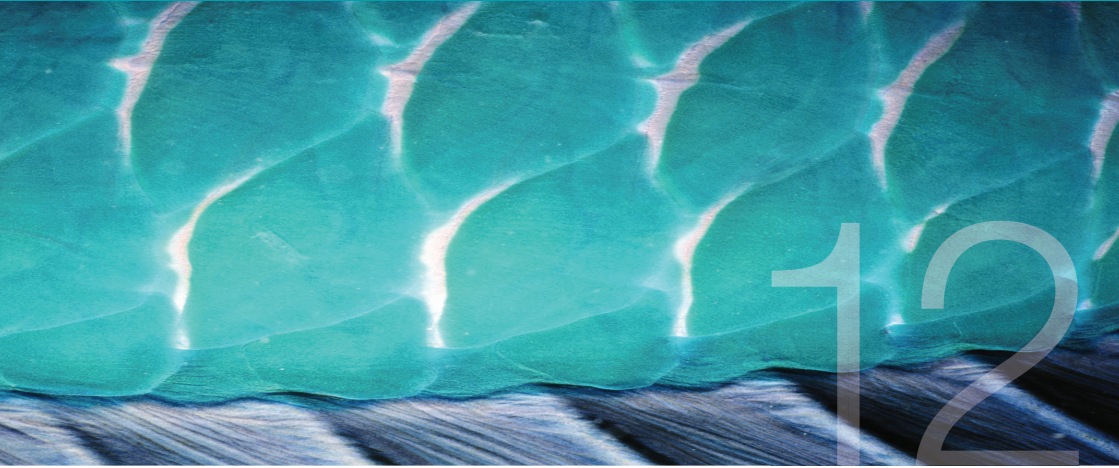


Half-yearly Financial Report (unaudited)
for the six months
to 31 March 2012



Albion Income & Growth VCT PLC

ALBIONVENTURES

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Company information

Company number	5132495
Directors	Friedrich Ternofsky, Chairman Robin Archibald Mary Anne Cordeiro John Kerr Patrick Reeve
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZZ
Auditor	PKF (UK) LLP Farringdon Place 20 Farringdon Road London EC1M 3AP
Taxation adviser	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Legal adviser	Bird & Bird LLP 15 Fetter Lane London EC4A 1JP

Albion Income & Growth 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 5859 (UK National Rate call, lines are open 8.30am – 5.30pm; Mon – Fri, calls may be recorded) Website: www.computershare.co.uk Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.
IFA information	For enquiries relating to the performance of the Fund, and for IFA information please contact Albion Ventures LLP: Tel: 020 7601 1850 (calls may be recorded, lines are open 9.00 am – 5.30 pm Mon-Fri) Email: info@albion-ventures.co.uk Website: www.albion-ventures.co.uk

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

Investment objectives

The Company aims to provide investors with a regular and predictable source of income combined with the prospect of long term capital growth. The Company allows investors the opportunity to participate in a balanced portfolio of high growth businesses and lower risk, asset-based companies. It is intended that in time the Company's investment portfolio will be split approximately as follows:

- 45 per cent. to be invested in unquoted higher growth businesses, including early stage technology;
- 45 per cent. to be invested in unquoted asset-based businesses in the leisure sector; and
- 10 per cent. to be held in cash and other liquid securities.

Financial calendar

Record date for second dividend	1 June 2012
Payment date for second dividend	29 June 2012
Financial year end	30 September 2012

Financial highlights (unaudited)

	Unaudited six months ended 31 March 2012 (pence per share)	Unaudited six months ended 31 March 2011 (pence per share)	Audited year ended 30 September 2011 (pence per share)
Net asset value per share	66.00	66.80	64.20
Dividends paid per share	1.75	1.75	3.50
Revenue return per share	0.70	0.50	1.20
Capital return/(loss) per share	2.70	0.20	(1.60)

Total shareholder net asset value return to 31 March 2012

	(pence per share)
Total dividends paid during the period ended 30 September 2005 (i)	0.65
Total dividends paid during the year ended :	
30 September 2006	2.60
30 September 2007	3.45
30 September 2008	3.50
30 September 2009	3.00
30 September 2010	3.00
30 September 2011	3.50
Total dividends paid during the six months ended 31 March 2012	1.75
Total dividends paid to 31 March 2012	21.45
Net asset value as at 31 March 2012	66.00

Total shareholder net asset value return to 31 March 2012

87.45

In addition to the dividends summarised above, the Board has declared a second dividend for the year to 30 September 2012 of 1.75 pence per share to be paid on 29 June 2012 to shareholders on the register as at 1 June 2012.

Notes

- (i) Investors subscribing by 31 December 2004 and remaining on the register on 1 July 2005 were entitled to a dividend of 0.65 pence per share. Investors subscribing thereafter were not entitled to the first interim dividend.
- (ii) These figures exclude tax benefits upon subscription of 40 per cent. income tax relief.
- (iii) All dividends paid by the Company are free of income tax. It is an HM 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.
- (iv) 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, partly as a result of the initial tax reliefs which are non-transferable.

Interim management report

Overview

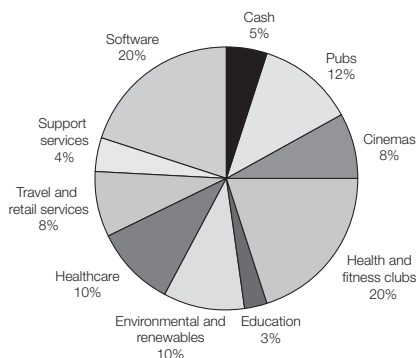
The six months to 31 March 2012 showed an encouraging positive total return of 3.4 pence per share. Total income increased by 23 per cent. against the same period last year, while the investment portfolio as a whole returned to growth showing an increase of more than £1.1 million.

Investment performance and progress

During the period, some £2.8 million was invested in new and existing investee companies. Of this, £740,000 was in renewable energy businesses, bringing our total exposure to the sector to 10 per cent. of the portfolio, compared to our longer term target of 15 per cent. In addition, we invested £280,000 in the management buy-out of Hilson Moran, a mechanical and engineering consultancy. The balance of our investments supported existing portfolio companies, including £1.1 million on the restructuring of Helveta and AMS Sciences (formerly Xceleron).

A particularly good performance was seen by Lowcosttravelgroup, which saw significant growth in bookings against the background of a difficult market. The continued strong performance of our cinemas resulted in an increase in third party valuations, while Radnor House School, whose pupil numbers are now at twice the budgeted level and which was recently rated as “excellent” in its first Ofsted report, also showed a sharp increase in valuation. Against this, a partial provision was made against memsstar, following a slowdown in its market, while we continued to take a cautious view of AMS Sciences (formerly Xceleron) following its restructuring at the end of 2011.

Set out opposite is the sector diversification of the portfolio of our investments as at 31 March 2012.



Source: Albion Ventures LLP

Risks and uncertainties

The outlook for the UK and global economies continues to be the key risk affecting your Company, with both the UK and much of Europe returning to recession. Nevertheless, your Company continues to try and mitigate investment risks by ensuring that the Company has a diversified portfolio of investments with good business models that can survive and potentially flourish despite poor economic indicators.

Share buy-backs and share price discount

It remains the Company's policy to buy back shares in the market subject to the overall constraint that such purchases are in the Company's interest. This includes the maintenance of sufficient resources for investment in new and existing investee companies and in continued payment of dividends to shareholders. It is the Board's intention for such buy-backs to be in the region of 10 to 15 per cent. discount to net asset value, so far as market conditions and liquidity permit. For the period to 30 September 2012, such purchases will be limited to £300,000.

Interim management report (continued)

Albion VCTs Linked Top Up Offer 2011/2012

The second top up offer across seven of the VCTs managed by Albion Ventures LLP raised a total of £10 million, of which Albion Income & Growth VCT's share was £1.5 million. The proceeds will be used to provide further resources at a time when a number of good investment opportunities are being seen, particularly in building up a renewable energy portfolio.

Results and dividends

As at 31 March 2012, the net asset value of the Company was £27.6 million compared to £28.0 million as at 31 March 2011. The revenue return before taxation was £387,000 compared to £282,000 for the 6 months to 31 March 2011. The Company will pay a second dividend for the financial year to 30 September 2012 of 1.75 pence per share on 29 June 2012 to shareholders on the register on 1 June 2012.

Board changes

Recognising the importance of controlling costs the Board has concluded that it will be able to operate in the future with four members. John Kerr has agreed to stand down at the year end and will be replaced as chairman of the Audit Committee by Robin Archibald. The Board thanks John for his excellent service to the Company since his appointment in 2004.

Outlook

I am encouraged by the increase in investment portfolio valuations and also by the rise in income being generated from those investments. Despite the prevailing broader economic issues, a number of our investee companies are well placed to show good growth both in domestic and international markets. We therefore remain positive on the Company's prospects over the medium term.

Mary Anne Cordeiro

Director

18 May 2012

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 31 March 2012, 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 31 March 2012 and comply with UK GAAP and Companies Act 2006; and

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

The accounting policies applied to the Half-yearly Financial Report have been consistently applied in current and prior periods and are those applied in the Annual Report and Financial Statements for the year ended 30 September 2011.

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

By order of the Board

Mary Anne Cordeiro

Director
18 May 2012

Portfolio of investments

The following is a summary of fixed asset investments as at 31 March 2012:

Qualifying investments Asset-based unquoted investments	% voting rights held by Albion Income & Growth VCT PLC	Cost £'000	Cumulative movement in value £'000	Total Value £'000	Change in value for the period* £'000
The Weybridge Club Limited	18.5	3,000	(604)	2,396	32
Kensington Health Clubs Limited	12.0	3,044	(945)	2,099	(38)
The Charnwood Pub Company Limited	10.3	2,748	(1,404)	1,344	(10)
CS (Brixton) Limited	16.7	713	540	1,253	215
Tower Bridge Health Clubs Limited	17.2	963	231	1,194	67
Bravo Inns II Limited	8.5	1,160	(43)	1,117	42
Radnor House School (Holdings) Limited	4.2	734	220	954	199
Bravo Inns Limited	12.7	1,130	(417)	713	13
Orchard Portman Hospital Limited	7.9	520	1	521	–
CS (Norwich) Limited	20.0	320	79	399	65
The Street by Street Solar Programme Limited	3.6	357	2	359	3
Regenerco Renewable Energy Limited	2.5	312	2	314	2
Alto Prodotto Wind Limited	3.0	269	–	269	(1)
CS (Exeter) Limited	16.6	271	(37)	234	37
Premier Leisure (Suffolk) Limited	13.6	1,000	(775)	225	(13)
Nelson House Hospital Limited	2.5	218	1	219	1
TEG Biogas (Perth) Limited	3.0	182	2	184	–
The Dunedin Pub Company VCT Limited	15.4	162	(6)	156	(1)
AVESI Limited	1.0	113	–	113	–
GB Pub Company VCT Limited	16.6	594	(527)	67	(46)
Greenenerco Limited	1.7	60	–	60	–
Total asset-based unquoted investments		17,870	(3,680)	14,190	567

Qualifying investments High growth unquoted investments					
Blackbay Limited	15.0	1,616	648	2,264	65
Lowcosttravelgroup Limited	12.0	1,560	516	2,076	1,192
AMS Sciences Limited (formerly Xceleron Limited)	23.9	2,988	(1,884)	1,104	(236)
Helveta Limited	10.3	1,724	(660)	1,064	(90)
Mi-Pay Limited	11.9	1,486	(479)	1,007	(55)
Process Systems Enterprise Limited	5.3	545	166	711	(2)
Rostima Holdings Limited	13.6	268	343	611	13
memsstar Limited	8.2	572	(56)	516	(123)
Oxsensis Limited	5.7	839	(415)	424	(89)
Chichester Holdings Limited	15.2	1,699	(1,289)	410	70
Opta Sports Data Limited	2.7	341	20	361	45
Palm Tree Technology Limited	0.5	235	47	282	–
Hilson Moran Holdings Limited	3.5	270	6	276	6
Masters Pharmaceuticals Limited	1.0	202	(9)	193	12
Prime Care Holdings Limited	3.8	228	(42)	186	–
Mirada Medical Limited	3.7	85	99	184	14
DySIS Medical Limited	1.3	211	(94)	117	(61)
Abcodia Limited	1.0	35	–	35	–
Total high growth unquoted investments		14,904	(3,083)	11,821	761
Total qualifying fixed asset investments		32,774	(6,763)	26,011	1,328

Non-qualifying investments					
Rostima Holdings Limited	n/a	121	–	121	–
Evolutions Group Limited	30.3	377	(290)	87	–
Evolutions Television Limited	n/a	30	–	30	–
Total non-qualifying fixed asset investments		528	(290)	238	–

* as adjusted for additions and disposals during the period

Summary income statement

		Unaudited six months ended 31 March 2012			Unaudited six months ended 31 March 2011			Audited year ended 30 September 2011		
	Note	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on investments	3	-	1,323	1,323	-	257	257	-	(294)	(294)
Investment income	4	596	-	596	483	-	483	1,049	-	1,049
Investment management fees		(85)	(255)	(340)	(88)	(264)	(352)	(172)	(518)	(690)
Other expenses		(124)	-	(124)	(113)	-	(113)	(214)	-	(214)
Return/(loss) on ordinary activities before tax		387	1,068	1,455	282	(7)	275	663	(812)	(149)
Tax (charge)/credit on ordinary activities		(95)	69	(26)	(64)	67	3	(155)	136	(19)
Return/(loss) attributable to shareholders		292	1,137	1,429	218	60	278	508	(676)	(168)
Basic and diluted return/(loss) per share (pence)*	6	0.70	2.70	3.40	0.50	0.20	0.70	1.20	(1.60)	(0.40)

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 March 2011 and the audited statutory accounts for the year ended 30 September 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 return/(loss) on ordinary activities before tax and the historical profit/(loss) 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 31 March 2012 £'000	Unaudited 31 March 2011 £'000	Audited 30 September 2011 £'000
Fixed asset investments				
Qualifying		26,011	24,484	22,391
Non-qualifying		238	1,559	1,933
Total fixed asset investments		26,249	26,043	24,324
Current assets				
Trade and other debtors		121	175	18
Current asset investments		179	-	469
Cash at bank and in hand	9	1,379	2,184	2,176
		1,679	2,359	2,663
Creditors: amounts falling due within one year		(365)	(355)	(267)
Net current assets		1,314	2,004	2,396
Net assets		27,563	28,047	26,720
Capital and reserves				
Called up share capital	7	463	22,962	23,108
Share premium		402	330	455
Capital redemption reserve		5	752	963
Unrealised capital reserve		(7,352)	(8,397)	(8,476)
Special reserve		38,152	19,316	14,366
Treasury shares reserve		(3,154)	(2,788)	(3,167)
Realised capital reserve		(1,414)	(4,189)	(1,427)
Revenue reserve		461	61	898
Total equity shareholders' funds		27,563	28,047	26,720
Net asset value per share (pence)*		66.00	66.80	64.20

*excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 March 2011 and the audited statutory accounts for the year ended 30 September 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 18 May 2012 and were signed on its behalf by

Mary Anne Cordeiro

Director

Company number: 5132495

Summary reconciliation of movements in shareholders' funds

	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
As at 1 October 2011 (audited)	23,108	455	963	(8,476)	14,366	(3,167)	(1,427)	898	26,720
Return/(loss) for the period	-	-	-	1,276	-	-	(139)	292	1,429
Transfer of previously unrealised gains on disposal of investments	-	-	-	(152)	-	-	152	-	-
Reduction in share capital**	(22,604)	-	-	-	22,604	-	-	-	-
Cancellation of capital redemption and share premium reserves**	-	(539)	(1,344)	-	1,883	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(729)	(729)
Purchase of own shares for cancellation	(373)	-	373	-	(688)	-	-	-	(688)
Cancellation of treasury shares	(13)	-	13	-	(13)	13	-	-	-
Issue of equity (net of costs)	345	486	-	-	-	-	-	-	831
As at 31 March 2012 (unaudited)	463	402	5	(7,352)	38,152	(3,154)	(1,414)	461	27,563
As at 1 October 2010 (audited)	22,306	12	460	(8,524)	19,668	(2,788)	(3,939)	390	27,585
(Loss)/return for the period	-	-	-	(172)	-	-	232	218	278
Transfer of previously unrealised losses on disposal of investments	-	-	-	299	-	-	(299)	-	-
Dividends paid	-	-	-	-	-	-	(181)	(547)	(728)
Purchase of own shares for cancellation	(292)	-	292	-	(352)	-	-	-	(352)
Issue of equity (net of costs)	948	318	-	-	-	-	-	-	1,266
As at 31 March 2011 (unaudited)	22,962	330	752	(8,397)	19,316	(2,788)	(4,189)	61	28,047
As at 1 October 2010 (audited)	22,306	12	460	(8,524)	19,668	(2,788)	(3,939)	390	27,585
(Loss)/return for the period	-	-	-	(1,347)	-	-	670	508	(169)
Transfer of previously unrealised losses on disposal of investments	-	-	-	1,395	-	-	(1,395)	-	-
Dividends paid	-	-	-	-	-	-	(181)	(1,291)	(1,472)
Purchase of own shares for cancellation	(503)	-	503	-	(593)	-	-	-	(593)
Purchase of own treasury shares	-	-	-	-	-	(379)	-	-	(379)
Issue of equity (net of costs)	1,305	443	-	-	-	-	-	-	1,748
Transfer from special reserve to revenue reserve	-	-	-	-	(1,291)	-	-	1,291	-
Transfer from special reserve to realised capital reserve	-	-	-	-	(3,418)	-	3,418	-	-
As at 30 September 2011 (audited)	23,108	455	963	(8,476)	14,366	(3,167)	(1,427)	898	26,720

*Included within these reserves is an amount of £26,693,000 (31 March 2011: £4,003,000; 30 September 2011: £2,194,000) which is considered distributable. The special reserve has been treated as distributable in determining the amounts available for distribution.

**The reduction in the nominal value of shares from 50 pence to 1 penny, the cancellation of the capital redemption and share premium reserves (as approved by shareholders at the Annual General Meeting held on 6 February 2012 and by order of the Court dated 22 February 2012) has increased the value of the existing special reserve which is distributable.

Summary cash flow statement

	Note	Unaudited six months ended 31 March 2012 £'000	Unaudited six months ended 31 March 2011 £'000	Audited year ended 30 September 2011 £'000
Operating activities				
Investment income received		531	395	1,064
Deposit interest received		13	14	25
Investment management fees paid		(347)	(335)	(692)
Administrative expenses paid		(109)	(115)	(229)
Net cash flow from operating activities	8	88	(41)	168
Taxation				
UK corporation tax received/(paid)		11	44	(13)
Capital expenditure and financial investments				
Purchase of fixed asset investments		(2,794)	(971)	(1,762)
Disposal of fixed asset investments		2,431	620	2,086
Net cash flow from investing activities		(363)	(351)	324
Equity dividends paid				
Dividends paid (net of cost of shares issued under the dividend reinvestment scheme)		(683)	(694)	(1,395)
Net cash flow before financing		(947)	(1,042)	(916)
Financing				
Issue of own shares		787	1,210	1,671
Purchase of shares for cancellation		(637)	(352)	(947)
Net cash flow from financing		150	858	724
Cash flow in the period	9	(797)	(184)	(192)

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

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.

Current asset investments

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

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.

Investment income

Unquoted equity income

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

Notes to the unaudited summarised financial statements (continued)

2. Accounting policies (continued)

Investment income (continued)

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 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

Share premium account

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.

Notes to the unaudited summarised financial statements (continued)

3. Gains/(losses) on investments

	Unaudited six months ended 31 March 2012 £'000	Unaudited six months ended 31 March 2011 £'000	Audited year ended 30 September 2011 £'000
Unrealised gains/(losses) on fixed asset investments held at fair value through profit or loss account	531	(261)	(1,630)
Unrealised reversals of impairments on fixed asset investments held at amortised cost	745	89	283
Unrealised gains/(losses) sub-total	1,276	(172)	(1,347)
Realised (losses)/gains on investments held at fair value through profit or loss account	(4)	10	218
Realised gains on fixed asset investments held at amortised cost	51	419	835
Realised gains sub-total	47	429	1,053
	1,323	257	(294)

Investments valued on amortised cost basis are unquoted loan stock instruments as described in note 2.

4. Investment income

	Unaudited six months ended 31 March 2012 £'000	Unaudited six months ended 31 March 2011 £'000	Audited year ended 30 September 2011 £'000
Income recognised on investments held at fair value through profit or loss			
Income from convertible bonds and discounted debt	41	-	-
	41	-	-
Income recognised on investments held at amortised cost			
Return on loan stock investments	543	468	1,018
Bank deposit interest	12	15	31
	555	483	1,049
	596	483	1,049

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

Notes to the unaudited summarised financial statements (continued)

5. Dividends

	Unaudited six months ended 31 March 2012 £'000	Unaudited six months ended 31 March 2011 £'000	Audited year ended 30 September 2011 £'000
First dividend paid on 31 January 2011 – 1.75 pence per share	–	728	728
Second dividend paid on 30 June 2011 – 1.75 pence per share	–	–	744
First dividend paid on 31 January 2012 – 1.75 pence per share	729	–	–
	729	728	1,472

In addition to the dividends paid above, the Board has declared a dividend of 1.75 pence per share to be paid on 29 June 2012 to shareholders on the register on 1 June 2012. The total dividend to be paid will be approximately £748,000.

6. Basic and diluted return per share

Return per share has been calculated on 41,720,924 Ordinary shares excluding treasury shares (31 March 2011: 40,997,045; 30 September 2011: 41,597,268) being the weighted average number of shares in issue for the period.

There are no convertible instruments, derivatives or contingent share agreements in issue, and therefore no dilution affecting the return per share. The basic return per share is therefore the same as the diluted return per share.

7. Called up share capital

	Unaudited 31 March 2012 £'000	Unaudited 31 March 2011 £'000	Audited 30 September 2011 £'000
Allotted, called up and fully paid			
46,316,700 Ordinary shares of 1 penny each (31 March 2011: 45,923,312; 30 September 2011: 46,215,450 of 50 pence each)	463	22,962	23,108

Allotted, called up and fully paid excluding treasury shares

41,765,833 Ordinary shares of 1 penny each
(31 March 2011: 41,990,663; 30 September 2011:
41,644,583 of 50 pence each)

Following approval at the Annual General Meeting on 6 February 2012, the Company reduced the nominal value of its shares from 50 pence to one penny, and cancelled its capital redemption and share premium reserves. The purpose of these actions was to increase the distributable reserves available to the Company for the payment of dividends, the buy back of shares, and for other corporate purposes. The effects of these transactions was to reduce the Ordinary share capital by £22,604,000, the capital redemption reserve by £1,344,000 and the share premium reserve by £539,000.

Under the terms of the Dividend Reinvestment Scheme Circular dated 22 December 2008, the following Ordinary shares, of nominal value 50 pence were allotted:

Date of allotment	Number of shares issued	Issue price (pence per share)	Mid-market price on issue date (pence per share)	Net proceeds £'000
31 January 2012	72,170	62.41	57.0	45

Notes to the unaudited summarised financial statements (continued)

7. Called up share capital (continued)

During the period to 31 March 2012, the Company issued the following New Ordinary shares under the Albion VCTs Linked Top Up Offer 2011/2012:

Date of allotment	Number of shares issued	Nominal value (pence per share)	Issue price (pence per share)	Mid-market price on Issue price (pence per share)	Net proceeds £'000
10 January 2012	604,807	50.0	66.0	57.0	378
20 March 2012	642,773	1.0	67.4	57.0	410

During the period the Company purchased 1,198,500 Ordinary shares (31 March 2011: 583,505; 30 September 2011: 1,006,505) for cancellation at a cost of £684,000, representing 3.6 per cent. of its issued share capital as at 30 September 2011. The shares purchased for cancellation were funded by the special reserve.

The Company did not purchase any shares for treasury during the period to 31 March 2012 (31 March 2011: nil; 30 September 2011: 638,218). The Company cancelled 20,000 Ordinary shares from the Treasury shares reserve, leaving a balance of 4,550,867 Ordinary shares (31 March 2011: 3,932,649; 30 September 2011: 4,570,867) in treasury which represents 9.9 per cent. of the issued share capital as at 31 March 2012.

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

	Unaudited six months ended 31 March 2012 £'000	Unaudited six months ended 31 March 2011 £'000	Audited year ended 30 September 2011 £'000
Revenue return on ordinary activities before tax	387	282	663
Investment management fee charged to capital	(254)	(264)	(518)
Movement in accrued amortised loan stock interest	(34)	(94)	46
Decrease/(increase) in operating debtors	1	(19)	(6)
(Decrease)/increase in operating creditors	(12)	54	(17)
Net cash flow from operating activities	88	(41)	168

9. Analysis of change in cash during the period

	Unaudited six months ended 31 March 2012 £'000	Unaudited six months ended 31 March 2011 £'000	Audited year ended 30 September 2011 £'000
Opening cash balances	2,176	2,368	2,368
Net cash flow	(797)	(184)	(192)
Closing cash balances	1,379	2,184	2,176

Notes to the unaudited summarised financial statements (continued)

10. Commitments and contingencies

As at 31 March 2012, the Company was committed to making a further investment of £131,000 in Mi-Pay Limited (31 March 2011: £nil; 30 September 2011: £nil).

There are no contingencies or guarantees of the Company as at 31 March 2012 (31 March 2011 and 30 September 2011: nil).

11. Post balance sheet events

Since 31 March 2012, the Company has completed the following material transaction:

- April 2012: Investment of £131,000 in Mi-Pay Limited;
- April 2012: Investment of £350,000 in Albion Small Company Growth Limited.

Albion VCTs Linked Top Up Offer 2011/2012

On 5 April 2012, 984,698 New Ordinary shares were issued as part of the third allotment under the Albion VCTs Linked Top Up Offer 2011/2012, at an issue price of 67.4 pence per New Ordinary share. The net proceeds from this allotment were £627,000.

12. Related party transactions

The Manager, Albion Ventures LLP, is considered to be a related party by virtue of the fact that it is party to a management agreement from the Company (details disclosed on page 21 and 22 of the Annual Report and Financial Statements of the year ended 30 September 2011) and that Patrick Reeve, a Director of the Company, is also Managing Partner of Albion Ventures LLP. During the period, services of a total value of £340,000 (31 March 2011: £352,000; 30 September 2011: £690,000) were purchased by the Company from Albion Ventures LLP. At the financial period end, the amount due to Albion Ventures LLP disclosed as accruals was £166,000 (31 March 2011: £179,000; 30 September 2011: £161,000).

During the period, the Company was charged £9,250 (excluding VAT) by Albion Ventures LLP in respect of Patrick Reeve's services as a Director (31 March 2011: £9,250; 30 September 2011: £18,500). At the financial period end, the amount due to Albion Ventures LLP in respect of these services disclosed as accruals and deferred income was £5,550 (31 March 2011: £5,434; 30 September 2011: £5,550).

During the period, the Company raised new funds through the Albion VCTs Linked Top Up Offer 2011/2012 as detailed in note 7. The total cost of the issue of these shares was 5.5% of the sums subscribed. Of these costs, an amount of £6,740 (31 March 2011: £3,450; 30 September 2011: £3,450) was paid to the Manager, Albion Ventures LLP in respect of receiving agent services. There were no sums outstanding in respect of receiving agent services at the year end.

During the year, the Company purchased 1,198,500 Ordinary shares at a total cost of £684,000 using the services of Winterflood Securities Limited a company of which Robin Archibald is head of corporate finance and broking. These transactions were at arms length and in line with market practices. At the year end, the amount due to Winterflood Securities Limited in respect of share buy-backs and disclosed in other creditors was £76,000 (31 March 2011: £nil; 30 September 2011: £24,000).

There are no other related party transactions or balances requiring disclosure.

13. Going concern

The Board's assessment of liquidity risk remains unchanged and is detailed on page 29 of the Annual Report & Financial Statements for the year ended 30 September 2011. 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, buy-backs and dividends) are within the Company's control. Accordingly, after making diligent enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing the accounts in accordance with "Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009", published by the Financial Reporting Council.

Notes to the unaudited summarised financial statements (continued)

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 31 March 2012 and 31 March 2011, and is unaudited. The information for the year ended 30 September 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 that financial year, 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 National Storage Mechanism and also electronically at www.albion-ventures.co.uk under the 'Our Funds' section by clicking Albion Income & Growth VCT PLC, and looking in the Financial Reports and Circulars section for the Half-yearly Financial Report to 31 March 2012.

Albion Income & Growth
VCT PLC

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