

Crown Place VCT PLC



Half-yearly Financial Report
(unaudited) for the
six months to 31 December 2018



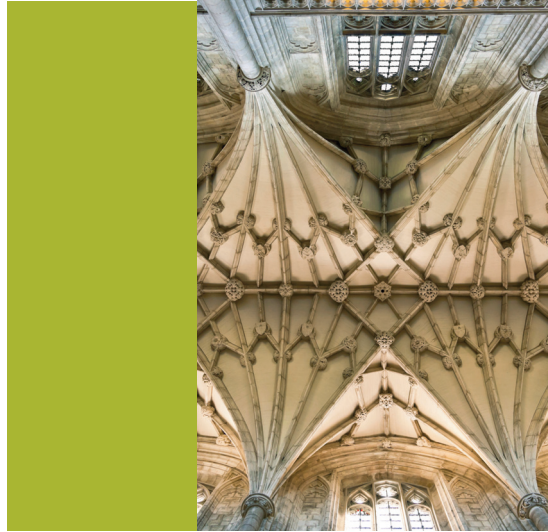
ALBION CAPITAL

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



Company information

Company number	03495287
Directors	Richard Huntingford, Chairman James Agnew Karen Brade Penny Freer
Country of incorporation	United Kingdom
Legal form	Public Limited Company
Manager, company secretary, AIFM and registered office	Albion Capital Group LLP 1 King's Arms Yard, London, EC2R 7AF
Registrar	Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ
Auditor	BDO LLP 55 Baker Street London, W1U 7EU
Taxation adviser	Philip Hare & Associates LLP 4 Staple Inn London, WC1V 7QH
Legal adviser	Bird & Bird LLP 12 New Fetter Lane London, EC4A 1JP
Depository	Ocorian (UK) Limited 11 Old Jewry London, EC2R 8DU

Crown Place VCT PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

Shareholder enquiries For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC:
Tel: 0370 873 5857 (UK national rate call, lines are open 8:30am – 5:30pm; Mon-Fri; calls may be recorded)
Website: www.investorcentre.co.uk

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

Shareholders can also contact the Chairman directly on crownchair@albion.capital

Financial adviser enquiries For enquiries relating to the performance of the Company and information for financial advisers please contact Albion Capital Group LLP:
Tel: 020 7601 1850 (lines are open 9.00am – 5:30pm; Mon-Fri; calls are recorded)
Email: info@albion.capital
Website: www.albion.capital

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

Investment policy

The Company will invest in a broad portfolio of smaller, unquoted growth businesses across a variety of sectors including higher risk technology companies. Investments may take the form of equity or a mixture of equity and loans.

Whilst allocation of funds will be determined by the investment opportunities which become available, efforts will be made to ensure that the portfolio is diversified both in terms of sector and stage of maturity of investee businesses. Funds held pending investment or for liquidity purposes will be held principally as cash on deposit.

Risk diversification and maximum exposures

Risk is spread by investing in a number of different businesses within venture capital trust qualifying industry sectors using a mixture of securities, as permitted. The maximum amount which the Company will invest in a single portfolio company is 15 per cent. of the Company's assets at cost thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where it represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

The Company's maximum exposure in relation to gearing is restricted to the amount of its adjusted share capital and reserves.

Financial calendar

Record date for second dividend	1 March 2019
Payment of second dividend	29 March 2019
Financial year end	30 June 2019

Financial highlights

	Six months ended 31 December 2018 (pence per share)	Six months ended 31 December 2017 (pence per share)	Year ended 30 June 2018 (pence per share)
Opening net asset value	33.50	30.98	30.98
Revenue return	0.21	0.17	0.36
Capital return	2.53	1.32	4.28
Total return	2.74	1.49	4.64
Dividends paid	(1.00)	(1.00)	(2.00)
Impact from buy-backs and issue of share capital	0.02	–	(0.12)
Closing net asset value	35.26	31.47	33.50

Shareholder return and shareholder value

(Pence per share)

Shareholder return from launch to April 2005 (date that Albion Capital was appointed investment manager):

Total dividends paid to 6 April 2005 ⁽ⁱ⁾	24.93
Decrease in net asset value	(56.60)
Total shareholder return to 6 April 2005	(31.67)

Shareholder return from April 2005 to 31 December 2018 (period that Albion Capital has been investment manager):

Total dividends paid	31.80
Decrease in net asset value	(8.14)
Total shareholder return from April 2005 to 31 December 2018	23.66

Shareholder value since launch:

Total dividends paid to 31 December 2018 ⁽ⁱ⁾	56.73
Net asset value as at 31 December 2018	35.26
Total shareholder value as at 31 December 2018	91.99

Notes

- (i) Prior to 6 April 1999, venture capital trusts were able to add 20 per cent. to dividends and figures for the period up until 6 April 1999 are included at the gross equivalent rate actually paid to shareholders.

Current dividend objective:

Pence per share (per annum)	2.00
Dividend yield on net asset value as at 31 December 2018	5.7%

Financial highlights continued

	31 December 2018 (pence per share)
Total shareholder value since launch:	
Total dividends paid during:	
the period from launch to 6 April 2005 (prior to change of manager)	24.93
the year ended 28 February 2006	1.00
the period ended 30 June 2007	3.30
the year ended 30 June 2008	2.50
the year ended 30 June 2009	2.50
the year ended 30 June 2010	2.50
the year ended 30 June 2011	2.50
the year ended 30 June 2012	2.50
the year ended 30 June 2013	2.50
the year ended 30 June 2014	2.50
the year ended 30 June 2015	2.50
the year ended 30 June 2016	2.50
the year ended 30 June 2017	2.00
the year ended 30 June 2018	2.00
the six months ended 31 December 2018	1.00
Total dividends paid to 31 December 2018	56.73
Net asset value as at 31 December 2018	35.26
Total shareholder value as at 31 December 2018	91.99

In addition to the dividends paid above, the Board has declared a second dividend for the year ending 30 June 2019 of 1 penny per share, to be paid on 29 March 2019 to shareholders on the register on 1 March 2019.

Interim management report

Results

I am pleased to present the results for the Company for the six month period to 31 December 2018 which shows a total return of 2.74 pence per share (8.2% on opening net assets). This compares to a 1.49 pence per share total return for the same period in the previous year, and 4.64 pence per share for the year ended 30 June 2018.

Following payment of the first dividend for the year of 1 penny per share on 30 November 2018, the net asset value as at 31 December 2018 was 35.26 pence per share (30 June 2018: 33.50 pence per share). The total return for the period was £4,519,000 compared to £2,239,000 for the six months to 31 December 2017.

Portfolio review

During the six month period, the Company deployed £1.6 million into qualifying investments (31 December 2017: £3.0 million). Of this amount, £841,000 was invested in four new portfolio companies, all of which are likely to require further investment as the companies prove themselves and grow:

- £356,000 in Phrasee, which provides an AI platform that generates language to optimise marketing campaigns;
- £210,000 in Arecor, to fund the development of biopharmaceuticals, specialising in diabetes treatment;
- £160,000 in Forward Clinical, a secure mobile communications and collaboration platform in healthcare; and
- £115,000 in ePatient Network (trading as Raremark), which provides an online community connecting people affected by rare diseases with up-to-date scientific information, community insights and medical research.

Further investments were made in existing portfolio companies, most notably: £320,000 into Locum's Nest to further support its solution for the management of locum doctors for the NHS, £248,000 into Quantexa to expand its networks analytics platform following a period

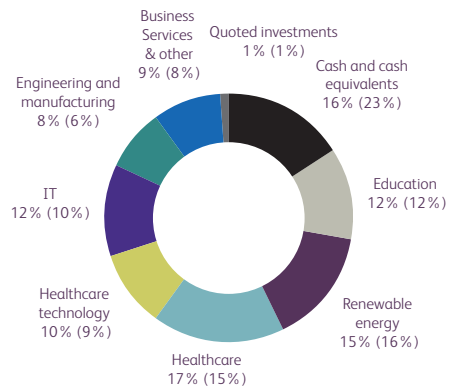
of strong trading, and £119,000 into Egress Software Technologies to fund further growth.

Investments realised during the period primarily related to £358,000 of proceeds from the sale of the Company's holding in Infinite Ventures (Goathill) which, including interest received, resulted in a return of 1.6 times cost. Further details on realisations and loan stock repayments can be found in the realisations table on page 11.

Particularly good progress in the period was achieved by ELE Advanced Technologies, which saw significant growth in trading and profit in the period, and the annual professional third party valuation of Radnor House School (Holdings) increased, as pupil numbers at our Radnor House Sevenoaks School continue to grow. We are also pleased to report that The Ewell (Harley Street), an operator of a women's health centre focusing on fertility, opened during the year. Mirada Medical and Egress Software Technologies, meanwhile, both attracted new third party investment at prices considerably higher than our previous holding values.

Investment portfolio by sector

The chart below illustrates the composition of the portfolio by industry sector as at 31 December 2018.



Source: Albion Capital Group LLP
Comparatives for 30 June 2018 are in brackets

Interim management report continued

Dividends

In line with the annual dividend target for the Company of 2 pence per share, the first dividend for the current financial year of 1 penny per share was paid on 30 November 2018. A second dividend of 1 penny per share will be paid on 29 March 2019 to shareholders on the register on 1 March 2019.

The Board aims to maintain this level of annualised dividend distribution going forward, subject to the availability of cash resources and distributable reserves. Based on the net asset value as at 31 December 2018, this equates to a 5.7% yield.

Dividends are paid free of tax to shareholders. Qualifying shareholders who elect to participate in the Dividend Reinvestment Scheme will be able, in respect of further dividends, to receive their dividends in the form of new shares rather than cash, which will entitle them to income tax relief at the current rate of 30% (new shares will need to be held for at least five years to retain the tax relief). Further details of the Dividend Reinvestment Scheme can be found on the Manager's website www.albion.capital/funds/CRWN.

Risks and uncertainties

The outlook for the UK and global economies, including the uncertainty and potential disruption from the departure of the UK from the EU, continues to be the key risk affecting the Company. Investment risk is mitigated in a number of ways, including our policy that the portfolio should be balanced across sectors and stages of investment.

Other risks and uncertainties remain unchanged and are as detailed on pages 15 and 16 of the Annual Report and Financial Statements for the year ended 30 June 2018.

Share buy-backs

It remains the Board's primary objective to maintain sufficient resources for investment in existing and new portfolio companies and for the continued payment of dividends to shareholders. The Board's policy is to buy back shares in the market, subject to the overall constraint that such purchases are in the Company's interest, and it is the Board's intention for such buy-backs to be in the

region of a 5% discount to net asset value, so far as market conditions and liquidity permit.

During the period, the Company bought back and held in treasury 1,369,000 shares at a total cost of £429,000, in-line with the share buy-back policy.

Transactions with the Manager

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

Albion VCTs Prospectus Top Up Offers 2018/19

Your Board, in conjunction with the boards of other VCTs managed by Albion Capital Group LLP, launched a prospectus top up offer of new Ordinary shares on 7 January 2019. A Securities Note, which forms part of the prospectus, has been sent to shareholders. The proceeds will be used to provide further resources at a time when a number of attractive investment opportunities are being seen.

Board composition

As part of the Board's succession planning, and after almost 9 years on the Board including 4 years as chairman of the Audit and Risk Committee, Karen Brade will retire from the Board in September 2019. James Agnew will succeed Karen as chairman of the Audit and Risk Committee. As announced on 14 February 2019, Pam Garside, a healthcare entrepreneur and member of the Cambridge Business Angels, will join the Board on 1 March 2019.

Outlook

We are pleased with the performance of the Company's investment portfolio during the period under review. The portfolio is balanced across sectors and risk classes and is well positioned for future growth which gives us confidence that we can continue to grow shareholder value over the coming years.

Richard Huntingford

Chairman

19 February 2019

Responsibility statement

The Directors, Richard Huntingford, James Agnew, Karen Brade and Penny Freer, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 31 December 2018 we, the Directors of the Company, confirm that to the best of our knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4R;
- (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); and

- (c) 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).

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

For and on behalf of the Board

Richard Huntingford
Chairman
19 February 2019

Portfolio of investments

Portfolio company	Nature of business	% voting rights	As at 31 December 2018 (unaudited)		As at 30 June 2018 (audited)		Change in value for the period* £'000
			Cost £'000	Value £'000	Cost £'000	Value £'000	
Radnor House School (Holdings) Limited	Independent schools for children aged 5-18	9.0	2,746	6,766	2,746	6,055	711
ELE Advanced Technologies Limited	Manufacturer of precision engineering components	41.9	1,050	4,557	1,050	3,404	1,153
Shinfield Lodge Care Limited	Owner and operator of a 66 bed care home in Shinfield, Berkshire	11.8	2,140	4,079	2,140	3,814	265
Chonais River Hydro Limited	Owner and operator of a 2 MW hydro-power scheme in the Scottish Highlands	14.0	1,549	3,307	1,549	3,294	13
Active Lives Care Limited	Owner and operator of a 75 bed care home in Cumnor Hill, Oxfordshire	7.5	1,620	2,795	1,620	2,556	239
Ryefield Court Care Limited	Owner and operator of a 60 bed care home in Hillingdon, Middlesex	7.7	1,275	2,235	1,275	2,108	127
Quantexa Limited	Network analytics platform to detect financial crime	1.8	438	1,816	190	1,568	-
Gharagain River Hydro Limited	Owner and operator of a 1 MW hydro-power scheme in the Scottish Highlands	15.0	1,116	1,670	1,116	1,671	(1)
Mirada Medical Limited	Developer of medical imaging software	6.3	348	1,495	348	965	530
Proveca Limited	Reformulation of paediatric medicines	5.9	586	1,385	586	1,211	174
Earnside Energy Limited	Anaerobic digestion and composting plant located in Scotland	7.0	1,123	1,356	1,123	1,240	116
G. Network Communications Limited	Ultra-fast fibre optic broadband provider in central London	3.2	580	1,240	580	943	297
The Stanwell Hotel Limited	Boutique hotel located near Heathrow Terminal 5	10.8	1,682	898	1,682	513	385
Beddlestead Limited	Developer and operator of a dedicated wedding venue	8.2	892	895	892	893	2
Convertr Media Limited	Digital lead generation software	4.3	600	863	600	779	84
Egress Software Technologies Limited	Encrypted email and file transfer service provider	0.9	306	845	187	422	304
The Street by Street Solar Programme Limited	Owner and operator of photovoltaic systems on domestic properties	4.4	461	798	461	797	1
Bravo Inns II Limited	Owner and operator of freehold pubs	3.6	595	780	595	764	16
The Ewells (Harley Street) Limited	Operator of a women's health centre focusing on fertility	6.2	778	778	778	779	(1)
Alto Prodotto Wind Limited	Owner and operator of community scale wind energy projects	4.1	351	593	361	616	(10)
MPP Global Solutions Limited	Provider of a digital subscription management platform	1.9	550	550	550	550	-
Regenerco Renewable Energy Limited	Generator of renewable energy from roof top solar installations	3.4	344	547	344	528	19
DySIS Medical Limited	Medical devices for the detection of cervical cancer	3.8	1,038	529	1,005	494	35

Portfolio of investments continued

Portfolio company	Nature of business	% voting rights	As at 31 December 2018 (unaudited)		As at 30 June 2018 (audited)		Change in value for the period* £'000
			Cost £'000	Value £'000	Cost £'000	Value £'000	
Process Systems Enterprise Limited	Process modelling software and services	1.4	138	482	138	449	33
MHS 1 Limited	Education	6.9	481	481	481	481	–
Black Swan Data Limited	Data analysis that supports corporate decision making	1.0	454	454	454	454	–
Oviva AG	A technology enabled service business in medical nutritional therapy (MNT)	2.5	435	439	435	544	(105)
Locum's Nest Limited	Provider of a technology management of locum doctors for the NHS	4.6	400	424	80	104	–
MyMeds&Me Limited	Provider of a platform for collecting data from pharmaceutical adverse events	4.6	440	416	440	509	(93)
Zift Channel Solutions Inc.	Business collaboration and communication solutions	0.6	321	363	321	378	(15)
Phrasee Limited	AI platform that generates optimised marketing campaigns	1.7	356	356	–	–	–
Secured by Design Limited	Automotive technology research and consultancy provider	1.5	220	356	220	289	67
Panaseer Limited	Provider of cyber security services	1.5	253	351	253	351	–
Cisiv Limited	Software and services for non-interventional clinical trials	3.1	278	267	216	112	93
Bravo Inns Limited	Owner and operator of freehold pubs	2.6	306	228	306	220	8
Arecor Limited	Development of biopharmaceuticals through the application of a formulation technology platform	1.2	210	210	–	–	–
Koru Kids Limited	Online marketplace connecting parents and nannies	1.6	200	200	200	200	–
AVESI Limited	Owner and operator of photovoltaic systems on domestic properties	3.8	123	180	123	175	5
Sandcroft Avenue Limited (PayAsUGym)	A provider of flexible access to gyms	0.9	159	166	159	166	–
InCrowd Sports Limited	Developer of mobile apps for professional sports clubs	1.7	147	161	147	161	–
Forward Clinical Limited	A secure mobile communication and collaboration platform in healthcare	1.5	160	160	–	–	–
Aridhia Informatics Limited	Healthcare informatics and analysis provider	2.4	412	148	412	148	–
memsstar Limited	Refurbisher and manufacturer of MEMS and semiconductor fabrication equipment	3.0	104	144	109	202	(53)
Oxsensis Limited	Developer and producer of high temperature sensors	1.3	238	141	238	141	–
uMotif Limited	A patient engagement and data capture platform for use in research	0.9	140	140	140	140	–
ePatient Network Limited (Raremark)	Online community connecting people affected by rare diseases	1.3	115	115	–	–	–
Kew Green VCT (Stansted) Limited	Operator of a Holiday Inn Express hotel at Stansted Airport	2.0	22	111	22	102	9
Abcodia Limited	Validation and discovery of serum biomarkers	1.7	304	107	304	107	–

Portfolio of investments continued

Portfolio company	Nature of business	% voting rights	As at 31 December 2018 (unaudited)		As at 30 June 2018 (audited)		Change in value for the period* £'000
			Cost £'000	Value £'000	Cost £'000	Value £'000	
Greenenerco Limited	Owms & operates a 500kW wind project	1.9	61	102	62	105	(2)
OmPrompt Holdings Limited	A provider of process automation software	1.5	133	90	133	103	(13)
Healios Limited	Provider of an online platform delivering family centric psychological care	0.8	75	75	75	75	–
Innovation Broking Group Limited	Commercial insurance broker	2.7	27	47	27	42	5
Palm Tree Technology Limited	Software company	0.2	102	12	102	31	(19)
Other holdings			486	517	486	502	15
Total unquoted investments			29,468	48,220	27,861	42,255	4,394
Quoted investments							
Augean PLC	Waste management	0.4	593	256	593	130	126
Mi-Pay Group PLC	Provider of mobile payment services	3.0	713	116	713	130	(14)
Tambla Limited (previously ComOps Limited)	Workforce management software	0.1	13	7	13	10	(3)
Avanti Communications Group plc	Supplier of satellite communications	0.1	136	2	136	3	(1)
Total quoted investments			1,455	381	1,455	273	108
Total fixed asset investments			30,923	48,601	29,316	42,528	4,502
Total change in value of investments							4,502
Movement in loan stock accrued interest							18
Unrealised gains sub-total							4,520
Realised gains in current period							27
Total gains on investments as per condensed income statement							4,547

* As adjusted for additions and disposals between the two accounting periods

The total comparative cost and valuations for 30 June 2018 do not agree to the Annual Report and Financial Statements for the year ended 30 June 2018 as the above list does not include brought forward investments that were fully disposed of in the period.

	Cost £'000	Opening carrying value £'000	Disposal proceeds £'000	Total realised gain/(loss) £'000	Gain/(loss) on opening value £'000
Realisations in the period to 31 December 2018					
Disposals:					
Infinite Ventures (Goathill) Limited	256	377	358	102	(19)
CSS Group Limited	28	6	9	(19)	3
Loan stock repayments, restructurings and other:					
DySIS Medical Limited	206	238	238	32	–
Alto Prodotto Wind Limited	9	13	13	4	–
memsstar Limited	5	5	5	–	–
Greenenerco Limited	1	2	2	1	–
Escrow adjustments	–	–	43	43	43
Total fixed asset investment realisations	505	641	668	163	27

Condensed income statement

	Note	Unaudited six months ended 31 December 2018			Unaudited six months ended 31 December 2017			Audited year ended 30 June 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments	3	–	4,547	4,547	–	2,295	2,295	–	7,366	7,366
Investment income	4	637	–	637	516	–	516	1,105	–	1,105
Investment management fees	5	(125)	(376)	(501)	(105)	(316)	(421)	(220)	(660)	(880)
Other expenses		(164)	–	(164)	(151)	–	(151)	(325)	–	(325)
Profit on ordinary activities before tax		348	4,171	4,519	260	1,979	2,239	560	6,706	7,266
Tax on ordinary activities		–	–	–	–	–	–	–	–	–
Profit and total comprehensive income attributable to shareholders		348	4,171	4,519	260	1,979	2,239	560	6,706	7,266
Basic and diluted earnings per Ordinary share (pence)*	7	0.21	2.53	2.74	0.17	1.32	1.49	0.36	4.28	4.64

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 December 2017 and the audited statutory accounts for the year ended 30 June 2018.

The accompanying notes on pages 16 to 20 form an integral part of this Half-yearly Financial Report.

The total column of this Condensed income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns are prepared under guidance published by The Association of Investment Companies.

Condensed balance sheet

Note	Unaudited 31 December 2018 £'000	Unaudited 31 December 2017 £'000	Audited 30 June 2018 £'000
Fixed asset investments	48,601	40,917	42,911
Current assets			
Investment in subsidiary undertakings	–	6,400	–
Trade and other receivables less than one year	249	342	266
Cash and cash equivalents	9,596	9,048	12,604
	9,845	15,790	12,870
Total assets	58,446	56,707	55,781
Payables: amounts falling due within one year			
Trade and other payables less than one year	(327)	(6,704)	(367)
Total assets less current liabilities	58,119	50,003	55,414
Equity attributable to equity holders			
Called up share capital 8	1,837	17,521	1,829
Share premium	1,230	20,746	974
Capital redemption reserve	–	1,415	–
Unrealised capital reserve	17,357	7,943	12,973
Realised capital reserve	(982)	(466)	(769)
Other distributable reserve	38,677	2,844	40,407
Total equity shareholders' funds	58,119	50,003	55,414
Basic and diluted net asset value per share (pence)*	35.26	31.47	33.50

* excluding treasury shares

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 31 December 2017 and the audited statutory accounts for the year ended 30 June 2018.

The accompanying notes on pages 16 to 20 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 19 February 2019 and were signed on its behalf by

Richard Huntingford
Chairman

Company number 03495287

Condensed statement of changes in equity

	Ordinary share capital £'000	Share premium £'000	Capital redemption reserve £'000	Unrealised capital reserve £'000	Realised capital reserve* £'000	Other distributable reserve* £'000	Total £'000
As at 1 July 2018	1,829	974	–	12,973	(769)	40,407	55,414
Profit/(loss) and total comprehensive income	–	–	–	4,520	(349)	348	4,519
Transfer of previously unrealised gains on disposals of investments	–	–	–	(136)	136	–	–
Dividends paid	–	–	–	–	–	(1,649)	(1,649)
Purchase of shares for treasury (including costs)	–	–	–	–	–	(429)	(429)
Issue of equity	8	258	–	–	–	–	266
Cost of issue of equity	–	(2)	–	–	–	–	(2)
As at 31 December 2018	1,837	1,230	–	17,357	(982)	38,677	58,119
As at 1 July 2017	16,211	18,032	1,415	6,311	(813)	4,425	45,581
Profit/(loss) and total comprehensive income	–	–	–	2,034	(55)	260	2,239
Transfer of previously unrealised gains on disposals of investments	–	–	–	(402)	402	–	–
Dividends paid	–	–	–	–	–	(1,467)	(1,467)
Purchase of shares for treasury (including costs)	–	–	–	–	–	(374)	(374)
Issue of equity	1,310	2,794	–	–	–	–	4,104
Cost of issue of equity	–	(80)	–	–	–	–	(80)
As at 31 December 2017	17,521	20,746	1,415	7,943	(466)	2,844	50,003
As at 1 July 2017	16,211	18,032	1,415	6,311	(813)	4,425	45,581
Profit and total comprehensive income	–	–	–	5,814	892	560	7,266
Transfer of previously unrealised losses on disposal of investments	–	–	–	420	(420)	–	–
Transfer of previously unrealised revaluations on liquidation of subsidiaries	–	–	–	428	(428)	–	–
Dividends paid	–	–	–	–	–	(3,085)	(3,085)
Purchase of shares for treasury (including costs)	–	–	–	–	–	(715)	(715)
Issue of equity	1,778	4,724	–	–	–	–	6,502
Cost of issue of equity	–	(135)	–	–	–	–	(135)
Reduction of share capital and cancellation of reserves	(16,160)	(21,647)	(1,415)	–	–	39,222	–
As at 30 June 2018	1,829	974	–	12,973	(769)	40,407	55,414

* Included within these reserves is an amount of £19,712,000 (31 December 2017: £2,378,000; 30 June 2018: £20,029,000) which is considered distributable. In time, a further £17,983,000 will become distributable.

Condensed statement of cash flows

	Unaudited six months ended 31 December 2018 £'000	Unaudited six months ended 31 December 2017 £'000	Audited year ended 30 June 2018 £'000
Cash flow from operating activities			
Loan stock income received	619	448	950
Deposit interest received	19	3	15
Dividend income received	15	13	36
Investment management fees paid	(486)	(400)	(836)
Other cash payments	(181)	(167)	(316)
Net cash flow from operating activities	(14)	(103)	(151)
Cash flow from investing activities			
Purchase of fixed asset investments	(1,590)	(2,997)	(4,252)
Disposal of fixed asset investments	430	748	5,188
Receipt of subsidiary cash upon liquidation	–	–	11
Net cash flow from investing activities	(1,160)	(2,249)	947
Cash flow from financing activities			
Issue of share capital	–	3,792	5,869
Cost of issue of equity	–	(2)	(3)
Equity dividends paid	(1,369)	(1,233)	(2,595)
Purchase of own shares for treasury (including costs)	(465)	(406)	(712)
Net cash flow from financing activities	(1,834)	2,151	2,559
(Decrease)/increase in cash and cash equivalents	(3,008)	(201)	3,355
Cash and cash equivalents at the start of the period	12,604	9,249	9,249
Cash and cash equivalents at the end of the period	9,596	9,048	12,604
Cash and cash equivalents comprise:			
Cash at bank and in hand	9,596	9,048	12,604
Cash equivalents	–	–	–
Total cash and cash equivalents	9,596	9,048	12,604

Notes to the unaudited condensed Financial Statements

1. Basis of preparation

The condensed 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, including Financial Reporting Standard 102 (“FRS 102”), Financial Reporting Standard 104 – Interim Financial Reporting (“FRS 104”), 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”).

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss (“FVTPL”). The Company values investments by following the International Private Equity and Venture Capital Valuation (“IPEV”) Guidelines and further detail on the valuation techniques used are outlined in note 2 below.

The Half-yearly Financial Report has not been audited, nor has it been reviewed by the auditor pursuant to the FRC’s guidance on Review of interim financial information.

Company information can be found on page 2.

2. Accounting policies

Fixed asset investments

The Company’s business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the Board.

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at FVTPL.

Upon initial recognition (using trade date accounting) investments, including loan stock, are classified by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the income statement).

Subsequently, the investments are valued at ‘fair value’, which is measured as follows:

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations;
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEV Guidelines. Indicators of fair value are derived using established methodologies including earnings and revenue multiples, the level of third party offers received, prices of recent investment rounds, net assets and industry valuation benchmarks. Where the Company has an investment in an early stage enterprise, the price of a recent investment round is often the most appropriate approach to determining fair value. In situations where a period of time has elapsed since the date of the most recent transaction, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:
 - the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
 - a significant adverse change either in the portfolio company’s business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
 - market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

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 other distributable reserve when a share becomes ex-dividend.

Receivables, payables and cash are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than payables.

Notes to the unaudited condensed Financial Statements continued

2. Accounting policies (continued)

Investment income

Quoted and unquoted equity income

Dividends receivable on quoted equity shares are recognised on the ex-dividend date. Income receivable on unquoted equity is recognised when the Company's right to receive payment and expected settlement is established.

Unquoted loan stock income

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then it is recognised as income unless there is reasonable doubt as to its receipt.

Bank interest income

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

Investment management fees, performance incentive fees and other expenses

All expenses have been accounted for on an accruals basis. Expenses are charged through the revenue column of the Condensed income statement, except for management fees and performance incentive fees which are allocated in part to the capital column of the Income statement, to the extent that these relate to the maintenance or 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.

Taxation

Taxation is applied on a current basis in accordance with FRS 102. Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the financial reporting date. Taxation associated with capital expenses is applied in accordance with the SORP.

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the Financial Statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Financial Statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT in the foreseeable future. The Company

therefore, should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

Reserves

Share premium reserve

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 other distributable reserve.

Capital redemption reserve

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

Unrealised capital reserve

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

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders where paid out by capital.

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve were combined in 2012 to form a single reserve named other distributable reserve.

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

Dividends

Dividends by the Company are accounted for in the period in which the dividend is paid or approved at the Annual General Meeting.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in smaller companies principally based in the UK.

Notes to the unaudited condensed Financial Statements continued

3. Gains on investments

	Unaudited six months ended 31 December 2018 £'000	Unaudited six months ended 31 December 2017 £'000	Audited year ended 30 June 2018 £'000
Unrealised gains on fixed asset investments	4,520	2,034	5,814
Realised gains on fixed asset investments	27	261	1,552
	4,547	2,295	7,366

4. Investment income

	Unaudited six months ended 31 December 2018 £'000	Unaudited six months ended 31 December 2017 £'000	Audited year ended 30 June 2018 £'000
Income recognised on investments			
Loan stock interest and other fixed returns	602	503	1,056
UK dividend income	15	10	32
Bank deposit interest	20	3	17
	637	516	1,105

5. Investment management fees

	Unaudited six months ended 31 December 2018			Unaudited six months ended 31 December 2017			Audited year ended 30 June 2018		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	125	376	501	105	316	421	220	660	880

Further details of the management agreement under which the investment management fee is paid are given on page 13 of the Strategic report in the Annual Report and Financial Statements for the year ended 30 June 2018.

During the period, services of a total value of £526,000 (six months ended 31 December 2017: £446,000; year ended 30 June 2018: £930,000) were purchased by the Company from Albion Capital Group LLP; comprising £501,000 management fee and £25,000 administration fee. At the financial period end, the amount due to Albion Capital Group LLP disclosed as payables was £269,000 (administration fee accrual £12,500, management fee accrual £256,500) (31 December 2017: £233,000; 30 June 2018: £254,500).

Albion Capital Group LLP is, from time to time, eligible to receive arrangement fees and monitoring' fees from portfolio companies. During the period to 31 December 2018, fees of £72,000 attributable to the investments of the Company were received pursuant to these arrangements (31 December 2017: £86,000; 30 June 2018: £155,000).

Albion Capital Group LLP, its partners and staff hold 771,432 Ordinary shares in the Company.

Notes to the unaudited condensed Financial Statements continued

6. Dividends

	Unaudited six months ended 31 December 2018 £'000	Unaudited six months ended 31 December 2017 £'000	Audited year ended 30 June 2018 £'000
First dividend of 1 penny per share paid on 30 November 2017	–	1,467	1,467
Second dividend of 1 penny per share paid on 29 March 2018	–	–	1,632
First dividend of 1 penny per share paid on 30 November 2018	1,649	–	–
Unclaimed dividends	–	–	(14)
	1,649	1,467	3,085

In addition, the Board has declared a second dividend of 1 penny per share for the year ending 30 June 2019. This will be paid on 29 March 2019 to shareholders on the register on 1 March 2019. This is expected to amount to approximately £1,648,000.

7. Basic and diluted return per share

	Unaudited six months ended 31 December 2018			Unaudited six months ended 31 December 2017			Audited year ended 30 June 2018		
	Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Total
Return attributable to equity shares (£'000)	348	4,171	4,519	260	1,979	2,239	560	6,706	7,266
Weighted average shares in issue (excluding treasury shares)	165,106,141			149,849,592			156,706,633		
Return attributable per Ordinary share (pence) (basic and diluted)	0.21	2.53	2.74	0.17	1.32	1.49	0.36	4.28	4.64

The return per share has been calculated excluding treasury shares of 18,840,410 (31 December 2017: 16,311,410; 30 June 2018: 17,471,410).

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.

8. Ordinary share capital

Allotted, called up and fully paid Ordinary shares of 1 penny each (31 December 2017: 10 pence each; 30 June 2018: 1 penny each)	Unaudited 31 December 2018	Unaudited 31 December 2017	Audited 30 June 2018
Number of shares	183,657,792	175,211,641	182,866,158
Nominal value of allotted shares (£'000)	1,837	17,521	1,829
Voting rights (number of shares net of treasury shares)	164,817,382	158,900,231	165,394,748

During the period to 31 December 2018 the Company purchased 1,369,000 Ordinary shares (nominal value £14,000) for treasury at a cost of £429,000. The total number of Ordinary shares held in treasury as at 31 December 2018 was 18,840,410 (31 December 2017: 16,311,410; 30 June 2018: 17,471,410) representing 10.3 per cent. of the Ordinary shares in issue as at 31 December 2018.

Notes to the unaudited condensed Financial Statements continued

8. Ordinary share capital (continued)

Under the terms of the Dividend Reinvestment Scheme Circular dated 26 February 2009, the following new Ordinary shares of nominal value 1 penny per share were allotted during the period:

Allotment date	Number of shares allotted	Aggregate nominal value of shares (£'000)	Issue price (pence per share)	Net invested (£'000)	Opening market price on allotment date (pence per share)
30 November 2018	791,634	8	33.56	264	33.40

9. Contingencies and guarantees

As at 31 December 2018 the Company had no financial commitments in respect of investments (31 December 2017: £nil; 30 June 2018: £nil).

There are no external contingencies or guarantees of the Company as at 31 December 2018 (31 December 2017: £nil; 30 June 2018: £nil).

10. Post balance sheet events

Since 31 December 2018, the Company has completed the following material transaction:

- Investment of £510,000 in Avora Limited, which develops software to improve decision making through augmented analytics and machine learning.

11. Related party transactions

Other than transactions with the Manager as disclosed in note 5, there are no other related party transactions requiring disclosure.

12. Going concern

The Board's assessment of liquidity risk remains unchanged since the last Annual Report and Financial Statements for the year ended 30 June 2018 and is detailed on page 67 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 the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council.

13. Other information

The information set out in the 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 December 2018 and 31 December 2017 and is unaudited. The financial information for the year ended 30 June 2018 does not constitute statutory accounts within the terms of section 434 of the Companies Act 2006 and is derived from the statutory accounts for the financial year, which have been delivered to the Registrar of Companies. The Auditor's report on those accounts was unqualified and did not contain statements under s498 (2) or (3) of the Companies Act 2006.

14. 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.capital/funds/CRWN.

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