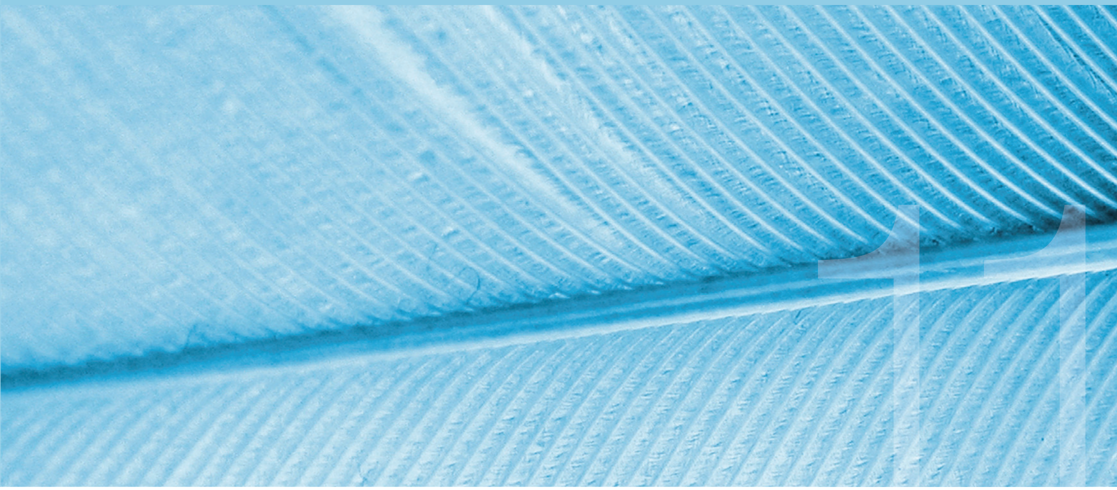
Half-yearly Financial Report
(unaudited) for the
six months to 30 June 2011



Kings Arms Yard VCT PLC
(formerly SPARK VCT plc)

Albion Ventures

Contents

Company information

Company number	3139019
Directors	Robin Field, Chairman Martin Fiennes Patrick Reeve
Manager, company secretary and registered office	Albion Ventures LLP 1 King's Arms Yard London EC2R 7AF
Registrar	Capita Registrars Limited Northern House Penistone Road Fenay Bridge Huddersfield HD8 0LA
Auditor and Taxation adviser	Grant Thornton UK LLP 30 Finsbury Square London EC2P 2YU
Legal adviser	Travers Smith LLP 10 Snow Hill London EC1A 2AL

Kings Arms Yard 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, Mon-Fri)
Email: *ssd@capitaregistrars.com*
Website: *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, Mon-Fri)
Email: *info@albion-ventures.co.uk*
Website: *www.albion-ventures.co.uk*

IFA information

Independent Financial Advisers with questions, please contact Albion Ventures LLP:
Tel: 020 7601 1850 (calls may be recorded, lines are open 9.00 am – 5.30 pm Mon-Fri)
Email: *info@albion-ventures.co.uk*
Website: *www.albion-ventures.co.uk*

Investment policy

The Company is a Venture Capital Trust. The new investment policy, approved by shareholders at the General Meeting held on 10 February 2011, is intended to produce a regular and predictable dividend stream with an appreciation in capital value as set out below.

- The Company intends to achieve its strategy by adopting an amended investment policy for new investments which over time will rebalance the portfolio such that approximately 50 per cent. of the portfolio comprises an asset-based portfolio of lower risk, ungeared businesses, principally operating in the healthcare, environmental and leisure sectors (the "Asset-Based Portfolio"). The balance of the portfolio, other than funds retained for liquidity purposes, will be invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy. These will range from lower risk, income producing businesses to a limited number of higher risk technology companies (the "Growth Portfolio").

- In neither category would portfolio companies normally have any external borrowing with a charge ranking ahead of the VCT. Up to two thirds of qualifying investments by cost will comprise loan stock secured with a first charge on the portfolio company's assets.

- The Company's investment portfolio will thus be structured to provide a balance between income and capital growth for the longer term. The Asset-Based Portfolio is designed to provide stability and income whilst still maintaining the potential for capital growth. The Growth Portfolio is intended to provide highly diversified exposure through its portfolio of investments in unquoted UK companies.

- Funds held pending investment or for liquidity purposes will be held as cash on deposit or in floating rate notes or similar instruments with banks or other financial institutions with a Moody's rating of 'A' or above.

Financial calendar

Financial year end	31 December
Interim Report date	30 June
Announcement of interim results for the six months ended 30 June 2011	22 August 2011

Financial highlights (unaudited)

	Unaudited six months ended 30 June 2011 (pence per share)	Unaudited six months ended 30 June 2010 (pence per share)	Audited year ended 31 December 2010 (pence per share)
Net asset value	**16.0**	18.8	16.6
Dividends			
Dividends paid during the period	**0.67**	4.0	5.0
Cumulative dividend paid to 30 June 2011	**59.3**	57.7	58.7
Total net asset value return[1]			
To shareholders of Kings Arms Yard VCT PLC (formerly SPARK VCT plc)	**75.3**	76.5	75.3
Total net asset value return including tax benefits[2]	**95.3**	96.5	95.3
Total net asset value return to former shareholders of:			
Quester VCT 2 plc, per 100p invested in shares of that company[3]	**61.3**	62.3	61.2
Total net asset value return including tax benefits[2]	**81.3**	82.3	81.2
Quester VCT 3 plc, per 100p invested in shares of that company[4]	**35.1**	36.3	35.1
Total net asset value return including tax benefits[2]	**55.1**	56.3	55.1

Notes

(1) *Net asset value plus cumulative dividend per share to ordinary shareholders in the Company since the launch of the Company (then called Quester VCT plc) in April 1996.*

(2) *Return after 20 per cent. income tax relief but excluding capital gains deferral.*

(3) *Total return to original shareholders in Quester VCT 2 plc, launched in March 1998, which was merged with the Company (then called Quester VCT plc) in June 2005, the share exchange ratio for former shareholders in Quester VCT 2 plc being 1.0249.*

(4) *Total return to original shareholders in Quester VCT 3 plc, launched in February 2000, which was merged with the Company (then called Quester VCT plc) in June 2005, the share exchange ratio for former shareholders in Quester VCT 3 plc being 0.9816.*

Chairman's statement

Introduction

I am pleased to be able to report to shareholders on the first period of trading under our new Managers. Our new investment strategy was adopted at the General Meeting on 10 February 2011 and the Managers have subsequently been active in implementing this. As reported in my last statement of 19 April 2011, progress has been made in rationalising the small quoted portfolio. Since then this process has continued and the exit of MediGene AG has been completed. Progress has been made toward the disposal of certain of our unquoted investments, with the sale of Imagesound plc completing at book value after 30 June 2011. New investments have been made in two existing businesses and in a new bio-marker library business. A number of interesting investment opportunities have been identified of which two are in progress.

The deterioration in market sentiment over recent weeks has not so far had any significant effect on the value of our, largely unquoted, portfolio. The extent to which it may affect the trading of portfolio companies, the opportunity of realising existing investments or the opportunity for suitable new investments is not yet clear.

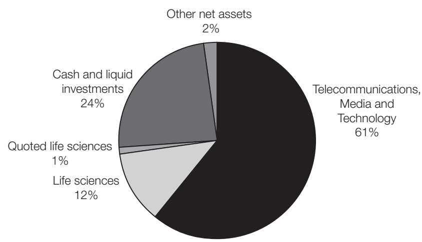
Investment performance and progress

In the six months to 30 June 2011, total net asset value return per share has remained at 75.3p per share, which is the same level as at 31 December 2010. Net assets per share at 30 June 2011 stood at 16.0p compared to 16.6p as at 31 December 2010 since when shareholders have received a tax free dividend of 0.67p per share.

The movement in net assets is summarised in the table below:

	Investments £'000	Bonds and net current assets £'000	Total £'000	Pence per share
Net asset value at 31 December 2010	12,350	5,933	18,283	16.6
Net gains on disposal	36	(12)	24	0.0
Income net of operating expenses	–	(256)	(256)	(0.2)
Net gain on valuation of investments	280	(13)	267	0.2
Net investments	282	(282)	–	–
Net assets before dividends	12,948	5,370	18,318	16.6
Dividends paid, less amounts reinvested	–	(623)	(623)	(0.6)
Net asset value at 30 June 2011	12,948	4,747	17,695	16.0

The distribution of assets by sector as at 30 June 2011 is shown in the pie chart below:



Source: Albion Ventures LLP

Risks and uncertainties

The outlook for the UK and the global economies continue to be the key risk facing your Company. Many of our investments operate in international markets where the continuing concerns over debt and currencies seem certain to have an effect on the general business environment. Nevertheless, a number of our companies have strong positions in resilient markets, while the process of rebalancing the portfolio and an increase in lower risk investments, with no bank borrowings, is continuing.

Chairman's statement continued

Other risks and uncertainties remain as on pages 17 and 18 of the Annual Report and Financial Statements for the year ended 31 December 2010.

Proposed merger with Kings Arms Yard VCT 2 PLC

As announced on 16 May 2011, it is proposed that Kings Arms Yard 2 VCT PLC will merge with your Company through a scheme of reconstruction pursuant to section 110 of the Insolvency Act 1986, which will be subject approval as detailed in the Companys Circular and Prospectus which will shortly be sent to shareholders. If the appropriate resolutions are passed, Kings Arms Yard VCT 2 PLC will be placed in members' voluntary liquidation with all of its assets and liabilities being transferred to the Company and Kings Arms Yard VCT 2 PLC shareholders will receive new shares in Kings Arms Yard VCT PLC on the basis of the relative net asset values of the two companies as adjusted for material movements for each company before the effective date.

Full details are to be found in the Company's Prospectus and Circular which will soon be dispatched to all shareholders.

Related party transactions

Details of material related party transactions for the reporting period can be found in note 10 of this Half-yearly Financial Report.

Results and dividends

We believe that the Company is moving toward a sounder footing, but it would be premature to suggest any permanent improvement yet. Our overall dividend intentions remain unchanged and we will review the prospect of a final dividend once full year performance has been achieved.

Outlook

The performance of quoted markets has been very weak in recent weeks. The extent to which this expresses, or is likely to lead to, an underlying economic malaise is not yet clear, but there are clearly major issues to be tackled at a macro-economic level. Under these conditions it is difficult to make positive forward looking statements, but your Board is confident that the Company is being managed in a manner that offers it the best prospect of a positive future.

Robin Field
Chairman 22 August 2011

Responsibility statement

The Directors, as listed on page 2 of this Report, are responsible for preparing the Half-yearly Financial Report. The Directors have chosen to prepare this Half-yearly Financial Report for the Company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

In preparing these summarised financial statements for the period to 30 June 2011, we the Directors of the Company, confirm that to the best of our knowledge:

(a) the summarised set of financial statements has been prepared in accordance with the pronouncement on interim reporting issued by the Accounting Standards Board;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);

(c) the summarised set of financial statements gives a true and fair view in accordance with UK GAAP of the assets, liabilities, financial position and profit and loss of the Company for the six months ended 30 June 2011 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 31 December 2010.

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

By order of the Board

Robin Field
Chairman 22 August 2011

Portfolio of investments

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

	Equity % held	Equity % held by AVL[1]	Accounting cost[2] £'000	Cumulative movement in value £'000	Valuation £'000
Unquoted investments					
Imagesound plc [3]	11.7	12.2	2,848	(653)	2,195
Elateral Holdings Limited	23.4	36.7	1,009	1,092	2,101
UniServity Limited	20.5	49.2	1,208	436	1,644
Level Four Software Holdings Limited [3]	12.9	24.9	984	144	1,128
Cluster Seven Limited [3]	9.0	14.8	1,569	(552)	1,017
Haemostatix Limited	13.0	21.1	584	317	901
Workshare Limited	1.8	11.3	696	(22)	674
Sift Limited [3]	22.5	31.4	2,658	(2,014)	644
Vivacta Limited	8.1	13.3	1,572	(1,042)	530
Lab M Holdings Limited	26.4	26.4	690	(195)	495
Atego Group Limited	11.3	11.3	120	359	479
Perpetuum Limited	7.5	12.4	847	(473)	374
Antenova Limited	5.3	12.3	1,307	(1,114)	193
We7 Limited	9.2	13.0	816	(702)	114
Abcodia Limited	3.1	21.4	110	–	110
Symetrica Limited	2.4	3.4	108	–	108
Academia Networks Limited	4.1	5.8	103	–	103
TeraView Limited	4.8	9.6	1,172	(1,147)	25
Oxonica Limited	1.5	2.1	195	(188)	7
Skinkers Limited	4.0	5.2	1,178	(1,178)	–
Total unquoted investments			**19,774**	**(6,932)**	**12,842**
Quoted investments					
Allergy Therapeutics plc (AIM)	0.3	0.9	365	(307)	58
Celldex Therapeutics Inc. (NASDAQ)	0.2	0.5	504	(456)	48
Total quoted investments			**869**	**(763)**	**106**
Total investments			**20,643**	**(7,695)**	**12,948**
Cash and other net assets					4,747
Net assets					**17,695**

(1) *Equity held by Albion Ventures LLP managed companies.*

(2) *Amounts shown as accounting cost represent the acquisition cost in the case of investments originally made by the Company and/or the valuation attributed to the investments acquired from Quester VCT 2 plc and Quester VCT 3 plc at the date of the merger in 2005, plus any subsequent acquisition costs, as reduced in certain cases by amounts written off as representing an impairment in value.*

(3) *Includes Loan Stock.*

Summary income statement

		Unaudited six months ended 30 June 2011			Unaudited six months ended 30 June 2010			Audited year ended 31 December 2010		
	Note	**Revenue £'000**	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains/(losses) on valuation of investments at fair value through profit and loss		**–**	**267**	**267**	–	(249)	(249)	–	(2,209)	(2,209)
Profit on disposals of investments at fair value through profit and loss		**–**	**24**	**24**	–	655	655	–	1,576	1,576
Investment income	3	**77**	**–**	**77**	59	–	59	132	–	132
Recoverable VAT		**–**	**–**	**–**	49	–	49	49	–	49
Investment management fees		**(181)**	**–**	**(181)**	(243)	–	(243)	(412)	–	(412)
Other expenses		**(152)**	**–**	**(152)**	(170)	–	(170)	(350)	–	(350)
(Loss)/profit on ordinary activities before tax		**(256)**	**291**	**35**	(305)	406	101	(581)	(633)	(1,214)
Tax on ordinary activities		**–**	**–**	**–**	–	–	–	–	–	–
(Loss)/profit on ordinary activities after tax		**(256)**	**291**	**35**	(305)	406	101	(581)	(633)	(1,214)
Basic and diluted (loss)/ return per share (pence)	5	**(0.2)**	**0.3**	**0.1**	(0.3)	0.4	0.1	(0.5)	(0.6)	(1.1)

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

The accompanying notes on pages 13 to 17 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. The Company has only one class of business and derives its income from investments made in shares and securities and from bank deposits.

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 cost 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 30 June 2011 £'000**	Unaudited 30 June 2010 £'000	Audited 31 December 2010 £'000
Fixed asset investments		**12,948**	14,154	12,350
Current assets				
Trade and other debtors		**472**	761	686
Current asset investments		**989**	3,722	3,230
Cash at bank and in hand	8	**3,367**	2,428	2,216
		4,828	6,911	6,132
Creditors: amounts falling due within one year		**(81)**	(364)	(199)
Net current assets		**4,747**	6,547	5,933
Net assets		**17,695**	20,701	18,283
Capital and reserves				
Called-up share capital	6	**5,521**	5,519	5,519
Share premium		**155**	150	150
Capital redemption reserve		**765**	765	765
Special reserve		**18,222**	21,524	20,524
Investment holding losses		**(7,709)**	(7,431)	(9,574)
Profit and loss account		**741**	174	899
Total equity shareholders' funds		**17,695**	20,701	18,283
Basic and diluted net asset value per share (pence)		**16.0**	18.8	16.6

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

The accompanying notes on pages 13 to 17 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 22 August 2011 and were signed on its behalf by

Robin Field
Chairman

Company number 3139019

Summary reconciliation of movements in shareholders' funds

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Special reserve £'000	Investment Holding losses £'000	Profit and loss account £'000	Total £'000
1 January 2011 (audited)	**5,519**	**150**	**765**	**20,524**	**(9,574)**	**899**	**18,283**
Realisation of prior years' net recognised losses on investments	–	–	–	–	1,598	(1,598)	–
Transfer from special reserve to profit and loss account	–	–	–	(2,302)	–	2,302	–
Investment holding gain on valuation of investments	–	–	–	–	267	(267)	–
Issue of equity (net of costs)	2	5	–	–	–	–	7
Loss on ordinary activities after taxation	–	–	–	–	–	35	35
Dividends paid	–	–	–	–	–	(630)	(630)
As at 30 June 2011 (unaudited)	**5,521**	**155**	**765**	**18,222**	**(7,709)**	**741**	**17,695**
1 January 2010 (audited)	5,519	150	765	22,685	(7,941)	3,852	25,030
Realisation of prior years' net recognised losses on investments	–	–	–	–	759	(759)	–
Transfer from special reserve to profit and loss account	–	–	–	(1,161)	–	1,161	–
Investment holding loss on valuation of investments	–	–	–	–	(249)	249	–
Profit on ordinary activities after taxation		–	–	–	–	101	101
Dividends paid	–	–	–	–	–	(4,430)	(4,430)
As at 30 June 2010 (unaudited)	5,519	150	765	21,524	(7,431)	174	20,701
1 January 2010 (audited)	5,519	150	765	22,685	(7,941)	3,852	25,030
Realisation of prior years' net recognised losses on investments	–	–	–	–	576	(576)	–
Transfer from special reserve to profit and loss account	–	–	–	(2,161)	–	2,161	–
Investment holding loss on valuation of investments	–	–	–	–	(2,209)	(2,209)	–
Loss on ordinary activities after taxation	–	–	–	–	–	(1,214)	(1,214)
Dividends paid	–	–	–	–	–	(5,533)	(5,533)
As at 31 December 2010 (audited)	5,519	150	765	20,524	(9,574)	899	18,283

The total distributable reserves are £11,254,000 (30 June 2010: £14,267,000; 31 December 2010: £11,849,000), comprising the special reserve and the profit and loss account, less net investment holdings losses.

Summary cash flow statement

	Note	**Unaudited six months ended 30 June 2011 £'000**	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Net cash flow from operating activities	7	**(254)**	(445)	(524)
Taxation				
UK corporation tax recovered/(paid)		**–**	–	–
Financial investments				
Purchase of fixed asset investments		**(452)**	(168)	(536)
Purchase of current asset investments		**(985)**	–	–
Disposal of fixed asset investments		**326**	1,266	2,139
Disposal of current asset investments		**3,235**	2,988	3,480
Amounts recovered from investments previously written off		**–**	27	–
Net cash flow from investing activities		**2,124**	4,113	5,083
Equity dividends paid (net of costs of issuing shares under the Dividend Reinvestment Scheme)		**(718)**	(4,430)	(5,533)
Net cash flow before financing		**1,152**	(762)	(974)
Financing				
Costs of issue of share capital		**(1)**	–	–
Net cash flow from financing		**(1)**	–	–
Cash flow in the period	**8**	**1,151**	(762)	(974)

The accompanying notes on pages 13 to 17 form an integral part of this Half-yearly Financial Report.

Notes to the unaudited summarised financial statements for the six months ended 30 June 2011

1. Accounting convention

The Financial Statements have been prepared in accordance with the historical cost convention, except for the measurement of fair value of investments, and in accordance with applicable UK 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. The accounts are prepared on a going concern basis.

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.

Upon initial recognition (using trade date accounting) investments are designated by the Company as 'at fair value through profit or loss' and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the profit and loss account).

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 International Private Equity and Venture Capital Valuation guidelines. Indicators of fair value are derived using established methodologies including earnings multiples, 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 investee 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 investee 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.

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., but less than 50 per cent., of the equity of an investment company, and the investment company is not a subsidiary, are not regarded as associated undertakings.

Current asset investments

In accordance with FRS 26, units held in funds used for cash management are designated as fair value through profit and loss. These investments are classified as current asset investments as they are investments held for the short term and comparative classification in the Balance sheet and Cash flow statements have been represented accordingly.

Gains and losses on Investments

Gains and losses arising from changes in the fair value of the investments are included in the Income statement for the year as a Capital item and are allocated to Investment holding losses.

Investment income

Dividends receivable on quoted equity shares are recognised into account on the ex-dividend date. Income receivable on unquoted equity and non-equity

Notes to the unaudited summarised financial statements for the six months ended 30 June 2011 continued

shares and loan notes is recognised when the Company's right to receive payment and expect settlement is established. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis (including amortisation of any premium or discount to redemption) so as to reflect the effective interest rate, provided there is no reasonable doubt that payment will be received in due course. Income from fixed interest securities and deposit interest is included on an effective interest rate basis.

Expenses

All expenses, including expenses incidental to the acquisition or disposal of an investment, are accounted for on an accruals basis and are charged wholly to the profit and loss account. Costs associated with the issue of shares are charged to the share premium account. Costs associated with the buy back of shares are charged to the special reserve.

All other expenses, including management fees, are presented within the Revenue column of the Income statement.

Taxation

Corporation tax is applied to profits chargeable to corporation tax, if any, at the applicable rate for the period. The Company has not provided for deferred tax on any capital gains or losses arising on the revaluation or disposal of investments as these items are not subject to tax whilst the Company maintains its Venture Capital Trust status. The Company intends to continue to meet the conditions required for it to hold approved Venture Capital Trust status for the foreseeable future. Deferred tax assets in respect of surplus management expenses are only recognised to the extent that such assets are likely to be recoverable against future taxable profits of the Company.

Foreign exchange

The currency of the primary economic environment in which the Company operates (the functional currency) is pounds sterling ("Sterling"), which is also the presentational currency of the Company. Transactions involving currencies other than Sterling are recorded at the exchange rate ruling on the transaction date. At each Balance sheet date, monetary items and non-monetary assets and liabilities that are measured at fair value, which are denominated in foreign currencies, are retranslated at the closing rates of exchange. Exchange differences arising on settlement of monetary items and from retranslating at the Balance sheet date of investments and other financial instruments measured at fair value through profit or loss, and other monetary items, are included in the Profit and loss account. Exchange differences relating to investments and other financial instruments measured at fair value are subsequently included in the transfer to the Investment holding losses.

Dividends

Dividends payable to equity shareholders are recognised when they are paid, or have been approved by shareholders at an Annual General Meeting.

Notes to the unaudited summarised financial statements for the six months ended 30 June 2011 continued

3. Investment income

	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Interest recognised on investments held at fair value through profit or less			
Interest on listed fixed interest securities	**–**	3	3
Interest on loans to venture capital investee companies	**42**	38	91
Other income	**10**	12	22
	52	53	116
Interest recognised on investments held at amortised on investments			
Bank deposit interest	**25**	6	16
	77	59	132

4. Dividends

	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Final dividend of 4 pence per share paid on 11 June 2010 in respect of the year ended 31 December 2009	–	4,430	4,430
Interim dividend of 1 penny per share paid on 24 September 2010 in respect of the year ended 31 December 2010	–	–	1,103
Final dividend of 0.67 pence per share paid on 24 June 2011 in respect of the year ended 31 December 2010	739	–	–
Dividends recovered	(109)	–	–
	630	4,430	5,533

5. Basic and diluted return per share

Return per share has been calculated on 110,371,963 Ordinary shares (30 June 2010 and 31 December 2010: 110,370,135) being the weighted average number of shares in issue for the period.

Notes to the unaudited summarised financial statements for the six months ended 30 June 2011 continued

6. Share capital

	Unaudited 30 June 2011 £'000	Unaudited 30 June 2010 £'000	Audited 31 December 2010 £'000
Authorised:			
200,000,000 Ordinary shares of 5 pence each (30 June 2010 and 31 December 2010: 200,000,000)	**10,000**	10,000	10,000
Allotted, issued and fully paid:			
110,417,392 Ordinary shares of 5 pence each (30 June 2010 and 31 December 2010: 110,370,135)	**5,521**	5,519	5,519

During the period from 1 January to 30 June 2011, the Company issued the following New Ordinary shares of 5 pence each under the terms of the Dividend Reinvestment Scheme Circular dated 19 April 2011:

Date of allotment	**Number of shares issued**	**Issue price (pence per share)**	**Mid market price on issue date (pence per share)**	**Net proceeds £'000**
24 June 2011	47,257	15.93	7.75	8

No shares were bought back by the Company during the period ended 30 June 2011.

7. Reconciliation of profit/(loss) on ordinary activities before taxation to net cash flow from operating activities

	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Profit/(loss) on ordinary activities before tax	**35**	101	(1,214)
(Gain)/loss on investments at fair value through profit or loss	**(291)**	(406)	633
Decrease/(increase) in debtors	**28**	(304)	58
(Decrease)/increase in creditors	**(26)**	164	(1)
Net cash flow from operating activities	**(254)**	(445)	(524)

8. Analysis of change in cash during the period

	Unaudited six months ended 30 June 2011 £'000	Unaudited six months ended 30 June 2010 £'000	Audited year ended 31 December 2010 £'000
Opening cash balances	**2,216**	3,190	3,190
Net cash flow	**1,151**	(762)	(974)
Closing cash balances	**3,367**	2,428	2,216

Notes to the unaudited summarised financial statements for the six months ended 30 June 2011 continued

9. Post balance sheet events

Since 30 June 2011, the Company has completed the following material transactions:

- Disposal of Imagesound plc for £2,195,000 in July 2011.
- Investment in Atego Group Limited of £264,000 in August 2011;

10. Related party disclosures

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 (details disclosed on pages 35 and 36 of the Annual Report and Financial Statements for the year ended 31 December 2010). Albion Ventures LLP has agreed to waive its management and administration fees for the first year to 31 December 2011. Patrick Reeve has agreed to waive his entitlement to Directors' fees for all accounting periods until further notice.

During the period, the previous Manager, SPARK Venture Management Limited, continued to be entitled to the management and administration fees under the terms of the Termination Agreement and fees totalling £217,000 (30 June 2010: £277,000; 31 December 2010: £480,000) were paid by the Company to SPARK Venture Management Limited.

At the financial period end, an amount of less than £1,000 (31 December 2010: £6,000) reflected prepayments to SPARK Venture Management Limited. At 30 June 2010, an amount of £41,000 was included in accruals in respect of fees due to SPARK Venture Management Limited.

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

11. 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 2010 and is detailed on page 18 of those accounts.

The Company has significant cash and liquid resources, and the major cash outflows of the Company (namely investments and dividends) are within the Company's control. 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.

12. 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 2011 and 30 June 2010, and is unaudited. The information for the year ended 31 December 2010 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 Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

13. 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 on Kings Arms Yard VCT PLC, and looking in the Financial Reports and Circulars section for the Half-yearly Financial Report to 30 June 2011.

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Kings Arms Yard VCT PLC (formerly SPARK VCT plc)

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