

# HALF-YEARLY REPORT

for the six months ended 31 March 2013

UNICORN  
AIM VCT PLC



## Investment Objective

The Company's objective is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maximising the stream of dividend distributions to Shareholders from the income and capital gains generated by the portfolio.

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this at least 70% of the Company's total assets are to be invested in qualifying investments of which 30% (70% for funds raised from 6 April 2011) by value must be in ordinary shares carrying no preferential rights to dividends or return of capital and no rights to redemption.

## Venture Capital Trust Status

The Company has satisfied the requirements for approval as a Venture Capital Trust (VCT) under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to conduct the business of the Company so as to maintain compliance with that section.

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# Key Data

As at 31 March 2013

Ordinary Shares as at	Net assets (£ million)	Net asset value per share (NAV) (p)	Cumulative dividends paid per share (p)	NAV total return to shareholders since launch* per share (p)	Share price (p)
31 March 2013	61.9	108.5	15.0	123.5	89.3
30 September 2012	59.0	102.3	10.0	112.3	86.0
31 March 2012	56.6	97.4	10.0	107.4	70.0
30 September 2011	60.4	103.3	5.0	108.3	86.3
31 March 2011	64.6	109.5	5.0	114.5	97.5

\* Launch of the S3 Shares on 22 February 2007

The majority of shareholders in the Company originally invested in one of the five former share classes of either the Company and/or Unicorn AIM VCT II plc. As a result of the merger of all five former share classes in March 2010, all shareholders now only hold Ordinary shares. These were formerly called S3 shares. To enable shareholders in each former share class to monitor the performance of their original investment, the tables below show the NAV total return at 31 March 2013 for a shareholder who invested £10,000 at £1 per share at the date of launch of a particular fundraising, excluding any initial income tax relief received:

## Unicorn AIM VCT plc Funds

Share class and year of fundraising	No. of shares held post merger	NAV at 31 March 2013 (£)	Dividends paid pre-merger (£)	Dividends paid post-merger (£)	NAV total return (£)
Ordinary Shares (raised in 2012, issued at average price of 1.0043p)	9,957	10,806	n/a	498	11,304
Ordinary Shares (raised in 2011, issued at average price of 116p)	8,620	9,355	n/a	1,207	10,562
Ordinary Shares (formerly S3 Shares raised in 2006/07)	10,000	10,853	100	1,400	12,353
<b>Former Funds:</b>					
Original Ordinary Shares (raised in 2001)	6,078	6,596	4,550	851	11,997
Original Ordinary Shares 2007/08 top-up (13,890 shares issued for £10,000 investment at 72p per share)	8,442	9,162	903	1,182	11,247
Series 2 Shares (raised in 2004)	7,750	8,411	2,125	1,085	11,621
Series 2 Shares 2007/08 top-up (10,870 shares issued for £10,000 investment at 92p per share)	8,424	9,143	489	1,179	10,811

## Former Unicorn AIM VCT II plc Funds

Share class and year of fundraising	No. of shares held post merger	NAV at 31 March 2013 (£)	Dividends paid pre-merger (£)	Dividends paid post-merger (£)	NAV total return (£)
Ordinary Shares (raised in 2005)	8,283	8,990	1,300	1,160	11,450
Ordinary Shares 2007/08 top-up (10,205 shares issued for £10,000 investment at 98p per share)	8,452	9,173	1,225	1,183	11,581
C Shares (raised in 2006)	7,267	7,887	245	1,017	9,149
C Shares 2007/08 top-up (11,235 shares issued for £10,000 investment at 89p per share)	8,165	8,861	169	1,143	10,173

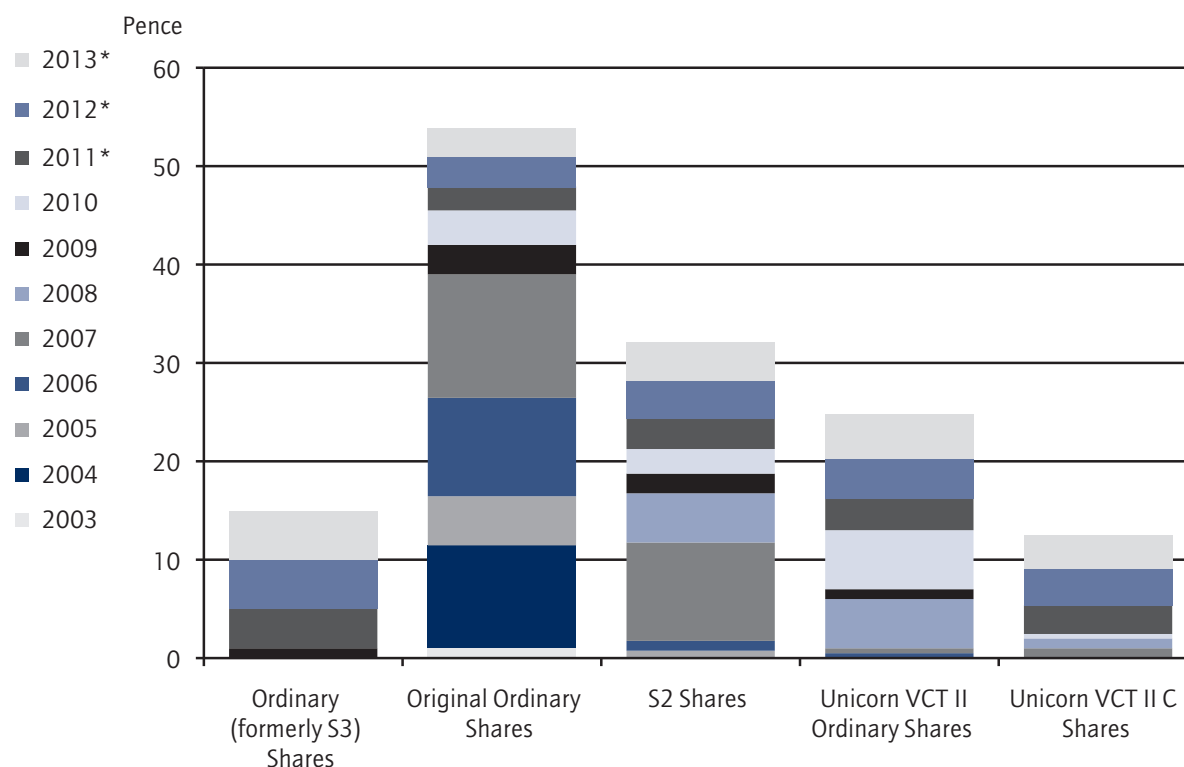
Initial income tax relief of up to 20% was available for shareholders who invested in tax years 2001/2002 to 2003/2004, 40% for shareholders who invested in 2004/2005 and 2005/2006 and 30% for shareholders who invested in tax years since 2006/2007. Additional capital gains tax deferral relief was also available for shareholders who invested between 2001/2002 and 2003/2004.

# Key Data

As at 31 March 2013

## Dividend history

Dividend payment history for each pre-merger share class



## Dividends paid

Financial year paid	Ordinary (formerly S3) Shares (p)	Original Ordinary Shares (p)	S2 Shares (p)	Unicorn VCT II Ordinary Shares (p)	Unicorn VCT II C Shares (p)
2013*	5.00	3.04*	3.88*	4.14*	3.63*
2012*	5.00	3.04*	3.88*	4.14*	3.63*
2011*	4.00	2.43*	3.10*	3.31*	2.91*
2010	-	3.50	2.50	6.00	0.45
2009	1.00	3.00	2.00	1.00	-
2008	-	-	5.00	5.00	1.00
2007	-	12.55	10.00	0.50	1.00
2006	-	10.00	1.00	0.50	-
2005	-	5.00	0.75	-	-
2004	-	10.45	-	-	-
2003	-	1.00	-	-	-
	<b>15.00</b>	<b>54.01</b>	<b>32.11</b>	<b>24.59</b>	<b>12.62</b>
Merger conversion ratio**	1.00000000	0.60781764	0.77503076	0.82830102	0.72677686

\* The dividends in the 2011 to 2013 years on the Ordinary (formerly S3) Shares are also shown for each of the former share classes, calculated in proportion to the merger conversion ratios shown at the foot of the table above.

\*\* The merger conversion ratio was applied at the date of the merger on 8 March 2010, to calculate entitlement to the new Ordinary Shares.

# Chairman's Statement

I am pleased to present the Half-Yearly Report (the "Report") of the Company for the six months ended 31 March 2013. I would like to take this opportunity to welcome all new shareholders and to thank existing shareholders for their continued support.

In both absolute and relative performance terms, the period under review has been encouraging. In the six months to 31 March 2013, the Company's investment portfolio generated capital gains of 11.5%, which compares favourably with a capital return of 3.6% from the FTSE AIM All-Share Index. The broader UK equity market also performed strongly with capital gains of 11.7%, 12.7% and 18.4% from the FTSE 100, FTSE All-Share and FTSE SmallCap indices respectively.

The net assets of the Company as at 31 March 2013 were £61.9m which translates into Net Asset Value of 108.5p per share. This represents growth in net assets of £2.9m and a total return per share to shareholders of 10.93%, after adding back dividends paid in the period. During this six month period, a total of £2.9m was paid to shareholders by way of dividends, whilst a further £0.6m was applied to fund share buybacks.

## Enhanced Buyback Facility and a Top-Up Offer

An Enhanced Buyback Facility and a Top Up Offer were also announced during the period. Over seven million shares were tendered under the Enhanced Buyback Facility, with the net proceeds being applied to the allotment and issue of new shares to participating shareholders. This allotment took place on 3 April 2013. A further 773,620 new ordinary shares were subsequently allotted and issued to investors applying for shares under the Top Up Offer. The Top Up Offer currently remains open for subscription until 31 July 2013, and has received subscriptions totalling £863,400 to date.

Despite continuing economic uncertainties, it is pleasing to report that many of the businesses in which the Company has invested are trading robustly and remain in sound financial health. In turn, this has translated into solid share price gains from many holdings in the portfolio.

As in previous periods, overall performance was held back by share price declines from a small number of VCT qualifying holdings. A review of the main contributors to performance (on a mid-market price basis) follows:-

## Qualifying Investments

**Abcam** (+12%) is a global leader in the manufacture and supply of therapeutic antibodies and protein research tools. In March 2013, the company released financial results for the six month period ended 31 December 2012, which revealed 28% revenue growth to £57.5m, whilst adjusted operating profits increased by 25.8% to £21.3m. Abcam remains a highly cash generative business and net cash balances at the period end amounted to £24.4m after accounting for cash outflows of £48.3m related to the acquisition of a competitor. Abcam remains the largest single holding in the portfolio, accounting for 14% of total assets, and in absolute terms it again delivered the largest

contribution to performance. In order to manage stock specific risk prudently, partial disposals continue to be made on a regular basis. A further 100,000 Abcam shares were sold in the period realising a capital gain of £305,000.

**Anpario** (+23%) is a specialist producer of natural feed additives for animal health, hygiene and nutrition, which is successfully growing its operations internationally. For the financial year ended 31 December 2012, Anpario reported revenue growth of 22% to £23.5m, which translated into a 24% increase in profit after tax to £2.1m. Despite a cash outlay of £2.6m to fund an acquisition, Anpario's balance sheet remains strong and debt free with a year-end cash balance of £3.7m. A final dividend of 3p per share has been proposed which represents an increase of 25% over the previous year's payment of 2.4p.

**Avingtrans** (+20%) designs, manufactures and supplies critical components to the global aerospace, energy and medical sectors. In February 2013, Avingtrans announced interim results for the six month period ended 30 November 2012, which highlighted continued strong growth. Revenues from continuing operations increased by 19% to £16.9m, whilst profit after tax was £6.5m, which included a £6.1m profit on disposal of Jena Tec, a non-core subsidiary. The sale of Jena Tec to Kuroda of Japan for £12.4m eliminates group debt and means that management can now focus on the aerospace, energy & medical sectors.

**Datong** (+62%), a leading provider of covert intelligence gathering solutions is currently in an offer period having received a bid approach in February 2013. As a result of this approach, the Board of Datong is conducting a formal sale process with a view to maximising shareholder value. Datong's share price rose markedly in the period as a consequence.

**Driver Group** (+22%) is a global construction consultancy which continues to expand both its scope of operations and its international reach. A recently released trading update confirmed that, given continued strong trading and a healthy secured workload, results for the current financial year will exceed management expectations.

**Green Compliance** (-76%) provides compliance services across the water hygiene, pest control and fire protection segments to a wide range of clients in both the UK public and private sectors. Following an extended period during which trading conditions became increasingly challenging, the Board of Green Compliance, prudently sought to refinance and reposition the business. Bob Holt, the Chairman of Green Compliance, has now been appointed Chief Executive and cost savings have been implemented amounting to £1m on an annualised basis. Trading conditions have begun to improve, bank debt has been successfully renegotiated, and a fund raising with institutional shareholders has further strengthened the balance sheet. Unicorn AIM VCT has supported this latest fund raising by investing an additional £200,000. Trading in the quarter to 31 March 2013 has been encouraging, with sales growth month on

# Chairman's Statement

month in each of the first three months of 2013. Revenue was 5% greater in the quarter to 31 March 2013 than in the quarter to 31 December 2012. In addition, sales and cash collections during March were reported as being at their highest levels since October 2012. Although the turnaround of this business is still in its early stages, the progress achieved to date is encouraging.

**Mattioli Woods** (+36%) is a specialist pensions consultancy and wealth management business. Interim results for the period ended 30 November 2012 revealed a return to strong growth with revenues up 29.4% to £11.2m and adjusted profit before tax increasing by 26% to £2.5m. The interim dividend was increased by 25.9% to 2.33p per share. Mattioli Woods is a conservatively managed business which has established an enviable track record for delivering steady, sustainable growth since floating on AIM over seven years ago. Recurring revenues account for 64.4% of total turnover, which provides a solid platform on which to build further organic growth. In addition, the financial position remains strong with net cash amounting to £3.9m, despite significant investment in the people and systems required to continue delivering growth.

**SnackTime** (-67%) is the third largest vending company in the UK. The business operates in a competitive market and has also needed to adapt to an increasingly challenging economic environment. In recent months it became apparent that SnackTime would need to be refinanced in order to avoid breaching bank covenants and to support short-term working capital requirements. New banking facilities and a successful loan note issue were announced on 5 April 2013. Unicorn AIM VCT invested £300,000 of the £1m loan note issue on 5 April 2013. With a strengthened balance sheet, the new management team is in a position to build on the progress already made in stabilising the business and recovering value for shareholders.

**Zetar** (+32%), a manufacturer of confectionery and savoury snacks was acquired in the period by a German based competitor generating a realised capital gain on original book cost of £374,000.

## Non-Qualifying Investments

Non-qualifying investments continued to perform satisfactorily, with particularly strong contributions delivered through the Company's exposure to the Unicorn OEIC Fund range, with the **UK Smaller Companies, Mastertrust and Free Spirit Funds**, gaining in value by 20%, 21% and 15% respectively in the period under review. Other notable share price gains in the period were delivered by **Macfarlane Group** (+22%), **Mears Group** (+21%) and **Portmeirion Group** (+14%).

## Investment Activity

During the period, no new VCT qualifying companies were introduced to the portfolio. A total of £1.5m was committed to secondary VCT qualifying investments in Green Compliance, Hangar 8 and Tangent Communications.

Full and partial disposals of a number of holdings were made in order to raise cash to meet the dividend payment to shareholders made in February 2013. These disposals were predominantly made of non-qualifying holdings.

## VCT Status

In aggregate, the Company remains well above the VCT qualifying threshold required by HM Revenue & Customs, with approximately 79.5% of total assets being invested in VCT qualifying companies. All other HM Revenue & Customs tests have been complied with and your Board has been advised by PWC that the Company has maintained its venture capital trust status.

## Dividends

The Board is not proposing an interim dividend, but will consider the payment of dividends when reviewing the Annual Report and Accounts after the end of the current financial year.

## Auditors

As a result of PKF (UK) LLP entering a business combination with BDO LLP on 28 March 2013, PKF (UK) LLP resigned as auditor on 16 May 2013 and the directors have appointed BDO LLP as auditor to fill the casual vacancy.

## The Board

Malcolm Diamond stood down as one of the Directors of the Company immediately after the annual general meeting held on 7 February 2013. I would like to repeat my observation in the Annual Report that Malcolm has been an invaluable source of experience, knowledge and wisdom. I would again like to take this opportunity to pay tribute to his important contribution and, personally, to thank him for his constant support and advice.

## Shareholder communications

May I remind you that information on the Company is available on the Manager's website at [www.unicornam.com](http://www.unicornam.com).

## Outlook

Equity markets have been generally buoyant during the period under review. The continued rally has been helped by a slowly improving economic outlook, especially in the United States of America.

Economic recovery in the UK, however remains particularly fragile. Our Investment Manager therefore continues to focus on identifying well managed, profitable and cash generative businesses with strong leadership positions in niche, growing markets.



## Conclusion

The Board is pleased with the progress made by the Company in the period under review. The rise in Net Asset Value from 102.3p per share to 108.5p per share is encouraging. In addition, a dividend of 5p per share was paid in the period. As a consequence of this steady development, Unicorn AIM VCT has consolidated its position as the largest AIM-focused VCT in the market with net assets of £61.9m at the period end.

The dividend payment of 5p per share represents a 4.6% tax free yield based on the period end Net Asset Value of 108.5p per share and an even more attractive yield of 5.6% on the recent quoted share price of 89.25p. Given the current number of shares in issue, together with healthy capital and income reserves, annual dividend distributions at a similar level should be achievable over the medium term.

The Investment Manager's fundamental objective is to deliver an attractive and sustainable stream of dividend distributions to shareholders whilst seeking to achieve meaningful capital gains over the longer term. The investment portfolio is managed accordingly and consists of a diverse range of companies operating across a broad spectrum of sectors. Trading conditions appear to be improving and the majority of investee companies are now generating growth in both sales and profits. As a consequence, balance sheets have been strengthening, dividend distributions from retained investments have been growing and management teams have begun to express a more confident view on the prospects for their businesses. Economic recovery remains fragile at best, and, as an obvious example, another financial bailout in the Eurozone could have damaging implications, especially for equity markets in the UK and Europe. In the absence of such setbacks, the Investment Manager remains confident of delivering further progress in the second half of our financial year.

Peter Dicks  
*Chairman*

16 May 2013

## Responsibility Statement

In accordance with Disclosure and Transparency Rule (DTR) 4.2.10, Peter Dicks (Chairman), James Grossman, Jeremy Hamer (Chairman of the Audit Committee) and Jocelin Harris (Senior Independent Director), the Directors, confirm that to the best of their knowledge:

- (a) the condensed set of financial statements, which have been prepared in accordance with the statement "Half-Yearly Reports" issued by the Accounting Standards Board, give a true and fair view of the assets, liabilities, financial position and profit of the Company as at 31 March 2013, as required by DTR 4.2.4;
- (b) the interim management report included within the Chairman's Statement and Investment Portfolio Summary includes a fair review of the information required by DTR 4.2.7 being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
- (c) a description of the principal risks and uncertainties facing the Company for the remaining six months is set out below, in accordance with DTR 4.2.7; and
- (d) there were no related party transactions in the first six months of the current financial year that are required to be disclosed in accordance with DTR 4.2.8.

## Principal risks and uncertainties

In accordance with DTR 4.2.7, the Board confirms that the principal risks and uncertainties facing the Company have not materially changed since the publication of the Annual Report and Accounts for the year ended 30 September 2012. The Board acknowledges that there is regulatory risk and continues to manage the Company's affairs in such a manner as to comply with section 274 Income Tax Act 2007.

The principal risks faced by the Company include:

- investment and strategic
- regulatory and tax
- operational
- fraud and dishonesty
- financial instruments
- economic

A more detailed explanation of these risks can be found in the Directors' Report on page 22 of the 2012 Annual Report and Accounts – copies can be found on [www.unicornam.com](http://www.unicornam.com).

## Going concern

After due consideration, the Directors believe that the Company has adequate resources for the foreseeable future and that it is appropriate to apply the going concern basis in preparing the financial statements. As at 31 March 2013, the Company held cash balances and investments in money market funds with a combined value of £1,335,000. The majority of the Company's investment portfolio also remains invested in fully listed and AIM quoted equities which may be realised, subject always to the requirement for the Company to maintain its VCT status. Cash flow projections have been reviewed and show that the Company has sufficient funds to meet both contracted expenditure and any discretionary cash outflows from buybacks and dividends. The Company has no external loan finance in place and is therefore not exposed to any gearing covenants.

## Cautionary Statement

This Report may contain forward looking statements with regards to the financial condition and results of the Company, which are made in the light of current economic and business circumstances. Nothing in this Report should be construed as a profit forecast.

For and on behalf of the Board:

Peter Dicks  
*Chairman*

16 May 2013



# Investment Policy

In order to achieve the Company's Investment Objective, the Board has agreed an Investment Policy which requires the Investment Manager to identify and invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM that display a majority of the following characteristics:

- experienced and well-motivated management;
- products and services supplying growing markets;
- sound operational and financial controls; and
- good cash generation to finance ongoing development allied with a progressive dividend policy.

Asset allocation and risk diversification policies, including maximum exposures, are to an extent governed by prevailing VCT legislation. Specific conditions for HM Revenue & Customs ("HMRC") approval of VCTs include the requirement that no single holding may represent more than 15% (by value) of the Company's total investments and cash, at the date of investment.

## VCT regulation

The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC.

Amongst other conditions, the Company may not invest more than 15% at the time of its investments in a single company and throughout the period must have at least 70% by value of its investments in shares or securities in VCT qualifying holdings, of

which a minimum overall of 30% by value (70% for funds raised after 6 April 2011) must be in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules). In addition, the Company must have at least 10% by value of its investment in each VCT qualifying company in ordinary shares which carry no preferential rights (save as may be permitted under VCT rules).

The £1 million limit on the amount of investment a VCT may make into a particular company within a tax year has been abolished, except where that company trades in partnership or has a joint venture. The VCT legislation requires that an investee company should not receive more than £5 million from State Aid sources, including VCTs, within any twelve month rolling period.

## Asset mix

Where capital is available for investment while awaiting suitable VCT qualifying opportunities, or in excess of the 70% VCT qualification threshold, it may be invested in collective investment funds or in non-qualifying shares and securities in smaller listed UK companies. Cash and liquid resources are held in bank accounts and money-market funds.

## Borrowing

To date the Company has operated without recourse to borrowing. The Board may however consider the possibility of introducing modest levels of gearing up to a maximum of 10% of the adjusted capital and reserves, should circumstances suggest that such action is in the interests of shareholders.

# Management of the Company

The Board has overall responsibility for the Company's affairs including the determination of its investment policy. Risk is spread by investing in a number of different businesses across different industry sectors. The Investment Manager is responsible for managing sector and stock specific risk and the Board does not impose formal limits in respect of such exposures. In order to maintain compliance with HMRC rules, the Company may not invest more than 15% of its assets at the time of making any investment in a single company and it also ensures that all other VCT regulatory requirements are fulfilled. To ensure that an appropriate spread of investment risk is achieved, the Board receives and reviews comprehensive reports from the Investment Manager and the Administrator on a monthly basis. When the Investment Manager proposes to make any investment in an unquoted company and/or instrument, the prior approval of the Board is required. The Administrator, Mobeus Equity Partners LLP, also provides company secretarial, administration and accountancy services to the Company.

# Investment Portfolio Summary

as at 31 March 2013

Qualifying investments	Book cost £'000	Valuation £'000	% of net assets by value
<b>AIM/ISDX quoted investments:</b>			
Abcam plc	1,986	8,940	14.5%
Tracsis plc	838	3,410	5.5%
Anpario plc	1,766	3,118	5.0%
Mattioli Woods plc	1,680	2,768	4.5%
Idox plc	500	2,500	4.0%
Cohort plc	1,414	1,729	2.8%
Avingtrans plc	996	1,693	2.7%
Animalcare Group plc	1,476	1,526	2.5%
Surgical Innovations plc	331	1,030	1.7%
Tangent Communications plc	963	948	1.5%
Hangar 8 plc	760	901	1.5%
Hasgrove plc	975	875	1.4%
Driver Group plc	552	832	1.3%
Sanderson Group plc	770	816	1.3%
Pressure Technologies plc	980	770	1.2%
Accumuli plc	400	723	1.2%
Sinclair IS Pharma plc	704	674	1.1%
Instem plc	985	647	1.0%
Access Intelligence plc	1,467	642	1.0%
Redstone plc	436	605	1.0%
Omega Diagnostics plc	500	573	0.9%
HML Holdings plc	431	536	0.9%
eg solutions plc	406	488	0.8%
Vindon Healthcare plc	475	439	0.7%
Vianet plc	584	404	0.7%
Datong Electronics plc	784	367	0.6%
Tristel plc	878	343	0.6%
Dillistone Group plc	106	204	0.3%
PHSC plc	153	187	0.3%
Crawshaw Group plc	538	184	0.3%
Fourteen investments, each valued at less than 0.3% of net assets	7,415	1,124	1.8%
	32,249	39,996	64.6%
<b>Unlisted investments:</b>			
Access Intelligence plc – loan stock	750	750	1.2%
SnackTime plc – loan stock	550	550	0.9%
Five investments, each valued at less than 0.2% of net assets	2,657	141	0.2%
	3,957	1,441	2.3%
<b>Total qualifying investments</b>	<b>36,206</b>	<b>41,437</b>	<b>66.9%</b>

<b>Non-qualifying investments</b>	<b>Book cost £'000</b>	<b>Valuation £'000</b>	<b>% of net assets by value</b>
Listed UK equities	4,981	5,527	9.0%
Unicorn UK Smaller Companies Fund (OEIC)	3,000	5,155	8.3%
AIM quoted investments	4,039	4,377	7.1%
Unicorn Mastertrust Fund (OEIC)	1,228	2,221	3.6%
Unicorn Free Spirit Fund (OEIC)	827	1,553	2.5%
Money market funds <sup>1</sup>	154	154	0.2%
Invu plc – loan stock	200	100	0.2%
Green Compliance – loan stock	250	250	0.4%
Unlisted investments	5	–	0.0%
<b>Total non-qualifying investments</b>	<b>14,684</b>	<b>19,337</b>	<b>31.3%</b>
<b>Total investments</b>	<b>50,890</b>	<b>60,774</b>	<b>98.2%</b>
Other assets		1,288	2.1%
Current liabilities		(208)	(0.3%)
<b>Net assets</b>		<b>61,854</b>	<b>100.0%</b>

<sup>1</sup> Disclosed within 'Current investments' under Current assets in the Balance Sheet.

# Unaudited Income Statement

for the six months ended 31 March 2013

	Notes	Six months ended 31 March 2013 (unaudited)			Six months ended 31 March 2012 (unaudited)		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unrealised gains/(losses) on investments	7	–	6,351	6,351	–	(583)	(583)
Realised gains on investments	7	–	297	297	–	173	173
Income	4	467	–	467	528	–	528
Investment management fees	2	(131)	(392)	(523)	(125)	(376)	(501)
Other expenses		(235)	–	(235)	(283)	–	(283)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>101</b>	<b>6,256</b>	<b>6,357</b>	<b>120</b>	<b>(786)</b>	<b>(666)</b>
Tax on profit/(loss) on ordinary activities	3	–	–	–	–	–	–
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>101</b>	<b>6,256</b>	<b>6,357</b>	<b>120</b>	<b>(786)</b>	<b>(666)</b>
Basic and diluted earnings per share:							
Ordinary Shares	5	<b>0.18p</b>	<b>10.92p</b>	<b>11.10p</b>	<b>0.21p</b>	<b>(1.35)p</b>	<b>(1.14)p</b>

All revenue and capital items in the above statement derive from continuing operations of the Company.

There were no other recognised gains or losses in the period.

The total column of this statement is the profit and loss account of the Company.

Other than revaluation movements arising on investments held at fair value through Profit and Loss Account, there were no differences between the profit/(loss) as stated above and at historical cost.

The notes on pages 15 to 18 form part of these Half-Yearly financial statements.

	Year ended 30 September 2012 (audited)			
	Revenue £'000	Capital £'000	Total £'000	
	–	2,057	2,057	
	–	364	364	
	1,137	–	1,137	
	(249)	(746)	(995)	
	(501)	–	(501)	
	387	1,675	2,062	
	–	–	–	
	387	1,675	2,062	
	0.66p	2.88p	3.54p	

# Unaudited Balance Sheet

as at 31 March 2013

	Notes	As at 31 March 2013 (unaudited) £'000	As at 31 March 2012 (unaudited) £'000	As at 30 September 2012 (audited) £'000
<b>Fixed assets</b>				
Investments at fair value	1c,7	60,620	56,380	57,806
<b>Current assets</b>				
Debtors and prepayments		107	159	183
Current investments	8	154	147	720
Cash at bank		1,181	650	532
		1,442	956	1,435
<b>Creditors: amounts falling due within one year</b>		(208)	(721)	(244)
<b>Net current assets</b>		1,234	235	1,191
<b>Net assets</b>		61,854	56,615	58,997
<b>Share capital and reserves</b>				
Share capital	9	570	581	576
Capital redemption reserve	9	338	328	332
Share premium account	9	32,313	32,330	32,331
Revaluation reserve	9	11,546	1,319	3,860
Special distributable reserve	9	9,219	14,250	12,940
Profit and loss account	9	7,868	7,807	8,958
<b>Equity shareholders' funds</b>		61,854	56,615	58,997
<b>Basic and diluted net asset value per share of 1p each</b>				
Ordinary Shares	10	108.53p	97.41p	102.34p

The financial information for the six months ended 31 March 2013 and the six months ended 31 March 2012 has not been audited.

The notes on pages 15 to 18 form part of these Half-Yearly financial statements.



# Unaudited Reconciliation of Movements in Shareholders' Funds

for the six months ended 31 March 2013

	Notes	Six months ended 31 March 2013 (unaudited) £'000	Six months ended 31 March 2012 (unaudited) £'000	Year ended 30 September 2012 (audited) £'000
Opening Shareholders' funds		58,997	60,447	60,447
Net share capital bought back in the period	9	(574)	(4,139)	(4,487)
Net share capital subscribed in the period	9	–	4,107	4,110
Expenses incurred in respect of the Enhanced Buyback Facility and Top up Offer	9	(64)	(209)	(209)
Profit/(loss) for the period		6,357	(666)	2,062
Dividends paid in period	6	(2,862)	(2,925)	(2,926)
Closing Shareholders' funds		61,854	56,615	58,997

The financial information for the six months ended 31 March 2013 and the six months ended 31 March 2012 has not been audited.

The notes on pages 15 to 18 form part of these Half-Yearly financial statements.

# Unaudited Statement of Cash Flows

for the six months ended 31 March 2013

Notes	Six months ended 31 March 2013 (unaudited) £'000	Six months ended 31 March 2012 (unaudited) £'000	Year ended 30 September 2012 (audited) £'000
<b>Operating activities</b>			
Investment income received	531	529	1,115
Investment management fees paid	(523)	(501)	(994)
Other cash payments	(279)	(181)	(538)
<b>Net cash outflow from operating activities</b>	<b>(271)</b>	<b>(153)</b>	<b>(417)</b>
<b>Investing activities</b>			
Purchase of investments 7	(1,959)	(409)	(1,586)
Sale of investments 7	5,807	3,547	5,790
<b>Net cash inflow from investing activities</b>	<b>3,848</b>	<b>3,138</b>	<b>4,204</b>
<b>Dividends</b>			
Equity dividends paid 6	(2,862)	(2,925)	(2,926)
<b>Cash inflow before financing and liquid resource management</b>	<b>715</b>	<b>60</b>	<b>861</b>
<b>Financing</b>			
Share Capital raised – net of issue expenses	–	3,942	3,945
Expenses relating to shares to be issued	(48)	–	–
Share capital bought back	(586)	(4,634)	(4,983)
	<b>(634)</b>	<b>(692)</b>	<b>(1,038)</b>
<b>Management of liquid resources</b>			
Decrease in monies held pending investment	568	632	59
Increase/(decrease) in cash	<b>649</b>	<b>–</b>	<b>(118)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash for the period	649	–	(118)
Net funds at start of period	532	650	650
Net funds at end of period	<b>1,181</b>	<b>650</b>	<b>532</b>
<b>Reconciliation of operating profit/(loss) to net cash outflow from operating activities</b>			
Profit/(loss) on ordinary activities before taxation	6,357	(666)	2,062
Net gains on realisations of investments	(297)	(173)	(2,057)
Net unrealised (gains)/losses on investments	(6,351)	583	(364)
Transaction costs	(14)	(10)	(17)
Decrease/(increase) in debtors	76	514	(14)
Decrease in creditors	(42)	(401)	(27)
<b>Net cash outflow from operating activities</b>	<b>(271)</b>	<b>(153)</b>	<b>(417)</b>

# Notes to the unaudited financial statements

for the six months ended 31 March 2013

## 1. Principal accounting policies

The following accounting policies have been applied consistently throughout the period. Full details of principal accounting policies will be disclosed in the Annual Report.

### a) Basis of accounting

The unaudited results cover the six months to 31 March 2013 and have been prepared under UK Generally Accepted Accounting Practice (UK GAAP), consistent with the accounting policies set out in the statutory accounts for the year ended 30 September 2012 and the 2009 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' ('the SORP') issued by the Association of Investment Trust Companies.

The Half-Yearly report has not been audited nor has it been reviewed by the auditor pursuant to the Auditing Practices Board (APB) guidance on Review of Interim Financial Information.

### b) Presentation of the Income Statement

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. The revenue column of profit attributable to equity shareholders is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 274 Income Tax Act 2007.

### c) Investments

Investments are accounted for on a trade date basis.

All investments held by the Company are classified as "fair value through profit and loss" as the Company's business is to invest in financial assets with a view to profiting from their total return in the form of capital growth and income. For investments actively traded in organised financial markets, recognition and fair value is determined by reference to Stock Exchange market trading rules and quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are valued by the Directors at 'fair value through profit and loss'. Accordingly, in the absence of a market price, the Directors have valued unquoted investments in accordance with International Private Equity Venture Capital Valuation (IPEVCV) guidelines as updated in September 2009.

All unquoted investments are held at the price of a recent investment for an appropriate period where there is considered to have been no change in fair value. Where such a basis is no longer considered appropriate, the following factors will be considered:

- (i) Where a value is indicated by a material arms-length transaction by an independent third party in the shares of a company, this value will be used.
- (ii) In the absence of i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:
  - a) an earnings multiple basis. The shares may be valued by applying a suitable price-earnings ratio to that company's historic, current or forecast post-tax earnings before interest and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified by the Investment Manager compared to the sector including, inter alia, a lack of marketability).or:-
  - b) where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assesses the portfolio for such investments and, after agreement with the Investment Manager, will agree the values that represent the extent to which an investment loss has become realised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value.
- (iii) Premiums on loan stock investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable.
- (iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow or net asset valuation bases may be applied.

2. The Directors have charged 75% of the investment management fee to the capital reserve.

## 3. Taxation

There is no tax charge for the period, as the Company has incurred taxable losses in the period. No tax is payable as most of the Company's income is dividends, which are not taxable.

# Notes to the unaudited financial statements

for the six months ended 31 March 2013

## 4. Income receivable

	Six months ended 31 March 2013 (unaudited) £'000	Six months ended 31 March 2012 (unaudited) £'000	Year ended 30 September 2012 (audited) £'000
Dividends	399	432	964
Money-market funds and Unicorn Managed OEIC's	1	44	63
Loan stock interest	67	52	110
	467	528	1,137

## 5. Basic and diluted earnings and return per share

	Six months ended 31 March 2013 (unaudited) £'000	Six months ended 31 March 2012 (unaudited) £'000	Year ended 30 September 2012 (audited) £'000
Total earnings after taxation:	6,357	(666)	2,062
<b>Basic and diluted earnings per share</b>	<b>11.10p</b>	<b>(1.14)p</b>	<b>3.54p</b>
Net revenue from ordinary activities after taxation	101	120	387
<b>Revenue return per share</b>	<b>0.18p</b>	<b>0.21p</b>	<b>0.66p</b>
Net unrealised capital gains/(losses)	6,351	(583)	2,057
Net realised capital gains	297	173	364
Capital expenses (net of taxation)	(392)	(376)	(746)
Total capital return	6,256	(786)	1,675
<b>Capital return per share</b>	<b>10.92p</b>	<b>(1.35)p</b>	<b>2.88p</b>
Weighted average number of shares in issue in the period	57,295,560	58,445,366	58,206,100

## 6. Dividends

	Six months ended 31 March 2013 (unaudited) £'000	Six months ended 31 March 2012 (unaudited) £'000	Year ended 30 September 2012 (audited) £'000
Final capital dividend of 4.5p per share and final income dividend of 0.5p per share for the year ended 30 September 2012 paid on 8 February 2013	2,862	–	–
Final capital dividend of 4.25p and final income dividend of 0.75p per share for the year ended 30 September 2011 paid on 10 February 2012	–	2,925	2,926
	2,862	2,925	2,926

## 7. Investments at fair value

	Fully Listed £'000	Traded on AIM/ISDX Market £'000	Unlisted ordinary shares £'000	Unlisted Loan stock £'000	Unicorn OEIC funds £'000	Total £'000
Book cost at 30 September 2012	6,432	39,438	2,662	1,750	5,340	55,622
Unrealised (losses)/gains at 30 September 2012	(197)	2,442	(845)	(100)	2,560	3,860
Permanent impairment in value of investments	–	–	(1,676)	–	–	(1,676)
Valuation at 30 September 2012	6,235	41,880	141	1,650	7,900	57,806
Purchases at cost	–	2,395	–	–	–	2,395
Sale proceeds	(1,331)	(4,412)	–	–	(500)	(6,243)
Realised gains	92	191	–	–	28	311
Unrealised gains in the period	531	4,319	–	–	1,501	6,351
Closing valuation at 31 March 2013	5,527	44,373	141	1,650	8,929	60,620
Book cost at 31 March 2013	4,979	36,290	2,662	1,750	5,055	50,736
Unrealised gains/(losses) at 31 March 2013	548	8,083	(859)	(100)	3,874	11,546
Permanent impairment in value of investments	–	–	(1,662)	–	–	(1,662)
Valuation at 31 March 2013	5,527	44,373	141	1,650	8,929	60,620

Investment purchases above of £2,395,000 and investment disposals above of £6,243,000 are each greater than that shown in the Cash Flow Statement, by £436,000. This difference is due to a share for share exchange whereby the Company's holding of shares in Maxima Holdings plc were exchanged for shares in Redstone plc. The value of the Company's holding in Maxima Holdings at the date of the transaction was £436,000, thereby treated as the purchase cost and sale proceeds. Realised gains above, of £311,000, differ from net realised gains per the Income Statement of £297,000, due to transaction costs of £14,000.

## 8. Current Investments

These comprise investments in two Dublin based OEIC money market funds, managed by Royal Bank of Scotland and Blackrock Investment Management UK Ltd and amount to £154,000 (31 March 2012: £147,000; 30 September 2012: £720,000). All of this sum is subject to same day access. These sums are regarded as monies held pending investment.

# Notes to the unaudited financial statements

for the six months ended 31 March 2013

## 9. Reserves

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Revaluation reserve £'000	Special distributable reserve £'000	Profit and loss account £'000	Total £'000
At 1 October 2012	576	332	32,331	3,860	12,940	8,958	58,997
Shares issued	–	–	–	–	–	–	–
Shares bought back	(6)	6	–	–	(574)	–	(574)
Expenses of Enhanced Buyback Facility and Top up Offer (see note below)	–	–	(18)	–	(46)	–	(64)
Transfer to special distributable reserve	–	–	–	–	(3,101)	3,101	–
Gains on disposal of investments (net of transaction costs)	–	–	–	–	–	297	297
Realisation of previously unrealised gains	–	–	–	1,335	–	(1,335)	–
Unrealised gains in the period	–	–	–	6,351	–	–	6,351
Loss for the period	–	–	–	–	–	(291)	(291)
Dividends paid	–	–	–	–	–	(2,862)	(2,862)
At 31 March 2013	570	338	32,313	11,546	9,219	7,868	61,854

Note: The expenses of the Enhanced Buyback Facility ("EBF") and Top Up Offer are third party costs of the Facility and Top Up Offer of £64,000, incurred up to 31 March 2013. These costs are borne by those shareholders who participated in the EBF and the Top Up Offer after the period end. Details of shares issued and bought back under the EBF and the Top Up Offer are disclosed in Note 11. No fees were charged by the Manager.

## 10. Net asset value

	At 31 March 2013 (unaudited) £'000	At 31 March 2012 (unaudited) £'000	At 30 September 2012 (audited) £'000
Net assets	61,854	56,615	58,997
Number of shares in issue	56,994,433	58,117,481	57,646,506
Net asset value per share	108.53p	97.41p	102.34p

## 11. Post Balance Sheet Events

On 3 April 2013, as part of the Company's Enhanced Buyback Facility, 7,365,558 Ordinary Shares were repurchased for cancellation at a price of 108.5p per share. Immediately following this, 7,141,491 Ordinary Shares were allotted at 111.9p per share.

As part of the Company's Top Up Offer for Subscription, on 5 April 2013, 690,536 Ordinary Shares were allotted at 112.2p per share raising net funds amounting to £749,840, from cash subscribed of £770,400 and on 3 May 2013, 83,084 Ordinary Shares were allotted at 112.6p per share raising net funds amounting to £90,537 from cash subscribed of £93,000.

## 12. The financial information for the six months ended 31 March 2013 and the six months ended 31 March 2012 has not been audited.

The financial information contained in this half-yearly report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial statements for the year ended 30 September 2012 have been filed with the Registrar of Companies. The auditors have reported on these financial statements and that report was unqualified and did not contain a statement under either section 498(2) or 498(3) of the Companies Act 2006.

Copies of this statement are being sent to all shareholders. Further copies are available free of charge from the Company's registered office, 30 Haymarket, London, SW1Y 4EX, or from [www.unicornam.com](http://www.unicornam.com).



# Shareholder Information

The Company's Ordinary Shares (Code: UAV) are listed on the London Stock Exchange. Shareholders can visit the London Stock Exchange website, [www.londonstockexchange.com](http://www.londonstockexchange.com), for the latest news and share prices of the Company. The share price is also quoted in the Financial Times.

## Net asset value per share

The Company's NAV per share as at 30 April 2013 was 108.91p. The Company announces its unaudited NAV on a monthly basis.

## Dividends

The Board is not recommending the payment of an interim dividend in respect of the six months ended 31 March 2013 to Ordinary Shareholders. The Directors will consider the payment of a dividend when approving the year end accounts.

Shareholders who wish to have future dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by contacting the Company's Registrar, Capita Registrars.

## Selling your shares

The Company's shares are listed on the London Stock Exchange and as such they can be sold in the same way as any other quoted company through a stockbroker. **Shareholders wishing to sell their shares are advised to contact the Company's stockbroker, Panmure Gordon (UK) Limited, by telephoning 020 7886 2716 or 2717 before agreeing a price with their stockbroker.** Shareholders are also advised to discuss their individual tax position with their financial advisor before deciding to sell their shares.

## Shareholder enquiries:

For general Shareholder enquiries, please contact Robert Brittain of Mobeus Equity Partners LLP (the Company Secretary) on 020 7024 7600 or by e-mail on [unicorn@mobeusequity.co.uk](mailto:unicorn@mobeusequity.co.uk).

For enquiries concerning the performance of the Company, please contact the Investment Manager, Unicorn Asset Management Limited, on 020 7253 0889 or by e-mail on [info@unicornam.com](mailto:info@unicornam.com).

Electronic copies of this report and other published information can be found on the Manager's website at [www.unicornam.com](http://www.unicornam.com).

## Change of Address

To notify the Company of a change of address please contact the Company's Registrars at the address on page 20.

## Information rights for beneficial owners of shares

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, rather than to the Company's registrar, Capita Registrars, or to the Company directly.

## Auditors

As a result of PKF UK LLP entering a business combination with BDO LLP on 28 March 2013, PKF (UK) LLP resigned as auditor on 16 May 2013 and the directors have appointed BDO LLP as auditor to fill the casual vacancy.

# Corporate Information

## Directors

Peter Dicks (Chairman)  
Malcolm Diamond (resigned on 7 February 2013)  
James Grossman  
Jeremy Hamer  
Jocelin Harris

*All of whom are non-executive and of:*

30 Haymarket  
London SW1Y 4EX

## Secretary & Administrator

Mobius Equity Partners LLP  
30 Haymarket  
London SW1Y 4EX

**Company Registration Number :** 04266437

### Investment Manager

Unicorn Asset Management Limited  
First Floor Office  
Preacher's Court  
The Charterhouse  
Charterhouse Square  
London EC1M 6AU

### VCT Tax Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### Stockbroker

Panmure Gordon (UK) Limited  
One New Change  
London  
EC4M 9AF

### Auditor

BDO LLP (formerly PKF (UK) LLP)  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

### Custodian

BNY Mellon  
One Canada Square  
London  
E14 5AL

### Bankers

National Westminster Bank plc  
City of London Office  
PO Box 12258  
1 Princes Street  
London  
EC2R 8PB

### Registrar

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

### Solicitors

SGH Martineau LLP  
No 1 Colmore Square  
Birmingham  
B4 6AA

Also at

One America Square  
Crosswall  
London  
EC3N 2SG



Unicorn Asset Management Limited  
First Floor Office, Preacher's Court, The Charterhouse,  
Charterhouse Square, London EC1M 6AU  
0207 253 0889  
[www.unicornam.com](http://www.unicornam.com)

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