

Hargreave Hale AIM VCT 1 Plc

Unaudited Interim Results for the six month period ending 31 March 2011

Chairman's Statement

Introduction

In the first half of the financial year the NAV rose from 62.67p to 67.60p, a rise of 11.1% taking into account the 2p dividend distribution in February 2011. During the same period the FTSE AIM All Share Index rose by 15.2%, which whilst the only sensible benchmark, is not wholly comparable as it has a high proportion of large mining and commodities stocks in which a VCT cannot invest.

Results

At 31 March 2011 the NAV was 67.60 pence which after adjusting for the dividends paid gives a total return of 88.60 pence. The gain per ordinary share for the six month period was 6.74 pence per share (comprising revenue losses of 0.16 pence and capital gains of 6.90 pence).

Investments

The Investment Manager, Hargreave Hale Limited, invested a further £1.37 million in 9 qualifying companies during the period and 2 companies were taken over resulting in cash offers realising a net loss of £51,429. The Fair Value of qualifying investments at 31 March 2011 was £11.9 million invested in 43 AIM companies and 4 unquoted companies (Mexican Grill Ltd, IS E&P Ltd, IS NV Ltd and TMO Renewables Ltd), the balance was held in non-qualifying AIM stocks and Gilts.

Dividend

A final dividend for the year ended 30 September 2010 of 2 pence was paid on 14 February 2011.

An interim dividend of 2 pence will be paid on 14 July 2011, with an Ex date of 15 June 2011 and record date of 17 June 2011. A final dividend will be considered at the year end.

Buybacks

We are able to maintain our policy of offering our shareholders an efficient exit route through the buyback scheme. In total, 716,175 Shares were purchased during the period at an average price of 61.2 pence per share.

Joint Offer for Subscription of Ordinary Shares

The Offer closed on 8 March 2011 and since commencement on 20 March 2010, the Offer resulted in funds being received of £1.47 million and 2.16 million shares were issued in respect of Hargreave Hale AIM VCT 1 plc.

New Joint Offer for Subscription of Ordinary Shares

On the 9 March 2011 a new joint offer for subscription of Ordinary Shares was opened to raise approximately £2.65 million, in aggregate, in New Ordinary Shares for Hargreave Hale AIM VCT 1 plc and Hargreave Hale AIM VCT 2 plc. To date the Offer has resulted in funds being received of £372,000 and 456,700 shares have been issued for Hargreave Hale AIM VCT 1 plc with £52,000 of the funds received to be allotted. The offer will close on the earlier of 29 July 2011 or the date on which the maximum is reached.

Outlook

The economy in general made an early recovery in 2010, but the question is can this upturn be sustained in 2011,. The VAT rise in January 2011 and the significant public spending cuts being introduced from April 2011 could potentially lead to a double dip recession.

I am hopeful that we will see continued recovery but there is little doubt that we live in uncertain economic times. If the market suffers a reversal we will see share prices go lower. As a VCT has to maintain 70 per cent. of its assets in qualifying companies the manager would have little scope to sell assets in such circumstances. However, whilst we may see a short term drop in Net Asset Value, I believe that your portfolio is largely comprised of robust companies with competent management and good growth plans and will be well placed to weather any such storm.

Shareholder Communication

The Company's daily share price can be found on various financial websites under the EPIC code 'HHV', or on our own dedicated website at www.hargreave-hale.co.uk/VCT/aimvct.

Sir Aubrey Brocklebank Bt
Chairman

Date: 27 May 2011

Investment Managers Report

Market Commentary

The stock markets have proven to be more resilient than many have feared. The bull trend remained intact in the first half of this financial year, despite a large spike in volatility in March. The Arab Spring, disaster in Japan, inflation fears, further European sovereign downgrades and persistent hikes in the oil prices all failed to register a larger impact on the positive equity market sentiment and, although there were two significant retracements within the period, the FTSE All-share rose by another 7.0% and FTSE AIM All-Share gained a further 15.2%. Economic surveys have generally been positive, particularly in core Europe, the US and EM. Sadly, the same cannot be said of the UK, which continues to struggle in the face of fiscal retrenchment, high levels of inflation and falling disposable incomes.

Investment Report

In the first half of the financial year the NAV rose from 62.67p to 67.60p, a rise of 11.1% taking into account the 2p dividend distribution in February 2011.

We have seen substantial increased levels of qualifying issuance and have continued to make selective investments in qualifying companies. We added positions in Corac (direct drive turbo machinery), Omega Diagnostics (medical diagnostics, follow up investment), IS E&P and IS NV (UK onshore E&P), IS Pharma (hospital medicines in critical care, neurology and oncology), Instem Life (software application for life sciences R&D) and TMO (renewables). We lost two qualifying investments, Mount Engineering and Neutrahealth, to cash bids.

Net realised and unrealised gains in the qualifying investments totalled £1.7m, equivalent to 6.51 pence per share. 22 out of the 47 investments increased in value. Intercede was by far the largest contributor to NAV appreciation (2.35p per share, £0.628m) as strong trading and positive updates resulted in a 100% increase in the share price. Animalcare (1.33p per share, £0.355m) was another significant driver of performance after the disposal of their agricultural business in October 2010 triggered a significant re-rating. K3 also contributed a noteworthy 0.63p per share, £0.168m. There were no significant losses, realised or unrealised, in the period.

Portfolio Structure

The non-qualifying strategy has seen a small net realised and unrealised gain of £0.14m, or 0.53p per share. This was a disappointing outcome and reflected some weak performance in Q2 following a respectable Q1. The sum invested fell from £1.5m to £1.1m as we reduced exposure in Q2 in anticipation of weaker markets. The weighting to non-qualifying equities fell from 9.2% to 6.0%, the effect slightly magnified by the dilution that arose from the share issuance.

Fixed income exposure fell from £4.1m to £3.1m, from 25.0% to 17.1% of net assets as a result of some disposals. The cash position increased from £1.1m to £2.0m, from 6.5% to 11.2%, as a result of new share issuance, the reduced allocation to non-qualifying equities and the disposal of some fixed income.

Investment Test

The total number of qualifying investment has grown from 42 to 47 and the fund finished the period at 85.4% invested, as measured by HMRC, 5.3% higher than it was at the year end. We have since made two subsequent qualifying investments in Microsaic (mass spectrometry) and Indeed (online property conveyancing service) whilst also completing the disposal of Rotala. Enfis acquired Photonstar via a reverse takeover.

Hargreave Hale Limited

Date: 27 May 2011

Income Statement for the six month period to 31 March 2011 (unaudited)

	For the six month period to 31 March 2011 (unaudited)		
	Revenue £000	Capital £000	Total £000
Realised gains on investments	-	504	504
Unrealised gains on investments	-	1,409	1,409
Income	144	-	144
	-----	-----	-----
	144	1,913	2,057
Management fee	(33)	(100)	(133)
Other expenses	(152)		(152)
	-----	-----	-----
	(185)	(100)	(285)
Profit/(loss) before taxation	(41)	1,813	1,772
Taxation	-	-	-
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Profit/(loss) after taxation	(41)	1,813	1,772
Earnings/(loss) per share (Note 2)	(0.16)p	6.90p	6.74p

The total column of this statement is the income statement of the Company. All revenue and capital items in the above statement derive from continuing operations.

Income Statement for the six month period to 31 March 2010 (unaudited)

	For the six month period to 31 March 2010 (unaudited)		
	Revenue £000	Capital £000	Total £000
Realised gains on investments	-	(762)	(762)
Unrealised losses on investments	-	811	811
Income	152	-	152
	-----	-----	-----
	152	49	201
Management fee	(18)	(56)	(74)
Other expenses	(176)	-	(176)
	-----	-----	-----
	(194)	(56)	(250)
Profit/(loss) before taxation	(42)	(7)	(49)
Taxation	-	-	-
	-----	-----	-----
Profit/(loss) after taxation	(42)	(7)	(49)
Earnings/(loss) per share (Note 2)	(0.16)p	(0.02)p	(0.18)p

The total column of this statement is the income statement of the Company. All revenue and capital items in the above statement derive from continuing operations.

Balance sheet as at 31 March 2011 (unaudited)

	31 March 2011 (unaudited) £000	31 March 2010 (unaudited) £000
Fixed assets		
Investments	16,085	15,629
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Current assets		
Prepayments and accrued income	44	58
Cash at bank and on deposit	2,029	1,079
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	2,073	1,137
Creditors: amounts falling due within one year		
Accruals and deferred income	(140)	(193)
	-----	-----
Net current assets	1,933	944
	-----	-----
Net assets	18,018	16,573
	-----	-----
Capital and Reserves		
Share capital redemption reserve	769	756
Called up share capital	294	286
Capital reserve - realised	(3,233)	(3,689)
Capital reserve - unrealised	(903)	(2,322)
Special reserve	19,486	21,291
Share Premium	1,461	126
Revenue reserve	144	125
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Equity shareholders' funds	18,018	16,573
	-----	-----
Net asset value per share (Note 4)	67.60p	64.06p

Reconciliation of movements in shareholders' funds for the six month period to 31 March 2010 (unaudited)

	Share Capital	Capital Redemption Reserve	Capital Reserve Realised	Capital Reserve Unrealised	Special Reserve	Share Premium	Revenue Reserve	Total
	£000	£000	£000	£000	£000	£000	£000	£000
At beginning of period	294	746	(2,871)	(3,133)	21,901	-	167	17,104
Realised gains on investments	-	-	(762)	-	-	-	-	(762)
Unrealised gains on investments	-	-	-	811	-	-	-	811
Management fee charged to capital	-	-	(56)	-	-	-	-	(56)
Equity dividends paid	-	-	-	-	-	-	-	-
Shares repurchased for cancellation	(10)	10	-	-	(610)	-	-	(610)
Subscriptions	2	-	-	-	-	126	-	128
Profit after taxation for the period	-	-	-	-	-	-	(42)	(42)
At end of period	286	756	(3,689)	(2,322)	21,291	126	125	16,573

Notes to the interim report

- The accounts of the company are prepared in accordance with Accounting Standards applicable in the United Kingdom. The accounting policies used in preparing this report are consistent with those to be adopted at the year end. All AIM investments are valued at bid price. Unquoted companies are included at fair value. The Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants. The fair value of such assets or liabilities will be reviewed on a 6 monthly basis and more frequently if events occur that could have a material impact on the investment.
- The profit per ordinary share of 6.74p is based on the profit after tax for the period of £1,771,813 and the weighted average number of ordinary shares in issue over the period of 26,303,312.
- The results should not be taken as a guide to the results for the financial period ending 31 September 2011.
- The net asset value per ordinary share at 31 March 2011 of 67.60p after deducting the 2p dividend paid in February 2011 is based on net assets of £18,018,217 and on 26,655,036 shares, being the number of ordinary shares in issue as at 31 March 2011.
- The financial information contained in the 31 March 2011 income statement, balance sheet, cash flow statement and reconciliation of movements in shareholders' funds does not constitute full financial statements and has not been audited.

Investment portfolio summary as at 31 March 2011

	Book Cost	Valuation	Valuation
	£000	£000	%
Qualifying investments			
Intercede Group	518	1,255	7.8
Abcam Plc	100	1,130	7.0
Animal Care	300	845	5.3
Advanced Computer Software	400	824	5.1
Craneware	150	621	3.9
K3 Business Tech Group	270	579	3.6
Pressure Technologies	340	510	3.2
EKF (formerly IBL)	300	440	2.7
Cohort plc	800	399	2.5
Instem Life	297	371	2.3
IS Pharma	350	367	2.3
I-Dox	150	355	2.2
Brulines Holdings	386	289	1.8
Vertu Motors	600	275	1.7
Egdon Resources plc	158	254	1.6
Bglobal	258	248	1.5
Chime (formerly Essentially Group)	220	237	1.5
Keycom	300	225	1.4
Plastics Capital	250	208	1.3
TMO Renewables (unquoted)	200	200	1.2
Mexican Grill A Preference (unquoted)	185	185	1.1
Omega Diagnostics	150	181	1.1
Rotala	372	179	1.1
Renuron Group	298	177	1.1
Richoux	365	164	1.0
Corac	150	145	1.0
Maxima Holdings	251	137	0.9
Tangent Communications	300	127	0.8
Advanced Power Components	148	113	0.7
CBG Group	534	95	0.6
Jelf Group	174	95	0.6
Feedback	201	84	0.5
Universe Group	385	83	0.5
Autoclenz Holdings	256	78	0.5
Energetix Group	380	76	0.5
Tasty plc	288	68	0.4
Progressive Digital	173	55	0.3
IS E&P (unquoted)	50	50	0.3
IS NV (unquoted)	50	50	0.3
Infrastrata (formerly Portland Gas)	46	37	0.2
Hardide	396	25	0.2
Mexican Grill (unquoted)	20	21	0.1
Expansys	331	16	0.1
Invocas Group	169	12	0.1
Photonstar (formerly Enfis)	146	10	0.1
Invu	200	4	0.0
Sports Media Group	300	3	0.0
Infoserve Group	200	1	0.0
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Total qualifying investments	12,865	11,903	74.0

Non-Qualifying investments	Book Cost £000	Valuation £000	Valuation %
UK Treasury 2.25% 2014	978	1,012	6.3
UK Treasury 2.5% 2016	491	558	3.5
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Total – UK gilts	1,469	1,570	9.8
Nationwide 3.75% 2011	1,018	1,017	6.3
Scot Amicable 8.5% 2049	256	261	1.6
Nationwide 7.971% 2049	242	250	1.6
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Total – UK corporate bonds	1,516	1,528	9.5
Brady	136	172	1.1
Anglo Pacific	167	170	1.1
Cove Energy plc	35	94	0.6
BP	100	91	0.6
Communis	105	87	0.5
Immunodiagnostic	84	83	0.5
Skill P&L	100	80	0.5
Optare plc	103	62	0.4
OPG	43	52	0.3
Acta	94	47	0.3
DDD	34	40	0.2
Chariot	33	33	0.2
Cap-XX	30	32	0.2
Expansys	60	29	0.2
Abcam Plc	4	4	0.0
Animalcare Group plc	2	2	0.0
K3	2	2	0.0
Corac	1	1	0.0
Intercede	1	1	0.0
Egdon Resources	1	1	0.0
IS Pharma	1	1	0.0
Richoux	1	0	0.0
EKF	0	0	0.0
Photonstar (formerly Enfis)	0	0	0.0
Tasty Plc	1	0	0.0
	-----	-----	-----
Total – non-qualifying equities	1,138	1,084	6.7
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Total – non-qualifying investments	4,123	4,182	26.0
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Total investments	16,988	16,085	100.0
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The top 10 equity investments are shown below, each is valued by reference to the bid price.

Intercede plc			80p
Investment date	May 2007	Unaudited results for 6 months to	September 2010
Equity held	3.25%	Turnover (£'000)	3,506
Purchase Price	33p	Profit before tax (£'000)	1,225
Cost (£'000)	518	Net assets (£'000)	4,367
Valuation (£'000)	1,255		

Intercede is an international developer and supplier of software for identity and credential management. This software is branded as the Intercede MyID® Identity and Credential Management System. MyID is a commercial-off-the-shelf product that Intercede has licensed the use of to governments, public authorities and companies around the world to improve the level of identity assurance of their citizens and employees.

Abcam plc			376.75p
Investment date	October 2005	Unaudited results for 6 months to	December 2010
Equity held	0.17%	Turnover (£'000)	39,353
Purchase Price	34.8p	Profit before tax (£'000)	15,152
Cost (£'000)	104	Net assets (£'000)	60,355
Valuation (£'000)	1,134		

Abcam is a producer and distributor of research-grade antibodies headquartered in Cambridge, UK, with offices in Cambridge, Massachusetts, USA and Tokyo, Japan. The Company produces and distributes its own and third party produced antibodies to academic and commercial users throughout the world. Product ordering is available through the Company's website where customers are also able to access up-to-date and detailed technical product data sheets. All the antibodies are sold under the Abcam brand name and the Company's vision is to build the world's largest online resource of high quality and commercially viable antibodies.

Animalcare Group plc			155p
Investment date	December 2007	Unaudited results for 6 months to	December 2010
Equity held	2.68%	Turnover (£'000)	5,986
Purchase Price	55.2.p	Profit before tax (£'000)	1,441
Cost (£'000)	302	Net assets (£'000)	14,587
Valuation (£'000)	847		

Animalcare plc has operated through two trading division, Animalcare and Ritchey. Animalcare develops, markets and supplies a range of licensed veterinary medicines, companion animal identification microchips and other animal welfare products to veterinary surgeons and other veterinary professionals within the UK and Europe, whilst Ritchey manufactures and supplies livestock identification and other products to agricultural retailers in the UK and Republic of Ireland. On 20 September 2010, Animalcare sold its Agriculture businesses, including Ritchey, for £3.25m cash. The company will now focus on its core veterinary medicines business.

Advanced Computer Software plc			35p
Investment date	July 2008	Unaudited results for 6 months to	August 2010
Equity held	0.66%	Turnover (£'000)	47,314
Av. Purchase Price	17p	Profit before tax (£'000)	1,917
Cost (£'000)	400	Net Assets (£'000)	81,110
Valuation (£'000)	824		

Advanced Computer Software Group plc is a supplier of software and IT services to the healthcare and commercial sectors with a primary focus on delivering high quality products and services to enable first class delivery of care in the community. Advanced additionally delivers back-office systems for NHS trusts, local authorities and care providers and is further strengthening its position in the health checks and pharmacy services markets. Working with partners in the NHS, local government and the private sector, Advanced delivers IT in support of safe and efficient care delivery and greater information for both the commissioner and care provider. The company offers a range of integrated health and care solutions from patient-facing IT systems through to back-end operational systems and services. Advanced is also a leading supplier of software and IT services to the commercial sector, which represents 35% of the company's revenues.

Craneware			530p
Investment date	September 2007	Unaudited results for 6 months to	December 2010
Equity held	0.44%	Turnover (\$'000)	16,560
Av. Purchase Price	128p	Profit before tax (\$'000)	4,334
Cost (£'000)	150	Net assets (\$'000)	25,005
Valuation (£'000)	621		

Craneware provides proprietary software solutions that improve the financial performance of US hospitals and healthcare organisations through strategic pricing, revenue cycle and supply management solutions. The Group's main product, Chargemaster Toolkit™ ("CMT"), assists US healthcare providers in reducing billing errors, ensuring accurate submission of claims and managing compliance risk. CMT is designed to help hospital finance departments maintain accurate and up-to-date information, increase operational efficiency and increase reimbursement related to outpatient items. Craneware was founded in 1999 and currently maintains its corporate headquarters in Livingston, Scotland, with offices in Florida, Arizona and Kansas.

K3 Business Technology Group			193p
Investment date	September 2005	Unaudited results for 6 months to	December 2010
Equity held	1.16%	Turnover (£'000)	24,671
Purchase Price	90.3p	Profit before tax (£'000)	4,233
Cost (£'000)	272	Net assets (£'000)	25,005
Valuation (£'000)	581		

K3 supplies and installs Microsoft based enterprise resource planning software solutions for the supply chain around the world. The company focuses on the retail, manufacturing and distribution markets. ERP software is business critical and provides companies with an integrated software solution to manage inventory, resources and business processes. Once installed these software systems remain in place typically 12 years or more. K3's customers are primarily mid-tier retailers, manufacturers or distributors but also include larger companies within these sectors. In total, the Company has installed and now supports its Microsoft based software solutions in c1,500 customers operating across 30 countries.

Pressure Technologies plc			225p
Investment date	May 2007	Audited results for 52 weeks to	October 2010
Equity held	2.00%	Turnover (£'000)	21,714
Purchase Price	150p	Profit before tax (£'000)	3,486
Cost (£'000)	340	Net assets (£'000)	15,907
Valuation (£'000)	510		

Pressure Technologies is the holding company for Chesterfield Special Cylinders ("CSC") and Chesterfield BioGas. CSC designs, manufactures and offers retesting and refurbishment services for a range of specialty high pressure, seamless steel gas cylinders for global energy and defense markets. Chesterfield BioGas, formed in November 2008 following the signing of a co-operation agreement with Greenlane® Biogas Limited, gives Pressure Technologies exclusive rights to market Greenlane® equipment in the UK and Eire. Chesterfield BioGas will provide turnkey solutions for the cleaning, storage and dispensing of biomethane, produced from waste water treatment and anaerobic digestion of organic waste. Pressure Technologies has also acquired Al-Met Limited in Feb 2010 and Hydratron in October 2010.

EKF Diagnostics Holdings plc **22p**

Investment date	June 2010	No financial information available	
Equity held	1.19%	Turnover (£'000)	-
Av. Purchase Price	15p	Profit before tax (£'000)	-
Cost (£'000)	300	Net assets (£'000)	-
Valuation (£'000)	440		

The EKF Group is a leading diagnostic business with its head office in the UK and operations in Germany, Poland and Russia. The business is focused on the development, production and worldwide distribution of blood analysers. Established in manifold applications, the products are sold into hospitals, universities, laboratories, blood donor centres, for industrial use and point of care testing. International Brand Licensing acquired EKF Diagnostics in August 2010 by reverse takeover. The new management team, which has strong credentials in the life sciences arena, intends to develop a meaningful life sciences business through a combination of organic and acquisitive growth. EKF has completed its acquisition of Quotient Diagnostics in October 2010 and Argutus Medical Limited in December 2010. Quotient has subsequently obtained FDA approval for Quo-Test in China.

Cohort plc **65p**

Investment date	February 2006	Unaudited results for 6 months to	December 2010
Equity held	1.51%	Turnover (£'000)	32,720
Purchase Price	130.2p	Profit before tax (£'000)	721
Cost (£'000)	800	Net assets (£'000)	46,340
Valuation (£'000)	399		

Cohort was established to capitalise on consolidation and organic growth opportunities primarily in the defence market. The group provides an environment in which complementary companies can grow and cooperate to provide technical advice, managed services, niche products and software across the wider defence, security and associated sectors. Cohort's trading subsidiaries, MASS, SCS and SEA, are leading independent service providers, working for defence, wider government and industry clients.

Instem plc **218p**

Investment date	October 2010	Unaudited results for 52 weeks to	December 2010
Equity held	1.45%	Turnover (£'000)	10,001
Purchase Price	175p	Profit before tax (£'000)	1,415
Cost (£'000)	297	Net assets (£'000)	4,548
Valuation (£'000)	371		

Instem is a leading supplier of IT solutions (pre-clinical study management solutions) to the early development healthcare market. It has customers in North America, Europe, China, India and Japan, including sixteen of the top twenty pharmaceutical and biotech companies such as GlaxoSmithKline and AstraZeneca. It is estimated that approximately half of the world's pre-clinical drug safety data has been collected over the last 20 years via Instem software.

Date: 27 May 2011

For further information please contact:

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