

Unaudited Interim Results for the six month period ending 31 March 2010

#### Chairman's Statement

During the six month period the NAV increased by 0.13%. During the same period the FTSE AIM All Share index rose by 8.81%.

#### Results

The net asset value per ordinary share increased to 64.06 pence during the period. Adjusted for dividends paid, the total return for ordinary shareholders is 81.06 pence, a 0.01% increase in the period and for C shareholders (now converted to ordinary shares) a total return of 86.31 pence, a 0.12% increase in the period. The loss per ordinary share for the period was 0.18 pence (comprising revenue losses of 0.16 pence and capital losses of 0.02 pence).

The Manager invested £0.45 million in 3 qualifying AIM companies during the period and made full or part disposals of 7 of the qualifying investments, realising a net gain of £0.04 million. In addition, 2 qualifying investments went into administration during the period (Relax Group plc and Hexagon Human Capital Group) realising a combined loss of £0.95 million. A further £1.58 million was invested in 19 non-qualifying equity investments and 23 companies were sold (in full or in part) realising a net gain on sale of £0.13 million in the period. The bid value of qualifying investments at 31 March 2010 was £9.62 million invested in 41 AIM companies and £0.21m in Mexican Grill (an unquoted company) valued at cost. The bid value of non-qualifying investments at 31 March 2010 was £1.46 million invested in 22 listed or AIM companies. £4.35 million was held in UK gilts and corporate bonds. With respect to the 70% investment test, as at 31 March 2010, 79.49% of the Company's investments were in qualifying companies.

#### Shares Repurchased

1.06 million shares were repurchased during the six month period ending 31 March 2010 at a cost of £0.61 million and an average price of 57 pence.

#### Dividend

An interim dividend of 2p will be payable to ordinary shareholders in respect of the period. The interim dividend will be payable on 2 July 2010 to ordinary shareholders on the share register on 11 June 2010. A final dividend will be considered at the year end.

#### Linked Offer for Subscription

At a General Meeting held on the 19 February 2010 the resolutions were passed in relation to the Offer. The 2009/2010 Offer resulted in funds being received of £0.66 million and 0.99 million shares being issued. The 2010/2011 Offer will conclude on 31 July 2010 (unless the Offer is otherwise closed earlier or extended).

#### Outlook

Whilst the economy seems to have avoided the worst recession that was feared the cost has been an unprecedented level of Government borrowings and an enormous ongoing budget deficit. The new government has recognised that this is not sustainable for long and has started to make cuts. It faces a hard balancing act between fiscal rectitude and killing off the green shoots of recovery.

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 may see prices go lower. Because a VCT has to maintain 70% of its assets in qualifying companies the manager would have little scope to sell assets in such circumstances. However 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](http://www.hargreave-hale.co.uk/VCT/aimvct).

Sir Aubrey Brocklebank Bt  
Chairman

28 May 2010

## Investment Managers report

### Market Commentary

The stock market rally continued through the autumn and into the New Year, driven higher in part by a belief that monetary policy would remain unchanged for an extended period of time, but also by improving macro data and strong corporate results. However, the New Year brought a renewed focus on the fiscal imbalances that remain in place: notably the very large levels of public debt, high deficits and the potential for one or more Sovereign defaults. Recent measures put in place by the ECB have averted a potential default in the short-term, but there remain concerns that the accompanying austerity packages will depress the outlook for growth within the Eurozone region. The FTSE All-Share gained 10.5% in the six months to 31 March 2010, although as I write it sits below its closing price on 30 September 2009 level. Of more direct relevance, FTSE AIM All-Share was +8.8% whilst the FTSE UK Small Cap (Ex Inv Trust) was -7.1%. Both these indices have also suffered falls since 31 March 2010.

### Portfolio Performance

The NAV was almost unchanged in the first half, a mildly disappointing result in our opinion. We suffered some mixed results within both the qualifying and non-qualifying elements of the portfolio that broadly offset one another. Major successes included Abcam and Animalcare: both companies continue to trade well. The biggest disappointment was Cohort, our largest holding at the year end, which announced the discovery of some accounting irregularities in one of its divisions. The revisions resulted in a restatement of their prior year accounts and reduced expectations for the current trading. The company moved quickly to address the situation and has since announced several large contract wins with a combined value of £60m giving the company its largest ever visible order book. There has been a partial recovery in the share price and we remain confident that the company will make further progress.

FDM was subject to a successful MBO and MAMA Group was acquired by HMV. Both deals were above the price paid and a profit was realised in the period. At the other end of the spectrum, St Helen's Capital was also acquired by Whim Gully Capital at a loss whilst Hexagon and Relax fell into administration. The net effect was broadly neutral for the period.

The non-qualifying equity allocation delivered realised gains of 0.49p per share and remains a key part of our strategy to generate distributable reserves.

### Portfolio Structure

By market value, the fund has 59% of its assets invested in qualifying equities, with another 9% in non-qualifying equities. Our fixed income weighting remained fairly static at 26%. Cash was unchanged at 6%.

### Buybacks

1,064,606 shares were bought back in the six months to 31 March 2010. The average price paid was 57.36p per share.

### Investment Test

At 79.5% invested (as measured using HMRC's methodology), the VCT remains comfortably above the 70% investment test threshold, allowing us a greater level of flexibility in our approach to the qualifying portfolio. We made three qualifying investments in the period in Egdon Resources, Mexican Grill and Reneuron Group.

Hargreave Hale Limited

28 May 2010

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

	For the six month period to 31 March 2010 (unaudited)		
	Revenue	Capital	Total
	000	000	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.

Income Statement for the six month period to 31 March 2009 (unaudited)

	For the six month period to 31 March 2009 (unaudited)		
	Revenue	Capital	Total
	000	000	000
Realised gains on investments		(1,595)	(1,595)
Unrealised gains on investments	-	(691)	(691)
Income	216	-	216
	-----	-----	-----
	216	(2,286)	(2,070)
Management fee	(21)	(62)	(83)
Other expenses	(177)	-	(177)
	-----	-----	-----
	(198)	(62)	(260)
Profit before taxation	18	(2,348)	(2,330)
Taxation	-	-	-
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Profit after taxation	18	(2,348)	(2,330)
Earnings per share (Note 2)	0.06p	(7.28)p	(7.22)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 2010 (unaudited)

	31 March 2010 (unaudited)	31 March 2009 (unaudited)
	000	000
Fixed assets		
Investments	15,629	13,033
	-----	-----
Current assets		
Prepayments and accrued income	58	44
Cash at bank and on deposit	1,079	5,635
	-----	-----
	1,137	5,679
Creditors: amounts falling due within one year		
Accruals and deferred income	(193)	(71)
	-----	-----
Net current assets	944	5,608
	-----	-----
Net assets	16,573	18,641
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Reconciliation of movements in shareholders' funds for the six month period to

31 March 2009 (unaudited)

	Share Capital	Capital Reserve Realised	Capital Reserve Unrealised	Special Reserve	Revenue Reserve	Capital Redemption Reserve
	000	000	000	000	000	000
At beginning of period	989	40	(5,660)	25,699	259	51
Conversion of C shares	(666)	-	-	-	-	666
Realised gains on investments	-	(1,595)	1,838	-	-	-
Unrealised gains on investments	-	-	(2,529)	-	-	-
Management fee charged to capital	-	(62)	-	-	-	-
Equity dividends paid	-	(322)	-	-	-	-
Shares repurchased for cancellation (1)	-	-	-	(85)	-	1
Proceeds from issue of shares	-	-	-	-	-	-
Profit after taxation for the period	-	-	-	-	18	-
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At end of period	322	(1,939)	(6,351)	25,614	277	718
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Notes to the interim report

1 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.

2 The loss per ordinary share of 0.18p is based on the losses after tax for the period of 49,094 and the weighted average number of ordinary shares in issue over the period of 26,180,890.

3 The results should not be taken as a guide to the results for the financial period ending 30 September 2010.

4 The net asset value per ordinary share at 31 March 2010 of 64.06p is based on net assets of 16,572,770 and on 25,870,079 shares, being the number of ordinary shares in issue as at 31 March 2010.

5 The financial information contained in the 31 March 2010 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 2010

<b>Qualifying investments</b>	Book cost	Valuation	Valuation
	000	000	%
Abcam Plc	167	1,229	7.9
Advanced Computer Software	400	918	5.9
Intercede Group	518	659	4.2
Animal Care	300	655	4.2
Cohort Plc	800	553	3.5
Brulines Holdings	510	518	3.3
Pressure Technologies	340	487	3.1
Craneware	150	453	2.9
K3 Business Tech	270	378	2.4
Vertu Motors	600	350	2.2
Mount Engineering	400	343	2.2
Rotala	400	307	2.0
Keycom	300	263	1.7
CBG Group	534	238	1.5
I-Dox	150	230	1.5
Mexican Grill A Pref	185	185	1.2
Egdon Resources	158	170	1.1
Chime	220	156	1.0
Neutra Health Plc	315	142	0.9
Universe Group	385	137	0.9
Maxima Holdings	251	134	0.9
Infrastrata	46	126	0.8
Legion Group	250	125	0.8
Reneuron Group	238	102	0.6
Feedback	201	101	0.6
Autoclenz Holdings	256	96	0.6
Tangent Communications	300	92	0.6
Energetix Group	380	92	0.6
Advanced Power Components	148	82	0.5
Expansys	331	76	0.5
Plastics Capital	250	70	0.4
Jelf Group	174	64	0.4
Innovision research & Technology	174	56	0.4
Tasty Plc	288	51	0.3
Progressive Digital	173	44	0.3
Richoux	300	42	0.3
Invocas Group	169	23	0.1
Infoserve Group	200	22	0.1
Mexican Grill	20	20	0.1
Hardide	396	13	0.1
Enfis Group	146	10	0.1
Sports Media Group	300	10	0.1
Invu	200	4	0.0
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Total qualifying investments	12,293	9,826	62.8
<b>Non-qualifying investments</b>			
Anglo Pacific	159	180	1.2
BP	147	156	1.0
Legion Group	162	148	1.0
IMI	107	132	0.8
Cape	126	114	0.7
Westhouse	110	100	0.6
Cove Energy	36	95	0.6
EMIS	82	95	0.6
Optare	140	90	0.6
Sainsbury	85	82	0.5
TT Electronics	70	75	0.5
Lookers	62	57	0.4
Clerkenwell Ventures	47	38	0.2
Advanced Medical	33	36	0.2
Alliance Pharma	26	33	0.2
Craneware	8	10	0.1
Abcam	8	9	0.1
Animal Care	2	2	0.0
Advanced Computer Software	2	2	0.0
Vertu Motors	3	1	0.0
Tasty Plc	2	0	0.0
Enfis Group	0	0	0.0
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Non-qualifying equity investments	1,417	1,455	9.3

Treasury 2.25% 2014	1,467	1,499	9.6
Treasury 2.5% 2016	491	529	3.4
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Total UK Gilts	1,958	2,028	13.0
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Lloyds TSB 4% 2011	1,024	1,041	6.7
Nationwide BS 3.75% 2011	1,018	1,036	6.6
Nationwide BS 7.971% 2049	242	243	1.6
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Total UK Corporate Bonds	2,284	2,320	14.9
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Total non-qualifying investments	5,659	5,802	37.2
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Total investments	17,952	15,629	100.0
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#### Qualifying investments

The top ten qualifying investments are listed below.

Abcam plc 1229p

Investment date	October 2005	Unaudited results for 6 months to	December 2009
Equity held	0.28%	Turnover ('000)	31,807
Purchase Price	167p	Profit before tax ('000)	11,187
Cost ('000)	167	Net assets ('000)	45,592
Valuation ('000)	1,229		

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.

Advanced Computer Software plc 39p

Investment date	May 2008	Unaudited results for 6 months to	August 2009
Equity held	0.66%	Turnover ('000)	11,017
Purchase Price	17p	Profit before tax ('000)	1,944
Cost ('000)	400	Net assets ('000)	75,485
Valuation ('000)	918		

Advanced Computer Software is a provider of software and IT services to the primary care sector. ACS occupies a strategically important niche in the IT framework of the NHS, from which it intends to expand through a strategy of product innovation, selective acquisitions and/or technical collaboration.

Intercede plc 42p

Investment date	May 2007	Unaudited results for 6 months to	September 2009
Equity held	3.26%	Turnover ('000)	2,811
Purchase Price	33p	Profit before tax ('000)	85
Cost ('000)	518	Net assets ('000)	2,731
Valuation ('000)	659		

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.

Animalcare plc 120p

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Investment date	December 2007	Unaudited results for 6 months to	December 2009
Equity held	2.73%	Turnover ('000)	8,933
Purchase Price	55p	Profit before tax ('000)	804
Cost ('000)	300	Net assets ('000)	15,557
Valuation ('000)	655		

Animalcare Group plc operates as two divisions, Companion Animal and Livestock. The Companion Animal division is focused on the supply of companion animal medicines, identification and welfare products to veterinary practices in the United Kingdom and the Republic of Ireland, and to distributors in the main EU markets. The Livestock division is focused on the supply of livestock identification and welfare products to agricultural retailers and farmers in the United Kingdom and the Republic of Ireland.

Cohort plc 90p

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Investment date	February 2006	Unaudited results for the 6 months to	October 2009
Equity held	1.51%	Turnover ('000)	37,283
Purchase Price	123p	Profit before tax ('000)	1,203
Cost ('000)	800	Net assets ('000)	45,795
Valuation ('000)	553		

Cohort is an independent technology business operating in defense and related markets. It was formed in 2006 as a holding company to acquire and grow businesses capitalising on the growing demand in the UK and overseas for independent technical advice and cost effective and flexible supply of niche products and services. It now has three well established, wholly owned subsidiaries providing a wide range of services and products covering the full defense procurement cycle in land, sea and air systems.

Brulines plc 125p

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Investment date	October 2006	Unaudited results for the 6 months to	September 2009
Equity held	1.48%	Turnover ('000)	9,895
Purchase Price	123p	Profit before tax ('000)	1,895
Cost ('000)	510	Net assets ('000)	20,119
Valuation ('000)	518		

Brulines is a leading provider of volume and revenue protection systems for draught alcoholic drinks for the UK Licensed on-trade, in particular the tenanted pub sector. The Dispense Monitoring Division, which represents the Group's core product, measures the actual volume of liquid dispensed each hour against legitimate deliveries and protects the pub owners from the potential loss of revenue from 'buying out'. A more recent product offering is i-Draught, which scrutinizes the quality as well as the quantity of product being dispensed. Through acquisition Brulines has built up a range of additional services to meet the needs of the industry's vending and gaming machines. It also provides services to the petrol forecourt market.

Pressure Technologies plc 215p

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Investment date	May 2007	Audited results for 53 weeks to	3 October 2009
Equity held	2.00%	Turnover ('000)	26,186
Purchase Price	150p	Profit before tax ('000)	5,053
Cost ('000)	340	Net assets ('000)	14,114
Valuation ('000)	487		

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.

Craneware 387p

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Investment date	September 2007	Unaudited results for 6 months to	December 2009
Equity held	0.47%	Turnover (\$'000)	13,256
Purchase Price	128p	Profit before tax (\$'000)	3,300
Cost ('000)	150	Net assets (\$'000)	20,272
Valuation ('000)	453		

Craneware provides proprietary revenue cycle management software solutions for the US healthcare provider market. 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 126p

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Investment date	September 2005	Unaudited results for 6 months to	June 2009
Equity held	1.17%	Turnover ('000)	15,941
Purchase Price	90p	Profit before tax ('000)	131
Cost ('000)	270	Net Assets ('000)	26,984
Valuation ('000)	378		

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.

Vertu Motors 35p

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Investment date	December 2006	Unaudited results for 6 months to	August 2009
Equity held	0.51%	Turnover ('000)	401,345
Purchase Price	60p	Profit before tax ('000)	5,053
Cost ('000)	600	Net assets ('000)	87,131
Valuation ('000)	350		

Vertu Motors was formed in late 2006 to acquire and consolidate UK motor retail businesses. In March 2007 the Group acquired the UK's 13th largest motor retailer, Bristol Street Motors. With the addition of further acquisitions, Vertu Motors is now the 9th largest motor retailer in the UK. The Company continues to seek to acquire businesses with the potential for performance improvements and which may contain freehold property portfolios. The Directors envisage that performance improvement opportunities will arise in acquired dealerships from increasing sales in new and used cars and after-sales services. Further profit enhancements will be sought through the possible development and maximisation of channels to market, such as the internet, sub-prime finance, contract hire and fleet operations.

28 May 2010

For further information please contact:

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