



UNICORN AIM VCT PLC

Unaudited Interim Report
for the six months ended 31 March 2004

Investment Objective

The objective of the Company is to provide Shareholders with an attractive return from a diversified portfolio of investments predominantly in the shares of AIM companies. This will be achieved by maximising the stream of dividend distributions to Shareholders from the income and capital gains generated by the portfolio. To achieve VCT qualifying status, 70% of the Company's total investments must be invested in qualifying investments within three years of each share issue. The Directors and the Manager will seek to safeguard the capital available for investment in qualifying investments whilst looking to provide good short-term returns.

Investment Policy

It is the aim of the Investment Manager to identify and invest in a diversified portfolio of companies that display a majority of the following characteristics:

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

Chairman's Statement

The recent flow of new issues is an encouraging sign of market health. Equities have again become the asset class of choice and investors appear willing to pay a premium for growth.

Series 2 Share Issue

The Series 2 (S2) share issue was launched in January 2004 to provide existing and new Shareholders with an opportunity to invest in a new portfolio of assets. In the period to 31 March 2004 £5.6 million was raised under the Offer. Following the Chancellor's decision to increase the initial income tax relief from 20% to 40% with effect from 6 April 2004 the Offer was extended until 14 May 2004. To date over £11 million has been raised. This is an excellent outcome and I would like to thank both existing and new Shareholders for their support.

Qualifying Investments

In the six months to 31 March 2004 the Ordinary Share Fund made six new qualifying investments and two follow-on investments at a total cost of £4.3 million. Three of the new qualifying investments were in existing AIM listed companies and three were new admissions to AIM. The S2 Fund did not make any qualifying investments in the short period from launch to the interim period end.

Your Investment Manager continues to adopt a highly selective investment approach focusing upon established, profitable, cash generative businesses with sound financial controls and proven management teams.

Your Board is confident that the Company can capitalise upon the resurgence in the IPO market in order to meet the Inland Revenue's 70% qualifying target required for the Ordinary Share Fund by September 2004 and for the S2 Fund by September 2006.

Results

Net revenue attributable to Ordinary Fund Shareholders for the period was £33,000 (£273,000 for the six months ended 31 March 2003). The decline reflects a reduction in interest received from cash on deposit as these funds have been invested in qualifying investments, which in their early stage of development typically pay a nominal level of dividends. The Company has now reached a stage in its development where future dividend payments are likely to be substantially dependent on capital profits generated from investment realisations. For this reason the Board is not declaring an interim dividend for this period. The total return after tax attributable to Ordinary Fund Shareholders was £3,393,000 (£116,000 for the six months ended 31 March 2003) the equivalent of 9.7 pence per Ordinary Share. During the period 132,000 Ordinary Shares were bought back for cancellation at an average price of 97 pence per share.

There was no gain or loss generated on the revenue account for the S2 Fund whilst the loss on the capital account reflected a small investment management fee for the period. The net return on ordinary activities from the S2 Fund is not reflective of normal ongoing activities due to the fact that cash raised in the short period from the initial allotment on 5 February 2004 until 31 March 2004 has been invested in OEIC money market funds. Of the initial proceeds approximately 45% will shortly be invested equally in the three funds of the Unicorn Investment Funds ICVC (comprising the Unicorn Free Spirit Fund, Unicorn Mastertrust Fund and Unicorn UK Smaller Companies Fund) with the balance held in cash in order to fund qualifying investments as indicated in the prospectus.

Net Asset Value

The net asset value (NAV) of the Ordinary Share Fund at 31 March 2004 was 117.2 pence per share. The 9.1% increase in the NAV since the September 2003 year-end is particularly pleasing as the performance was broadly based. Since the launch of the Ordinary Share Fund in October 2001 the initial NAV has increased by 24.0%, the FTSE All Share Index has declined by 4.0% and the FTSE AIM Index has increased by 10.8%.

The NAV of the S2 Fund at 31 March 2004 was 94.5 pence per share, broadly representing net funds raised after issue costs of 5.5 pence per share.

Outlook

The recent flow of new issues is an encouraging sign of market health. Equities have again become the asset class of choice and investors appear willing to pay a premium for growth.

Whilst the cyclical recovery has gathered momentum a rising interest rate environment is likely to signal the end of the consumer boom leading to a more discriminate market performance. House prices, consumer spending and household borrowing have all proved resilient so far, but consumption has to slow if the Bank of England is to resist getting tougher. The Company's position, almost exclusively focussed on the industrial and business service sectors of the economy, appears to be the correct one in this environment.

Peter Dicks
Chairman

27 April 2004

Shareholder communications

Shareholders wishing to keep in touch with the Company's progress can visit the TrustNet website at www.trustnet.com. This contains publicly available information about our largest investments, the latest NAV and the share price. The share price is also quoted in the Financial Times.

Shareholder enquires:

For general shareholder enquiries, please contact Sarah Penfold of Matrix-Securities Limited (the Company Secretary) on 020 7292 0800 or by e-mail on spenfold@matrix-securities.co.uk

For enquiries concerning the performance of the Company, please contact the Investment Manager:

Sean O'Flanagan at Unicorn Asset Management, on 020 7253 0889 or by e-mail on sean.oflanagan@unicornam.com

To notify the Company of a change of address or to request a dividend mandate form (should you wish to have future dividends paid directly into your bank account) please contact the Company's Registrars, Capita IRG Plc on 0870 162 3100, or write to them at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

Investment Portfolio Summary - Ordinary Share Fund

as at 31 March 2004

Qualifying investments	Book cost £'000	Valuation £'000	% of net assets by value
AIM listed investments			
Glisten plc	650	2,259	5.53%
Huveaux plc	1,000	2,100	5.15%
Tellings Golden Miller Group plc	1,000	2,071	5.07%
Centurion Electronics plc	650	1,883	4.61%
Supporta plc (formerly Staffing Ventures plc)	1,550	1,753	4.29%
The Real Good Food Company plc	997	1,176	2.88%
Ingenta plc	870	906	2.22%
AttentiV Systems Group plc	770	840	2.06%
Xpertise Group plc	400	600	1.47%
Asfare Group plc	470	588	1.44%
Lloyds British Testing plc	1,000	537	1.32%
Polaron plc	350	350	0.86%
Longbridge International plc	260	265	0.65%
Cobra Bio-Manufacturing plc	310	263	0.64%
AFA Systems plc	180	245	0.60%
Eckoh Technologies plc (Intelliplus Group plc)	400	243	0.60%
Screen plc	430	225	0.55%
Spring Grove Property Maintenance plc	250	222	0.54%
	11,537	16,526	40.48%
Unlisted investments			
Nectar Taverns plc	1,000	1,000	2.45%
Aludel Limited	750	0	0.00%
	1,750	1,000	2.45%
Total qualifying investments	13,287	17,526	42.93%

Non-qualifying investments	Book cost £'000	Valuation £'000	% of net assets by value
AIM listed investments	1,974	2,981	7.30%
Listed UK equities	9,284	12,245	30.00%
Unicorn Free Spirit Fund	3,933	6,563	16.08%
OEIC money-market funds	1,535	1,535	3.76%
Total non-qualifying investments	16,726	23,324	57.14%

	Book cost £'000	Valuation £'000	% of net assets by value
Total investments	30,013	40,850	100.07%
Other assets		581	1.42%
Current liabilities		(610)	(1.49%)
Net assets		40,821	100.00%

Qualifying Investments by Activity – Ordinary Share Fund

AIM listed investments:

AFA Systems plc

Development, installation and support of software for financial institutions.

Asfare Group plc

Ladders and ancillary equipment for the emergency services.

AttentiV Systems Group plc

Software solutions for the retail banking and asset finance sectors.

Centurion Electronics plc

Design and distribution of in car audio-visual entertainment systems.

Cobra Bio-Manufacturing plc

Niche contract manufacturer of DNA and protein for phase I and II clinical trials.

Eckoh Technologies plc (Intelliplus Group)

Specialist provider of telecom solutions and web-based services.

Glisten plc

Manufacturer of chocolate confectionery, sugar based sweets and edible decorations.

Huveaux plc

Media and related services group.

Ingenta plc

Creation and operation of websites for professional publishers.

Lloyds British Testing plc

Engineering services including testing and certification, training and maintenance and repair.

Longbridge International plc

Recruitment consultant specialising in law and finance.

Polaron plc

Engineering technology group.

Real Good Food Company plc

Manufacturer of sandwiches, cakes and chilled deserts.

Screen plc

Development and maintenance of advanced security systems and related services.

Spring Grove Property Maintenance plc

Repair and maintenance of social housing on behalf of Registered Social Landlords and local authorities.

Supporta plc (Staffing Ventures)

Payroll services and the management of a number of recruitment businesses.

Tellings Golden Miller Group plc

Local bus services in South West London and Surrey and luxury coach hire in Great Britain and Europe.

Xpertise Group plc

Provision of accredited technical IT training courses.

Unlisted investments:

Aludel Limited

National branded chain of ladies-only fitness clubs.

Nectar Taverns plc

Chain of unbranded, managed, freehold, public houses in the North West of England.

Unaudited Statement of Total Return

(incorporating the revenue account of the Company) for the 6 months to
31 March 2004

	Notes	Six months to 31 March 2004 Ordinary Shares Fund			Six months to 31 March 2004 S2 Shares Fund		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Unrealised gains on investments	6	-	3,680	3,680	-	-	-
Realised losses on investments	6	-	(25)	(25)	-	-	-
Income		331	-	331	13	-	13
Investment management fee	3	(98)	(295)	(393)	(2)	(7)	(9)
Other expenses		(200)	-	(200)	(11)	-	(11)
Net return on ordinary activities before taxation		33	3,360	3,393	-	(7)	(7)
Tax on ordinary activities		-	-	-	-	-	-
Return on ordinary activities after taxation		33	3,360	3,393	-	(7)	(7)
Dividends		-	-	-	-	-	-
Return per share	4	0.1p	9.6p	9.7p	0.0p	(0.2)p	(0.2)p

Six months to 31 March 2004			Six months to 31 March 2003 Ordinary Shares Fund			Year to 30 September 2003 Ordinary Shares Fund		
Revenue £'000	Total Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
-	3,680	3,680	-	172	172	-	9,091	9,091
-	(25)	(25)	-	(79)	(79)	-	(183)	(183)
344	-	344	501	-	501	835	-	835
(100)	(302)	(402)	(85)	(255)	(340)	(164)	(493)	(657)
(211)	-	(211)	(138)	-	(138)	(344)	-	(344)
33	3,353	3,386	278	(162)	116	327	8,415	8,742
-	-	-	(5)	5	-	-	-	-
33	3,353	3,386	273	(157)	116	327	8,415	8,742
-	-	-	(174)	-	(174)	(332)	-	(332)
33	3,353	3,386	99	(157)	(58)	(5)	8,415	8,410
0.1p	9.4p	9.5p	0.8p	(0.5)p	0.3p	0.9p	24.1p	25.0p

Unaudited Balance Sheet

as at 31 March 2004

	Notes	As at 31 March 2004			As at	As at
		Ordinary Shares £'000	S2 Shares £'000	Total £'000	31 March 2003 Ordinary Shares £'000	30 September 2003 Ordinary Shares £'000
Fixed Assets						
Investments	1b,6	39,315	-	39,315	18,554	31,130
Current assets						
Debtors and prepayments		100	13	113	167	109
Current investments	7	1,535	5,245	6,780	10,203	6,612
Cash at bank		481	4	485	470	57
		2,116	5,262	7,378	10,840	6,778
Creditors: amounts falling due within one year						
Other creditors		(358)	-	(358)	(181)	(164)
Accruals		(252)	(19)	(271)	(110)	(186)
		(610)	(19)	(629)	(291)	(350)
Net current assets		1,506	5,243	6,749	10,549	6,428
Net assets		40,821	5,243	46,064	29,103	37,558
Share capital and reserves						
Share capital	8	348	56	404	350	350
Capital redemption reserve	8	2	-	2	-	-
Share premium	8	-	5,194	5,194	-	-
Special reserve	8	32,581	-	32,581	32,724	32,711
Capital reserve - realised	8	(2,990)	(7)	(2,997)	(2,187)	(2,689)
Capital reserve - unrealised	8	10,837	-	10,837	(1,898)	7,176
Revenue reserve	8	43	-	43	114	10
Total shareholders' funds		40,821	5,243	46,064	29,103	37,558
Net asset values per share	5	117.2p	94.5p		83.2p	107.4p

Unaudited Statement of Cash Flows

for the 6 months to 31 March 2004

	Six months to 31 March 2004 (unaudited)			Six months to 31 March 2003 (unaudited)	Year to 30 September 2003 (audited)
	Ordinary Shares £'000	S2 Shares £'000	Total £'000	Ordinary Shares £'000	Ordinary Shares £'000
Operating activities					
Investment income received	341	2	343	395	780
Investment management fees paid	(393)	-	(393)	(340)	(657)
Other cash payments	(134)	(3)	(137)	(198)	(320)
Net cash outflow from operating activities	(186)	(1)	(187)	(143)	(197)
Investing activities					
Purchases of investments	(5,276)	-	(5,276)	(5,277)	(9,577)
Sales of investments	1,096	-	1,096	3,153	3,692
Net cash outflow from investing activities	(4,180)	-	(4,180)	(2,124)	(5,885)
Dividends					
Dividends paid	(157)	-	(157)	(175)	(350)
Cash outflow before financing and liquid resource management	(4,523)	(1)	(4,524)	(2,442)	(6,432)
Financing					
Share capital raised	-	5,250	5,250	-	-
Share capital re-purchased	(130)	-	(130)	(15)	(28)
	(130)	5,250	5,120	(15)	(28)
Management of liquid resources					
Decrease/(increase) in monies held pending investment	5,077	(5,245)	(168)	(10,203)	6,423
Increase/(decrease) in cash	424	4	428	(12,660)	(37)

Notes to the unaudited financial statements

1. Principal accounting policies

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

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed asset investments and in accordance with applicable Accounting Standards in the United Kingdom and with the Statement of Recommended Practice regarding the Financial Statements of Investment Trust Companies.

b) Investments

In respect of quoted investments the British Venture Capital Association (BVCA) has stated that VCTs should have regard to generally accepted accounting and marketing practice in the valuation of investments and accordingly these are valued at mid market price, in accordance with the Investment Trust Companies SORP 2003. The Directors consider the need for discounts as appropriate.

Unquoted investments are valued by the directors in accordance with the following rules, which are consistent with the BVCA guidelines:

- (i) Investments which have been made in the last 12 months are valued at cost in the absence of overriding factors.
- (ii) Investments in companies at an early stage of their development are also valued at cost in the absence of overriding factors.
- (iii) Where investments which have gone beyond the stage of their development in 2 above, the shares may be valued by applying a suitable price-earnings ratio to that company's historic post-tax earnings (the ratio used being based on a comparable listed company or sector but discounted to reflect lack of marketability);
- (iv) Where a value is indicated by a material arms-length transaction by a third party in the shares of a company, this value will be used.

Unquoted investments will not normally be re-valued upwards for a period of at least twelve months from the date of acquisition for early stage investments. Where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate.

Capital gains and losses on investments, whether realised or unrealised, are dealt with in the capital reserve.

2. Basic revenue and capital items in the Statement of Total Return derive from continuing operations, and the new funds raised under the offer of S2 Shares.

3. In line with the expected long-term split of returns from the investment portfolio of the Company, the Directors have charged 75% of the investment management fee to the capital reserve.

4. Basic revenue return per Ordinary Share is based on the net revenue on ordinary activities after taxation, and is based on 34,900,393 (6 months ended 31 March 2003: 34,995,990; year ended 30 September 2003: 34,981,287) Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the period.

Basic revenue return per S2 Share is based on the net revenue on ordinary activities after taxation, and is based on 3,228,240 S2 Shares, being the weighted average number of S2 Shares in issue during the period.

5. Net asset value per Ordinary Share is based on net assets at 31 March 2004, and on 34,827,234 (at 31 March 2003: 34,979,234; at 30 September 2003: 34,959,234) Ordinary Shares, being the number of Ordinary Shares in issue on that date.

Net asset value per S2 Share is based on net assets at 31 March 2004, and on 5,550,893 S2 Shares, being the number of S2 Shares in issue on that date.

6. Summary of Ordinary Share Fund investments during the period

	Listed on AIM £'000	Fully Listed £'000	Unlisted ordinary shares £'000	Unlisted preference shares £'000	Unicorn Free Spirit Fund £'000	Total £'000
Cost/valuation at 30 September 2003	13,740	10,835	300	700	5,555	31,130
Purchases at cost	4,328	1,298	-	-	-	5,626
Sales - proceeds	-	(1,096)	-	-	-	(1,096)
- realised losses	-	(25)	-	-	-	(25)
Increase in unrealised gains	1,439	1,233	-	-	1,008	3,680
Cost/valuation at 31 March 2004	19,507	12,245	300	700	6,563	39,315
Book cost at 31 March 2004	14,261	9,284	300	700	3,933	28,478
Unrealised gains at 31 March 2004	5,246	2,961	-	-	2,630	10,837
	19,507	12,245	300	700	6,563	39,315
Gains on investments						
Realised losses based on historical cost	-	(6)	-	-	-	(6)
Less amount recognised as unrealised loss in previous years	-	(19)	-	-	-	(19)
Realised losses based on carrying value at 30 September 2003	-	(25)	-	-	-	(25)
Net movement in unrealised appreciation in period	1,439	1,233	-	-	1,008	3,680
Gains on investments for the six months to 31 March 2004	1,439	1,208	-	-	1,008	3,655

7. Current investments

These comprise investments in two Dublin based OEIC money market funds, managed by Royal Bank of Scotland and Merrill Lynch. £754,000 of this sum is subject to same day access, while £6,026,000 is subject to two day access. These sums are regarded as monies held pending investment.

Notes to the unaudited financial statements

8. Capital and reserves

	Called up share capital £'000	Capital redemption reserve £'000	Share premium £'000	Special reserve £'000	Realised capital reserve £'000	Unrealised capital reserve £'000	Revenue reserve £'000	Total £'000
At 1 October 2003	350	-	-	32,711	(2,689)	7,176	10	37,558
Shares issued	56	-	5,495	-	-	-	-	5,551
Expenses of share issue	-	-	(301)	-	-	-	-	(301)
Share capital repurchased	(2)	2	-	(130)	-	-	-	(130)
Loss on disposal of investments	-	-	-	-	(25)	-	-	(25)
Change in unrealised investment valuation	-	-	-	-	-	3,680	-	3,680
Realisation of previously unrealised appreciation	-	-	-	-	19	(19)	-	-
Capitalised management fees less tax charge	-	-	-	-	(302)	-	-	(302)
Retained net revenue reserve for the period	-	-	-	-	-	-	33	33
At 31 March 2004	404	2	5,194	32,581	(2,997)	10,837	43	46,064

9. The financial information for the six months ended 31 March 2004 and the six months ended 31 March 2003 has not been audited. The accounting policies used by Unicorn AIM VCT plc in preparing the Interim Report are consistent with those used in preparing the statutory accounts for the year ended 30 September 2003.

The information for the year ended 30 September 2003 does not comprise full financial statements within the meaning of Section 240 of the Companies Act 1985. The financial statements for the year ended 30 September 2003 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 Section 237(2) of the Companies Act 1985.

10. Copies of this statement are being sent to all Shareholders. Further copies are available free of charge from the Company's registered office, Gossard House, 7-8 Savile Row, London W1S 3PE.

Corporate Information

Directors

Peter Dicks (Chairman)
Robert Holt
David Royds
Peter Webb

Receiving Agent

Matrix-Data Limited
Gossard House
7-8 Savile Row
London
W1S 3PE

Bankers

National Westminster Bank plc
City of London Office
PO Box 12264
1 Princes Street
London
EC2R 8PB

Company's Registered Office and Head Office

Gossard House
7-8 Savile Row
London
W1S 3PE

Custodian

The Bank of New York
One Canada Square
London
E14 5AL

Sponsor and Stockbroker

Teather & Greenwood Limited
Beaufort House
15 St Botolph Street
London
EC3A 7QR

Secretary

Matrix-Securities Limited
Gossard House
7-8 Savile Row
London
W1S 3PE

Promoter

Matrix-Securities Limited
Gossard House
7-8 Savile Row
London
W1S 3PE

Registrar

Capita IRG Plc
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Investment Manager

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

Solicitors

Osborne Clarke
Hillgate House
26 Old Bailey
London
EC4M 7HW

VCT Tax Advisor

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Auditors

PKF
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Company No: 4266437