



**Annual Report & Financial Statements
for year ended 30 September 2008**



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- Investment strategy focused on well-established China-based companies with good profits records
- Albany's most recent investments have delivered good profits, strong cash-flow and are well positioned for further growth

China Food Company will have a reach into a market of over 450 million people across North East China for its soya sauce products

Sorbic International can continue to grow its market share with food manufacturers in China

Focus on premium, mass market consumables and related areas

- Growth in annual household spend by growing urban and more affluent middle classes expected to reach RMB 20 trillion by 2020
- Research shows that consumers earning above RMB 5,000 per annum are more willing to pay a premium for the best products
- By 2015 'high earners' will make up one-third of all urban consumers and account for half the value of all consumption





DIRECTORS, OFFICERS AND ADVISERS

Directors

John McLean
Christopher James
Timothy James
Simon Wharmby
Christopher Mills

Chairman
Finance Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Secretary

June Paddock

Registered Office

17 Hanover Square
London W1S 1HU

Company Number

3995223

Nominated Adviser and Broker

W H Ireland Limited
24 Martin Lane
London
EC4R 0DR

Independent Auditors

PriceWaterhouseCoopers LLP
Chartered Accountants
1 Embankment Place
London WC2N 6RH

Registrars

Share Registrars Limited
Craven House
West Street
Farnham
Surrey GU9 7EN

Bankers

The Royal Bank of Scotland
280 Bishopsgate
London EC2M 4RB

Bank of Scotland
Pentland House
8 Lochside Avenue
Edinburgh EH12 9DJ

Overview

I am pleased to report to shareholders on a successful year for Albany in which the Company has benefited from its first full year under the new investment strategy of investing in profitable and cash-generative growth companies which are based in China. They are also positioned to benefit from the forecast growth in China's domestic consumer sectors which is explained in more detail later. It is clear to your board that the investments made since December 2007 are in companies with strong profits records, good cash generation records and significant growth potential in their respective markets.

In the year ended 30 September 2008 Albany Capital made a loss after tax of £847,674 (2007: £114,250). At the year-end, the net asset value per share for the Company was 49.4p.(2007: 51.1p).

The value of Albany's holdings in China Food Company and Sorbic International as of 30 September 2008 was £10.2 million representing a 21.4 per cent gain on Albany's original investment.

As at 30 September 2008 the Company had no debt and had cash balances in excess of £2.8 million.

Investing for continued growth

Albany has made significant progress since the Board successfully repositioned Albany's investment strategy just over a year ago to concentrate on reversing China-based companies into AIM listed cash shells, as stated in the Company's annual report for the year ended 30 September 2007.

We are delighted with the progress the Company has made since December 2007 with the admission to AIM of China Food Company plc (AIM: CFC), a leading soya sauce producer, on 10 December 2007 and most recently the admission to AIM of Sorbic International plc (AIM: SORB), the third largest producer of sorbic acid and potassium sorbate – both key natural products used by food producers around the world, on 30 September 2008.

The successful repositioning of our investment strategy has resulted in acquiring significant holdings in two AIM listed companies, both with leading positions in their respective markets.

China Food Company and Sorbic International operate in markets which are forecast to grow and both companies are also benefiting from further additional investment in new production facilities.

These are due to come on stream at both companies over the next twelve months, principally in order to meet the anticipated increases in demand in their respective markets. Both companies are therefore well positioned with strong management in place to deliver significant future growth.

Our focus over the last year has been to invest in companies which have a strong record in terms of profits growth and cash generation and both China Food Company and Sorbic International fulfil these criteria and both are also investing in the future.

Growing aspirations of emerging middle classes

Albany's strategy to focus on China-based investments continues to be endorsed by forecast economic trends in China. Whilst we have seen inflationary pressures in that economy, which now look to have subsided from higher levels earlier in 2008, the directors believe our two investee companies are both set to benefit over the long term to a shift in domestic spend, primarily from a burgeoning 'middle-class'.

This segment of the consumer market in China is expected to continue to grow over the next twenty years. In doing so it is expected to bring very significant influence to each of the consumer sectors, including food, particularly as household incomes increase and aspirational buying takes hold across a growing number of families benefiting from a move to urban living and improved income levels.

Research has highlighted the emergence of the Chinese urban middle classes and certainly reinforced our analysis that the spending power of China's emerging middle classes will soon redefine the Chinese market. Although producers of luxury goods may continue to cater only to the wealthiest households, other companies, especially manufacturers of mass consumer goods, can win the bigger prize by broadening their focus to include the emerging middle class. It is exactly this segment of the market that both China Food Company, moving towards the premium brand end of the soya sauce market, and Sorbic International, set to benefit from the increased demand for more natural food preservatives, will benefit from.

In its Annual Chinese Consumer Survey 08, McKinsey & Company said that Chinese consumers earning above 5,000 renminbi per annum are more willing to pay a premium for the best products and adds that by 2015 these high earners will make up one-third of all urban consumers and account for half the value of all consumption.

China Investment Portfolio

Total investment	£8.4m
Opening fair value profit / (loss)	Nil
Fair value movement for the year	£1.8m
Market value at year end	£10.2m
Overall return	21.4%

China Food Company Plc

On 6 December 2007, Vestpa Plc, an AIM listed cash shell which Albany controlled, acquired Full Fortune Holdings Pte for a consideration of £25.17 million. The enlarged company, of which Albany now own 19.9%, was renamed China Food Company Plc.

China Food Company plc is an established manufacturer of branded consumer condiment products and animal feeds based in the Shandong province of the People's Republic of China (the "PRC"), and announced interim results to 30 June 2008 with profit before tax of £3.54 million. (30 June 2007: £2.62 million).

Construction of the group's new £25 million, state-of-the-art facility in Shou Guang City, Weifang, Shandong province in the PRC, is on track for completion in late 2008 and will significantly increase production capacity.

On 17 September 2008 China Food Company reported strong first half revenue growth of 49.0 per cent year-on-year to £16.2 million (2007: £10.9 million) and gross profit growth of 15.0 per cent in a business climate of rising raw materials and distribution costs. Its condiments business continued to perform strongly producing revenue growth of 18.8% to £6.8 million (2007: £5.7 million) during the first half and its production facilities continued to operate at full capacity. China Food's animal feeds business also performed strongly growing revenues by 82.4% to £9.4 million (2007: £5.2 million).

It was very encouraging to see further progress with China Food's investment in the expansion of its distribution network and the range of brands which has been very successful, particularly in respect of its recently introduced premium brands. As a result, the Group's "Fushi" soya sauce brand has risen in the national rankings from 47th place in 2007 to 9th place in 2008. We believe that the company has substantial growth potential over the next 2 years as it seeks national distribution of its branded products.

Sorbic International Plc

On 29 September 2008, Ninety Plc, an AIM listed cash shell which Albany controlled, acquired Honour Field for a consideration of up to £20.12 million. The enlarged company, of which Albany now own 38.7%, was renamed Sorbic International Plc.

Sorbic International plc is the 3rd largest Sorbic Acid and Potassium Sorbate producer in the World and made PBT £2.26 million at the half year to 30 June 2008. Sorbic International has cash resources which will be used to double the production capacity (Sorbic is currently running at full capacity) to meet growing demand in China and international clients (food and drink producers and pharma and cosmetic companies).

Sorbic International has three main elements to its future growth strategy: to increase current production capacity to meet demand, broaden the distribution and sales network and look at possible acquisitions or joint ventures.

The first of these strategic actions is already underway with work having already started on the investment into new facilities at Sorbic International's site in Linyi City in North East China. The existing facility has an area of approximately 33,000 m² and has two production lines which are currently operating at their full design capacities. Sorbic has acquired land immediately adjacent to its present site with total area of approximately 14,700 m². The total cost of expanding production facilities will be approximately £7.3 million which is being financed by the company's existing cash resources. The proposed new production facilities will include two more production lines which would double the existing capacity. A major international food manufacturer has already expressed an interest in purchasing the entire output from one of the proposed new production lines.

The consideration of up to £20.12 million includes a sum payable under deferred consideration which will be paid if the company makes a profit before tax of RMB60 million (£4.9 million at an exchange rate of 12.2071 RMB to £1 at 30 September 2008) for the year ended 31 December 2008.



Non Core Portfolio

Total investment	£5.0m
Opening fair value profit / (loss)	£(0.2)m
Fair value movement for the year	£(2.6)m
Market value at year end	£2.2m
Overall return	(56)%

The non core portfolio consists of holdings in Blue Oar Plc, Densitron Technologies Plc, Journey Group Plc and ZTC Plc. We are actively managing the non core portfolio in an effort to improve the overall market value of the portfolio. It is our intention to eventually dispose of non core holdings and close the portfolio.

Profit and Loss account

Fee Income

Fee income, which represents transaction fees and corporate services provided to China Food Company Plc and Sorbic International Plc, increased to £419,065 for the year ended 30 September 2008 (2007: £20,000).

Operating expenses before share based payments

Operating expenses before share based payments increased to £878,453 for the year ended 30 September 2008 (2007: £367,360). The increase was in part due to the increased investment activity throughout the year.

Post balance sheet event regarding ZTC Plc

On 7 November 2008 shares in ZTC Plc were suspended from trading on AIM due to a management control issue. As at 7 November Albany Capital held 5.0 per cent of the issued ordinary shares in ZTC plc valued at £163,440 which is considered by the Board of Albany to be part of the Company's non-core portfolio. Subject to any notice of change Albany would expect to recognise an impairment on this asset in the following financial year.

Representative China Office – Shandong Province

During the year the Company opened a representative office in Qingdao to focus on further investments in Shandong province, North Eastern China. Shandong province has the second highest gross domestic product in China.

Outlook

Since moving Albany onto a new investment strategy, the Company has established a dedicated investment portfolio with core holdings in companies with established trading records which are also very cash generative and well placed to benefit from future growth. Albany's core investments are on track to deliver further growth and it also remains well placed with the cash resources to make new investments, which the Company is actively seeking.

John McLean

Chairman

21 November 2008





REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements of the Company for the year ended 30 September 2008.

Principal activities

Albany Capital Plc is an investment company. Further details of the Company's activities are included in the Chairman's Statement.

Results and review of the development of the business

The results of the Group and its financial position at 30 September 2008 are set out in the accompanying financial statements. The Group made a loss after taxation of £847,674 (2007: loss £114,250).

A detailed review of the Company's performance in the year is included in the Chairman's statement.

The Board examines a number of key performance indications in evaluating the performance of the business. The most important of these are:

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Company's performance and could cause actual results to differ materially from expected and historic results.

Risks are formally reviewed by the Board and appropriate processes put in place to monitor and mitigate them. Risks are mitigated by undertaking extensive due diligence on each investment made, employing recognised professionals to undertake commercial, financial and legal due diligence and employing individuals with relevant experience, qualifications and track record when making investment decisions on behalf of the Company.

Post investment, the risk of poor performance of an investment is mitigated by close monitoring, attendance at Board meetings by an executive of Albany Capital where appropriate and regular contact with the Company and its executives. Investment decisions are made and recorded by the Board of the Company. The whole portfolio of investments is reviewed at the monthly Board meetings.

	2008	2007	Definition and method of calculation
Net asset value per share	49.5p	51.1p	Company net assets divided by the number of shares.
(Loss) after tax	(£847,674)	(£114,250)	Income less expenditure as calculated according to the Company's accounting policies.

Investment in small companies

Albany Capital makes investments in profitable small companies with high growth prospects. After investment the shares of these companies can often be traded on listed markets. By their very nature these companies are often operating in markets with larger competitors who have greater resources.

Normal adverse business risks can have a more pronounced detrimental effect on a small company with attendant deterioration of profits and cash flows. The market valuation of these underlying investments can be subject to short term fluctuations in valuation due to poor performance or lack of liquidity in traded shares.

In addition, the investments that Albany Capital make are exposed to funding risk if they need to raise further capital. The market for raising capital for companies capitalised at less than £100 million can be uncertain and is dependent on sentiment and market conditions at the time of fund raising.

Asian Market

In the future the Group is focusing on China and other Asian markets, so our success is influenced by economic, legal, political and social conditions in Asia as well as the state of the international capital markets.

Employees

The Group's performance depends largely on its people and so could suffer significantly from the loss of certain key individuals.

Dividends

The Directors do not recommend the payment of a dividend.

Board appointments and resignations since the 1 October 2007

Christopher James was appointed to the Board as Finance Director 9 April 2008 and Jeremy Milne resigned as Interim Finance Director on 9 April 2008.

Service contracts

Christopher James has an Executive Letter of appointment with the Company with three months notice period.

John McLean, Tim James, Christopher Mills and Simon Wharmby have a Non Executive Director letter of appointment with the Company with three months notice period.

Substantial shareholding

The following shareholdings were recorded in the register of substantial interests pursuant to Section 211 of the Companies Act 1985.

	Ordinary shares of 25p each	Percentage of class
HSBC Global Custody Nominee (UK) Ltd	11,335,547	35.9%
JM Finn Nominees Limited	4,385,101	13.9%
Dartington Portfolio Nominees Limited	3,084,906	9.8%
BNY (OCS) Nominees Limited	1,800,000	5.7%
Giltspur Nominees Limited	1,402,036	4.4%
Pershing Nominees Limited	1,095,949	3.5%

Westminster Enterprises Limited has a holding of 29.76% which is included in the above nominee holdings. Also included in the above nominee holdings are holdings of 9.80% by Timothy James and 3.47% by Simon Wharmby. There are no other substantial related party share holdings. Refer to Note 20 for details of the Company's related party transactions.

Creditor payment policy

It is the Company's policy that payments to suppliers are made in accordance with all relevant terms and conditions.

REPORT OF THE DIRECTORS (continued)

Corporate governance

As a company quoted on AIM, Albany Capital Plc is not required to issue a statement of compliance with the Combined Code. Nevertheless, as the Board wishes to enhance the transparency of the Company's activities, we provide below, for information only, details of the governance arrangements that the Company has in place. This information is not audited.

- The Company is run by the Board, which leads and controls the Company.
- The Board includes Executive and Non-Executive Directors. Non-Executive Directors are independent. Due to the size of the Company there is no formal procedure for the appointment of new Directors.
- The Board reviews on a timely basis financial and operating information appropriate to being able to discharge its duties. An annual budget is prepared prior to the year and during the period actual results are compared to budgeted results.
- Directors submit themselves for re-election every two years by rotation in accordance with the Articles of Association.
- The Board is available to discuss current events with its institutional and private shareholders and positively encourages attendance at the Annual General Meeting.

- The Board has established an Audit Committee to receive and review reports from management and from the auditors relating to the interim and annual accounts.
- The Board reviews the system of internal financial controls and considers their effectiveness at safeguarding shareholders' investments and the Company's assets.

Going concern

As part of its regular assessment of the prospects for the Company, the Board reviews cash flow on a regular basis. As a result of such considerations the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Statement of directors' responsibilities in respect of the Annual Report and the financial statements.

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company and for that year.



In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 1985 and, as regards the financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the directors' report is approved, that

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the company's website and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

PricewaterhouseCoopers LLP were appointed as auditors during the year. A resolution to re-appoint them will be put to the next AGM.

By order of the board

Timothy James
Director
21 November 2008



INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of Albany Capital Plc

We have audited the financial statements of Albany Capital Plc for the year ended 30 September 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose.

We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 30 September 2008 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

21 November 2008





FINANCIAL STATEMENTS

INCOME STATEMENT

for the year ended 30 September 2008

	Note	2008	2007
		£	£
(Losses)/gains on investments at fairvalue through profit loss	4	(746,887)	164,729
Loss on disposal of loan notes		-	(314,999)
Investment income		33,000	18,150
Fee income		419,065	20,000
Total Revenue		(294,822)	(112,120)
Operating expenses before share based payments		(878,453)	(367,360)
Share based payments		(314,423)	(258,349)
Operating expenses	5	(1,192,876)	(625,709)
Operating loss		(1,487,698)	(737,829)
Finance income	7	447,073	723,264
Loss before tax		(1,040,625)	(14,565)
Taxation	8	192,951	(99,685)
Loss for the year		(847,674)	(114,250)
Earnings per share:			
Basic and diluted	19	(2.69)	(0.39)

BALANCE SHEET

as at 30 September 2008

	Note	2008	2007
		£	£
Assets			
Non-current assets			
Property, plant and equipment	9	8,831	4,592
Deferred tax	8	258,657	130,706
Investments in subsidiaries held at costs	11	-	1,739,000
		267,488	1,874,298
Current assets			
Financial assets at fair value through profit or loss	11	12,484,235	3,625,826
Trade and other receivables	10	292,663	284,858
Cash and cash equivalents		2,800,597	10,540,122
		15,577,495	14,450,806
Total assets		15,844,983	16,325,104
LIABILITIES			
Current liabilities			
Trade and other payables	12	238,843	120,713
Current tax liabilities	8	-	65,000
Total liabilities		238,843	185,713
Net assets		15,606,140	16,139,391
EQUITY			
Equity attributable to equity holders of the parent			
Share capital	13	7,890,090	7,890,090
Share premium account	16	7,939,812	7,939,812
Shares to be issued	16	572,772	258,349
Retained (deficit) / earnings	16	(796,534)	51,140
Total equity		15,606,140	16,139,391

The financial statements were approved by the Board of Directors and authorised for issue on 21 November 2008 and signed on their behalf.

Timothy James

CASH FLOW STATEMENT

for the year ended 30 September 2008

	Note	2008	2007
		£	£
Cash flows from operating activities			
Cash used in operations	23	(562,256)	(329,753)
Purchase of investments held at fair value through profit and loss		(7,723,420)	(4,409,628)
Proceeds on sale of investments held at fair value through profit and loss		-	1,935,056
Interest received		521,502	509,253
Dividends received		33,000	18,150
Corporation taxes paid		-	(12,234)
Net cash used in operating activities		(7,731,174)	(2,289,156)
Cash flows from investing activities			
Purchase of shares in subsidiary undertaking held at cost		-	(1,739,000)
Proceeds on sale of non-current available for sale investments		-	53,249
Purchase of property, plant and equipment	9	(8,351)	(6,652)
Net cash used in investing activities		(8,351)	(1,692,403)
Cash flows from financing activities			
Proceeds from issue of share capital		-	12,271,667
Expense on share issues		-	(206,856)
Net cash from financing activities		-	12,064,811
Net (decrease) / increase in cash and cash equivalents		(7,739,525)	8,083,252
Cash and cash equivalents at beginning of year		10,540,122	2,456,870
Cash and cash equivalents at end of year		2,800,597	10,540,122

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation and general information

Albany Capital Plc ('Albany Capital') is the ultimate parent company. It is incorporated and domiciled in Great Britain. The registered address of Albany Capital is 17 Hanover Square, London, W1S 1HU. Its shares are listed on AIM of the London Stock Exchange.

The company's financial statements are for the twelve months ended 30 September 2008. They have been prepared in accordance with International Financial Reporting Standards and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS as adopted for use in the European Union.

The financial statements have been prepared under the historical cost convention except that they have been modified to include the revaluation of certain financial assets and liabilities. The measurement bases and principal accounting policies of the Company, which have been consistently applied to all periods, are set out below.

Albany Capital Plc was a parent Company at 30 September 2007 and therefore prepared consolidated financial statements for the year then ended in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The date of transition to IFRS was 1 October 2006 and therefore the comparative figures in these financial statements are based on Albany Capital Plc Company Information for the year ended 30 September 2007, prepared under IFRS and stated for the first time. The comparative figures have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 24. The Company has taken advantage of certain exemptions available under IFRS 1 First-time adoption of International Financial Reporting Standards. The exemptions used are explained in note 24.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IAS 1 Presentation of Financial Statements (revised 2007) (effective 1 January 2009)
- IAS 23 Borrowing Costs (revised 2007) (effective 1 January 2009)
- Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective 1 January 2009)
- IAS 27 Consolidated and Separate Financial Statements (Revised 2008) (effective 1 July 2009)
- Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations (effective 1 January 2009)
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements - Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 January 2009)
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective 1 July 2009)
- IFRS 3 Business Combinations (Revised 2008) (effective 1 July 2009)
- IAS 28 Investments in Associates and IAS 31 Joint Ventures - Consequential amendments arising from amendments to IFRS 3 (effective 1 July 2009)
- IFRS 8 Operating Segments (effective 1 January 2009)
- IFRIC 12 Service Concession Arrangements (effective 1 January 2008)
- IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008)
- IFRIC 14 IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective 1 January 2008)
- IFRIC 15 Agreements for the Construction of Real Estate (effective 1 January 2009)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

1. Basis of preparation and general information (continued)

IAS 1 (Revised 2007) affects the presentation of owner changes in equity and introduces a 'Statement of Comprehensive income'. In accordance with the new standard the entity does not present a 'Statement of Recognised Income and Expense', as has been presented in these financial statements.

The amendments to IFRS 2 relates to vesting conditions and cancellations for share options. None of the company's current share-based payment schemes are affected by the amendments.

IFRS 8 requires segments to be reported based on internal management reporting information that are regularly reviewed by the chief operating decision maker. Management do not currently foresee any additional segment disclosures arising from the adoption of this standard.

Management do not consider the remaining standards to be relevant for the company.

2. Summary of significant accounting policies

Financial Assets

Financial assets are divided into the following categories:

- loans and receivables
- financial assets at fair value through profit or loss
- available-for-sale financial assets

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expense is recognised in profit or loss or directly in equity.

Generally, Albany Capital recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at least at each reporting date. Income relating to financial assets is recognised in the income statement line items "finance income" and "investment income". Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest rate method, less provision for impairment. Any change in their value is recognised in profit or loss. Albany Capital's trade and most other receivables fall into this category of financial instruments. Discounting, however, is omitted where the effect is immaterial.

Significant receivables are considered for impairment on a case-by-case basis when they are past due or when objective evidence is received that a specific counterparty will default. All other receivables are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics, if any. The percentage of the write down is then based on recent historical counterparty default rates for each identified group.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. For listed investments fair value is considered to be market bid price at the date of valuation.

An associate is an entity over which the company is in a position to exercise significant influence, but not control or jointly control, through the financial and operating policy decisions of the investee entity. Applying the provisions of IAS 28 investments in associates are accounted for at fair value. In accordance with IAS 39, investments are measured at fair value, with changes in fair value recognised in profit and loss in the period which they occur.

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. Albany Capital's available-for sale financial assets include non-quoted investments. Non-quoted investments are stated at fair value, based on appropriate valuation techniques as described in IAS 32. All other available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in equity. Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired. In the case of impairment, any loss previously recognised in equity is transferred to the income statement. Losses recognised in the income statement on equity instruments are not reversed through the income statement but charged to equity. Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the income statement, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, net of depreciation and any provisions for impairment. Depreciation is calculated using the straight-line method to allocate the depreciable value of property, plant and equipment to the income statement over their useful economic lives as follows:

Office equipment 33 per cent per annum

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. Material residual value estimates are updated as required, but at least annually.

Leased assets

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. All leases held by the group are classified as operating.

Defined contribution pension scheme

Pension costs are charged to the income statement related to a defined contribution scheme. The assets of the scheme are held separately from those of the Company. Contributions to the scheme are charged to the income statement as they become due for payment.

Share-based compensation

The Company has applied the requirements of IFRS 2 - Share-based Payments. There is an Executive Equity Participation Plan under which share options are granted to key employees.

A fair value for the equity settled share awards is measured at the date of grant. The Company measures the fair value using the Binomial valuation technique to value each class of award.

The fair value of each award is recognised as an expense over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will eventually vest. The level of vesting is reviewed annually and the charge is adjusted to reflect actual and estimated levels of vesting.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

The Company 's financial liabilities include trade payables. Borrowings, trade and other payables are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in the instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" and "investment costs" or "finance income" and "investment income".

Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Shares to be issued" represents equity-settled share-based employee remuneration credited to the shares to be issued reserve until related stock options are exercised.
- "Retained earnings" represents accumulated profits from incorporation.

2. Summary of significant accounting policies (continued)

Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in General Meetings prior to the balance sheet date. No dividends have been declared during the year's ended 30 September 2008 and 2007.

Revenue

Included within revenue are unrealised gains and losses on investments held at fair value through profit and loss and investment income. The treatment of these revenue components are discussed within the financial assets accounting policy. Fee Income for transaction and management services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction.

Current and deferred tax

Current tax is the tax currently payable based on taxable profit for the year. Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets. Deferred tax liabilities are provided in full, with no discounting.

Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Albany Capital's management bases its assessment of the probability of future taxable income on the Company's latest approved budget forecast, which is adjusted for significant non taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Significant judgements and estimates

The preparation of financial statements under IFRS requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

3. Segmental analysis

The Company operates in one business segment, being that of financial investing. Albany only holds investments in companies incorporated in the United Kingdom and therefore has one geographical segment.

4. (Losses)/gains on investments at fair value through profit or loss

	2008	2007
	£	£
<hr/>		
(Losses)/gains on investments include		
Profit on realised current asset investments	-	342,064
Unrealised losses on investments held at year-end	(746,887)	(177,335)
<hr/>		
(Losses)/gains on investments held at year-end	(746,887)	164,729
<hr/>		

5. Other operating expenses

	2008	2007
	£	£
<hr/>		
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment	4,112	2,060
Profit on sale of tangible fixed assets	-	(28,249)
Share-based payments	314,423	258,349
Auditors' remuneration:		
- Audit fee for Company's annual accounts	22,500	15,000
Operating lease charges - land and buildings	89,000	-
<hr/>		

6. Directors and employees

	2008	2007
	£	£
<hr/>		
Staff costs		
Wages and salaries	329,782	115,000
Fees	30,232	27,427
Social security costs	38,194	8,881
Share based payments	314,423	258,349
<hr/>		
	712,631	409,657
<hr/>		
The average number of employees during the year was:	No.	No.
Office and management	7	6
<hr/>		
Directors' remuneration, who are considered the only key management personnel		
Short term employee benefits	259,706	101,594
Share based payment	314,423	258,349
<hr/>		
	574,129	359,943
<hr/>		
Emoluments, including share based payment of the highest paid Directors	158,205	57,709
<hr/>		

7. Finance income

	2008	2007
	£	£
Finance income		
Bank interest	447,073	646,938
Interest from Investments	-	76,326
	447,073	723,264

8. Taxation

(a) Analysis of tax charge for the year	2008	2007
	£	£
Current taxation		
UK		
Corporation tax at 28% (2007: 30%) on profits for the year	(65,000)	65,000
Total current tax charge/(credit)	(65,000)	65,000
Deferred taxation		
Origination and reversal of temporary differences	(127,951)	34,685
Total deferred tax charge/(credit)	(127,951)	34,685
Total income tax expense in the income statement	(192,951)	99,685
(b) Reconciliation of the effective tax rate	2008	2007
	£	£
Loss before taxation	(1,040,625)	(14,565)
Loss before tax multiplied by standard rate of corporation tax in the UK of 29% (30% in 2007)	(301,781)	(4,370)
Effects of:		
Other expenses not deductible for tax purposes	9,642	81,113
Depreciation in excess of capital allowance for the period	441	-
Increase / (utilisation) of losses	-	112,190
Increase of loss in respect of employee share options and awards	91,183	-
Adjustment to IFRS 2 charge in respect of employee share options and awards	77,505	(77,505)
Effects of marginal relief	10,406	(11,743)
Loss carried back	(65,000)	-
Tax (credit) expense and effective tax rate	(192,951)	99,685

(c) Recognised deferred tax assets	2008	2007
	£	£
Investments	258,657	53,201
Employee benefits	-	77,505
	258,657	130,706

Movements in temporary difference in the year	Balance at beginning of the year	Recognised in the income statement	Balance at end of the year
	£	£	£
2007			
Investments	165,390	(112,190)	53,201
Employee benefits	-	77,505	77,505
	165,390	(34,685)	130,706
2008			
Investments	53,201	205,456	258,657
Employee benefits	77,505	(77,505)	-
	130,706	127,951	258,657

9. Property, plant and equipment

The following table shows the significant additions and disposals of property, plant and equipment.

	Office equipment
Cost	
At 1 October 2006	-
Acquisitions	-
Additions	6,652
Disposals	-
At 30 September 2007	6,652
Additions	8,351
At 30 September 2008	15,003
Accumulated Depreciation	
At 1 October 2006	-
Acquisitions	-
Charge for the financial year	2,060
Disposals	-
At 30 September 2007	2,060
Charge for the financial year	4,112
At 30 September 2008	6,172
Net book value	
At 30 September 2008	8,831
At 30 September 2007	4,592

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Trade and other receivables	2008	2007
	£	£
Current		
Trade receivables	229,615	-
Other receivables	17,640	18,333
Prepayments and accrued income	45,408	266,525
	292,663	284,858

All amounts are short-term. The carrying value of trade receivables is considered a reasonable approximation of fair value. All of Albany Capital's trade and other receivables have been reviewed for indicators of impairment. No trade receivables of more than 30 day's at 30 September 2008 and 2007 were found to be impaired or past due and no provision has been recorded accordingly.

11. Investments	2008	2007
	£	£
Non-current investments		
Investments in subsidiaries held at costs	-	1,739,000
Current investments		
Investments held at fair value through profit or loss	12,484,235	3,625,826

Included in the above is Albany's investment in China Food Company Plc and Sorbic International Plc. Both transactions constituted a reverse takeover under the AIM Rules of a listed cash shell, Vestpa Plc in the instance of China Food Company Plc and Ninety Plc in the instance of Sorbic International Plc. Both Vestpa Plc and Ninety Plc were founded by Albany and listed as AIM shell companies with the intention of undertaking reverse takeovers.

On 29 March 2007, Albany Capital subscribed for 50m ordinary shares of 0.1p each at par in Vestpa plc for a total cash consideration of £50,000. On 12 June 2007, Albany Capital subscribed for a further 168.9m ordinary shares at 1p each in Vestpa plc for a total cash consideration of £1,689,000. As at 30 September 2007 Albany Capital owned 59.16% of the Ordinary Share Capital of Vestpa plc whose principal activity was holding cash pending investment.

On 6 December 2007 Albany Capital ceased to control Vestpa plc due to a share subscription by Vestpa plc to a third party reducing Albany's interest in the company to 20%. On this date, Vestpa plc was renamed China Food Company plc. As of this date the investment was accounted for as an investment carried at fair value through profit or loss. No consideration on disposal was received by Albany Capital.

As part of the subscription that took place on 6 December 2008, Albany Capital subscribed for 7,807,500 shares at 30p each for a total consideration of £2,342,250. Additional market share purchases of £17,937 take Albany's total investment in China Food Company Plc to £4,099,187. Albany has a total holding of 13,330,000 ordinary shares in China Food Company Plc.

In September 2007 Albany Capital subscribed for 55m ordinary shares of 0.1p each at par in Ninety plc for a total cash consideration of £55,000. On 24 October 2007, Albany Capital subscribed for a further 209.5m ordinary shares at 1p each in Ninety plc for a total cash consideration of £2,095,000. During the year Albany Capital increased its holding to 72% of the Ordinary Share Capital of Ninety plc whose principal activity was holding cash pending investment.

On 29 September 2008 Albany Capital ceased to control Ninety plc due to a share subscription by Ninety plc to a third party reducing Albany's interest in the company to 38.7%. On this date Ninety plc was renamed Sorbic International plc. As of this date the investment was accounted for as an investment carried at fair value through profit or loss. No consideration on disposal was received by Albany Capital. It should be noted that Albany Capital will see its interest in Sorbic International reduce to 26.7% subject to the issue of deferred shares which are conditional on Sorbic International Plc achieving a profit after tax of RMB 60 million (£4.38 million) for the year ending 31 December 2008.

As part of the subscription that took place on 29 September 2008, Albany Capital subscribed for 4,444,444 shares at 45p each for a total consideration of £2,000,000. Additional market share purchases of £106,647 take Albany's total investment in Sorbic International Plc to £4,256,647. Albany has a total holding of 8,987,778 ordinary shares in Sorbic International Plc.

12. Trade and other payables

2008

2007

£

£

Current

Trade payables	114,771	51,730
Other tax and social security	23,731	8,747
Other payables	-	3,000
Accruals	100,341	57,236
	238,843	120,713

All amounts detailed above are payable within one year. The fair values of trade and other payables are not materially different from those disclosed above.

13. Share capital

Authorised

Number of shares

£

Ordinary shares at 1 October 2006 (of 1p each)	750,000,000	7,500,000
Creation of ordinary shares (of 1p each)	1,250,000,000	12,500,000
Ordinary shares at 30 September 2007 (of 1p each)	2,000,000,000	20,000,000
Share consolidation (of 25p each)	(1,920,000,000)	20,000,000
Ordinary shares at 30 September 2008 (of 25p each)	80,000,000	20,000,000

Allotted, called up and fully paid

Balance at 1 October 2006 (of 1p each)	177,925,634	1,779,256
Shares issued during the year	611,083,334	6,110,834
Balance at 30 September 2007 (of 1p each)	789,008,968	7,890,090
Share consolidation (of 25p each)	(757,448,609)	7,890,090
Balance at 30 September 2008 (of 25p each)	31,560,359	7,890,090

Albany has in issue only one type of ordinary share. Each share carries one voting right and equal rights to receive dividends. There are no restrictions relating to the payment of dividends and repayment of capital.

On 9 October 2006, the authorised share capital of the Company increased from £7.5m to £20m by the creation of 1,250,000,000 ordinary shares of 1p each.

On 27 February 2008, a special resolution was passed re-organising the issued and unissued share capital of the Company by consolidating the 2,000,000,000 ordinary shares of 1p each to become 80,000,000 ordinary shares of 25p each. The consolidation took effect at on 27 February 2008.

On 12 October 2006, the Company issued and allotted 413,750,000 new ordinary shares of 1p each, pursuant to a placing at a price of 2 pence per share. The Company received aggregate consideration before expenses of £8,275,000 of which £4,137,500 was credited to the share premium account. On 15 December 2006, the Company issued and allotted 187,333,333 new ordinary shares of 1p each, pursuant to a placing at a price of 2 pence per share. The Company received aggregate consideration before expenses of £3,746,667 of which £1,873,333 was credited to the share premium account.

13. Share capital (continued)

On 30 May 2007, the Company issued and allotted 10,000,000 new ordinary shares of 1p each, following the exercise of 4,000,000 "2010 warrants" and 2,000,000 further subscription rights. The Company received aggregate consideration before expenses of £250,000 of which £150,000 was credited to the share premium account.

At 30 September 2006, there were 40,375,000 warrants in issue. 20,187,500 give the holder the right to subscribe for one ordinary share of 1p at 2.5p at any time up to 31 December 2006 ("2006 warrants"). The remaining 20,187,500 warrants give the holder the right to subscribe for one ordinary share of 1p at 2.5p per share commencing on 1 January 2007 and then at any time up to 31 December 2010 ("2010 warrants"). During the year ended 30 September 2007, all 20,187,500 "2006 warrants" expired without exercise and 4,000,000 "2010 warrants" were exercised leaving 16,187,500 "2010 warrants" at 30 September 2007.

On 27 February 2008, a special resolution was passed re-organising the issued and unissued share capital of the Company by consolidating the 2,000,000,000 ordinary shares of 1p each to become 80,000,000 ordinary shares of 25p each. The consolidation took effect at on 27 February 2008. This results the a consolidation of the warrants in issued of 16,187,500 to 647,500 with a right to subscribe for one ordinary share of 25p at 62.50p. "2010 warrants" outstanding at 30 September 2008 are 647,500.

At 30 September 2006, there were 26,000,000 further subscription rights in issue. 13,000,000 further subscription rights give the holder the right to subscribe for one ordinary share of 1p at 2.5p at any time up to 31 December 2006 and to be issued with two 2006 warrants for each ordinary share so subscribed for. The remaining 13,000,000 further subscription rights give the holder the right to subscribe for one ordinary share of 1p each at 2.5p, commencing on 1 January 2007 and then at any time up to 31 December 2010. Each new share issued as a result of the exercise of further subscription rights has the right to two 2010 warrants for each ordinary share subscribed for. During the year ended 30 September 2007, all 13,000,000 of the 2006 further subscription rights expired without exercise and 2,000,000 of the 2010 further subscription rights were exercised leaving 11,000,000 of the 2010 further subscription rights at 30 September 2007.

On 27 February 2008, a special resolution was passed re-organising the issued and unissued share capital of the Company by consolidating the 2,000,000,000 ordinary shares of 1p each to become 80,000,000 ordinary shares of 25p each. The consolidation took effect at on 27 February 2008. This results the a consolidation of the subscription rights in issued of 11,000,000 to 440,000 with a right to subscribe for one ordinary share of 25p at 62.50p. "2010 warrants" outstanding at 30 September 2008 are 440,000.

14. Share options

The Albany Capital Plc Share Incentive Plan is designed to incentivise specific directors and employees at the discretion of the remuneration committee. The share options vest over one, two and three year periods from issue date only if specific market conditions in relation to share price growth are met. The group granted all options detailed in the table below on 1 March 2007, and no share options existed or had been granted prior to that date.

	2008	2008	2007	2007
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	1.00	69,930,000	-	-
Granted during the year	-	-	1.00	69,930,000
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Share consolidation	24.00	(67,132,800)	n/a	n/a
Outstanding at the end of the year	25.00	2,797,200	1.00	69,930,000

On 27 February 2008, a special resolution was passed re-organising the issued and unissued share capital of the Company by consolidating the 2,000,000,000 ordinary shares of 1p each to become 80,000,000 ordinary shares of 25p each. The consolidation took effect at on 27 February 2008. This results the a consolidation of the options outstanding of 69,930,000 to 2,797,200. The exercise price of all options outstanding at the end of the year was 25.00 pence per share. None of the options outstanding at 30 September 2008 had vested or were exercisable.

The weighted average fair value of each option granted during the year was £nil (2007: 1.593 pence).

The following information is relevant to the determination of the fair value of options granted in 2007 under the equity-settled share-based payment remuneration schemes operated by the group. No new equity share-based schemes were introduced in the year relating to the share capital of Albany Capital Plc.

Options pricing model used	Binomial
Weighted average share price at grant date	2.51
Exercise price (pence)	1.00
Weighted average contractual life (years)	9.35
Expected volatility	100%
Expected dividend growth rate	0.0%
Risk free interest rate	4.97%

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years.

Equity settled	2008	2007
	£	£
The share based payment expense comprises:		
Equity-settled schemes	314,423	258,349

The group did not enter into any share-based payment transactions with parties other than directors and employees during the current or previous year.

15. Financial instruments

The principal financial assets of the Company are assets held at fair value through profit or loss, bank balances and cash, trade and other receivables. The main purpose of these financial instruments is to raise finance for the Company 's operations. Its principal financial liabilities are trade and other payables that arise directly from its operations.

Financial risk management objectives and policies

The Company's activities expose it to a variety of risks which may result in the loss of value of underlying investments in securities. The overriding policy of the Company is to seek opportunities where in the opinion of the Directors the potential return from holding a security justifies the perceived risk of holding that security. The investments are often made into new securities issued for the purpose of raising capital and are negotiated directly between the Company and the issuer. When undertaking the negotiations, the Directors of the Company will use their experience to structure the terms of an investment into an investee company with appropriate care. Judgements are made taking into account valuation, management capability, likely future operating performance of the underlying investee company and likely future exit value. Where a high degree of risk is perceived for an investment, the structure used may be secured debt instruments with equity upside. For opportunities where the underlying company is perceived to be more stable, Albany Capital may subscribe for equity shares at an appropriate valuation with no security.

Albany Capital will make investments into securities that bear interest in the form of cash or further securities. To date these have been in private investments that are not traded albeit that they might be in public companies. Albany Capital runs the risk of non performance where the investee company cannot pay its interest when due. In such cases the Directors may make a judgement as to the carrying value of that investment. As at 30 September 2007 all interest bearing securities held by the Company were up to date with their payments.

Albany Capital is exposed to non payment of interest and principal amounts loaned to investee companies. Where possible, Credit Risk is reduced by taking security over an investee company's assets. The Directors will make judgements from time to time as the likely Credit Risk associated with a particular investment taking into account the operating performance of the underlying company and the value of assets of the company underlying company pledged as security. As at 30 September 2008 no provision has been made on loans made to investee companies held by the Company.

15. Financial instruments (continued)

Categories of financial instruments

	2008	2007
	£	£
Financial assets		
Financial assets held at fair value through profit or loss	12,484,235	3,625,826
Cash and cash equivalents	2,800,597	10,540,122
Loans and receivables	-	-
Trade and other receivables	292,663	284,858
	15,577,495	14,450,806
Financial liabilities		
Carried at amortised cost	-	-
Trade and other payables	238,843	120,713
	238,843	120,713

Credit risk analysis

Albany's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

The credit risk on liquid funds is limited to fixed deposit interest accounts with a single bank with a high credit rating assigned by international credit-rating agencies.

Liquidity risk analysis

The Company's funding strategy is to ensure a mix of financing methods offering flexibility and cost effectiveness to match the requirements of the Company. The Company monitors its liquidity risk on an ongoing basis by undertaking rigorous cash flow forecasting procedures.

Albany maintains cash to meet its liquidity requirements for up to 30-day periods. Funding in regards to long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

Market risk analysis

Albany is exposed to market risk through its use of financial instruments and specifically to price risks. Albany has no interest bearing liabilities and is not exposed to interest rate risk. All financial instruments are denominated in Sterling which removes any foreign currency risk.

Interest rate risk

Albany does not have any short term or long term borrowings which would expose it to Interest Rate Risk. Deposits are held on one, two and three month fixed interest bearing deposits which are subject to change relative to UK base rates.

Foreign exchange risk

Albany does not enter into contracts or provide services which would expose the Company to foreign exchange risk.

Price risk

Albany is exposed price risk in respect of its listed equity securities. For the listed equity securities if the quoted stock price for these securities had increased or decreased by 10%, the net result for the year would have been reduced/increased by £838,000 (2007: £194,000).

Fair value

Albany Capital only has an interest in one unlisted company, being Brimac Carbon Services. Recognising the limited liquidity of this investment and uncertainty over a future liquidity event, Albany Capital has decided to recognise its investment in Brimac Carbon Services at 50% of its cost, being £49,980.

16. Statement of changes in equity

	Share capital	Share premium	Shares to be issued	Retained earnings	Total Equity
Group	£	£	£	£	£
Balance at 1 October 2006	1,779,256	2,814,889	-	(663,664)	3,930,481
Issue of share capital	6,110,834	6,160,833	-	-	12,271,667
Share issued expenses	-	(206,856)	-	-	(206,856)
Reduction by Court Order 21 February 2007	-	(829,054)	-	829,054	-
Result for the year	-	-	258,349	(114,250)	144,099
Balance at 30 September 2007	7,890,090	7,939,812	258,349	51,140	16,139,391
Profit (loss) for the year	-	-	314,423	(847,674)	(533,251)
Balance at 30 September 2007	7,890,090	7,939,812	572,772	(796,534)	15,606,140

The shares to be issued reserve represents share option charges as described in Note 14.

The cumulative losses of £829,054 on the profit and loss account at 1 October 2006 were eliminated by offsetting them against the share premium account. This was approved by shareholders in General Meeting on 14 December 2006 and subsequently approved by the Courts on 21st February 2007.

17. Financial commitments

	2008	2007
Total minimum lease payments due under operating leases relating to land and buildings:	£	£
Within one year	105,853	-
	105,853	-

18. Dividends

The directors do not propose the payment of a dividend for the year ended 30 September 2008 (30 September 2007 :Nil).

19. Earnings per share and net asset value per share

Basic and diluted earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the average number of shares in issue during the year. On 27 February 2008, a special resolution was passed re-organising the issued and unissued share capital of the Company by consolidating the 2,000,000,000 ordinary shares of 1p each to become 80,000,000 ordinary shares of 25p each. The consolidation took effect at close of business on 27 February 2008. The weighted average number of shares for the year to 30 September 2007 has been adjusted for the share consolidation. There were no dilutive instruments in issue.

	2008	2007
Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below.	£	£
Loss after tax	(847,674)	(114,250)
Weighted average number of shares	31,560,359	29,257,756
Basic and diluted earnings / (loss) per share (pence)	(2.69)	(0.39)

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Earnings per share and net asset value per share (continued)

Net asset value per share

The group's undiluted basic net asset value per ordinary share is based on the net assets of the company at year end and on the weighted average number of shares for the year. There were no dilutive instruments in issue for all years. Reconciliations of the net asset value and weighted average number of shares used in the calculations are set out below.

	2008	2007
	£	£
Net asset value	15,606,104	16,139,391
Weighted average number of shares	31,560,359	29,257,756
Basic and diluted net asset value per share	49.45	55.16

20. Related party transactions

John McLean receives remuneration in his capacity as Non Executive Chairman of China Food Company Plc and Sorbic International Plc. Albany Capital received a transaction fee of £100,000 in relation to the reverse takeover of China Food Company Plc and a transaction fee of £125,000 in relation to the reverse takeover of Sorbic International, both transactions are described in more detail in Note 11. Albany Capital receives an annual management services fee of £25,000 from both China Food Company and Sorbic International Plc. At the year end Sorbic International Plc owed Albany Capital £125,000 there were no amounts outstanding from China Food Company. Simon Wharmby receives remuneration in his capacity as Non Executive Director of Densitron Plc. Simon Wharmby is also a Director of Strand Partners, The China Food Company Plc paid fees to Strand Partners in its capacity as Financial and Nominated Adviser and Broker to the Company. Directors will also have beneficial holdings in Companies that Albany Capital is invested in. No Director received fees or benefits as a result of a related party transaction involving Albany Capital.

21. Ultimate control

Ultimate control does not lie with any identifiable party.

22. Events after the balance sheet date

There have been no significant events after the balance sheet date.

23. Reconciliation of operating profits to cash flow from operating activities

	2008	2007
	£	£
Cash flows from operating activities		
Loss after taxation	(847,674)	(114,250)
Adjustments for:		
Depreciation, amortisation and impairment	4,112	2,060
Taxation recognised in the income statement	(192,951)	99,685
Interest income	(447,073)	(723,264)
Dividend income	(33,000)	(18,150)
Investment revaluation in the income statement	746,887	177,334
Profit on sale of investment in the income statement	-	(27,063)
Share based compensation	314,423	258,349
(Increase) in trade receivables	(224,665)	(32,639)
Increase in trade payables	117,685	48,185
Cash used in operations	(562,256)	(329,753)

24. Explanation of transition to IFRS

As stated in the Basis of Preparation, these are the Company's first financial statements which will be prepared in accordance with IFRS.

An explanation of how the transition from UK GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out below.

IFRS 1 permits companies adopting IFRS for the first time to take certain exemptions from the full requirements of IFRS in the transition period. These interim financial statements have been prepared on the basis of taking the following exemptions:

- The Company has taken the exemption to designate at the date of transition certain assets at fair value through profit or loss. There is no numerical impact relating to the exemption taken as FRS 26 was previously adopted by the Company.

Reconciliation of equity at 1 October 2006

	UK GAAP	Adjustment a	IFRS
	£	£	£
Non-current assets			
Available for sale financial assets	25,000	-	25,000
Deferred tax	-	165,390	165,390
Current assets			
Financial assets at fair value through profit or loss	1,326,773		1,326,773
Trade and other receivables	38,208		38,208
Cash and cash equivalents	2,456,870		2,456,870
Current liabilities			
Trade and other payables	69,526		69,526
Current tax	12,234		12,234
Net assets	3,765,091	165,390	3,930,481
Equity			
Share capital	1,779,256	-	1,779,256
Share premium account	2,814,889	-	2,814,889
Retained earnings	(829,054)	165,390	(663,664)
Shareholders equity	3,765,091	165,390	3,930,481
Minority interests	-	-	
Total equity	3,765,091	165,390	3,930,481

24. Explanation of transition to IFRS (continued)

Reconciliation of equity at 30 September 2007

	UK GAAP	Adjustment		IFRS
		a	b	
	£	£	£	£
Non-current assets				
Property, plant and equipment	4,592	-	-	4,592
Deferred tax	-	53,201	77,505	130,706
Current assets				
Financial assets at fair value through profit or loss	3,625,826	-	-	3,625,826
Trade and other receivables	362,363	-	(77,505)	284,858
Cash and cash equivalents	10,540,122	-	-	10,540,122
Current liabilities				
Trade and other payables	120,712	-	-	120,712
Current tax	65,000	-	-	65,000
Net assets	16,086,191	53,201	-	16,139,392
Equity				
Share capital	7,890,090	-	-	7,890,090
Share premium account	7,939,812	-	-	7,939,812
Shares to be issued	258,349	-	-	258,349
Retained earnings	(2,060)	53,201	-	51,141
Total equity	16,086,191	53,201	-	16,139,392

Reconciliation of profit for the year to 30 September 2007

	UK GAAP	Adjustment a	IFRS
	£	£	£
Gains on investments at fair value through profit or loss	164,729	-	164,729
Loss on disposal of loan notes	(314,999)	-	(314,999)
Investment income	18,150	-	18,150
Other income	20,000	-	20,000
Total Loss	(112,120)	-	(112,120)
Operating expenses before share based payments	(367,360)	-	(367,360)
Share based payments	(258,349)	-	258,349
Operating loss	(737,829)	-	(737,829)
Finance income	723,264	-	723,264
Loss before tax	(14,565)	-	(14,565)
Taxation	12,505	(112,189)	(99,684)
Loss for the year	(2,060)	(112,189)	(114,250)

No material adjustments have been made to the cash flow statement.

Notes to the reconciliations

- a) The deferred tax has been recalculated in accordance with IAS 12 'Income Taxes' and relates to temporary differences arising from fair value movements on financial assets.
- b) Deferred tax in relation to share based payments is taken to the income statement, unless the intrinsic value of options on a pro-rate basis is greater than the IFRS2 accounting charge. In that instance the deferred tax on any surplus is taken directly to equity.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2008 Annual General Meeting of Albany Capital plc (registered in England and Wales under number 03995223) ("the Company") will be held at Fourth Floor, 17 Hanover Square London W1S 1HU on 18 December 2008 at 10.00 a.m. for the following purposes:

Ordinary Business

- 1 To receive and adopt the Company's annual accounts for the financial year ended 30 September 2008 together with the last Directors' report and auditors' report on those accounts.
- 2 To elect, as a Director, Mr Christopher James, who has been appointed since the last AGM.
- 3 To re-elect as a Director, Mr John McLean, who retires by rotation.
- 4 To re-elect as a Director, Mr Simon Wharmby, who retires by rotation.
- 5 To re-appoint PricewaterhouseCoopers LLP as auditors to hold office from the conclusion of the meeting to the conclusion of the next general meeting at which the accounts are laid before the Company.
- 6 To authorise the Directors to fix the remuneration of the auditors.

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

- 7 That:
 - 7.1 The Directors be generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 to exercise for the period ending on the date of the next Annual General Meeting or the expiry of 15 months from the date of the passing of this resolution whichever is the earlier, all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £12,109,910.25;
 - 7.2 By such authority the Directors may make offers or agreements which would or might require the allotment of relevant securities after the expiry of such period; and
 - 7.3 Words and expressions defined in or for the purposes of section 80 shall bear the same meanings in this Resolution.

Special Business

To consider, and if thought fit, to pass the following resolutions, in the case of Resolution 8 as an ordinary resolution and in the case of Resolutions 9, 10 and 11 as special resolutions:

- 8 That:
 - 8.1 the investing strategy of the Company set out in a letter to shareholders of the Company dated 25 November 2008 be and is hereby approved.
- 9 That:
 - 9.1 Subject to the passing of Resolution 7 above, pursuant to and during the period of the authority conferred by Resolution 7, the Directors be empowered to allot equity securities wholly for cash:
 - 9.1.1 in connection with a Rights Issue; and
 - 9.1.2 otherwise than in connection with a Rights Issue, up to an aggregate nominal amount of £789,008.97,

as if section 89 of the Companies Act 1985 did not apply.

- 9.2 By such authority and power, the Directors may during such period make offers or agreements which would or might require the allotment of securities after the expiry of such period.
- 9.3 This authority and power is in substitution for all previous authorities and powers conferred upon the Directors pursuant to section 95 of the Companies Act 1985, but without prejudice to the allotment of any equity securities already made or to be made pursuant to such authorities and powers.
- 9.4 For the purposes of this Resolution:
- 9.4.1 "Rights Issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities on the register on a record date fixed by the Directors in proportion to their respective holdings of securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory) and provided that an offer of equity securities pursuant to any such rights issue need not be open to any shareholder holding ordinary shares as treasury shares;
- 9.4.2 The nominal amount of securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights;
- 9.4.3 In the circumstances envisaged by section 94(3A) of the Companies Act 1985, a reference to the allotment of shares or securities includes a reference to a sale of shares; and
- 9.4.4 Words and expressions defined in or for the purposes of Part IV of the Companies Act 1985 shall bear the same meanings herein.
- 10 That the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.
- 11 That the Company be and is hereby generally and unconditionally authorised for the purposes of section 166 of the Company Act 1985 to make one or more market purchases (within the meaning of section 163(3) of the Companies Act 1985) on the London Stock Exchange of ordinary shares in the Company provided that:
- 11.1 the maximum aggregate number of ordinary shares hereby authorised to be purchased is 3,156,035 (representing 10 per cent. of the Company's issued ordinary share capital);
- 11.2 the minimum price which may be paid for such shares is 25 pence per share;
- 11.3 the maximum price (exclusive of expenses) which may be paid for an ordinary share shall not be more than five per cent. above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange for the five business days immediately preceding the date on which such share is purchased;
- 11.4 unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the Company's next AGM or 15 months from the date of passing this resolution, if earlier;
- 11.5 the Company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

Dated: 25 November 2008

Registered Office: 17 Hanover Square, London W1S 1HU

By order of the Board

June Paddock
Company Secretary

Formalities of the meeting

Shareholders who are unable to attend the meeting in person may appoint a proxy to attend in their place. A proxy need not be a shareholder of the Company. A proxy form, including details of how to complete it, is enclosed with the Notice of Meeting for this purpose.

The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at 10.00am on 16 December 2008 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend the vote at the Annual General Meeting in respect of the number of shares registered in their name at the time. Changes to entries on the Register of Member after 10.00am on 16 December 2008 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

Report and account for the year ended 30 September 2008 (resolution 1)

The Directors must lay the Company's annual accounts, the directors' report and the auditors' report before the shareholders at a general meeting. This is a legal requirement after the Directors have approved the accounts and the directors' report, and the auditors have prepared their report.

Election of Director (resolution 2)

Christopher James, aged 58, is proposed for the first time for election as an Executive Director following his appointment by the Board on 9 April 2008. Biographical details for Mr James can be found on the Company's website at www.albanycapital.co.uk

Re-election of Director (resolutions 3 and 4)

John McLean retires as a Director and will stand for re-election in accordance with the articles of association.

Simon Wharmby retires as a Director and will stand for re-election in accordance with the articles of association.

Biographical details for Mr McLean and Mr Wharmby can be found on the Company's website at www.albanycapital.co.uk

Appointment of Auditors (resolution 5)

It is proposed that PricewaterhouseCoopers LLP be re-appointed as the Company's auditors. At each meeting at which annual accounts are laid before the members, the Company is required to appoint auditors to serve until the next such meeting.

Remuneration of Auditors (resolution 6)

This resolution gives authority to the Directors to determine the auditors' remuneration, which is then disclosed in the annual accounts for the Company.

Directors' authority to issue shares (resolution 7)

Renewal of this authority is sought at the AGM each year. Section 80 of the Companies Act 1985 provides that the Directors may not issue new shares without shareholder approval. The purpose of this resolution, therefore, is to give the Directors general powers of allotment in respect of all of the authorised but unissued shares.

Investing Strategy (resolution 8)

Under the AIM Rules for Companies, an investing company (such as the Company) should seek the consent of its shareholders for its investing strategy on a regular basis. The purpose of this resolution is to give shareholders the opportunity to approve the Company's investing strategy. A summary of the Company's investing strategy is set out in a letter to shareholders dated 25 November 2008.

Disapplication of pre-emption rights (resolution 9)

Renewal of this authority is sought at the AGM each year. Under the Companies Act 1985, shareholders have 'rights of pre-emption' in relation to the issue of new shares; that is to say, the shares must be offered first to the existing shareholders in proportion to their holdings. Under section 89 of the Companies Act 1985, the Directors require the authority of the shareholders if they wish to disapply these rights.

In the case of a rights issue, there could be legal, regulatory or practical difficulties in issuing new shares to some shareholders, and the definition of "Rights Issue" in this resolution permits the Directors to make the appropriate exclusions or arrangements to deal with this.

In addition, there may be circumstances when the Directors consider it in the best interests of the Company to issue shares to another party or parties without first offering them to existing shareholders, for example, to finance a business opportunity. Paragraph 9.1.2 of this resolution gives them authority to do so, up to the stated limits (being in respect of approximately 10 per cent. of the Company's issued ordinary share capital, as at the date of this notice), and would enable such transactions to be completed rapidly, giving the Company, the Directors believe, a competitive advantage over rival potential purchasers

New Articles of Association (resolution 10)

In order to take account of the changes in English company law brought about by the Companies Act 2006, the Company proposes to adopt new Articles of Association (the "New Articles"). The principal changes introduced by the New Articles are summarised in a letter to shareholders dated 25 November 2008.

A copy of the New Articles to be adopted by the Company will be available for inspection at least 15 minutes prior to the meeting and during the meeting.

Company's authority to purchase its own shares (resolution 11)

The Directors believe that it is advantageous for the Company to have the flexibility to purchase its own shares, and this resolution provides the authority from shareholders for it to do so, within the stated limits. The Directors have no present intention to buy in shares, and will only do so if it becomes possible on terms which they believe to be in the best interests of the shareholders generally. Any shares purchased would be held as treasury shares, in the name of the Company and be capable of resale.

Recommendation

The Directors believe that the proposals set out in the Notice of Annual General Meeting are in the best interests of the shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of each resolution, as they intend to do in respect of their own shares in the Company.

Issued shares and total voting rights

As at 5.00 p.m. on 24 November 2008 the Company's issued share capital comprised 31,560,359 ordinary shares of 25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 5.00 p.m. on 24 November 2008 is 31,560,359.

Communication

Except as provided above, members who have general queries about the Meeting should call Share Registrars Limited on +44 (0) 1252 821 390. No other methods of communication will be accepted.

You may not use any electronic address provided either in this notice of general meeting or any related documents (including the Executive Director's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.



53 Davies Street
London W1K 5JH
t: +44 (0)20 3178 4506
www.albanycapitalplc.com
Registered in England no.3995223