



ALBANY
CAPITAL plc



Annual Report & Financial
Statements for year ended
30 September 2007



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Annual Report & Financial Statements
for year ended 30 September 2007



Directors, Officers and Advisers

Directors

John McLean	Chairman
Jeremy Milne	Finance Director
Timothy James	Non-Executive Director
Simon Wharmby	Non-Executive Director
Christopher Mills	Non-Executive Director

Secretary

Jeremy Milne

Registered Office

17 Hanover Square
London
W1S 1HU

Company Number

3995223

Nominated Adviser and Broker

W H Ireland Limited
Cannongate House
62-64 Cannon Street
London
EC4N 6AE

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

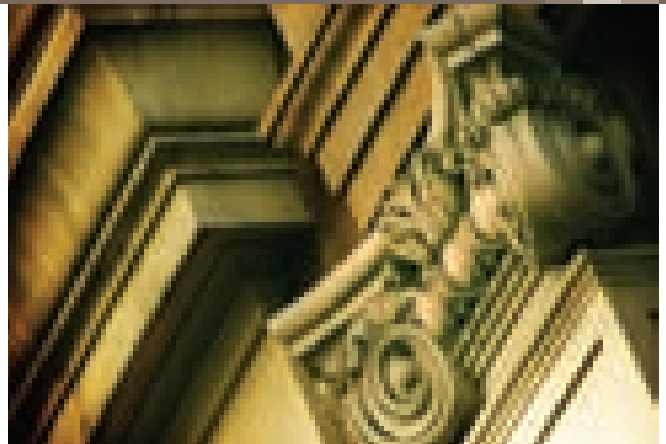
Chairman's Statement

Overview

I am pleased to report for the year ended 30 September 2007, Albany Capital made a profit after tax of £61,952, which compares to a loss of £254,120, for the previous year. At the year-end, the net asset value per share for the Company was 2.04p, which is a small decrease on 2006, however, as further described below, the net asset per share based on unaudited management information has increased since the year-end following the flotation of China Food Company plc, and now stands, as of 31 December 2007, at 2.41p, which represents a net asset increase of 19% or £3 million. Net asset value per share is calculated on the net assets of the company balance sheet since the Directors believe it better reflects the net assets attributable to Albany Capital shareholders.

Strategy

At the outset of the year, Albany Capital initially focussed on pre-IPO investments and taking minority interests in small UK companies. However, as the year progressed, it became apparent that although this market segment produced investment opportunities, the prospective returns and timescale did not meet our investment criteria. Accordingly a fresh approach was adopted, which included looking at possible Chinese investments, where the Board has a good degree of expertise. The new strategy focuses on investments into mature and growing companies with high quality local management teams based in Peoples Republic of China ("PRC"). The Board will favour companies that have predictable earnings and cash flow and are significantly profitable at the time of investment. Albany Capital is able to provide local entrepreneurs with an attractive package of capital for investment and a path to liquidity via a reverse acquisition using one of its listed cash shells. Following a number of visits to China, our new strategy adopted during the year resulted in our first investment after the year end. The investment was in a well established food manufacturing business based in Shangdong province in the North East of the PRC, making soy sauce, vinegar, bean paste and other food products. Following the reverse acquisition of this business into Vestpa plc, the company was renamed China Food Company PLC (China Food). The original business had started trading in 1994 and last year reported profits before tax of £6.01 million. The company has a very experienced international management team and it is currently building a new manufacturing facility in order to increase capacity in line with future growth prospects for its products, particularly soy sauce where it is seeing increasing demand. We believe the future growth prospects for China Food are very positive and the management team is already exploring expansion plans into other provinces in addition to Shandong province which is the PRC's second largest province with 92 million people and a GDP in 2006 of US\$274 billion.



Following the investment in China Food, we are now seeking out additional businesses in China in which it can make an investment through one of our cash shells.

To ensure that there is both deal flow and local ability to assess the quality of any prospective deal, Albany Capital is at an advanced stage of negotiating a co-operation agreement with a business which has a presence in China. Further details of which will be announced as soon as an agreement is concluded.

Board

To reflect the above, various changes have been made to the Board, which have seen the appointment of myself as Chairman, Simon Wharmby as non executive Director and Jeremy Milne as an interim finance director, and today, I am pleased to welcome onto the board, Christopher Mills. Christopher is a founding director of JO Hambro Capital Management Limited and the Chief Executive and Investment Manager of North Atlantic Smaller Companies Investment Trust PLC (NASCIT) and brings a wealth of experience and business acumen, which will help Albany Capital in increasing its investment returns.

Cash resources

In order to fund the business, Albany Capital raised £12.0m net of expenses during the year, following the placing of new shares, and since the year end on 18 December, 2007, announced that it had reached agreement to issue £6 million of redeemable convertible unsecured loan notes 2011 (Loan Notes) convertible at 2.85p to Westminster Enterprises Limited, a related party and current shareholder who holds 29.8% interest in Albany. As at 31 December based on unaudited management accounting information, Albany, after including the new Loan Notes and cash available in its subsidiary Ninety PLC, had approximately £14.8 million of cash available for investment. After the issue of Loan Notes, Albany Capital will have borrowings of £6 million repayable in 2011 unless converted into equity shares.

Chairman's Statement continued

Investments

Investments made during the year, before the decision to focus on China

Watermark PLC

In June 2007 Albany Capital contributed £0.8m to an £8m Secured Fixed Rate Convertible Bond issue for Watermark PLC. Watermark PLC represents a substantial company in the airline services industry with revenues in the year to 31 December 2006 of £93m. The group is currently undergoing a turnaround to profitability. The loan is convertible to equity and pays interest at 15.5% per annum payable in the form of further bonds. The Bonds are convertible to equity at 20 pence per share. The implied market capitalisation of the company at time of conversion would be £17.4m or 18% of 2006 sales. On a fully diluted basis Albany Capital will own 4.7% of the equity in Watermark PLC. The investment is secured with a Guarantee and Debenture over all the assets of Watermark. This investment represents a structured transaction with the downside protection of a loan instrument but an equity upside if the turnaround is successful and Watermark returns to profitability. Watermark's activities include the provision of catering, travel supplies and cabin management services to the international airline and travel industry. Watermark PLC is listed on the AIM market.

Densitron Technologies PLC

During the year Albany Capital acquired shares in Densitron Technologies PLC and invested £0.6m for 13.4% of the company. Since the year-end we have invested a further £240,000, representing an additional 4.4%. Albany Capital is working closely with the company (Simon Wharmby joined the Densitron Board in December 2007) to explore ways of realising value from its operating business Display Solutions Limited, its minority investment in Evervision Electronics Limited in Taiwan and investments in land at Blackheath. Densitron Technologies is a world leading designer and manufacturer of information display systems. Densitron Technologies PLC is listed on the AIM market.

Blue Oar PLC

Albany Capital acquired a 3.4% interest in Blue Oar PLC during the year at a cost of £1.4m. At the year end, due to fall in share price, the Board has made a provision of £230,000 against the value of this investment. Blue Oar is a niche institutional investment banking business acting for small and mid cap companies. Blue Oar PLC is listed on the AIM market.

ZTC Telecom PLC

In early 2007 Albany Capital acquired a 5.8% stake in ZTC Communications PLC for £0.8m. The company makes mobile handsets in China and has a number of high end feature phones for the domestic market. It is too early to tell how this investment may perform but ZTC is positioned in a high growth market. We note that this is not now regarded as a core investment as it would not meet our investment criteria under our new strategy set out earlier. ZTC Telecom PLC is listed on the AIM market.

Investment developments since the year end

Vestpa plc/China Food Company plc

On 11 June, Albany Capital listed its first shell company Vestpa plc ("Vestpa") on the AIM market raising £3.1m (net of expenses) of which Albany Capital contributed £1.7m. After the year end, Vestpa acquired Full Fortune Holdings PTE whose trading subsidiaries comprise a large food manufacturing group in Shandong province, North Eastern China. The transaction was completed by way of a reverse acquisition to form the China Food Company which completed its admission on 6 December 2007. Full Fortune Holdings PTE, owns Fuss Feed and Fu Rich, two food manufacturing companies based in Shandong province north eastern China. Albany Capital owns 20% of the enlarged group after the transaction. Since the year end and as at 31 December, 2007, Albany had made an unrealised gain of £2.812m on an initial investment of £4.1million, representing an uplift 68.5%. China Food Company is a high value, high margin food manufacturing company with exciting growth trajectory and a pipeline of new products. In the year to December 2006, China Food Company produced net earnings of £4.4m on revenues of £19.6m. At the transaction value of 50 pence per share the company is valued on an historical price earnings ratio of 7.5 times and we would anticipate some advance on this as China Food Company delivers on its business plan. China Food Company is listed on the AIM market.

Ninety plc

After the year end Albany Capital successfully launched our second shell company Ninety PLC raising a further £3.1m (net of expenses) of which Albany Capital contributed £2.05m. Ninety PLC will look to undertake a reverse takeover transaction in 2008. Ninety plc is listed on the AIM market.



Profit and Loss account

Gains/ (losses) on Investments

Albany Capital made net gains on equity investments of £165,000 during the year (2006 loss £233,000). This includes a net provision of £176,000 against the value of investments held at the year end and net profits of £341,000 on the sale of legacy equity investments sold during the year ended 30 September 2007. Net profits on the sale of equity investments sold during the year reflect the actual sale value less investment valuation as at 30 September 2006.

Loss on disposal of loan notes

During the year ended 30 September 2007 Albany disposed of loans made to companies in prior years for less than their book valuation as at 30 September 2006. This resulted in losses arising on disposal of loan notes of £315,000.

Management expenses

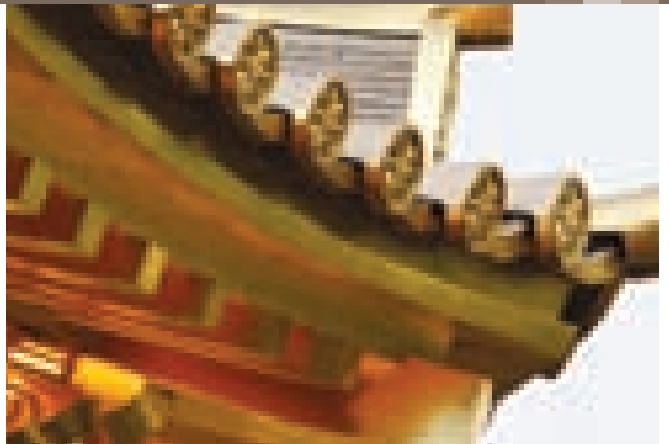
In line with increased activity, raising further capital and undertaking further investments, management expenses have risen to £419,000 (2006 £145,000). Management expenses still represent less than 3 % of the year end net assets.

Share based payments

In March 2007 an unapproved share option scheme was put in place to reward Directors for increased share price performance. The provision included in the consolidated profit and loss account for the year ended 30 September 2007 represents a non cash cost of £258,000 (2006 £nil).

Corporate matters

As part of our fresh approach, we will be proposing at the AGM, that our shares be consolidated, on a 1 for 25 basis; that the Company be allowed to purchase its own shares for treasury and that the Board be given authority to issue up to 10% of new shares, without seeking shareholder approval. Further, the Company will be calling an EGM, which is expected to be in April, to allow shareholders to approve a waiver of Rule 9 of the City Code in respect of Westminster Enterprises Limited potential subscription to £6 million Loan Notes.



Outlook

Albany Capital is starting to build a strong position in the market for innovative financing solutions for entrepreneurial companies with the ability to leverage our capital using our special purpose listed shell companies. In 2007 we have shown we can source a reverse acquisition candidate, execute a transaction and create value for our shareholders in the process. In addition we continue to be alive to opportunities with quoted and unquoted companies where we can unlock value by direct investment.

We will, in the medium term be focussing our resources on investments in Asia where we can use our shell companies and expertise to create value. We look forward to another positive year.

John McLean
Chairman
1 February 2008

Report of the Directors

The Directors present their report and the audited financial statements of the Group for the year ended 30 September 2007.

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 2007 are set out in the accompanying financial statements. The Group made a profit after taxation of £61,952 (2006: loss £254,120).

A detailed review of the business and future developments is included in the Chairman's Statement.

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

	2007	2006	Definition and method of calculation
Net asset value per share	2.04p	2.1p	Company net assets divided by number of shares.
Profit/(loss) after tax	£61,952	£(254,120)	Income less expenditure as calculated according to the Company's accounting policies.

The Board examines realised and unrealised profits and losses on investments made. Calculations are made to determine absolute cash profit or loss on investment and return on investment as a proportion of cost.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group'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 Group. 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 monthly Board meetings.

The business faces three principal risks and they are set out below:

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 a 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 payment of a dividend.

Directors and their interests

The Directors, who served during the year, and their interest in the ordinary shares of the Company, were as follows:

	At 30 September 2007				At 1 October 2006 (or at date of appointment)			
	Ordinary shares of 1p each	Options	Warrants	Further subscription rights	Ordinary shares of 1p each	Options	Warrants	Further subscription rights
John McLean	15,000,000	15,540,000	-	-	-	-	-	-
Jeremy Milne	-	-	-	-	-	-	-	-
Christopher Roberts	278,952	7,770,000	-	-	278,952	-	-	-
James Noble	1,278,952	7,770,000	437,500	250,000	1,278,952	-	875,000	500,000
Oliver Vaughan	16,768,864	15,540,000	600,000	400,000	16,768,864	-	1,200,000	800,000
Timothy James	77,293,674	15,540,000	200,000	200,000	10,000,000	-	400,000	400,000
Simon Wharmby	27,353,706	7,770,000	-	-	-	-	-	-

For more information on Warrants and Further Subscription Rights see Note 14.

On 1 March 2007, John McLean, Oliver Vaughan and Timothy James were each granted options over 15,540,000 ordinary shares of the company exercisable at 1 pence each in three equal tranches over three years from the grant date. On the same date Christopher Roberts, James Noble and Simon Wharmby were each granted options over 7,770,000 ordinary shares of the company. Vesting of the three equal tranches is conditional on the share price trading at or above 3 pence, 4 pence and 5 pence for sixty consecutive days.

For information on Options see Note 17.

Report of the Directors continued

Board appointments and resignations since the 1 October 2006

John McLean, Simon Wharmby, Jeremy Milne and Christopher Mills were appointed to the Board on the 12 October 2006, 1 March 2007, 27 September 2007 and 24 January 2008 respectively.

Christopher Roberts, Oliver Vaughan and James Noble resigned as Directors with effect from 26 September 2007, 5 November 2007 and 3 December 2007 respectively.

Service contracts

Jeremy Milne has an employment contract that can be terminated by the Company or the Director at one month's notice. John McLean, Simon Wharmby and Tim James have a Non Executive Director letter of appointment with the Company with three months notice period.

Substantial shareholdings

Save for the holdings of the Directors, at 1 February 2008 the Company had received no notification other than those set out below, which should be recorded in the register of substantial interests pursuant to Section 211 of the Companies Act 1985.

Shareholder	Ordinary shares of 1p each	Percentage of class
Westminster Enterprises Limited	234,833,333	29.76
Timothy James	77,293,674	9.80
The Bank of New York (Nominees) Limited	47,230,000	5.99
BNY (OCS) Nominees Limited	42,865,000	5.43
Nigel Hawkins	32,000,000	4.06
Simon Wharmby	27,353,706	3.47

Creditor payment policy

It is the Company's policy that payments to suppliers are made in accordance with all relevant terms and conditions. As at 30 September 2007 creditor days for the Company have been calculated at 15 days (2006: 15 days).

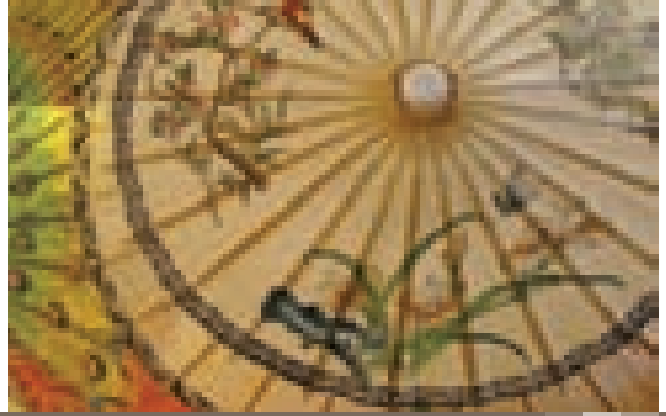
Corporate governance

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 and to the system of internal financial control. The Board has established a Remuneration Committee which will, when applicable, determine the terms and conditions of service of executive directors.
- 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 Annual Report and 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period.

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 whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. 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

Jeremy Milne
Company Secretary
1 February 2008

Report of the Independent Auditor

Independent auditors' report to the members of Albany Capital plc

We have audited the group and parent company financial statements (the "financial statements") of Albany Capital PLC for the year ended 30 September 2007 which comprise the Group and Company Profit and Loss Account, the Group and Company Balance Sheets, the Group 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 are 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. This 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 September 2007 and of the group's profit 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
1 February 2008



Financial Statements

Consolidated Profit and Loss Account

for the year ended 30 September 2007

	Note	2007 Existing £	2007 Acquired £	2007 Total £	2006 £
Gains / (losses) on investments	3	164,729	-	164,729	(232,930)
Loss on disposal of loan notes		(314,999)	-	(314,999)	-
Dividends receivable		18,150	-	18,150	-
Other fees		20,000	-	20,000	-
Total income		(112,120)	-	(112,120)	(232,930)
Management expenses		(367,360)	(51,521)	(418,881)	(145,453)
Share-based payments		(258,349)	-	(258,349)	-
Total administrative expenses		(625,709)	(51,521)	(677,230)	(145,453)
Operating loss	2	(737,829)	(51,521)	(789,350)	(378,383)
Profit on part disposal of subsidiary				74,666	-
Interest receivable	6			756,776	136,321
Profit / (loss) on ordinary activities before taxation				42,092	(242,062)
Taxation	7			12,505	(12,058)
Profit/(loss) on ordinary activities after taxation				54,597	(254,120)
Minority interest				7,355	-
Profit / (loss) attributable to equity shareholders	15			61,952	(254,120)
Earnings / (loss) per ordinary share					
Basic	4			0.008p	(0.155)p

There were no recognised gains and losses other than the results shown above.

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

There was no difference between the profit/(loss) on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

All operations are continuing.

Consolidated Balance Sheet

as at 30 September 2007

	Note	2007 Group £	2006 Group £	2007 Company £	2006 Company £
Fixed assets					
Tangible fixed assets	8	4,592	-	4,592	-
Investments	9	-	25,000	1,739,000	25,000
		4,592	25,000	1,743,592	25,000
Current assets					
Investments	10	3,625,826	1,326,773	3,625,826	1,326,773
Debtors	11	358,885	38,208	362,363	38,208
Cash and short term deposits at bank		13,606,926	2,456,870	10,540,122	2,456,870
		17,591,637	3,821,851	14,528,311	3,821,851
Creditors: amounts falling due within one year	13	(201,462)	(81,760)	(185,712)	(81,760)
Net current assets		17,390,175	3,740,091	14,342,599	3,740,091
Net assets		17,394,767	3,765,091	16,086,191	3,765,091
Capital and reserves					
Called up share capital	14	7,890,090	1,779,256	7,890,090	1,779,256
Share premium account	15	7,939,812	2,814,889	7,939,812	2,814,889
Shares to be issued reserve	15	258,349	-	258,349	-
Profit and loss account	15	61,952	(829,054)	(2,060)	(829,054)
Shareholders' funds		16,150,203	3,765,091	16,086,191	3,765,091
Attributable to minority interest	23	1,244,564	-	-	-
Attributable to equity shareholders' of the group	16	17,394,767	3,765,091	16,086,191	3,765,091

The accompanying notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 1 February 2008 and signed on their behalf.

John McLean

Consolidated Cash Flow Statement

for the year ended 30 September 2007

	Note	2007 £	2006 £
Net cash outflow from operating activities	22	(328,534)	(167,754)
Returns on investment and servicing of finance			
Interest received		509,253	136,321
Dividends received		18,150	-
		527,403	136,321
Taxation paid		(12,234)	(18,823)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(6,652)	-
Sale of fixed asset investments		53,249	-
		46,597	-
Acquisitions and disposal			
Purchase of subsidiary undertaking		(1,739,000)	-
Cash acquired with subsidiary undertaking		3,065,585	-
		1,326,585	-
Cash inflow / (outflow) before management of liquid resources and financing		1,559,817	(50,256)
Management of liquid resources			
Purchase of current asset investments		(4,409,628)	(2,126,593)
Sale of current asset investments		1,935,056	1,671,932
Increase in short term deposits		(6,500,000)	-
		(8,974,572)	(454,661)
Financing			
Proceeds from issue of ordinary share capital		12,271,667	400,000
Expenses of share issues		(206,856)	-
		12,064,811	400,000
Increase / (decrease) in cash in the year		4,650,056	(104,917)
		30 September 2006	30 September 2007
Analysis of changes in net funds			
Cash at bank and in hand		2,456,870	7,106,926
Liquid deposits		-	6,500,000
		2,456,870	13,606,926
Reconciliation of net cash flow to movement in net funds		2007 £	2006 £
Increase / (decrease) in cash for the year		4,650,056	(104,917)
Cash outflow from change in liquid resources		6,500,000	-
Movement in net funds in the year		11,150,056	(104,917)
Net funds at 30 September 2006		2,456,870	2,561,787
Net funds at 30 September 2007		13,606,926	2,456,870

Notes to the Financial Statements

for the year ended 30 September 2007

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are drawn up under the historical cost convention, the Companies Act 1985, as amended, and in accordance with applicable UK accounting standards. The accounting policies adopted are consistent with prior year except for the adoption of FRS 20 and FRS 26.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and all subsidiaries made up to 30 September 2007. New subsidiaries are brought into account on the basis of the fair value of the net assets of the individual subsidiary at the time of acquisition. Where a subsidiary undertaking is acquired or disposed during the period, the consolidated profit and loss account includes only the results for the part of the period during which it is a subsidiary undertaking. An acquisition or disposal takes place from the time that control passes to or from the Group.

(c) Share-based payments

The group has adopted FRS20 'Share-based payments' during the year. Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the profit and loss account over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

When the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the profit and loss account over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the profit and loss account is charged with the fair value of the goods and services received.

The Company has recognised an expense, measured at fair value, in respect of share options granted to employees in accordance with FRS 20. Since there were no share option schemes in existence at 30 September 2006, no prior year adjustment was required. During the year to 30 September 2007, the Group profit after tax was reduced by £258,349 (2006 £nil) having adopted this policy.

(d) Depreciation

Tangible fixed assets are depreciated on a straight line basis over their estimated useful lives at the following rates:

Office equipment - 33 per cent per annum

(e) Financial instruments

Current asset investments

The Group adopted FRS 26 during the year ended 30 September 2007. The Group trades in listed companies and these are treated as current asset investments.

Current asset investments held at the balance sheet date have been valued at their fair value through the profit and loss account in accordance with FRS 26. For listed investments fair value is considered to be market bid price at the date of valuation. At 30 September 2007, the majority of investments were in listed companies. At 30 September 2006, the application of FRS 26 to the investment portfolio would not have resulted in a material difference and so no prior year adjustment has been made. During the year to 30 September 2007 the application of this accounting policy resulted in Group profit after tax being reduced by £177,335 (2006 £nil).

Fixed asset investments

The Group acquires majority holdings in listed companies, these are treated as fixed asset investments in the company balance sheet. Fixed asset investments are stated at cost or market value, if lower, where it is considered there has been a permanent diminution in value.

(f) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Notes to the Financial Statements continued

(g) Deferred taxation

Deferred taxation is recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future, or the right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in the future is uncertain. Deferred tax assets and liabilities are not discounted.

(h) Liquid Deposits

Liquid Deposits are assets held at the year-end that can be realised for cash in a short period of time. These include investments in shares that are readily realisable through trading in liquid markets and bank deposits that mature within three months of the period end.

2. LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST

	2007 £	2006 £
This is stated after charging:		
Auditors' remuneration - audit services	15,000	9,000
Depreciation of tangible fixed assets	2,060	-
Share-based payment expense	258,349	-
Profit on sale of fixed asset investments	(28,249)	-

3. INVESTMENT INCOME

	2007 £	2006 £
Gains / (losses) on investments include		
Profit/(loss) on realised current asset investments	342,064	(232,930)
Unrealised losses on investments held at year-end	(177,335)	-
Gains/(losses) on investments	164,729	(232,930)

4. EARNINGS / (LOSS) PER SHARE

The calculation of basic earnings / (loss) per ordinary share is based on the profit / (loss) on ordinary activities after tax and on the weighted average number of ordinary shares in issue during the year.

The profit / (loss) and weighted average number of shares used in the calculation are set out in the table below:

	Profit £	2007 Weighted average number of shares	Earnings per share pence	Loss £	2006 Weighted average number of shares	Loss per share pence
Basic earnings / (loss) per ordinary share	61,952	731,443,899	0.01p	(254,120)	163,624,264	(0.16)p

There were no dilutive instruments in issue during either year.

5. STAFF COSTS, EMPLOYEES AND DIRECTORS' EMOLUMENTS

Staff costs including Directors' remuneration were as follows:

	2007 £	2006 £
Wages and salaries	115,000	35,001
Fees	27,427	-
Social security costs	8,881	3,191
Share based payments	258,349	-
	409,657	38,192

	2007 £	2006 £
Aggregate Directors' emoluments including share based payments	359,943	35,001
Emoluments, including share based payments of the highest paid Director	57,709	20,000

The average number of employees during the year was:

	2007	2006
Office and management	6	2

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2007 £	2006 £
Bank interest	646,938	136,321
Interest from Current Asset Investments	109,838	-
	756,776	136,321

Notes to the Financial Statements continued

7. TAXATION

	2007 £	2006 £
(a) Analysis of charge in period		
UK corporation tax on profits of the period (note 7(b))	65,000	12,234
UK corporation tax in respect of prior periods	-	(176)
Deferred tax credit for the period (note 12)	(77,505)	-
Total tax (credit) /charge for the year	(12,505)	12,058

(b) Factors affecting tax charge for period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 30 per cent (2006: 19 per cent).

The differences are explained below:

	2007 £	2006 £
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30 per cent (2006: 19 per cent).	12,628	(45,992)
Effects of:		
Expenses not deductible for tax purposes	64,115	58,226
Effect of marginal relief	(11,743)	-
Current tax charge for period (note 6(a))	65,000	12,234

8. TANGIBLE FIXED ASSETS

	Office equipment £
Cost	
At 1 October 2006	-
Additions	6,652
At 30 September 2007	6,652
Accumulated Depreciation	
At 1 October 2006	-
Depreciation	2,060
At 30 September 2007	2,060
Net book value	
30 September 2007	4,592
30 September 2006	-

9. FIXED ASSET INVESTMENTS

Group and Company Fixed Asset Investments

	Unlisted £
Cost	
At 1 October 2006	895,475
Disposals	(895,475)
At 30 September 2007	-
Provisions	
At 1 October 2006	870,475
Released on disposal	(870,475)
At 30 September 2007	-
Net book value	
30 September 2007	-
30 September 2006	25,000

All the above investments related to unquoted life science companies.

Company - Investments in Subsidiaries	£
Cost and Net book value	
At 1 October 2006	-
Additions	1,739,000
At 30 September 2007	1,739,000

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. When Albany Capital acquired a controlling interest in Vestpa plc no fair value adjustments were required to be made to the acquired balance sheet asset values.

Notes to the Financial Statements continued

10. CURRENT ASSET INVESTMENTS

Financial assets at fair value through profit or loss	2007 Group £	2006 Group £	2007 Company £	2006 Company £
Listed equity securities	2,694,873	1,031,313	2,694,873	1,031,313
Unquoted investments	930,953	295,460	930,953	295,460
Total financial assets at fair value through profit or loss	3,625,826	1,326,773	3,625,826	1,326,773
Net changes in fair value on financial assets through profit or loss:				
Realised	27,065	(232,930)	27,065	(232,930)
Unrealised	(177,335)	-	(177,335)	-
Total losses	(150,270)	(232,930)	(150,270)	(232,930)

Financial Risk Management Objectives and Policies

The Company's activities expose it to 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 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 a 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 Group 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 underlying company pledged as security. As at 30 September 2007 no provisions had been made on loans made to investee companies held by the Group.

11. DEBTORS

	2007 Group £	2006 Group £	2007 Company £	2006 Company £
Deferred tax asset	77,505	-	77,505	-
Amounts due from group companies	-	-	8,333	-
Other debtors	10,000	-	10,000	-
Prepayments and accrued income	271,380	38,208	266,525	38,208
	358,885	25,000	362,363	25,000

12. DEFERRED TAX

	2007 Group £	2006 Group £	2007 Company £	2006 Company £
Opening balance as at 1 October 2006	-	-	-	-
Charge in the year to 30 September 2007	77,505	-	77,505	-
Carried forward balance as at 30 September 2007	77,505	-	77,505	-

Deferred tax asset arises from FRS 20 share based payment charge.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 Group £	2006 Group £	2007 Company £	2006 Company £
Trade creditors	52,515	-	51,730	-
Other creditors	3,000	1,810	3,000	1,810
Corporation tax	65,000	12,234	65,000	12,234
Social security and other taxes	9,463	-	8,748	-
Accruals	71,484	67,716	57,234	67,716
	201,462	81,760	185,712	81,760

All the Group's creditors falling due within one year have been excluded from financial liabilities.

Notes to the Financial Statements continued

14. SHARE CAPITAL

	2007		2006	
	No.		No.	
Authorised				
Ordinary shares of 1p each	2,000,000,000		750,000,000	
	2007	2007	2006	2006
	Ordinary Shares	Total	Ordinary Shares	Total
	of 1p each	£	of 1p each	£
	Number		Number	
Allotted, called up and fully paid				
Balance at 1 October	177,925,634	1,779,256	157,925,634	1,579,256
Shares issued during the year	611,083,333	6,110,833	20,000,000	200,000
Balance at 30 September	789,008,967	7,890,089	177,925,634	1,779,256

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 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. 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, 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.

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, 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.

15. RESERVES

(i) Group

	Share premium account £	Shares to be issued reserve £	Profit and loss account £
Balance at 1 October 2006	2,814,889	-	(829,054)
Share premium on ordinary shares issued during the year	6,160,833	-	-
Reduction by Court Order 21 February 2007	(829,054)		829,054
Share issue expenses	(206,856)		
Result for the year	-	258,349	61,952
Balance at 30 September 2007	7,939,812	258,349	61,952

(i) Company

	Share premium account £	Shares to be issued reserve £	Profit and loss account £
Balance at 1 October 2006	2,814,889	-	(829,054)
Share premium on ordinary shares issued during the year	6,160,833	-	-
Reduction by Court Order 21 February 2007	(829,054)		829,054
Share issue expenses	(206,856)		-
Result for the year	-	258,349	(2,060)
Balance at 30 September 2007	7,939,812	258,349	(2,060)

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.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 Group £	2006 Group £	2007 Company £	2006 Company £
Opening shareholders' funds	3,765,091	3,619,211	3,765,091	3,619,211
Share-based payments	258,349	-	258,349	-
Profit / (loss) for the year	61,952	(254,120)	(2,060)	(254,120)
New share issues (net of expenses)	12,064,811	400,000	12,064,811	400,000
Net increase in shareholders' funds	12,385,112	145,880	12,321,100	145,880
Attributable to minority interest	1,244,564	-		-
Closing shareholders' funds	17,394,767	3,765,091	16,086,191	3,765,091

Notes to the Financial Statements continued

17. SHARE-BASED PAYMENTS

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.

	2007 Weighted average exercise price (pence)	2007 Number	2006 Weighted average exercise price (pence)	2006 Number
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1.00	69,930,000	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	1.00	69,930,000	-	-

The exercise price of all options outstanding at the end of the year was 1.00 pence per share. None of the options outstanding at 30 September 2007 had vested or were exercisable. The weighted average fair value of each option granted during the year was 1.593 pence (2006: none issued).

The following information is relevant to the determination of the fair value of options granted during the year under the equity-settled share-based remuneration schemes operated by the group:

Equity Settled	2007	2006
Option 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	2007 £	2006 £
The share-based payment expense (note 4) comprises:		
Equity-settled schemes	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 period.

18. FINANCIAL INSTRUMENTS

Cash financial instruments

The Company has no undrawn bank borrowing facilities available at 30 September 2007.

Temporarily, surplus cash may be placed on deposit with the Company's bankers. At the year end, financial assets of £6,500,000 (2006: £Nil) comprised sterling cash deposits on money market accounts at monthly rates fixed at the point of deposit. There are no fixed financial assets or liabilities.

The Directors believe that there is no material difference between the carrying value and the fair value of its cash financial instruments.

Other financial instruments

Other than current asset investments, the Company had no financial instruments at either 30 September 2007 or 30 September 2006. Current asset investments are carried at fair value, and where these assets represent quoted investments the fair value is equal to market price.

The Directors believe that there is no material difference between the carrying value and the fair value of the Company's financial instruments.

19. ULTIMATE CONTROL

Ultimate control does not lie with any identifiable party.

20. POST BALANCE SHEET EVENTS

On 6 December 2007, Vestpa plc ceased to be a subsidiary of the Company. After the year end, Vestpa plc acquired Full Fortune Holdings PTE whose trading subsidiaries comprise a large food manufacturing group in Shandong province, North Eastern China. The transaction was completed by way of a reverse acquisition to form the China Food Company. Albany Capital owns 20% of the enlarged group after the transaction.

21. RELATED PARTY TRANSACTION

The Company has taken advantage of the exemption not to disclose related party transactions and balances with Vestpa plc as more than 50% of the Company's voting rights are controlled by the Company.

22. RECONCILIATION OF OPERATING PROFIT TO CASHFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating loss	(789,350)	(378,383)
Revaluation / investment provision	177,334	365,542
Increase in debtors	(3,982)	(18,250)
Increase / (decrease) in creditors	72,268	(13,634)
Profit from the sale of investments	(27,063)	(123,029)
Dividends receivable	(18,150)	-
Share-based payments	258,349	-
Depreciation of fixed assets	2,060	-
Net cash outflow from operating activities	(328,534)	(167,754)

23. MINORITY INTEREST

Minority Interest is calculated as 40.84% of the net assets of Vestpa Plc as at 30 September 2007 of £3,047,414.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Albany Capital plc (registered in England and Wales under number 3995223) (the "Company") will be held at 17 Hanover Square, London, W1S 1HU on 27 February 2008 at 10.30 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 2007 together with the last directors' report and auditors' report on those accounts.
- 2 To elect as a director Mr Jeremy Milne, who has been appointed since the last AGM.
- 3 To elect as a director Mr Simon Wharmby, who has been appointed since the last AGM.
- 4 To elect as a director Mr Christopher Mills, who has been appointed since the last AGM.
- 5 To re-elect as a director Mr Timothy James who retires by rotation.
- 6 To appoint PricewaterhouseCoopers LLP as auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company.
- 7 To authorise the directors to fix the remuneration of the auditors.

SPECIAL BUSINESS

To consider and, if thought fit, 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 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 £12,109,918.33;
 - 8.2 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
 - 8.3 Words and expressions defined in or for the purposes of Section 80 shall bear the same meanings in this Resolution.
- 9 That:
 - 9.1 Subject to the passing of Resolution 8 above, pursuant to and during the period of the authority conferred by Resolution 8, 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 every 25 issued and unissued ordinary shares of 1 pence in the capital of the Company shall be consolidated into one ordinary share of 25 pence in the capital of the Company (the "New Ordinary Shares") and the Directors be and are hereby authorised to deal with fractional entitlements arising out of such consolidation at their discretion and in accordance with the Company's articles of association.
- 11 That subject to the passing of Resolution 10, 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 New Ordinary Shares provided that:
- 11.1 The maximum aggregate number of New Ordinary Shares hereby authorised to be purchased is 3,156,035 (representing 10 per cent. of the Company's issued ordinary share capital, as consolidated pursuant to resolution 10);
- 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 a New Ordinary Share shall not be more than 5 per cent. above the average of the middle market quotations for a New 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 New 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 New Ordinary Shares in pursuance of any such contract or contracts.

Dated: 4 February 2008

Registered Office:
17 Hanover Square, London, W1S 1HU

BY ORDER OF THE BOARD

Jeremy Milne
Company Secretary

Explanatory Notes to the Notice of the Annual General Meeting

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 6.00pm on 25 February 2008 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register of Members after 6.00pm on 25 February 2008 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

Report and accounts for the year ended 30 September 2007 (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 Directors (resolutions 2, 3 and 4)

Jeremy Milne, aged 41, is proposed for the first time for election as an Executive Director following his appointment by the Board on 27 September 2007.

Simon Wharmby, aged 59, is also proposed for the first time for election as a Non Executive Director following his appointment by the Board on 1 March 2007.

Christopher Mills, aged 55, is also proposed for the first time for election as a Non Executive Director following his appointment by the Board on 24 January 2008.

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

Re-election of Director (resolution 5)

Timothy James retires as a Director and will stand for re-election in accordance with the articles of association. Biographical details for Mr James can be found on the Company's website at www.albanycapital.co.uk.

Appointment of Auditors (resolution 6)

PricewaterhouseCoopers LLP were appointed as auditors during the year following the resignation of Chantrey Vellacott DFK LLP. 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 7)

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 8)

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.

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% 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.

Share Consolidation (resolution 10)

In order to make the number of ordinary shares in issue more manageable and the share price more attractive to potential investors, the Company proposes, by means of a share consolidation, to reduce the number of authorised and issued ordinary shares.

At present, the authorised share capital of the Company is £20,000,000 divided into 2,000,000,000 ordinary shares of 1 pence each. It is proposed that the share consolidation will consist of the following steps:

- (a) every 25 ordinary shares in issue will be consolidated into one new ordinary share of 25 pence and every authorised but unissued ordinary share of 1 pence will be consolidated into one new ordinary share of 25 pence;
- (b) fractional entitlements arising out of the consolidation by reason of there being less than 25 shares or a number not divisible by 25 held by a shareholder shall be aggregated into new ordinary shares and the whole number of new ordinary shares so arising shall be sold in the market and the net proceeds of sale held for the benefit of the Company.

The record date for the consolidation will be close of business on 27 February 2008. It is expected that the admission of new ordinary shares of 25 pence each and commencement of dealings on AIM will become effective at 8.00am on 28 February 2008. It is anticipated that new ordinary share certificates will be issued and dispatched by first class post at the risk of the shareholder by 5 March 2008 and that CREST holders will have their CREST accounts credited with their new holdings on 28 February 2008. On the dispatch of the new certificates, any existing certificates will become valueless and should be destroyed. Temporary documents of title will not be issued and, pending dispatch of definitive share certificates, transfers of new ordinary shares held in certificated form will be certified against the register.

The effect of the share consolidation will be to consolidate every 25 existing ordinary shares into one new ordinary share. The aggregate market value of the shares held will be unaffected by the share consolidation.

It is expected that the consolidation will not result in a disposal of ordinary shares for the purposes of UK taxation of chargeable gains.

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, they unanimously recommend that you vote in favour of each resolution, as they intend to do in respect of their own shares in the Company.



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