Hargreave Hale AIM VCT1 plc

(formerly Keydata AIM VCT1 plc)

Annual Report and Accounts

Year ended 30 September 2009

CONTENTS

Investment Objective

The objective of the VCT is to achieve long term capital growth and to maximise tax free distributions to shareholders by investing in a diversified portfolio of small capitalised UK Companies primarily traded on AIM. At least 70% of the Company's funds must be invested in qualifying investments, e.g. shares in private UK companies which carry on certain qualifying trades. The Company is managed as a Venture Capital Trust in order that shareholders in the Company may benefit from the tax relief available.

Shareholder Communication

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

FINANCIAL HIGHLIGHTS

Ordinary Shares:	**2009**	**2008**
Net asset value per share	63.98p	66.21p
Cumulative distributions paid since launch	17.00p	14.00p
Net asset value total return	80.98p	80.21p
Discount to Net Asset Value (based on mid-market price at balance sheet date)	22.6%	8.62%
Returns per share:		
Revenue return	(0.31)p	0.38p
Capital return	(1.27)p	(36.01)p
Total return	(1.58)p	(35.63)p
Dividends:		
Interim paid	2.0p	4.0p
Final proposed	-	1.0p*
Total dividend for year	2.0p	5.0p

*Dividend paid on 26 January 2009

C Ordinary Shares:	**2009**	**2008**
Net asset value per share	-	82.06p
Cumulative distributions paid since launch	-	3.20p
Net asset value total return	-	85.62p
Net asset value total return since launch at 95p	-	85.62p
Share price (mid)	-	77.5p
Discount to Net Asset Value (based on mid-market price at balance sheet date)	-	5.56%
Returns per share:		
Revenue return	-	1.24p
Capital return	-	(13.92)p
Total return	-	(12.68)p
Dividends:		
Interim paid	-	0.7p
Final proposed	-	-
Total dividend for year	-	0.7p

CHAIRMAN'S STATEMENT

Introduction

The financial results for the year to 30 September 2009 reflect the difficult economic environment in the UK during this period. At 30 September the NAV was 63.98 pence which after adjusting for the dividends paid represents an effective 1.0% increase for the period. This compares with a 6.1% rise in the all-share index and a 3.9% rise in the AIM index during the same period. Losses per ordinary share for the year were 1.58 pence per share (comprising revenue losses of 0.31 pence and capital losses of 1.27 pence).

Following the appointment of Administrators to Keydata Investment Services Limited your Board has appointed Hargreave Hale Limited to take over the administrative services in respect of the Company and Giles Hargreave, CEO of Hargreave Hale Limited has joined the Board as a non-executive director to replace Stewart Ford who resigned.

Conversion of C shares

On 7 October 2008, in accordance with the Articles of Association, the C shares were converted into new Ordinary shares based on the respective net asset value per share of each fund at 30 September 2008. The conversion ratio was 1.23935 new ordinary shares for each C share held on 7 October 2008. The 17,719,270 C shares in issue were converted into 21,959,891 new ordinary shares which rank pari passu with the existing ordinary shares. The two investment funds combined from this date.

Investment

The Investment Manager, Hargreave Hale, invested a further £340,000 in 2 qualifying companies during the year and made disposals or part disposals of 14 of the AIM investments, realising a net loss on sale of £3,199K. The bid value of qualifying investments at 30 September 2009 was £10.3 million invested in 47 AIM companies, the balance was held in non-qualifying AIM stocks.

Tender Offer

At the EGM, held on 19 May 2009, a special resolution was passed by shareholders to give approval for a tender offer of up to 8,000,000 ordinary shares at a price of 52 pence per share. Valid acceptances were received by the closing date of 30 April 2009 from 179 shareholders for 5,076,447 ordinary shares which were repurchased for cancellation (2,365,313 shares) and holding in treasury for issue by the company at a future date (2,711,134 shares).

Change of name

At the general meeting on 30 September 2009 it was approved that the Company name be changed to "Hargreave Hale AIM VCT1 Plc" to more closely reflect the new arrangements and its relationship with Hargreave Hale Limited. I am pleased to report that this change of name is now completed.

Dividend

An interim dividend of 2 pence was paid on 30 June 2009. It is not proposed to declare a dividend at this time but your board is committed to paying regular dividends and will keep the matter under review.

Outlook

The UK economic cycle is now at a critical point. The 2008-09 recession, which was much deeper than most people envisaged, now appears to be abating albeit that it has not yet technically ended. The CBI stated that the UK economy was expected to emerge from recession through modest growth in the third and fourth quarters of 2009. However we remain cautious as we believe the economy is still fragile and that any growth in the immediate future will be slow and modest.

Sir Aubrey Brocklebank Bt
Chairman
Date: 31 December 2009

BOARD OF DIRECTORS

Sir Aubrey Thomas Brocklebank Bt, ACA (aged 57)
Sir Aubrey worked for Guinness Mahon from 1981 to 1986, initially in its corporate finance department before assisting in the establishment of a specialist development capital department. From 1986 to 1990 he was a director of Venture Founders Limited, managing a £12 million venture capital fund, which had been raised to invest in early stage ventures. He managed the Avon Enterprise Fund (a venture capital fund of £4.5 million investing in approximately 20 companies) from 1990 until all investments had been realised in 1997. He is on the board of eight other VCTs, Hargreave Hale AIM VCT2 plc, the AIM Distribution Trust PLC, Puma VCT PLC, Puma VCT II PLC, Puma VCT III PLC and Puma VCT IV PLC (all as chairman) and Pennine AIM VCT 6 plc and Close Second AIM VCT PLC (as a non-executive director only). He is, and has also been, a director of a number of companies, some of which are, or have been, quoted on AIM.

David Hurst-Brown FSI (aged 60)
David worked for over 25 years in the investment banking industry starting as an investment analyst with Rowe and Pitman and becoming a partner of the firm in 1985. Following takeovers by SG Warburg and Swiss Bank Corporation and the subsequent merger with Union Bank of Switzerland, David ultimately was an executive director in the corporate finance division of UBS Warburg. In this capacity, amongst his various duties, he was responsible for establishing a smaller companies business unit. He was a consultant to UBS from 1999 to 2002 and at the same time was an adviser to techMark, the London Stock Exchange's market for technology companies. David is presently a non executive director of Imagination Technologies Group Plc, Anite Plc and Ffastfill Plc.

Giles Hargreave (aged 61) – appointed 12 August 2009
The Company is also pleased to announce the appointment of Giles Hargreave as a Non-Executive Director with effect from 12 August 2009. Giles, aged 61, is Chief Executive of Hargreave Hale Limited. Giles commenced his career in 1969 with James Capel as a trainee analyst. In 1974 he joined Management Agency And Music Plc as a private fund manager. In 1986 he founded Hargreave Investment Management, which was merged in 1988 with Hargreave Hale & Co, a provincial stockbroking firm controlled by other members of his family.

Stewart Owen Ford (aged 45) – resigned 16 June 2009
Stewart was the managing director of Keydata Investment Services Limited and its parent company, Keydata UK Limited. Stewart has experience of establishing new media, design, advertising, marketing and financial services organisations. Stewart founded Keydata UK Limited in 1997 to take advantage of a gap in the market place for the provision of marketing and sales information to independent financial advisers. Keydata Investment Services Limited went into administration on 8 June 2009.

MANAGER'S REPORT

Market Commentary

The headline numbers fail to do justice to the 12 months we are reporting on. The 4.72% gain in the FTSE 100 for the year to 30 September 2009 follows the remarkable 47% rally from the dark days of early March to the end of the period. That it happened is not much of a surprise, however, its strength and resilience has impressed. Momentum and excess liquidity may take it further yet over the next few months, but we anticipate a period of consolidation or even retrenchment if corporate earnings fail to support the expectations of a rapid recovery. As we all know, the UK's fiscal position continues to deteriorate and needs urgent addressing. Tough and immediate measures will be required by the incoming Government. And if the Government doesn't take the necessary steps, the bond markets may intervene. But for the time being, UK plc has been given the benefit of the doubt. A bout of moderate or elevated inflation, which would help reduce the debt burden, is perhaps inevitable in future years, but it seems hard to see its emergence in the short term given the amount of surplus capacity in the economy.

Portfolio Structure

As at 30 September 2009, the fund had 60% of its net assets (by market value) invested in qualifying equities, with another 7% in non-qualifying equities. We continue to run a significant fixed income position with 15% in UK Gilts and 12% in other AAA rated Government backed bank bonds. Cash accounts for the final 6%. We have taken a slightly larger exposure to UK equities since the period end and expect to continue to build that in a targeted manner.

Investment Test

Qualifying issuance has been very strong of late, mostly from companies seeking to repair weakened Balance Sheets or move away from bank funding; IPO activity remains muted. We are in the fortunate position of being comfortably past the 70% threshold (as measured by HMRC), allowing us to be very selective in how we deploy the fund's capital. We have previously alluded to potential investments in private companies and so we were pleased to finally complete our first unquoted investment in October. The company, Mexican Grill (trades under the brand Tortilla), is a profitable early stage fast casual restaurant chain that we have high hopes for. We worked hard to secure attractive terms for the investment, which was made alongside Hargreave Hale AIM VCT 2, and were particularly pleased to be able to appoint Paul Campbell (FD Clapham House Plc) as our representative on the board.

Buy Backs

We were pleased that we were able to maintain our policy of offering our shareholders an efficient exit route through the buyback scheme and tender offer. In total, 5,553,830 shares were purchased, of which 2,842,696 were cancelled and 2,711,134 held in Treasury. At the year end the discount between the mid-price of the shares and the NAV was 22.6%, but the recent introduction of a third market maker has helped to close the discount between the mid-price of the shares and the NAV to the 10% that we have always targeted. This, along with a recovery in the underlying investments, has been behind the 62% increase in the bid price of the VCT shares between 31 March 2009 and 30 November 2009.

Portfolio Performance

The NAV gained a modest 1.16% in the year, with a much stronger second half (+14%) more than offsetting the poor first half (-11%). Over the year, the percentage return was marginally behind the FTSE 100, FTSE All-Share and FTSE AIM All Share and more significantly behind FTSE SmallCap Ex Investment Trusts. The lack of substantial progress was frustrating but, in many ways, inevitable given the volatility within the market, the restrictions we operate under as a result of our status as an AIM VCT and the overweight cash position we were carrying to fund the Tender Offer in the Spring of 2009. Following shareholder approval in May 2009, we began to apply the modified strategy for the non-qualifying element of the portfolio over the course of the summer and autumn. Whilst the results are not immediately obvious the gains made through its application, along with gains in the qualifying portfolio, have helped to drive the second half recovery.

Since the interims, we have seen significant increases in value for Abcam, Advanced Computer Software, Brulines, Craneware, Essentially, Universe and Vertu. Essentially and Universe were the subject of bids whilst the rest gained as a result of strong trading or a recovery in their market rating. There were two significant losers, Relax Group (now in administration) and CBG.

In the round, we remain satisfied with the performance of the fund since launch. Total Return since launch to 30 September 2009 was -14.8% (excluding the benefits of the tax reliefs). The FTSE 100 and FTSE All-Share are showing modest gains over the same time period (+3.9% and +6.3% respectively), however, we remained significantly ahead of the most directly comparable index, the FTSE AIM All-Share (-41%), and broadly in line with the FTSE SmallCap Ex Investment Trusts (- 12%).

Outlook

We don't feel particularly positive about the outlook for the UK, nor indeed Europe as a whole. But that is not to say that the outlook for the VCT is bleak. Many of our investments have growth stories that are unique to them, that do not require the UK economy to stage a remarkable recovery. Further, the shocks of the past year have weeded out the weaker companies, who have either failed or seen their valuations sharply reduced and we don't see that much more downside risk in those parts of the portfolio. Further, we expect a more vigorous and sustained application of the new non-qualifying investment strategy to yield more significant results.

Hargreave Hale Limited
Date: 31 December 2009

INVESTMENT PORTFOLIO SUMMARY

Ordinary Share Fund

As at 30 September 2009

Qualifying investments	**Book Cost £000**	**Valuation £000**	**Valuation %**
Cohort	800	982	6.1
Advanced Computer Software	400	882	5.5
Abcam	167	870	5.4
Intercede	518	628	3.9
Brulines	541	506	3.2
Pressure Technologies	340	499	3.1
Animal Care	300	436	2.7
Vertu Motors	600	430	2.7
FDM	249	394	2.5
Craneware	150	379	2.4
Mount Engineering	400	331	2.1
MAMA	300	270	1.7
Rotala	400	262	1.6
CBG	534	238	1.5
K3	270	249	1.5
Universe	385	247	1.5
Keycom	300	225	1.4
Portland Gas	46	201	1.3
Idox	150	195	1.2
Energetix	380	168	1.0
Maxima	251	163	1.0
Essentially	220	147	0.9
Feedback	201	151	0.9
Tangent Communications	300	150	0.9
Neutrahealth	315	120	0.7
Jelf	174	98	0.6
Legion Group	250	89	0.6
Tasty	288	100	0.6
Autoclenz	256	86	0.5
Innovision	175	81	0.5
Plastics Capital	250	80	0.5
Relax	650	83	0.5
Advanced Power	148	70	0.4
Hexagon Human	300	58	0.4
Progressive Digital	173	58	0.4
Richoux	300	67	0.4
Enfis	146	52	0.3
Expansys	331	40	0.3
Invocas	169	41	0.3
Egdon Resources	8	30	0.2
Hardide	396	25	0.2
Infoserve	200	27	0.2
Reneuron	168	34	0.2
St Helen's Capital	211	31	0.2
Invu	200	22	0.1
Sport Media Group	300	16	0.1
Accuma	49	5	0.0
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Total qualifying investments	13,659	10,316	64.2
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INVESTMENT PORTFOLIO SUMMARY continued

Non-Qualifying investments	Book Cost £000	Valuation £000	Valuation %
Treasury 2.25% 2014	1,467	1,479	9.2
UKTI 2.5% 2016	491	503	3.1
UKTI 2.5% 2020	482	497	3.1
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Total – UK gilts	2,440	2,479	15.4
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Lloyds 4% Nov 11	1,024	1,042	6.5
Nationwide 3.75% Nov 11	1,018	1,037	6.4
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Total – UK corporate bonds	2,042	2,079	12.9
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Optare	200	250	1.6
Hargreaves	131	189	1.2
Marstons	103	122	0.8
Cove	100	120	0.7
Lookers	124	119	0.7
Qinetiq	118	105	0.7
Cineworld	81	80	0.5
Prostrakan	83	85	0.5
Clerkenwell	47	35	0.2
OPG Group	25	30	0.2
Renew Group	28	35	0.2
UK Coal	16	25	0.2
Abcam	1	1	0.0
Advanced Computer Software	2	2	0.0
Craneware	4	5	0.0
Enfis	1	1	0.0
Hexagon	2	0	0.0
St Helen's Capital	2	0	0.0
Tasty	1	0	0.0
Vertu Motors	3	1	0.0
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Total – non-qualifying equities	1,072	1,205	7.5
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Total – non-qualifying investments	5,554	5,763	35.8
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Total investments	19,213	16,079	100.0
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TOP TEN INVESTMENTS

As at 30 September 2009

QUALIFYING PORTFOLIO

The qualifying portfolio is shown below. Each of the AIM investments is valued by reference to the bid price.

Abcam plc			**870p**
Investment date	October 2005	Audited results for year to	June 2009
Equity held	0.28%	Turnover (£'000)	56,800
Purchase Price	167p	Profit before tax (£'000)	16,303
Cost (£'000)	167	Net assets (£'000)	36,468
Valuation (£'000)	870		

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

Advanced Computer Software plc			**37.5p**
Investment date	May 2008	Unaudited results for 6 mths to	Aug 09
Equity held	0.67%	Turnover (£'000)	11,017
Purchase Price	17p	Profit before tax (£'000)	1,944
Cost (£'000)	400	Net assets (£'000)	75,485
Valuation (£'000)	882		

ACS is a provider of software and IT services to the Primary Care sector, with the goal of improving patient flows and care. Having acquired both Adastra and BSG it aims to develop a strong position in a sector it believes is both fragmented and government-backed. Its market patient management system currently services more than 95% of Out-of-Hours Primary Care operational hubs and 50% of NHS Walk-in Centers in England. Adastra's software supports 14 million patient cases every year and delivers the information on those cases to the relevant recipients within the NHS. BSG provides hosting and IT outsourcing services and its integration into ACS will provide the hosting platform to bring Primary Care hosted products more quickly to market.

Animalcare plc			**80p**
Investment date	December 2007	Audited results for year to	June 2009
Equity held	2.76%	Turnover (£'000)	17,638
Purchase Price	55p	Profit before tax (£'000)	1,527
Cost (£'000)	300	Net assets (£'000)	15,382
Valuation (£'000)	436		

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

Brulines plc			**115p**
Investment date	October 2006	Audited results for year to	March 2009
Equity held	1.57%	Turnover (£'000)	19,067
Purchase Price	123p	Profit before tax (£'000)	4,624
Cost (£'000)	541	Net assets (£'000)	20,061
Valuation (£'000)	506		

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

Cohort plc			**160p**
Investment date	February 2006	Audited results for year to	April 2009
Equity held	1.51%	Turnover (£'000)	78,571
Purchase Price	123p	Profit before tax (£'000)	6,454
Cost (£'000)	800	Net Assets (£'000)	45,585
Valuation (£'000)	982		

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

Craneware			**323p**
Investment date	September 2007	Audited results for year to	June 2009
Equity held	0.47%	Turnover ($'000)	22,993
Purchase Price	128p	Profit before tax ($'000)	5,870
Cost (£'000)	150	Net assets ($'000)	18,675
Valuation (£'000)	379		

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

FDM Group			**123p**
Investment date	March 2005	Unaudited results for 6 months to	June 2009
Equity held	1.38%	Turnover (£'000)	25,089
Purchase Price	78p	Profit before tax (£'000)	2,202
Cost (£'000)	249	Net assets (£'000)	14,631
Valuation (£'000)	394		

FDM Group Plc provides information technology, staffing and training services in the UK and internationally. It specialises in recruiting and training its own permanent IT consultants, known as "Mounties". The company operates in two divisions, IT Staffing and Global Services. The IT staffing division provides its clients with Mounties and freelance contractors to staff their IT requirements. The Global Services division manages teams of Mounties and freelance trainers delivering a range of services such as development, support, testing and end user education to its clients, both on and off site. FDM Group offers its services to financial services, software houses, telecommunications, media and transportation sectors as well as to systems integrators. The company was founded in 1991 and is headquartered in Brighton with additional offices in London, Germany, Luxembourg and the US.

Intercede plc			**40p**
Investment date	May 2007	Audited results for year to	March 2009
Equity held	3.26%	Turnover (£'000)	5,700
Purchase Price	33p	Profit before tax (£'000)	1,408
Cost (£'000)	518	Net assets (£'000)	695
Valuation (£'000)	628		

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

Pressure Technologies plc			**220p**
Investment date	May 2007	Unaudited results for 6 months to	March 2009
Equity held	2.00%	Turnover (£'000)	12,735
Purchase Price	150p	Profit before tax (£'000)	2,444
Cost (£'000)	340	Net assets (£'000)	12,473
Valuation (£'000)	499		

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

Vertu Motors			**43p**
Investment date	December 2006	Unaudited results for 6 months to	August 2009
Equity held	0.51%	Turnover (£'000)	401,345
Purchase Price	60p	Profit before tax (£'000)	2,840
Cost (£'000)	600	Net Assets (£'000)	87,131
Valuation (£'000)	430		

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

Co-Investment

As at 30 September 2009, other funds managed by Hargreave Hale Limited were also invested in 36 of the investments – Abcam, Accuma Group, Advanced Computer Software, Brulines, CBG Group, Cineworld, Clerkenwell, Cohort, Cove Energy, Egdon Resources, Energetix, Enfis Group, Hardide, Hargreaves, Invocas Group, Intercede, Jelf Group, K3 Business Technology, Lookers, Mama, Maxima Holdings, Mount Engineering, OPG, Optare, Plastics Capital, Portland Gas, Pressure Technologies, Prostrakan, Relax, Reneuron Group, Renew Group, Richoux, St Helen's Capital, Tangent Communications, Tasty, Vertu Motors.

DIRECTORS' REPORT
For the year end 30 September 2009

The Directors present their report together with the audited financial statements of the Company for the year from 1 October 2008 to 30 September 2009.

The Company was incorporated and registered in England and Wales on 16 August 2004 under the Companies Act 1985, registered number 5206425.

Principal Activity and Status
The Company has been granted provisional approval by HMRC under section 259 of the Income Taxes Act 2007, as a Venture Capital Trust. The shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 29 October 2004.

On 23 May 2006, the Company revoked its investment company status to facilitate the payment of dividends out of capital profits.

The Company's principal activity is to invest in a diversified portfolio of qualifying small capitalised UK based companies, primarily trading on AIM, with a view to maximise tax free dividend distributions to shareholders.

The Directors have managed and continue to manage the Company's affairs in such a manner as to comply with Section 259 of the Income Taxes Act 2007.

Business Review
A review of the Company's business during the year and consideration of its future development and prospects are contained in the Chairman's Statement and Manager's Report. The financial position of the Company at 30 September 2009 was strong with no debt or gearing.

Key Performance Indicators
At each Board meeting, the Directors consider a number of performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) are established industry measures and are as follows:

- Net asset value total return
- Share price total return
- Discount to net asset value
- Earnings and Dividend per share

In addition to the above, the Board considers peer group comparative performance. Performance is also measured against the Company's closest benchmark, The FTSE AIM All-share Index. The performance measures for the year are included in the Financial Highlights on page 3.

Principal Risks and Uncertainties
The principal risks facing the Company relate to the Company's investment activities and include market price, interest rate and liquidity. An explanation of these risks and how they are managed is contained in note 17 to the accounts. Additional risks faced by the Company, together with the mitigation approach, area as follows:

i. Discount volatility – venture capital trust shares tend to trade at discounts to their underlying net assets values, which can fluctuate considerably. To minimise the impact of such fluctuations, the Company set up a share buy back policy during the year where the Company purchases shares for cancellation.
ii. Regulatory risk – the Company operates in a complex regulatory environment and faces a number of related risks. A breach of section 259 of the Income Taxes Act 2007 could result in the Company being subject to capital gains tax on the sale of its investments. The Board receives a monthly compliance report prepared by PricewaterhouseCoopers LLP from the Investment Manager to monitor compliance with regulations.

Revenue and Dividends
The revenue loss after tax for the year amounted to £92,000 (2008 - £267,000 profit). An interim ordinary dividend of 2p per Ordinary share was paid on 30 June 2009.

Share Valuation
On 30 September 2009, the mid-market price and the net asset value per ordinary share were 49.50p and 63.98p respectively.

Management
Hargreave Hale Limited manages the Company's investments. The principal terms of the Company's agreement with Hargreave Hale Limited are set out in Note 3 to the Financial Statements.

The Investment Manager's remuneration was agreed at the time of the launch of the Company. The initial appointment was for a period of three years and the appointment may be terminated by either party on giving one year's notice. The Directors review the Investment Manager's performance at each Board Meeting through review of the Investment Report.

Hargreave Hale Limited is to provide to the Company, custody services from 1 August 2009 and administration services since being appointed on 7 September 2009.

VCT Status Monitoring
The Company has retained PricewaterhouseCoopers LLP as advisors on, inter alia, compliance with legislative requirements. The Directors monitor the Company's VCT status through regular reports from PricewaterhouseCoopers LLP

Substantial Holdings in the Company
At 30 September 2009, there was one holdings of 3% and over of the Company's ordinary share capital. This holding related to the treasury shares and as at 30 September 2009 comprised 9.2%.

Directors
The present directors are listed below. During the year Stewart Ford resigned on the 16 June 2009 and Giles Hargreave was appointed as non-executive director on 12 August 2009.

Directors' Interests
The beneficial interests of Directors of the Company in the share capital are shown below:

	Ordinary Shares	
	2009	**2008**
Sir Aubrey Brocklebank Bt	5,000	5,000
David Hurst-Brown	25,750	25,750
Giles Hargreave*	109,163	109,163
Stewart Ford**	52,500	52,500

* Giles Hargreave was appointed on 12 August 2009
**Stewart Ford resigned on 16 June 2009

Share Buybacks
During the year, the Company repurchased 5,553,830 ordinary shares (nominal value £55,538) at a cost of £2,933,651. The shares repurchased represent 17.2% of ordinary shares in issue on 1 October 2008 with 15.7% of the shares re-purchased related to the tender offer.

The buyback scheme as detailed in the prospectus is offered to shareholders as a means to provide an opportunity for shareholders to sell their shares back to the company through the buyback scheme if an exit route is desired.

Post Balance Sheet Events
There have been no post balance sheet events since the year end.

Directors' and Officers' Liability Insurance
All directors and officers benefit from qualifying third party indemnity insurance cover.

Disclosable Interests
No Director is under contract of service with the Company and, other than as disclosed in Note 16, no contract existed during or at the end of the year in which any Director was materially interested and which was significant in relation to the Company's business.

Financial Instruments
The Company's financial instruments and principal risks are disclosed in Note 17 to the accounts.

Supplier Payment Policy
It is the Company's policy to obtain the best terms for all business and to abide by those agreed terms. It is the Company's policy to settle all investment transactions according to settlement periods operating for the relevant markets. The majority of transactions undertaken for services provided and goods received are payable on demand. The supplier payments due are usually settled within one week given the time needed to authorise the payments and attain the dual signatories.

Charitable and Political Donations
The Company made no charitable or political donations in the year (2008: nil).

Auditors
A resolution proposing the reappointment of BDO LLP as auditors to the Company and authorising the Directors to determine their remuneration will be put at the forthcoming AGM.

The Directors who held office at the date of approval of this Director's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information, and to establish that the Company's auditors are aware of that information.

Annual General Meeting
The Notice of AGM to be held on 11 February 2010 is set out on page 39.

At the AGM there is one non-routine item of business:

Resolution 6, if passed, will renew the Directors' authority to purchase (for cancellation) up to 14.99% of the issued ordinary share capital as at the date of this report.

By order of the Board

STUART BROOKES
Company Secretary

Registered office:
Hargreave Hale AIM VCT1 plc,
19 Cavendish Square,
London W1A 2AW

Date: 31 December 2009

DIRECTORS' REMUNERATION REPORT

For the year ended 30 September 2009

The Board presents this Report which has been prepared in accordance with the requirements of The Companies Act 2006 and Statutory Instruments 2008/410. An ordinary resolution for the approval of this report will be put to the shareholders at the AGM.

Your Company's auditors are required to audit certain disclosures provided in this Report. Where disclosures have been audited, they are indicated in this Report. The auditors' opinion is included in their report on pages 23 and 24.

Remuneration Responsibilities
The Board has resolved that a remuneration committee is not appropriate for a Company of this size and nature. Remuneration is part of the Board's responsibilities, to be addressed regularly.

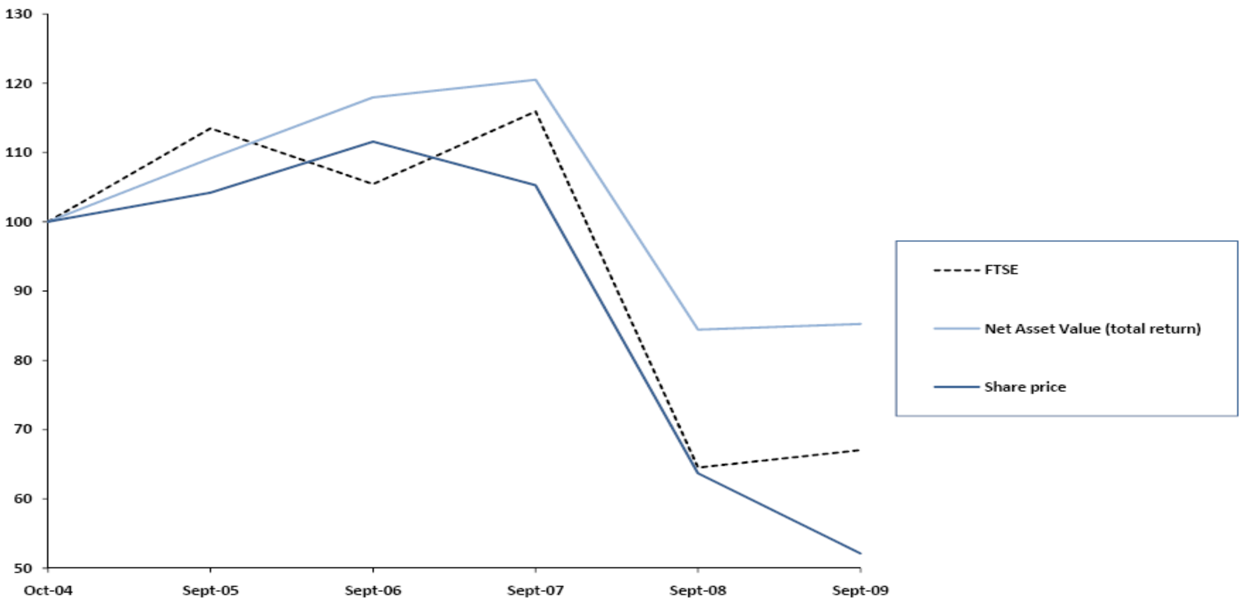
The Board consists solely of non-executive Directors. All are considered independent with the exception of Mr Giles Hargreave who is Chief Executive of Hargreave Hale Limited and is not therefore independent.

Policy on Directors' Remuneration
The Board's policy is that the remuneration of directors should be fair and reasonable in relation to the time committed and responsibilities of the Directors and in line with the remuneration paid by other listed venture capital trusts and investment trusts. The Board aims to review Directors' remuneration on a regular basis.

Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association. The maximum permitted by the Company's Articles of Association is £200,000 per annum. The Directors are not eligible for bonuses, pension benefits, share options or other incentives or benefits.

Directors' Service Contracts
It is the Board's policy that none of the Directors has a service contract. Each of the Directors has entered into an agreement with the Company dated 10 September 2004 except Giles Hargreave who was appointed on 12 August 2009 when an agreement was made with Hargreave Hale Limited to provide the directorship service. The terms of appointment provide that a Director shall retire and be subject to re-election at the first annual general meeting after appointment and at least every three years thereafter. Either party can terminate the agreement by giving to the other at least 3 months notice in writing.

Your Company's Performance
The Company was incorporated on 16 August 2004 and commenced trading on 29 October 2004. The performance chart below charts the Company's Ordinary share NAV and share price total return from Admission of shares to listing on 29 October 2004 to 30 September 2009 (rebased to 100 at 29 October 2004) compared to the total return of a notional investment in the FTSE AIM All-share Index over the same period. The graph has been plotted as intervals of 12 months. This index was chosen for comparison purposes as it represents a comparable broad equity market index for AIM quoted small companies (the target investment class for the VCT).



Directors' Emoluments for the Year (audited)
The Directors who served during the year received the following emoluments:

	2009	2008
	£	£
Sir Aubrey Brocklebank Bt (Chairman)	18,000	18,000
David Hurst-Brown	15,000	15,000
Stewart Ford	14,365*	15,000
Giles Hargreave	2,500*	-
	----------	----------
Total	49,865	48,000
	----------	----------

*The emoluments paid to Stewart Ford include a payment of three months fees of £3,750 in lieu of notice. The emoluments paid in respect of Giles Hargreave relate to the period since appointment as director (August & September 2009).

The Directors fees have not increased in the year with the exception of the payment in lieu of notice to Stewart Ford.

Approval
The Directors' Remuneration Report on pages 17 and 18 was approved by the Board of Directors on 31 December 2009.

Signed on behalf of the Board of Directors

Sir Aubrey Brocklebank Bt
Chairman

CORPORATE GOVERNANCE

Director's Statement of Compliance with the 2008 FRC Combined Code on Corporate Governance ("the Code").

The Principles
The Board has put in place arrangements which it considers appropriate for a VCT to ensure proper corporate governance.

During the year under review, the Board considers that the Company has complied with the recommendations of the Code except as disclosed below.

The Board comprises three Directors, all of whom are non-executive and all of whom are considered independent of the Investment Manager with the exception of Mr Giles Hargreave. Mr Giles Hargreave is Chief Executive of Hargreave Hale Limited and is not therefore independent of the Investment Manager.

Mr Hurst-Brown is also a non-executive director of Keydata Income VCT1 and 2 plc. Notwithstanding the above, Mr Hurst-Brown is considered to be independent by virtue of his experience and the manner in which he performs his duties as a Director of the Company.

The Directors have a range of business, financial and asset management skills and experiences relevant to the direction and control of the Company. Brief biographical details of the members of the Board are shown on Page 5.

The Chairman is Sir Aubrey Brocklebank Bt, a non-executive Director, who has no conflicting relationships. Since all Directors are non-executive and day to day management responsibilities are sub-contracted to the Investment Manager and Administrator, the Company does not have a Chief Executive Officer, as the roles are already effectively separated.

The Administrator ensures the Directors have timely access to all relevant management, financial and regulatory information to enable informed decisions to be made. The Board meets on a regular basis at least four times each year and additional meetings are arranged as necessary. Regular contact is maintained between the Investment Manager and the Board outside of formal meetings.

Board meetings follow a formal agenda, which includes a review of investment portfolio with a report from the Investment Manager on the current investment position and outlook, strategic direction, performance against stock market indices and the Company's per group, cash management, revenue forecasts for the financial year, marketing and shareholder relations, corporate governance and industry and other issues.

Due to the size of the Board, the Board has not set up separate audit, nomination and remuneration committees (as required by Code C3.1, A4.1 and B2.1 respectively) on the grounds that the Board as a whole considers these matters. As all Directors are non-executives, the board has not appointed a senior independent non-executive director (Code A3.3) as the Chairman performs the role.

Board Responsibilities
The Directors have adopted a formal schedule of matters reserved for the Board that cannot be delegated to a committee or to any other party. These reserved matters include approval of annual and half yearly reports and accounts, circulars and other shareholder communications, appointment and removal of Board members and Officers of the Company, changes to the Company's objectives and accounting policies, and the use of gearing for investment purposes.

Following the appointment of Administrators to Keydata Investment Services Limited the Board appointed Hargreave Hale Limited to take over the administrative services in respect of the Company and Giles Hargreave, CEO of Hargreave Hale Limited has joined the Board as a non-executive director to replace Stewart Ford who resigned from the Board.

The Directors have delegated to the Investment Manager responsibility for the day to day investment management decisions of the Company. The provision of administration and custodian services has been delegated to Hargreave Hale Limited.

Company Secretary
The Board has direct access to the Company Secretary who is responsible for ensuring that the Board procedures are followed. The Company Secretary is also responsible for ensuring the timely delivery of information and reports and that the statutory obligations of the Company are met.

Nomination Responsibilities
All nomination responsibilities are carried out by the Board. These responsibilities include reviewing the size, structure and skills of the Board and considering any changes necessary or new appointments. No Director has a contract of employment with the Company.

The Articles of Association require that each Director retires and stands for election at the Company's first AGM and then retires at an AGM every three years after appointment or (as the case may be) last reappointment, and may offer himself for re-election. No Director serves a term of more than three years before re-election.

Sir Aubrey Brocklebank Bt is required to stand for re-election at this year's AGM. The Chairman confirms that the performance of all Directors continues to be effective and demonstrates commitment to their respective roles.

The Articles of Association of the Company and the Directors' letter of appointment will be available at the AGM and can be inspected at the Registered Office of the Company.

Directors' Induction
On appointment to the Board Directors are fully briefed as to their responsibilities and are kept regularly informed of industry and regulatory developments.

The Board has formalised arrangements under which the Directors in the furtherance of their duties, may seek independent professional advice at the expense of the Company. The Company also maintains Directors and officers liability insurance to cover legal expenses.

Directors' Remuneration
The board as a whole reviews Directors' remuneration on a regular basis. Details of the Company's policy on Directors' remuneration and of payments to Directors are given in the Directors' Remuneration Report on pages 17 and 18.

Accountability and Audit
The Directors' responsibilities for the Company's accounting records and financial statements are set out on page 22. The Auditors' Report appears on pages 23 and 24.

Performance Appraisal
The Directors recognise the importance of the Code (Code A.6.1) in terms of evaluating the performance of the Board as a whole and the individual Directors. As the Directors of the Company are non-executive their role is to ensure that the company is managed by the Investment Manager and Administrator to the best of their ability and make changes to the management if they are not acting in the best interests of the shareholders. The Directors' role is to review the performance of the management and ensure this is the case. The Directors' performance is reviewed on an ongoing basis by the Board on attendance to Board meetings, input at the Board meetings and ability to continue in their role as a non-executive director of the Company. This is formalised in the retirement process as detailed in the Articles of Association where each director retires every 3 years and stands for re-election by the shareholders at the AGM.

Audit Committee
All audit committee responsibilities are performed by the Board. Due to the small size of the Board, there are no written terms of reference setting out roles and responsibilities (Code C3.2).

The Board meets twice each year to review the internal financial and non-financial controls, approving the contents of the draft interim and annual reports to shareholders and reviewing the accounting policies. In addition, the Board reviews the quality of the service of all the service providers to the Company and, together with the Manager and Administrator, reviews the Company's compliance with financial reporting and regulatory requirements. Representatives of BDO LLP, the Company's auditors, attend the Board meeting at which the draft annual report and financial statements are reviewed.

The Company's internal financial controls and risk management systems have been reviewed with the Manager against risk parameters approved by the Board. The Audit programme and timetable are drawn-up and agreed with the Company's Auditors in advance of the financial year end. At this stage, matters for the audit focus are discussed and agreed. These matters are given particular attention during the audit process and among other matters they are reported on by the Auditors in their audit report to the Board. The audit report is considered by the Board and discussed with the Auditors prior to approving and signing the Financial Statements.

The Board has reviewed the independence and objectivity of the Auditors with particular regard to the level of non audit services provided by the Auditors. Details of the audit and non-audit fees paid to the Auditors are shown in note 4 to the financial statements.

Internal Financial and Non-Financial Controls
The Directors acknowledge that they are responsible for the Company's systems of internal financial and non-financial controls, which have been in place throughout the year. The controls are operating effectively and continue to be in place up to the date of this report.

The effectiveness of the Company's operations has been reviewed annually by the Board and accords with the guidance set out in the Turnbull Report. In particular, it has reviewed the process for identifying and evaluating the significant risks affecting the Company and the policies and procedures by which these risks are managed.

A detailed risk map has been prepared which identifies the significant risks faced by the Company and the key controls to manage these risks. This ensures that consideration is given regularly to the nature and extent of the risks facing the Company and that they are being actively monitored. Where changes in risk have been identified during the year they also provide a mechanism to assess whether further action is required to manage the risks identified.

Since Investment management, custody of assets and all administrative services are provided by third parties, the Company's system of internal control also includes the monitoring of services provided by these third parties, including the operational controls maintained by them, to ensure they meet the Company's objectives.

Since appointment of Hargreave Hale as Administrators the method of controlling company payments has changed. All Directors and the Company Secretary are authorised signatories, but cheques have to be signed by Aubrey Brocklebank Bt or David Hurst-Brown and Giles Hargreave or Stuart Brookes to ensure payments are authorised by two independent persons.

The control systems have been designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage, rather than eliminate, risk of failure to achieve business objectives.

Internal Audit Function
The Company does not have an internal audit function. All of the Company's Management functions (investment management, custody and administration) are performed by Hargreave Hale and are segregated by department and location. The internal controls of Hargreave Hale are reviewed and approved by the Board. It is therefore felt that there is no need for the Company to have an internal audit function, however, this will be reviewed annually.

Auditors' Non-Audit Service
During the year fees amounting to £500 (2008 - £nil) were paid for non-audit services relating to the conversion of the C shares.

Attendance at Board Meetings
All the Directors are considered to have a good attendance record at Board meetings of the Company. The following table sets out the number of formal Board meetings held during the year under review and the number of meetings attended by each Director.

	No of Board Meetings	
	Held	Attended
Sir Aubrey Brocklebank Bt	4	4
David Hurst-Brown	4	4
Giles Hargreave (appointed 12 August 2009)	4	0*
Stewart Ford (resigned 16 June 2009)	4	2**

*Giles Hargreave attended 3 Board Meeting in his previous capacity representing Hargreave Hale Limited as Investment Manager.
** Stewart Ford attended all meeting scheduled prior to his resignation.

Relations with Shareholders
Shareholder relations are given high priority by the Board. The prime medium by which the Company communicates with shareholders is through the interim and Annual Report and Accounts, which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by the weekly calculation of the net asset value of the Company's ordinary shares, which is published via the Stock Exchange and on our website at www.hargreave-hale.co.uk/VCT/aimvct. Shareholders have the opportunity to communicate directly with the Board at the AGM. All shareholders are encouraged to attend the AGM.

Going Concern
After making enquires, 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 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 are required to prepare the financial statements and have elected to prepare the company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Directors' responsibility statement pursuant to DT4
The directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practise and give a true and fair view of the assets, liabilities, financial position and profit and loss of the company.
- The annual report includes a fair review of the development and performance of the business and the financial position of the company, together with a description of the principal risks and uncertainties that it faces.

Website publication
The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITORS' REPORT

To the members of Hargreave Hale AIM VCT1 plc

We have audited the financial statements of Hargreave Hale AIM VCT1 Plc for the year ended 30 September 2009 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movement in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 21, in relation to going concern; and
- the parts of the corporate governance statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Neil Fung-On (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date: 31 December 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INCOME STATEMENT
For the year ended 30 September 2009

	Note	Revenue £000	Ordinary Shares Capital £000	Total £000
Net loss on investments held at fair value through profit or loss	7	-	(266)	(266)
Income	2	362	-	362
		362	(266)	96
Management fee	3	(39)	(118)	(157)
Other expenses	4	(415)	-	(415)
		(454)	(118)	(572)
Loss on ordinary activities before taxation		(92)	(384)	(476)
Taxation	5	-	-	-
Loss after taxation		(92)	(384)	(476)
Losses per share	6	(0.31)p	(1.27)p	(1.58)p

On 7 October 2008, in accordance with the Articles of Association, the C shares were converted into new Ordinary shares based on the respective net asset value per share of each fund at 30 September 2008. The two investment funds were combined from this date forward.

INCOME STATEMENT
For the year ended 30 September 2008

	Note	Ordinary Shares			C Shares			Company		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Net loss on investments held at fair value through profit or loss	7	-	(4,441)	(4,441)	-	(2,379)	(2,379)	-	(6,820)	(6,820)
Income	2	179	-	179	482	-	482	661	-	661
		179	(4,441)	(4,262)	482	(2,379)	(1,897)	661	(6,820)	(6,159)
Management fee	3	(28)	(83)	(111)	(40)	(121)	(161)	(68)	(204)	(272)
Other expenses	4	(113)	-	(113)	(175)	-	(175)	(288)	-	(288)
		(141)	(83)	(224)	(215)	(121)	(336)	(356)	(204)	(560)
Profit (loss) on ordinary activities before taxation		38	(4,524)	(4,486)	267	(2,500)	(2,233)	305	(7,024)	(6,719)
Taxation	5	9	16	25	(47)	22	(25)	(38)	38	-
Profit (loss) after taxation		47	(4,508)	(4,461)	220	(2,478)	(2,258)	267	(6,986)	(6,719)
Earnings (losses per share)	6	0.38p	(36.01)p	(35.63)p	1.24p	(13.92)p	(12.68)p			

The total column of this statement is the income statement of the Company. All revenue and capital items in the above statement derive from continuing operations. There are no recognised gains or losses other than the loss for the year.

The accompanying notes are an integral part of these financial statements.

BALANCE SHEET
As at 30 September 2009

	Note	2009 Ordinary £000	2008 Ordinary £000	2008 C Ordinary £000	2008 Total £000
Fixed assets					
Investments at fair value through profit or loss	7	16,079	6,393	14,301	20,694
Current assets					
Debtors	9	95	68	88	156
Cash at bank	12	1059	385	224	609
		1,154	453	312	765
Creditors: amounts falling due within one year	10	(129)	(8)	(73)	(81)
Net current assets		1,025	445	239	684
Net assets		17,104	6,838	14,540	21,378
Capital and Reserves					
Called up share capital	11	294	103	886	989
Special reserve		22,765	9,772	15,927	25,699
Capital reserve – realised		(3,735)	61	(21)	40
Capital reserve – unrealised		(3,133)	(3,301)	(2,359)	(5,660)
Revenue reserve		167	163	96	259
Capital redemption reserve		746	40	11	51
Equity shareholders' funds		17,104	6,838	-	6,838
Rights of C shareholders		-	-	14,540	14,540
Equity shareholders' funds and rights of C shareholders		17,104	6,838	14,540	21,378
Net asset value per share	13	63.98p	66.21p	82.06p	

On 7 October 2008, in accordance with the Articles of Association, the C shares were converted into new Ordinary shares based on the respective net asset value per share of each fund at 30 September 2008. The two investment funds were combined from this date forward.

These financial statements were approved and authorised for issue by the Board of Directors on 31 December 2009 and signed on its behalf by

Sir Aubrey Brocklebank Bt
Chairman

The accompanying notes are an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ending 30 September 2009

	Note	**2009 Ordinary £000**	**2008 Ordinary £000**	**2008 C Ordinary £000**	**2008 Total £000**
Net cash (outflow)/inflow from operating activities	15	(101)	(78)	37	(41)
Net financial investment	15	4,349	3,791	238	4,029
Dividends paid	18	(864)	(454)	(258)	(712)
		---------	---------	---------	---------
Cash outflow before management of liquid resources		3,384	3,259	17	3,276
Financing (share buy backs)	15	(2,934)	(3,228)	(167)	(3,395)
		---------	---------	---------	---------
Increase/(Decrease) in cash	12	450	31	(150)	(119)
		---------	---------	---------	---------

On 7 October 2008, in accordance with the Articles of Association, the C shares were converted into new Ordinary shares based on the respective net asset value per share of each fund at 30 September 2008. The two investment funds were combined from this date forward.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

For the year ending 30 September 2009

Ordinary Shares	**Share Capital £000**	**Capital Redemption Reserve £000**	**Capital Reserve Realised £000**	**Capital Reserve Unrealised £000**	**Special Reserve £000**	**Revenue Reserve £000**	**Total £000**
At 1 October 2008 (Ord shares)	103	40	61	(3,301)	9,772	163	6,838
At 1 October 2008 (C shares transferred)	886	11	(21)	(2,359)	15,927	96	14,540
Transfer of conversion of C shares	(666)	666	-	-	-	-	-
	------	------	---------	---------	---------	------	---------
	323	717	40	(5,660)	25,699	259	21,378
Previously recognised gains now realised	-	-	(2,793)	-	-	-	(2,793)
Unrealised losses on investments	-	-	-	2,527	-	-	2,527
Management fee charged to capital	-	-	(118)	-	-	-	(118)
Share buybacks	(29)	29	-	-	(2,934)	-	(2,934)
Equity dividends paid (Note 18)	-	-	(864)	-	-	-	(864)
Revenue (loss) after taxation for the period	-	-	-	-	-	(92)	(92)
	------	------	---------	---------	---------	------	---------
At 30 September 2009	294	746	(3,735)	(3,133)	22,765	167	17,104
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Reserves available for distribution are capital reserve realised, special reserve and revenue reserve.

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

For the year ending 30 September 2008

Ordinary Shares	**Share Capital £000**	**Capital Redemption Reserve £000**	**Capital Reserve Realised £000**	**Capital Reserve Unrealised £000**	**Special Reserve £000**	**Revenue Reserve £000**	**Total £000**
At 1 October 2007	143	-	128	1,593	12,999	116	14,979
Previously recognised gains now realised	-	-	454	(454)	-	-	-
Unrealised losses on investments	-	-	-	(4,440)	-	-	(4,440)
Management fee charged to capital	-	-	(83)	-	-	-	(83)
Tax relief	-	-	16	-	-	-	16
Share buybacks	(40)	40	-	-	(3,227)	-	(3,227)
Equity dividends paid (Note 18)	-	-	(454)	-	-	-	(454)
Revenue profit after taxation for the year	-	-	-	-	-	47	47
	------	------	---------	---------	---------	------	---------
At 30 September 2008	103	40	61	(3,301)	9,772	163	6,838
	------	------	---------	---------	---------	------	---------
C Shares							
At 1 October 2007	897	-	(154)	254	16,094	134	17,225
Unrealised losses on investments	-	-	-	(2,379)	-	-	(2,379)
Previously recognised gains now realised	-	-	234	(234)	-	-	-
Share buybacks	(11)	11	-	-	(167)	-	(167)
Management fee charged to capital	-	-	(121)	-	-	-	(121)
Tax relief	-	-	20	-	-	-	20
Equity dividends paid (Note 18)	-	-	-	-	-	(258)	(258)
Revenue (loss) after taxation for the year	-	-	-	-	-	220	220
	------	------	---------	---------	---------	------	---------
At 30 September 2008	886	11	(21)	(2,359)	15,927	96	14,540
	------	------	---------	---------	---------	------	---------

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

Basis of preparation

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments, and in accordance with UK GAAP and with the Statement of Recommended Practice (SORP) for "Financial Statements of Investment Trust Companies" issued in December 2005.

Investments

Listed investments and investments traded on AIM are stated at closing bid market prices. Investments are recognised and derecognised at trade date where a purchase or sale is under a contract whose terms require delivery within the time frame established by the market concerned, and are measured initially at fair value. Subsequent to initial recognition, investments are valued at fair value which is deemed to be bid market prices.

Gains and losses arising from changes in fair value (realised and unrealised) are included in the net profit or loss for the period as a capital item in the Income Statement and are ultimately recognised in the unrealised capital reserve or realised capital reserve (as appropriate).

Income

Equity dividends are taken into account on the ex-dividend date, net of any associated tax credit. Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course. All other income, including deposit interest receivable, is recognised on an accruals basis.

Expenditure

All expenditure is accounted for on an accruals basis. 75% of investment management fees are allocated to the capital reserve – realised and 25% to the revenue account in line with the Board's expected long term split of investment returns in the form of capital gains to the capital column of the Income statement. All other expenditure is charged to the revenue account.

Capital Reserves

Realised profits and losses on the disposal of investments and where considered to be permanently impaired and 75% of Investment management fees are accounted for in the Capital reserve – realised.

Increases and decreases in the valuation of investments held at the year end are accounted for in the Capital Reserve – unrealised.

Taxation

The tax effect of expenditure is allocated between capital and revenue on the same basis as the particular item to which it relates, using the Company's effective rate of tax for the accounting year. Any liability to corporation tax is based on net revenue for the year.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the accounts. Deferred tax assets are only recognised to the extent they are recoverable.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Dividends

Only dividends paid during the year are deducted from revenue or capital reserves. Dividends which are declared subsequent to the balance sheet date will not be shown as a liability in the balance sheet.

2. Income

	2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
Income from listed investments:				
UK dividends	136	84	38	122
Unfranked investment income	214	74	393	467
	------	------	------	------
	350	158	431	589
Other income				
Deposit interest	12	21	51	72
	------	------	------	------
Total income	362	179	482	661
	------	------	------	------

3. Management Fees

Ordinary Shares	2009 Revenue £000	2009 Capital £000	2009 Total £000	2008 Revenue £000	2008 Capital £000	2008 Total £000
Management fees	39	118	157	25	74	99
Irrecoverable VAT thereon	-	-	-	3	9	12
	------	------	------	------	------	------
	39	118	157	28	83	111
	------	------	------	------	------	------
C Ordinary Shares						
Management fees	-	-	-	36	108	144
Irrecoverable VAT thereon	-	-	-	4	13	17
	------	------	------	------	------	------
	-	-	-	40	121	161
	------	------	------	------	------	------

The Company’s Investment Manager is Hargreave Hale Limited. The investment management agreement terminates on a 12 calendar months’ notice, subject to earlier termination in certain circumstances. No notice had been given by the investment manager or by the Board to terminate the agreement as at the date of approval of these accounts.

The Investment Manager receives an investment fee of 0.9% per annum of the net asset value of the Company, calculated and payable quarterly in arrears. At 30 September 2009, £13,000 was owed in respect of management fees.

A performance related incentive fee will be payable at the rate of 20% of any dividends paid to shareholders in excess of 6p per ordinary share per annum, provided that the net asset value per share is at least 95p. The first payment will be made after 30 September 2009 provided cumulative distributions in the first three accounting periods exceed 19p per ordinary share. Thereafter, a performance related incentive fee will be payable annually provided the hurdles have been exceeded, with any cumulative shortfalls below 6p per ordinary share having to be made up in subsequent years before the incentive fee becomes payable. Any performance related incentive fee payable will be shared equally between the Investment Manager and Keydata Investment Services Limited (“KISL”). No performance related incentive fee is payable as at 30 September 2009.

4. Other Expenses

	2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
General expenses	353	84	141	225
Directors' fees	50	22	26	48
Auditors' remuneration				
- for audit services	11	7	8	15
- for non-audit services	1	-	-	-
	------	------	------	------
	415	113	175	288
	------	------	------	------

The maximum aggregate Directors' emoluments authorised by the Articles of Association are £200,000 per annum.

5. Tax on ordinary activities

The tax charge for the year is based on the standard rate of UK Corporation Tax of 28%.

	2009 Total £000	2008 Total £000
Loss/profit on ordinary activities before taxation	(476)	(6,719)
	-------	----------
UK Corporation Tax 28% (2008 – 29%)	(133)	(1,949)
Effect of non taxable gains/losses on investments	74	1,978
Effect of non taxable UK dividend income	(38)	(35)
Effect of prior year losses utilised	-	-
Effect of current year losses carried forward	97	6
	-------	----------
Current tax charge	-	-
	-------	----------

Tax losses carried forward at the balance sheet date were £347,037 (2008 - £21,378).

There is no taxation charge in relation to capital gains or losses. No asset or liability has been recognised in relation to capital gains or losses on revaluing investments. The Company is exempt from such tax as a result of its intention to maintain its status as a Venture Capital Trust.

6. Earnings per share

	2009 Revenue £000	2009 Capital £000	2009 Total £000	2008 Revenue £000	2008 Capital £000	2008 Total £000
Return (loss) per ordinary share: - basic	(0.31)p	(1.27)p	(1.58)p	0.38p	(36.01)p	(35.63)p
	----------	----------	----------	----------	----------	-----------
Return (loss) per C ordinary share: - basic	-	-	-	1.24p	(13.92)p	(12.68)p
	----------	----------	----------	----------	----------	-----------

Revenue return per ordinary share based on a net revenue loss on ordinary activities after taxation of £92,000 (2008 - £47,000 profit) and on 29,963,737 (2008 – 12,520,138) ordinary shares, being the weighted average number of ordinary shares in issue during the year. The comparative figures for the C ordinary shares are £Nil (2008 £220,000) and nil (2008 – 17,789,162) C ordinary shares.

Capital return per ordinary share based on a net capital loss of £384,000 (2008 – £4,508,000) for the year and on 29,963,737 (2008 – 12,520,138) ordinary shares, being the weighted average number of ordinary shares in issue during the year. The comparative figures for the C ordinary shares are £Nil (2008 - £2,478,000) and Nil (2008 – 17,789,162) C ordinary shares.

7. Investments

a) Ordinary share fund

	AIM Quoted Investments		Listed Investments		Total Investments	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Investments	11,521	6,393	4,558	-	16,079	6,393
Movement in year:						
Opening valuation	6,393	11,671	-	2,953	6,393	14,624
Transfer from C Ord share fund	5,536	-	8,765	-	14,301	-
Purchases at cost	2,995	148	7,735	-	10,730	148
Sales - proceeds	(2,822)	(949)	(12,257)	(2,989)	(15,079)	(3,938)
- realised gains	(3,125)	442	332	12	(2,793)	454
Movements unrealised	2,544	(4,919)	(17)	24	2,527	(4,895)
Closing valuation	11,521	6,393	4,558	-	16,079	6,393
Closing book cost	14,730	9,694	4,482	-	19,212	9,694
Closing unrealised	(3,209)	(3,301)	76	-	(3,133)	(3,301)
Realised gain/(loss) on sales	(3,125)	442	332	12	(2,793)	454
Unrealised gain/(loss) on investments	2,544	(4,919)	(17)	24	2,527	(4,895)
Gain/(loss) on investments	(581)	(4,477)	315	36	(266)	(4,441)

b) C Ordinary share fund

	AIM Quoted Investments		Listed Investments		Total Investments	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Investments	-	5,536	-	8,765	-	16,918
Movement in year:						
Opening valuation	5,536	6,344	8,765	10,574	14,301	16,918
Transfer to Ord share fund	(5,536)	-	(8,765)	-	(14,301)	-
Purchases at cost	-	2,117	-	5,493	-	7,610
Sales - proceeds	-	(456)	-	(7,392)	-	(7,848)
- realised gains	-	214	-	20	-	234
Movements unrealised	-	(2,683)	-	70	-	(2,613)
Closing valuation	-	5,536	-	8,765	-	14,301
Closing book cost	-	7,988	-	8,672	-	16,660
Closing unrealised	-	(2,452)	-	93	-	(2,359)
Realised gain/(loss) on sales	-	214	-	20	-	234
Unrealised gain/(loss) on investments	-	(2,683)	-	70	-	(2,613)
Gain/(loss) on investments	-	(2,469)	-	90	-	(2,379)

8. Significant Interests

At the year end the Company held 3% or more of the issued share capital of the following investments:

Advanced Power	3.46%	St Helen's Capital	4.95%
CBG	3.07%	Rotala	3.19%
Intercede	3.26%	Universe	4.79%

9. Debtors

	2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
Prepayments and accrued income	95	68	88	156

10. Creditors: amounts falling due within one year

	2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
Trade Creditors	13	-	-	-
Accrual and deferred income	116	8	73	81
	129	8	73	81

11. Called up share capital

	2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
Authorised:				
50,000,000 ordinary shares of 1p each	500	500	-	500
30,000,000 C ordinary shares of 5p each	-	-	1,500	1,500
	500	500	1,500	2,000
Allotted, called-up and fully paid:				
29,445,100*(2008 – 10,327,905) ordinary shares of 1p each	294	103	-	103
None (2008 – 17,719,270) C ordinary shares of 5p each	-	-	886	886
	294	103	886	989

* The 29,445,100 ordinary shares in issue include 26,733,966 ordinary shares and 2,711,134 treasury shares.

During the year 5,553,830 ordinary shares were purchased at a cost of £2,933,651, of which 2,842,696 shares were cancelled and 2,711,134 held in Treasury. As at 30 September 2009 the Company held 2,711,134 treasury shares which were purchased for an amount of £1,409,790. The Board took the decision to retain the Treasury Shares in case there was a change to the fiscal policy and investors were able to obtain tax relief on issued shares as well as new shares.

On 8 October 2008, in accordance with the Articles of Association, the C shares were converted into new ordinary shares based on the respective net asset value per share of each fund at 30 September 2008. The conversion ratio was 1.23935 new ordinary shares for each C share held on 8 October 2008 (rounded down to the nearest whole share). The 17,719,270 C shares in issue were converted into 21,959,891 new ordinary shares which rank pari passu with the existing ordinary shares. The two investment funds are combined from this date.

12. Analysis of changes in net funds

	At 1 October 2008 £000	Cash Flows £000	At 30 September 2009 £000
Cash at bank	609	450	1,059

	At 1 October 2007 £000	Cash Flows £000	At 30 September 2008 £000
Cash at bank	728	(119)	609

13. Net asset value per ordinary share

The net asset value per ordinary share and the net asset values attributable at the year end were as follows:

	Net asset value per share		Net assets attributable	
	2009	2008	2009	2008
	£000	£000	£000	£000
Ordinary shares - Basic	63.98	66.21	17,104	6,838
C ordinary shares - Basic	-	82.06	-	14,540

Net asset value per share is based on net assets at the year end and on either 26,733,966 (2008 – 10,327,905) ordinary shares or nil (2008 – 17,719,270) C ordinary shares, being the number of shares in issue at year end. The 26,733,966 ordinary shares together with the 2,711,134 treasury shares make up the total shares in issue of 29,445,100 shares.

14. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at the year end (2008: nil).

15. Notes to the Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flows

	2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
Revenue profit/(loss) on ordinary activities before taxation	(92)	38	267	305
Investment management fee charged to capital	(118)	(83)	(121)	(204)
Decrease/(increase)in debtors	61	(55)	(52)	(107)
(Decrease)/Increase in creditors	48	22	(57)	(35)
Net cash (outflow)/inflow from operating activities	(101)	(78)	37	(41)

(b) Analysis of cash flow for headings netted in cash flow statement

	2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
Net financial investment:				
Purchase of investments	(10,730)	(147)	(7,610)	(7,757)
Sale of investments	15,079	3,938	7,848	11,786
	4,349	3,791	238	4,029

	2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
Financing:				
Share Buybacks	(2,934)	(3,228)	(167)	(3,395)
	(2,934)	(3,228)	(167)	(3,395)

16. Related party transactions

Mr S Ford, a director of the Company during the year until 16 June 2009, is a director of Keydata Investment Services Limited ("KISL") and has an interest in excess of 20% in that company. As such, KISL is considered to be a related party to the Company. KISL acts as a Promoter and was Administrator to the Company until 8 June 2009 when the company went into administration.

KISL, in its capacity as Promoter of the Offer for Subscription, receives annual fees of 0.9% per annum of the net asset value of the Company, calculated and payable quarterly in arrears. Fees for the year are £157,502 (2008 - £242,417). KISL is responsible for payment of all trail commission due to intermediaries. KISL also received an administration fee of £32,818 (2008 – £37,382) during the year. Of those fees, £13,083 (2008 - £26,818) was still owed at the year end.

KISL has agreed to indemnify the Company against annual running costs (excluding vat) exceeding 3.5% of its net assets.

Any performance related incentive fee payable to the Investment Manager (as detailed in Note 3) will be shared equally between the Investment Manager and KISL.

Mr G Hargreave, a director of the Company, is the Chief Executive Officer of Hargreave Hale Limited and has an interest in excess of 6% in that company. As such, Hargreave Hale is considered to be a related party to the Company. Hargreave Hale acts as Investment Manager, Administrator, Custodian and provides Directorship and Company Secretarial Services to the Company. All of the functions performed by Hargreave Hale are segregated by department and location and are independent of each other.

Hargreave Hale in its capacity as Investment Manager of the fund receives annual fees of 0.9% per annum of the net asset value of the Company, calculated and payable quarterly in arrears. Fees for the year are £157,503 (2008 - £111,210) as detailed in note 3. Hargreave Hale is responsible for Administration, Company Secretary, Directorship and Custodian services. Hargreave Hale received fees of £12,834 from being appointed in August 2009. Of those fees, £12,834 was still owed at the year end.

17. Financial instruments

a) Risk Management Polices and Procedures

The investment objective of the Company is to achieve long term capital growth and to maximise tax free distributions to shareholders by investing in a diversified portfolio of small capitalised UK companies primarily trading on AIM. At least 70% of the Company's funds have been invested in qualifying holdings during the year. The balance of the Company's fund will be invested in liquid assets (such as gilts, other fixed interest securities and bank deposits). The Company is managed as a Venture Capital Trust ("VCT") in order that shareholders in the Company may benefit from the tax relief available.

This strategy exposes the Company to certain risks which are summarised below.

The structure in place to manage these risks is set out in the Corporate Governance report on page 19 of the annual report and accounts. The Board meets quarterly to review accounts and monitor all risks.

A detailed review of the investment portfolio is contained in the Chairman's statement and Manager's report on pages 4 and 6 respectively.

The investments at year end comprise two types of financial instrument. The basis of valuation is set out below:

1. Equity – fair valued through the profit and loss account.
2. UK gilts and Corporate Bonds – fair value through the profit and loss account.

Other financial assets comprise cash at bank of £1,059,000 (2008: £609,000) which is classified as 'loans and receivables measured at amortised cost'. Financial liabilities consist only of accruals of £129,000 (2008: £81,000) which are classified as 'financial liabilities measured at amortised cost'.

b) Market Risk

Market price risk arises from any fluctuations in the value of investments held by the company. Adherence to investment policies mitigates the risk of excessive exposure to any particular type of security or issuer. In particular no more than 15% of the investment portfolio is invested in any one equity. However by its nature the investments are in small companies traded on the AIM market therefore they carry a higher concentration of risk than large cap investment portfolios.

Market risk is monitored by the Board on a quarterly basis and on an ongoing basis through the Investment Manager.

The following table summarises exposure to price risk by asset class at year end date:

		2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
Equity	Fair value	11,521	6,393	5,536	11,929
Gilts	Fair value	4,558	-	8,765	8,765
		16,079	6,393	14,301	20,694

A 10% increase or decrease in the investment portfolio would have a £1,607,900 impact on the profit and loss account.

c) Currency Risk

All transactions are in pounds sterling therefore there is no currency risk.

d) Interest Rate Risk

The Company is fully funded through equity and has no debt therefore interest rate risk is not considered a material risk.

The Company's financial assets and liabilities are denominated in Sterling as follows:

	30 September 2009				30 September 2008			
	Fixed Rate	Variable Rate	Non-interest Bearing	Total	Fixed Rate	Variable Rate	Non-interest Bearing	Total
Investments	4,558	-	11,521	16,079	8,765	-	11,929	20,694
Cash and cash equivalents	-	1,059	-	1,059	-	609	-	609
Other current assets and current liabilities (net)	-	-	(34)	(34)	-	-	75	75
Net assets	4,558	1,059	11,487	17,104	8,765	609	12,004	21,378

There is no interest rate risk on investments. The effective interest rates on equity investments is nil and on bank deposits around 0.5% per annum.

The only interest rate exposure is on bank deposits where interest income is linked to bank base rates.

e) Liquidity Risk

Liquidity risk is the risk that the company is unable to meet obligations as they fall due. As the Company has no debt or other financial liabilities liquidity risk is not considered a material risk. As at 30 September 2009 the Company held £1,059,000 on bank deposit.

f) Credit Risk

Credit risk relates to the risk of default by a counterparty. No assets are past due or impaired.

An asset is considered to be impaired in the case of investments if the investee company makes continued losses or defaults on any payment.

The maximum credit risk exposure equates to the carrying value of assets at the balance sheet date:

	£000
Investments – UK Gilts	4,558
Cash & cash equivalents	1,059
Other current assets (net)	(34)

	5,583

Cash balances were held on deposit with RBS at 30 September 2009.

g) Fair value of financial assets and financial liabilities

Equity investments and UK gilts are held at fair value. No investments are held for trading purposes only.

h) Capital Management Policies and Procedures

The current policy is to fund investments through equity. No future change to this policy is envisaged. As a PLC, the Company requires to hold a minimum £50,000 share capital.

The Company's capital is summarised in Note 11 to these accounts. The Company has no debt and is fully funded by equity.

18. Dividends

	2009 Ord £000	2008 Ord £000	2008 C Ord £000	2008 Total £000
Paid:				
Interim dividend of 2 pence (Ord)				
for the year ended 30 September 2009	541	-	-	-
	------	------	------	------
Final dividend of 1 pence (Ord)				
for the year ended 30 September 2008	323	-	-	-
	------	------	------	------
Paid:				
Interim dividend of 4 pence (Ord) and 0.75 pence (C Ord)				
for the year ended 30 September 2008	-	454	123	577
	------	------	------	------
Final dividend of 0.75 pence (Ord)				
for the year ended 30 September 2007	-	-	135	135
	------	------	------	------
	864	454	258	712
	------	------	------	------
Proposed:				
Final dividend of 1 pence (Ord)				
for the year ended 30 September 2008	-	323	-	323
	------	------	------	------

GLOSSARY OF TERMS

Discount
The amount by which the mid-market price per share of a venture capital trust is lower than the net asset value per share. The discount is normally expressed as a percentage of the net asset value per share.

Market Capitalisation
The amount obtained by multiplying the stock market price of an ordinary share by the number of ordinary shares in issue.

Net Asset Value
The net asset value is the value of the total assets less liabilities. Liabilities for this purpose include current and long term liabilities. The net asset value per share is calculated by dividing the net asset value by the number of ordinary shares in issue.

Shareholders' Fund
Also called equity shareholder's fund. The amount due to the ordinary shareholders.

Net Assets
Also called equity shareholders' funds. The amount due to the ordinary shareholders.

Total Expense Ratio
Total expenses incurred (excluding interest but including any irrecoverable VAT and any expenses charged to capital reserve) divided by Shareholders' funds.

Total Return
The sum of any dividends paid, together with rise or fall in the share price or NAV. This allows performance comparisons to be made between venture capital trusts with different dividend policies.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of Hargreave Hale AIM VCT 1 ("the Company") will be held at 19 Cavendish Square, London W1A 2AW on 11 February 2010 at 11.00am for the following purposes:

Ordinary Business

1. To receive and, if thought fit, to accept the Reports of the Directors and Auditor and the audited financial statements for the year ended 30 September 2009;
2. To receive and approve the Directors Remuneration Report for the year ended 30 September 2009;
3. To reappoint BDO LLP as Auditors to the company and to authorise the Directors to determine their remuneration;
4. To re-elect Sir Aubrey Brocklebank Bt as a Director of the Company;
5. To elect Giles Hargreave as a Director of the Company;

Special Business

To consider and, if thought fit, pass the following resolution as a special resolution:

6. THAT in substitution for any existing authority but without prejudice to the exercise of any such power prior to the date hereof, the Company will be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Act) of Ordinary Shares provided that:

a) the maximum aggregate number of Ordinary Shares authorised to be purchased is such number thereof being 14.99% of the issued share capital;
b) the maximum price which may be paid for Ordinary Shares is an amount equal to the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force as at the date of purchase;
c) the minimum price which may be paid for an Ordinary Share is their respective nominal value;
d) this authority shall expire at the conclusion of the Company's next annual general meeting in 2011 or on the expiry of 15 months following the passing of the resolution, which ever is the earlier; and
e) the Company may make a contract or contracts to purchase Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

By order of the Board

Stuart Brookes
Company Secretary

Registered Office:
19 Cavendish Square
London W1A 2AW

Date: 31 December 2009

A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote instead of him or her. A proxy need not also be a member of the Company. To be effective, forms of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notorically certified copy or a copy certified in accordance with the Powers of Attorney Act 1941 of that power or authority must be lodged with the Company's Registrar, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6ZL not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Lodgement of the form of proxy will not preclude a Shareholder from attending the meeting and voting in person.

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 9 February 2010 or, in the event that the meeting is adjourned, on the register of members at 6.00pm on the day 2 days prior to the reconvened meeting, shall be entitled to attend or vote at the aforesaid annual general meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant registrar of securities after 6.00pm on 9 February 2010 (or in the event that the meeting is adjourned, as at 6.00pm two days prior to the adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting notwithstanding any provisions in any enactment, the Articles of Association of the Company or any other instrument to the contrary.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Equiniti, the Company's Registrar (ID RA19), not later than 48 hours before the time appointed for the General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and where applicable their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the AGM any question relating to the business being dealt with at the AGM which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

In accordance with section 311A of the Companies Act 2006, the contents of this notice of meeting, details of the total number of shares in respect of which members are entitled to exercise voting rights at the AGM and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this notice will be available on the Company's website www.hargreave-hale.co.uk/VCT/aimvct

Shareholders (and any proxy or representatives they appoint) agree, by attending the meeting, that they are expressly requesting that they are willing to receive any communications (including communications relating to the Company's securities) made at the meeting.

Note:
The following documents will be available for inspection at the registered office of the Company during usual business hours on a weekday (except Saturdays, Sundays and Public Holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes to and during the meeting;

a) The Articles of Association

b) The Director's letter of appointment.