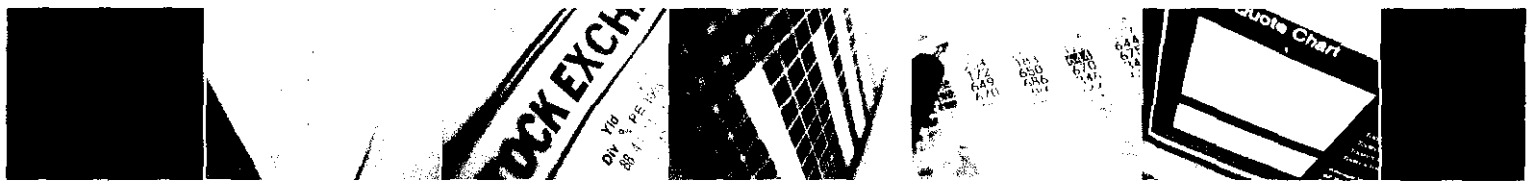


Companies House  
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# Keydata AIM VCT plc



## Annual Report and Accounts

Year ended 30 September 2006

Reg No : 5206425

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## **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 holdings within three years of raising the funds. The balance of the Company's funds 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 in order that shareholders in the Company may benefit from the tax relief available.

# FINANCIAL HIGHLIGHTS

<b>Ordinary Shares:</b>	<b>2006</b>	<b>2005</b>	<b>%Change</b>
Net assets (£000)	15,347	14,870	+3.2%
Net asset value per share	107.04p	103.71p	+3.2%
Net asset value total return	112.04p	103.71p	+8.0%
Net asset value total return since launch	112.04p	95.0p	+17.9%
Share price (mid)	106p	99.0p	+7.1%
Discount	0.98%	4.54%	
Returns per share:			
Revenue return	0.33p	0.14p	
Capital return	8.00p	12.15p	
Total return	8.33p	12.29p	
Dividends:			
Interim paid	5.0p	-	
Final proposed	-	-	
<b>C Ordinary Shares:</b>	<b>2006</b>	<b>2005</b>	<b>%Change</b>
Net assets (£000)	17,245	N/A	
Net asset value per share (% change since launch)	96.19p	95.0p	+1.25%
Share price (mid)	100p	N/A	
Premium	3.96%	N/A	
Returns per share:			
Revenue return	1.16p	N/A	
Capital return	0.73p	N/A	
Total return	1.89p	N/A	
Dividends:			
Interim paid	-	N/A	
Final proposed	1.0p	N/A	
Total expense ratio	2.09%	2.49%	

# CHAIRMAN'S STATEMENT

I am pleased to report that your Company continued to make good progress in the year ended 30 September 2006.

## **Funding**

The 2005/6 C share offer for subscription closed on 5 April 2006 with gross funds raised of £17.9 million from 1,077 investors. The costs of the launch were set at 5 per cent of the gross funds raised and the net proceeds retained by the company was £17.0 million, with an initial asset value per C share of 95p. Including the £13.6 million of net funds raised in 2004/5, the Company has raised £30.6 million of net funds in total. Your board believes that the fund is now an optimum size with a reduced total expense ratio of 2.09%.

## **Results - Ordinary Fund**

The net asset value per ordinary share increased by 3.2 per cent to 107.04 pence during the year, equivalent to an 8.0% increase after adjusting for the interim ordinary dividend paid of 5p. Earnings per ordinary share for the year were 8.33 pence per share (comprising revenue earnings of 0.33 pence and capital earnings of 8.00 pence).

The Investment Manager, Hargreave Hale, invested a further £3.9 million in 15 qualifying AIM companies during the year and made disposals or part disposals of seven of the AIM investments, realising a net gain on sale of £0.79 million in the year. The main contributors to this realised gain were Egdon Resources and Accuma. The bid value of qualifying investments at 30 September 2006 was £8.4 million invested in 27 AIM companies. With respect to the 70 per cent investment test, as at 30 September 2006, 48.04 per cent of the Company's investments were in Qualifying companies. The balance was held in short dated Treasury gilts. We have until 30 September 2007 to meet the 70 per cent test.

## **Results - C Fund**

The net asset value per C share at 30 September 2006 was 96.19 pence per share. Earnings per C share were 1.89 pence per share. The Investment Manager invested £1.0m in four AIM investments during the year, equivalent to 5.81% invested in qualifying companies. We have until 30 September 2008 to meet the 70 per cent test.

## **Dividend**

An interim dividend of 5 pence was paid on 14 July 2006 to ordinary shareholders on the share register on 16 June 2006. On 23 May 2006, the Company revoked investment company status to facilitate the payment of dividends out of capital profits.

No final dividend is proposed on the Ordinary shares.

A final dividend of 1 pence per C share is proposed, payable on 31 January 2007 subject to AGM approval, to C shareholders on the share register on 5 January 2007. This dividend will be paid out of revenue reserves to comply with the VCT tax requirement that the Company distributes at least 85% of its income.

## **VCT Rules**

The changes to the VCT rules announced in the Budget on 22 March 2006 do not have any impact on funds already raised by the Company. They do however require that any funds raised by the Company through an allotment of shares on or after 6 April 2006 (including any dividends re-invested in the Company under the terms of its Dividend Reinvestment Schemes) will need to be administered in accordance with new rules.

As a result of the complexity of these new rules, the Directors have decided to suspend the operation of the Dividend Reinvestment Schemes. All shareholders will therefore receive dividends in cash without the option of re-investing that amount in shares of the company.

**Outlook**

Although there has been a weakening of the pipeline of new issues on the AIM market over the summer, we remain confident that we will achieve our required 70% investment in qualifying companies for each portfolio within the respective three year periods.

**Shareholder Communication**

The Company's daily share price can be found on various financial websites under the EPIC code "KEY" for ordinary shares and "KEYC" for C shares, or on our own dedicated website at [www.keydataaimvct.co.uk](http://www.keydataaimvct.co.uk)

**Sir Aubrey Brocklebank Bt****Chairman**

14 December 2006



# BOARD OF DIRECTORS

## **Sir Aubrey Thomas Brocklebank Bt, ACA (aged 54)**

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 £4.5million investing in approximately 20 companies) from 1990 until all investments had been realised in 1997. He is on the board of eight other VCTs, Keydata AIM VCT 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 Close Second AIM VCT PLC and Pennine AIM VCT 6 PLC (as a non-executive director). He is also a director of Top Ten Holdings PLC, The Media Vehicle Group Limited, Backglass Limited, Old Park Lane Limited and Vetcell Bioscience Limited.

## **Stewart Owen Ford (aged 42)**

Stewart is 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 was acquired in May 2001 and assets under management have since increased from £30 million to £1.4 billion. He is also a director of Keydata AIM VCT PLC, Keydata Income VCT 1 PLC and Keydata Income VCT 2 PLC.

## **David Hurst-Brown FSI (aged 57)**

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 takeover by *SG Warburg and Swiss Bank Corporation* and the subsequent merger with *Union Bank of Switzerland*, David ultimately became 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 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. He is also a director of Keydata AIM VCT PLC, Keydata Income VCT 1 PLC, Keydata Income VCT 2 PLC, *Electra Kingsway VCT 3 PLC*, *Fastfill PLC* and *Imagination Technologies Group PLC*.

# MANAGER'S REPORT

## **Investment Management Style**

The Hargreave Hale fund management team has a cautious approach to investing, with a preference for value based stocks and companies with a proven management team, a credible track record and strong references; we are therefore more inclined to invest in secondary placings than IPOs. We also prefer the risk profile of quoted companies to those at the pre-IPO or venture capital stage. Whilst mindful of sector weightings, we operate a stock specific policy and view each investment opportunity as unique, with decisions based on our view of the relative merits.

*The Fund management team has always placed a heavy emphasis on management meetings when identifying investment opportunities. These meetings, which number about 20 per week, are then followed up by fundamental analysis, site visits and further due diligence.*

## **Portfolio**

### **ORDINARY SHARES**

At the year end, we had invested £6.5 million in 27 companies with a combined bid value of £8.4 million. Our unrealised gain on the portfolio of £1.9 million represents a 29% uplift in value.

At the year end, the Net Asset Value (NAV) per share stood at 107.04p. Adding back the 5p dividend paid out in July 2006, brings the Total Return to 112.04p, an 8% uplift on the NAV of 103.71p as quoted on 30 September 2005.

We continue to hold £7 million in two gilts and £0.86 million of cash.

### **C SHARES**

The C Share Fund has made a steady start, with £1.0 million invested in 4 companies by 30 September 2006, increasing to £1.3 million in 5 companies on 31 October 2006. The NAV has improved from its starting value of 95p to 96.19p by 30 September 2006. The fund had £15.6 million invested in two gilts and cash of £0.5 million.

## **Market Overview and Outlook**

Much like the broader indices, AIM did not enjoy its strongest summer, losing 18% of its value in the 6 months to 30 September 2006 to record a 7% loss for the 12 month period. As a result, a number of IPOs were postponed or cancelled, leading to some weakening in the pipeline of investment opportunities. However, we have replenished the pipeline with investments sourced from within the team which, along with other appropriate investment decisions, have allowed us to advance the proportion of our funds invested in the Ordinary Share Fund, as measured by HMRC, to 48% on 30 September 2006 and 57% by 15 November 2006. We continue to work on a number of additional opportunities and remain confident of achieving the 70% Investment Test in good time.

We have been slower to invest the C Share Fund, largely because we remain selective in our investments. We have also been reluctant to unnecessarily expose the fund's capital to a difficult market unless the situation was particularly compelling. The four investments are all showing positive returns. By 15 November 2006, 10% of the C Share Fund was invested in qualifying investments.

Declining oil prices, benign economic data and stronger than anticipated quarterly earnings in the US suggested that inflationary pressures were subsiding and the US economy was heading for a soft landing. The main market indices responded accordingly, making good gains in August and September. This should in turn feed through to the junior market, although more recent US economic data has been marginally disappointing and there remains a degree of uncertainty over the outlook for 2007.

**Giles Hargreave**

**Hargreave Hale Limited**

14 December 2006

# INVESTMENT PORTFOLIO SUMMARY

## Ordinary Share Fund

As at 30 September 2006

	Book Cost £000	Valuation £000	% of valuation
<b>Qualifying investments</b>			
Internet Business Group	253	605	4.2%
Egdon Resources	90	564	3.9%
Cohort	451	545	3.8%
Zenith Hygiene Group	281	529	3.6%
Ascribe	250	500	3.4%
Hardide	396	441	3.0%
Accuma	142	432	3.0%
Jelf	250	425	2.9%
Abcam	250	392	2.7%
NeutraHealth	315	360	2.5%
K3 Business Technology	270	309	2.1%
Work Group	300	291	2.0%
Invocas	169	281	1.9%
FDM Group	250	256	1.8%
SectorGuard	250	250	1.7%
Maxima Holdings	251	239	1.6%
Gourmet Holdings	300	225	1.6%
Autoclenz Holdings	256	223	1.5%
York Pharma	250	219	1.5%
Optimisa	202	211	1.5%
Mama	300	210	1.4%
BBI	140	200	1.4%
Axeon Holdings	200	200	1.4%
Debts.co.uk	150	170	1.2%
Centrom Group	400	160	1.1%
Tasty	140	147	1.0%
Plethora Solutions	44	36	0.2%
Mama warrants	0	8	0.1%
	<u>6,550</u>	<u>8,428</u>	<u>58.1%</u>
<b>Non-Qualifying investments</b>			
Treasury 4.5% Stock Mar 2007	3,166	3,144	21.6%
Treasury 4% Stock Mar 2009	2,977	2,944	20.3%
	<u>6,143</u>	<u>6,088</u>	<u>41.9%</u>
<b>Total investments</b>	<u><b>12,693</b></u>	<u><b>14,516</b></u>	<u><b>100.0%</b></u>

## C Ordinary Share Fund

As at 30 September 2006

	Book Cost £000	Valuation £000	% of valuation
<b>Qualifying investments</b>			
Cohort	351	398	2.4%
Debts.co.uk	300	340	2.0%
Optimisa	202	211	1.3%
BBI	140	200	1.2%
	<u>993</u>	<u>1,149</u>	<u>6.9%</u>
<b>Non-Qualifying investments</b>			
Treasury 4.5% Stock Mar 2007	11,442	11,428	68.2%
Treasury 4% Stock Mar 2009	4,170	4,170	24.9%
	<u>15,612</u>	<u>15,598</u>	<u>93.1%</u>
<b>Total investments</b>	<u><b>16,605</b></u>	<u><b>16,747</b></u>	<u><b>100.0%</b></u>



# TOP TEN INVESTMENTS

As at 30 September 2006

## 1. Internet Business Group Plc

Investment date	July 2005	Year ended 31 October	2005	2004
Equity held	2.9%	Turnover (£'000)	6,322	2,984
Purchase price per share	11.5p	Profit before tax (£'000)	413	(23)
Cost (£'000)	253	Retained profit (£'000)	441	(23)
Valuation (£'000) (2005 - 281)	605	Net assets (£'000)	1,490	376

Internet Business Group PLC ("IBG") focuses on enabling e-commerce through the application of specialised marketing and technology. IBG's business to business operations include AffiliateFuture, a leading performance marketing network, web hosting, and web development. IBG's business to consumer activities lie with its e-commerce properties retailing some 2,000 lines across several sectors within sports and lifestyle. Plentypoints.com, providing consumer rewards for online activities, links these e-commerce properties to AffiliateFuture. IBG gave a positive trading update in October in which it announced that it would beat market expectations for the current financial year.

## 2. Egdon Resources PLC

Investment date	December 2004	Year ended 31 July	2006	2005
Equity held	0.52%	Turnover (£'000)	14	11
Purchase price per share	30p	Loss before tax (£'000)	(519)	(421)
Cost (£'000)	90	Retained loss (£'000)	(519)	(421)
Valuation (£'000) (2005 - 556)	564	Net assets (£'000)	9,878	5,584

Egdon is an independent UK based energy company with over 50 oil and gas prospects spread over 20 exploration licenses in the UK and France. Management's intention is to become a significant and profitable oil and gas producer through an active and focused exploration and appraisal programme. The company is currently developing plans for a 36 billion cubic feet underground gas storage facility at Portland, and recently completed a technical evaluation of the site that confirmed its viability.

## 3. Cohort Plc

Investment date	February 2006	Year ended 30 April	2006	2005
Equity held	2.09%	Turnover (£'000)	17,823	14,432
Purchase price per share	123p and 135p	Profit before tax (£'000)	1,359	1,391
Cost (£'000)	802	Retained profit (£'000)	760	730
Valuation (£'000) (2005 - N/A)	942	Net Assets (£'000)	8,924	2,163

Cohort provides independent consultancy support which combines technical expertise with practical experience and domain knowledge, primarily but not exclusively to the defence sector. Initially focusing on operational and non-operational strategy and projects, especially in the Land Systems area, the company has expanded into a range of complementary business areas. The company has an impressive client base that includes the MOD and its agencies, NATO, and major defence contractors such as BAE, EDS, General Dynamics and Lockheed Martin. Cohort acquired MASS, an independent systems/support services company focussed on aerospace/defence, in May 2006 for an initial consideration of £12.5 million.

#### 4. Zenith Hygiene Group plc

Investment date	January 2005	Year ended 31 August	2005	2004
Equity held	1.8%	Turnover (£'000)	24,519	17,766
Purchase price per share	100p	Profit before tax (£'000)	967	380
Cost (£'000)	281	Retained profit (£'000)	360	236
Valuation (£'000) (2005 - 402)	529	Net assets (£'000)	5,273	915

Zenith Hygiene manufactures and supplies cleaning and non food ancillary products to the restaurant, hospitality, healthcare and leisure markets. Although growing organically, the company has made various acquisitions to gain market share, establish its own manufacturing capability and developed regional hubs. The interim results were in line with expectations.

#### 5. Ascribe PLC

Investment date	December 2004	Year ended 30 June	2006	2005
Equity held	1.22%	Turnover (£'000)	9,881	5,347
Purchase price per share	18p	Profit before tax (£'000)	1,402	794
Cost (£'000)	250	Retained profit (£'000)	1,112	445
Valuation (£'000) (2005 - 479)	500	Net Assets (£'000)	11,168	6,370

Ascribe is a leading supplier of clinically focussed IT solutions in Health with a range of software products that provide patient data at the point of care in complimentary markets such as Hospital Pharmacy, A&E, Patient Administration and Mental Health. Over 50% of the UK hospitals use their Pharmacy systems and they now offer solutions to over 25% of Mental Health, 30% of Accident and Emergency departments, 200 retail pharmacies and 100 GPs. These solutions are installed internationally in Australia, New Zealand, Hong Kong and Malaysia. Ascribe's Preliminary Results, published in September 2006, were in line with expectations.

#### 6. Hardide PLC

Investment date	March 2005	Year ended 30 September	2005	2004
Equity held	2.45%	Turnover (£'000)	1,088	331
Purchase price per share	10p	Loss before tax (£'000)	(701)	(1,016)
Cost (£'000)	396	Retained loss (£'000)	(701)	(990)
Valuation (£'000) (2005 - 235)	441	Net assets (£'000)	2,056	1,527

Hardide was incorporated in August 2000 to develop and commercialise Hardide technology jointly developed by the University of Moscow and the Russian Academy of Science Institute of Physical Chemistry. Hardide is a patented surface coating technology which combines ultra-hardness, low friction and chemical resistance for use with steel, hard alloys and other materials. When applied via chemical vapour deposition to components, the tungsten carbide coating typically extends the component's useful life. The company moved to Oxfordshire in 2003 where it has 3 coating machines in a 12,500 sq. ft. facility. The company raised an additional £796,000 in December 2005 to cover the start up costs of a U.S manufacturing facility in Houston, Texas. The facility was successfully commissioned in September 2006.

### 7. Accuma Group PLC

Investment date	March 2005 & August 2005	Year ended 31 July	2006	2005
Equity held	0.46%	Turnover (£'000)	9,980	2,846
Purchase price per share	82p & 155p	Profit before tax	1,780	(473)
Cost (£'000)	142	Retained profit (£'000)	1,298	(390)
Valuation (£'000) (2005 - 760)	432	Net assets (£'000)	14,219	3,384

Accuma advises on debt solutions, in particular, Individual Voluntary Arrangements. This is a fragmented but rapidly growing market in which Accuma has grown its share to 12% through organic growth and the acquisition of Wilson Phillips. Unlike many debt solutions, an Accuma IVA is free to the debtor, runs for a finite period, is legally binding and affords the creditor above average recovery rates. A further investment was made via a secondary placing on 31 August 2005. 50% of our investment was sold in May 2006. Accuma made three acquisitions in July 2006 as it sought to diversify its business offering to include the full range of debt solutions. 2006 profits were in line with expectations.

### 8. Jelf Plc

Investment date	February 2006	Year ended 30 September	2005	2004
Equity held	0.97%	Turnover (£'000)	11,501	8,461
Purchase price per share	106	Profit before tax (£'000)	1,011	523
Cost (£'000)	250	Retained profit (£'000)	663	324
Valuation (£'000) (2005 - N/A)	425	Net assets (£'000)	4,432	1,870

Jelf Group is a broker of corporate services, with separate divisions in Healthcare, Insurance, and Financial Services. Customers are in the corporate and private client sectors. The business has grown acquisitively in the last five years. The market is very fragmented, with smaller players unable to compete due to rising costs of training and compliance. Acquisitions are earnings enhancing as back office costs can be easily stripped out. Furthermore, there are also additional cross selling opportunities to the acquired customer base. We acquired shares in a recent £4m fund raising to acquire Goss Group Ltd. The company reported interim results in line with expectations in May 2006.

### 9. Abcam plc

Investment date	October 2005	Year ended 30 June	2006	2005
Equity held	0.43%	Turnover (£'000)	19,362	12,135
Purchase price per share	167p	Profit before tax (£'000)	4,900	2,977
Cost (£'000)	250	Retained profit (£'000)	2,526	964
Valuation (£'000) (2005 - N/A)	392	Net assets (£'000)	15,040	3,215

Abcam is a global distributor of research-grade antibodies to bioscientists and intends to build the largest online catalogue of the best available antibodies. Whilst they manufacture many of their own lines of antibodies, they also source others from institutes, academic laboratories and primary manufacturers around the world. The company is headquartered in Cambridge, where it was founded in 1998, and maintains a US office in Massachusetts. In October 2006, the company announced its intention to invest heavily in a new antibody development facility. This will be funded from existing cash balances but the additional start up costs will reduce the company's profitability in 2007 and 2008.

#### 10. Neutrahealth PLC

Investment date	August 2005	Year ended 31 December	2005	2004
Equity held	2.13%	Turnover (£'000)	2,419	-
Purchase price per share	10.5p	Profit before tax (£'000)	363	-
Cost (£'000)	315	Retained profit (£'000)	250	-
Valuation (£'000) (2005 - 420)	360	Net Assets (£'000)	13,275	-

Neutrahealth was formed in November 2004 as a cash shell to acquire companies in the growing nutraceutical industry and thereby build a group focused on the production and distribution of VMS (vitamins and mineral supplements) and probiotic products through retail and other distribution channels. Neutrahealth acquired BioCare in August 2005 for £16.1m and then Nutrigold for £0.8m in February 2006. Second half trading was weak and the company warned that full year results would be below expectations. It remains confident about the prospects for 2007.

#### Co-Investment

As at 30 September 2006, other funds managed by Hargreave Hale Limited were also invested in 14 of the qualifying investments - Abcam, Ascribe, Accuma, BBI Holdings, Centrum, Cohort, Edgon Resources, FDM, Gourmet, IBG, Mama, NeutraHealth, Plethora Solutions and Tasty.

# DIRECTORS' REPORT

For the year end 30 September 2006

The Directors present their report together with the audited financial statements of the Company for the year from 1 October 2005 to 30 September 2006.

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 842AA of the Income and Corporation Taxes Act 1988, 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 842AA of the Income and Corporation Taxes Act 1988.

## 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.

## 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.

## 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, are as follows:

- (i) Discount volatility - venture capital trust shares tend to trade at discounts to their underlying net asset values, which can fluctuate considerably. To minimise the impact of such fluctuations, the Company intends to establish a share buy back policy where the Company will purchase 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 842AA of the Income and Corporation Taxes Act 1988 could result in the Company being subject to capital gains tax on the sale of its investments. The Board receives monthly compliance reports from the Manager to monitor compliance with regulations.

## Revenue and Dividends

The revenue profit after tax for the year amounted to £202,000. An interim ordinary dividend of 5p per share was paid on 14 July 2006. The Directors do not recommend the payment of a final dividend on the Ordinary shares.

A final dividend of 1 pence per C share is proposed, subject to shareholder approval at the AGM. This dividend will be paid on 31 January 2007 to C Shareholders on the share register on 5 January 2007. This dividend will be paid out of revenue reserves to comply with the VCT tax requirement to distribute at least 85% of income.

## Share Valuations

On 30 September 2006, the mid-market price and the net asset value per ordinary share were 106p and 107.04p respectively. The comparative C Ordinary shares figures were 100p and 96.19p.

## Issue of Shares

During the financial year to 30 September 2006, the Company allotted a total of 17,928,720 C ordinary shares of 5p each for a gross consideration of £17,928,720. Details of the allotments are given in note 11 to the financial statements.

## 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 year of three years and the appointment may be terminated by either party on giving one year's notice, such notice to expire no earlier than 29 October 2007. The Directors review the Investment Manager's performance at each Board Meeting.

Keydata Investment Services Limited provides administration services to the Company.

#### **VCT Status Monitoring**

The Company has retained PricewaterhouseCoopers LLP as advisers 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 2006, there were no holdings of 3% and over of the Company's ordinary share capital.

#### **Directors**

The present directors are listed below. There have been no changes to the Board during the year. No directors are required to offer themselves for re-election this year.

#### **Directors' Interests**

The beneficial interests of Directors of the Company in the ordinary and C ordinary share capital are shown below:

	<b>Ordinary Shares</b>		<b>C Ordinary Shares</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Sir Aubrey Brocklebank	5,000	5,000	-	N/A
David Hurst-Brown	25,750	25,750	-	N/A
Stewart Ford	25,000	25,000	53,250	N/A

There have been no changes to the beneficial interests of Directors between 30 September 2006 and the date of this report.

#### **Directors' and Officers' Liability Insurance**

The Company maintains a Directors' and Officers' liability insurance policy.

#### **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.

#### **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 Company had no trade creditors at the year end.

#### **Auditors**

A resolution proposing the reappointment of Ernst & Young 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.

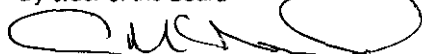
#### **Annual General Meeting**

The Notice of AGM to be held on 23 January 2007 is set out on page 35.

At the AGM there is one item of special business:

Resolution 6 as set out in the notice of meeting, if passed, will renew the Directors authority to purchase (for cancellation) up to 14.99% of the issued ordinary share capital and up to 14.99% of the issued C share capital as at the date of this report.

By order of the Board



**CRAIG McNEIL**  
**Company Secretary**

Registered office:  
Keydata AIM VCT plc  
19 Cavendish Square,  
London W1A 2AW

14 December 2006

# DIRECTORS' REMUNERATION REPORT

For the year ended 30 September 2006

The Board presents this Report which has been prepared in accordance with the requirements of Schedule 7A to the Companies ACT 1985. An ordinary resolution for the approval of this Report will be put to 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 22 and 23.

## 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 independent and all participate in meetings of the Board at which Directors' remuneration is considered.

## Policy on Directors' Remuneration

The Board's policy is that the remuneration of Directors should be fair and reasonable in relation to the time commitment 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 Director's remuneration on a regular basis.

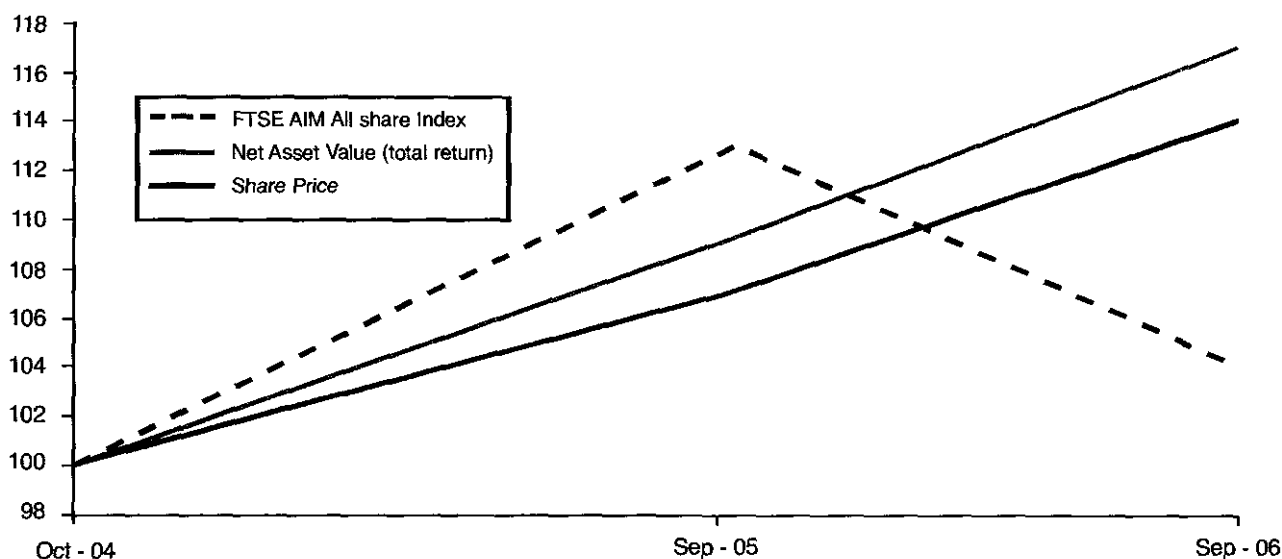
Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association. The maximum permitted by the Company's Articles of Association is £200,000 per annum. The Directors are not eligible for bonuses, pension benefits, share options or other incentives or 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. 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, therefore five year performance information is not available. 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 2006 (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. This index was chosen for comparison purposes as it represents a comparable broad equity market index:



**Directors' Emoluments for the Year (audited)**

The Directors who served during the year received the following emoluments:

	<b>2006</b>	<b>2005</b>
	£	£
Sir Aubrey Brocklebank (Chairman)	18,000	18,000
David Hurst-Brown	15,000	15,000
Stewart Ford	15,000	15,000
	-----	-----
<b>Total</b>	<b>48,000</b>	<b>48,000</b>
	-----	-----

**Approval**

The Directors' Remuneration Report on pages 16 and 17 was approved by the Board of Directors on 14 December 2006.

Signed on behalf of the Board of Directors



**Sir Aubrey Brocklebank Bt**  
Chairman



# CORPORATE GOVERNANCE

Directors' Statement of Compliance with the 2003 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.*

## **Board of Directors**

The Board comprises three Directors, all of whom are non-executive and all of whom are considered independent of the Manager. Mr Ford is a director and shareholder in the Administrator, Keydata Investment Services Limited. Mr Ford and Mr Hurst-Brown are also non-executive directors of Keydata Income VCT1 and 2 plc. Notwithstanding the above, both Mr Ford and Mr Hurst-Brown are considered to be independent by virtue of their experience and the manner in which they perform their duties as directors 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 7.

The Chairman is Sir Aubrey Brocklebank, 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 Manager and Administrator, the Company does not have a Chief Executive Officer, as the roles are already effectively separated.

The Administrator ensures that 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 Manager and the Board outside of formal meetings.

Board meetings follow a formal agenda, which includes a review of the investment portfolio with a report from the Manager on the current investment position and outlook, strategic direction, performance against stock market indices and the Company's peer 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, and the fact that all Directors are independent of the Investment Manager, 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 this 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.

The Directors have delegated to the Manager responsibility for the day to day investment management decisions of the Company. The provision of administration services has been delegated to Keydata Investment Services 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 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' letters 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 pages on 16 and 17.

#### **Accountability and Audit**

The Directors' responsibilities for the Company's accounting records and financial statements are set out on page 21. The Auditors' Report appears on pages 22 and 23.

#### **Performance Appraisal**

The Directors recognise the importance of the Code in terms of evaluating the performance of the Board as a whole and individual Directors. This requirement (Code A6.1) was not performed during the year due to the *infancy of the Company*. The Board intends to carry out performance appraisals during the financial year ending 30 September 2007, with a view to reporting on the outcome of the process in the Annual Report for that year.

#### **Audit Committee**

All audit committee responsibilities are performed by the Board.

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 services 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 Ernst & Young 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 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, 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 at regular intervals 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 the services provided by these third parties, including the operating controls maintained by them, to ensure they meet the Company's objectives.

The control systems have been codified to facilitate regular monitoring and management of risks and to facilitate regular reviews by the Board.

The control systems are 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 segregated and performed by third parties whose internal controls 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 Services**

During the year fees for non-audit services amounted to £3,500 and related to the review of the interim report of the Company. Notwithstanding such services, the Board considers Ernst & Young LLP to be independent of the Company.

#### **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	4	4
David Hurst-Brown	4	4
Stewart Ford	4	4

In addition to the above meetings, the Board met on a number of occasions during the year to deal with specific matters such as the issue of C ordinary shares.

#### **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 monthly 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.keydataaimvct.co.uk](http://www.keydataaimvct.co.uk). A presentation will be made by the Manager following the business of the AGM each year. 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 enquiries, 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 required by United Kingdom company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results for the year to that date. In preparing those financial statements, the Directors are required to:

- *Select suitable accounting policies and then apply them consistently;*
- *Make judgements and estimates that are reasonable and prudent; and*
- *State whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.*

The Directors are responsible for keeping proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# INDEPENDENT AUDITORS' REPORT

To the members of Keydata AIM VCT plc

We have audited the financial statements of Keydata AIM VCT plc for the year ended 30 September 2006 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, Reconciliation of Movement in Shareholders' Funds and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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**

The directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

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

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only Financial Highlights, the Chairman's Statement, Manager's Report, Investment Portfolio, Summary of Investments, unaudited part of the Directors' Remuneration Report, and Glossary of Terms. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of Audit Opinion**

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

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

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its net return for the year then ended;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP  
Registered auditor  
Edinburgh  
14 December 2006

# INCOME STATEMENT

For the year ended 30 September 2006

	Note	Ordinary Shares			C Shares			Company		
		Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Realised gains on investments	7	-	785	785	-	-	-	-	785	785
Unrealised gains on investments	7	-	474	474	-	142	142	-	616	616
Income	2	374	-	374	356	-	356	730	-	730
		374	1,259	1,633	356	142	498	730	1,401	2,131
Management fee	3	(41)	(123)	(164)	(27)	(80)	(107)	(68)	(203)	(271)
Other expenses	4	(276)	-	(276)	(136)	-	(136)	(412)	-	(412)
		(317)	(123)	(440)	(163)	(80)	(243)	(480)	(203)	(683)
Profit before taxation		57	1,136	1,193	193	62	255	250	1,198	1,448
Taxation	5	(11)	11	-	(37)	37	-	(48)	48	-
Profit after taxation		46	1,147	1,193	156	99	255	202	1,246	1,448
Earnings per share	6	0.33p	8.00p	8.33p	1.16p	0.73p	1.89p			

# INCOME STATEMENT

For the period 16 August 2004 to 30 September 2005

	Note	Company		
		Revenue £000	Capital £000	Total £000
Realised gains on investments	7	-	(32)	(32)
Unrealised gains on investments	7	-	1,348	1,348
Income	2	303	-	303
		303	1,316	1,619
Management fee	3	(28)	(84)	(112)
Other expenses	4	(258)	-	(258)
		(286)	(84)	(370)
Profit before taxation		17	1,232	1,249
Taxation	5	(3)	3	-
Profit after taxation		14	1,235	1,249
Earnings per share	6	0.14p	12.15p	12.29p

The total column of this statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. These figures relate solely to ordinary shares as the C shares were issued from January 2006.

A Statement of Total Recognised Gains and Losses has not been proposed as all gains and losses are recognised in the Income Statement.

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

# BALANCE SHEET

as at 30 September 2006

	Note	2006		Total	2005 Total
		Ordinary	C Ordinary		
		£000	£000	£000	£000
<b>Fixed assets</b>					
Investments at fair value through profit or loss	7	14,516	16,747	31,263	9,501
<b>Current assets</b>					
Debtors	9	23	49	72	45
Cash at bank	12	860	499	1,359	5,368
		883	548	1,431	5,413
Creditors: amounts falling due within one year	10	(52)	(50)	(102)	(44)
Net current assets		831	498	1,329	5,369
Net assets		15,347	17,245	32,592	14,870
<b>Capital and Reserves</b>					
Called up share capital	11	143	897	1,040	143
Special reserve	18	12,999	-	12,999	13,478
Capital reserve – realised	18	322	(43)	279	(113)
Capital reserve – unrealised	18	1,823	141	1,964	1,348
Revenue reserve	18	60	156	216	14
Share premium	18	-	16,094	16,094	-
Equity shareholders' funds		15,347	-	15,347	14,870
Rights of C shareholders		-	17,245	17,245	-
Equity shareholders' funds and rights of C shareholders		15,347	17,245	32,592	14,870
Net asset value per share	13	107.04p	96.19p		103.71p

These financial statements were approved and authorised for issue by the Board of directors on 14 December 2006, 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 2006

	Note	2006			2005
		Ordinary	C Ordinary	Total	Total
		£000	£000	£000	£000
Net cash outflow from operating activities	15	(36)	114	78	(68)
Net financial investment	15	(3,755)	(16,606)	(20,361)	(8,185)
Dividends paid (Note 19)		(717)	-	(717)	-
Cash outflow before management of liquid resources		(4,508)	(16,492)	(21,000)	(8,253)
Financing	15	-	16,991	16,991	13,621
(Decrease)/Increase in cash		(4,508)	499	(4,009)	5,368

## RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

for the year ending 30 September 2006

Ordinary Shares	Share Premium £000	Capital Reserve Realised £000	Capital Reserve Unrealised £000	Special Reserve £000	Revenue Reserve £000
At 1 October 2005	-	(113)	1,348	13,478	14
Realised gains on investments	-	785	-	-	-
Unrealised gains on investments	-	-	475	-	-
Management fee charged to capital	-	(123)	-	-	-
Tax relief	-	11	-	-	-
Transfer between reserves	-	479	-	(479)	-
Equity dividends paid (Note 19)	-	(717)	-	-	-
Profit after taxation for the period	-	-	-	-	46
At 30 September 2006	-	322	1,823	12,999	60
<b>C Shares</b>					
At 1 October 2005	-	-	-	-	-
Unrealised gains on investments	-	-	141	-	-
Proceeds from issue of shares	17,032	-	-	-	-
Costs related to issue of shares	(938)	-	-	-	-
Management fee charged to capital	-	(80)	-	-	-
Tax relief	-	37	-	-	-
Profit after taxation for the year	-	-	-	-	156
At 30 September 2006	16,094	(43)	141	-	156

## RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S FUNDS

for the period 16 August 2004 to 30 September 2005

Ordinary Shares	Share Premium £000	Capital Reserve Realised £000	Capital Reserve Unrealised £000	Special Reserve £000	Revenue Reserve £000
At 16 August 2004	-	-	-	-	-
Proceeds from issue of shares	14,194	-	-	-	-
Costs related to issue of shares	(716)	-	-	-	-
Cancellation of share premium	(13,478)	-	-	13,478	-
Unrealised profit on investments	-	-	1,348	-	-
Net realised losses on disposals	-	(32)	-	-	-
Management fees charged to capital reserve	-	(84)	-	-	-
Tax relief	-	3	-	-	-
Net revenue return for period	-	-	-	-	14
At 30 September 2005	-	(113)	1,348	13,478	14

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

# 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 in accordance with UK GAAP and with the Statement of Recommended Practice (SORP) for "Financial Statements of Investment Trust Companies" issued in December 2005. No restatement was required to the prior year financial statements following the adoption of FRS21 "Events after the Balance Sheet Date", FRS25 "Financial Instruments: Disclosure and Presentation" and FRS26 "Financial Instruments: Measurement" as the company has always stated investments at bid price, and there was no prior year dividend.

### **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 and income respectively. Expenses incidental to the acquisition or disposal of an investment are charged 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 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	2006			2005
	Ord £000	C Ord £000	Total £000	Total £000
Income from listed investments:				
UK dividends	28	1	29	-
Unfranked investment income	270	267	537	-
	-----	-----	-----	-----
	298	268	566	-
Other income:				
Deposit interest	76	88	164	303
	-----	-----	-----	-----
Total income	374	356	730	303

### 3. Management Fees

#### Ordinary Shares

	2006			2005		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Management fees	35	105	140	24	71	95
Irrecoverable VAT thereon	6	18	24	4	13	17
	-----	-----	-----	-----	-----	-----
	41	123	164	28	84	112

#### C Ordinary Shares

Management fees	23	68	91	-	-	-
Irrecoverable VAT thereon	4	12	16	-	-	-
	-----	-----	-----	-----	-----	-----
	27	80	107	-	-	-

The Company's Investment Manager is Hargreave Hale Limited. The investment management agreement dated 10 September 2004 will continue for a period of 3 years from 29 October 2004, the date of Admission, and thereafter terminate on 12 calendar months' notice, subject to earlier termination in certain circumstances.

The Investment Manager receives an investment management fee of 0.9% per annum of the net asset value of the Company, calculated and payable quarterly in arrears. At 30 September 2006, £28,000 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 2007 provided cumulative distributions in the first three accounting periods exceed 18p 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").

### 4. Other Expenses

	2006			2005
	Ordinary £000	C Ordinary £000	Total £000	Total £000
General expenses	229	119	348	196
Directors fees	36	12	48	48
Auditors remuneration				
- for audit services	9	4	13	12
- for non-audit services	2	1	3	2
	-----	-----	-----	-----
	276	136	412	258

The maximum aggregate Directors emoluments authorised by the Articles of Association are £200,000 per annum. Transaction costs of £4,000 (2005 £nil) were expensed during the year (purchases £2,000 and sales £2,000).

5. **Tax on ordinary activities**

The tax charge for the year is lower than the standard rate of UK Corporation Tax of 30%. The differences are explained below:

	<u>2006</u>	<u>2005</u>
	<u>Total</u>	<u>Total</u>
	<u>£000</u>	<u>£000</u>
Profit on ordinary activities before taxation	1,448	1,249
UK Corporation Tax at 30 per cent.	434	375
Effect of non taxable gains on investments	(420)	(395)
Effect of non taxable UK dividend income	(9)	-
Effect of prior year losses utilised	(5)	20
Actual tax charge	-----	-----

There is no taxation 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 qualify as a Venture Capital Trust.

**Factors that may affect future tax charges:**

There is an unrecognised deferred tax asset of £9,000 which relates to surplus management expenses of £49,000. The directors believe that there will be no taxable profits in the future against which the deferred tax assets can be offset and therefore the asset has not been recognised.

6. **Earnings per share**

	<u>2006</u>			<u>2005</u>		
	<u>Revenue</u>	<u>Capital</u>	<u>Total</u>	<u>Revenue</u>	<u>Capital</u>	<u>Total</u>
Return per ordinary share: - basic	0.33p	8.00p	8.33p	0.14p	12.15p	12.29p
Return per C ordinary share: - basic	-----	-----	-----	-----	-----	-----
	1.16p	0.73p	1.89p	N/A	N/A	N/A
	-----	-----	-----	-----	-----	-----

Revenue return per ordinary share is based on a net revenue profit on ordinary activities after taxation of £46,000 and on 14,337,731 ordinary shares, being the weighted average number of ordinary shares in issue during the year. The comparative figures for the C ordinary shares are £156,000 and 13,488,186 C ordinary shares.

Capital return per ordinary share is based on a net capital profit of £1,147,000 for the year and on 14,337,731 ordinary shares, being the weighted average number of ordinary shares in issue during the year. The comparative figures for the C ordinary shares are £99,000 and 13,488,186 C ordinary shares.

7. **Investments**

	<u>AIM Quoted</u>		<u>Listed</u>		<u>Total</u>	
	<u>Investments</u>		<u>Investments</u>		<u>Investments</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
a) Ordinary share fund						
Investments	8,428	5,482	6,088	4,019	14,516	9,501
	-----	-----	-----	-----	-----	-----
Movement in year:						
Opening valuation	5,482	-	4,019	-	9,501	-
Purchases at cost	3,930	4,208	2,976	4,020	6,907	8,228
Sales - proceeds	(2,303)	(43)	(849)	-	(3,152)	(43)
- realised gains	790	(32)	(5)	-	785	(32)
Movements unrealised	528	1,349	(54)	(1)	474	1,348
	-----	-----	-----	-----	-----	-----
Closing valuation	8,428	5,482	6,088	4,019	14,516	9,501
Closing book cost	6,550	4,133	6,143	4,020	12,693	8,153
	-----	-----	-----	-----	-----	-----
Closing unrealised	1,878	1,349	(55)	(1)	1,823	1,348
	-----	-----	-----	-----	-----	-----
Realised gain on sales	790	(32)	(5)	-	785	(32)
Unrealised profit on investments	528	1,349	(54)	(1)	474	1,348
	-----	-----	-----	-----	-----	-----
Gain / (loss) on investments	1,318	1,317	(59)	(1)	1,259	1,316
	-----	-----	-----	-----	-----	-----

b) C Ordinary share fund	2006	2006	2006
	AIM Quoted Investments £000	Listed Investments £000	Total Investments £000
Investments	1,149	15,598	16,747
Movement in year:			
Opening valuation	-	-	-
Purchases at cost	993	15,612	16,605
Sales - proceeds	-	-	-
- realised gains	-	-	-
Movements unrealised	156	(14)	142
Closing valuation	1,149	15,598	16,747
Closing book cost	993	15,612	16,605
Closing unrealised	156	(14)	142
Realised gain on sales	-	-	-
Unrealised profit on investments	156	(14)	142
Gain / (loss) on investments	156	(14)	142

#### 8. Significant Interests

At the year end the Company held 3% or more of the issued share capital of the following investments:  
Centrom Group PLC - 7.7%

#### 9. Debtors

	2006			2005
	Ordinary £000	C Ordinary £000	Total £000	Total £000
Payments and accrued income	23	49	72	45

#### 10. Creditors: amounts falling due within one year

	2006			2005
	Ordinary £000	C Ordinary £000	Total £000	Total £000
Accruals and deferred income	52	50	102	44

#### 11. Called up share capital

	2006			2005
	Ordinary £000	C Ordinary £000	Total £000	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	1,500	2,000	500
Allotted, called-up and fully paid:				
14,337,731 ordinary shares of 1p each	143	-	143	143
17,928,720 C ordinary shares of 5p each	-	897	897	-
	143	897	1,040	143

During the financial year to 30 September 2006, C ordinary shares of 5p each were issued as follows:

	Number of C ordinary shares issued	Issue price (pence)	Gross proceeds £000
18 January 2006 to 5 April 2006	17,928,720	100p	17,928
	17,928,720		17,928

#### 11. Called up share capital (continued)

The C ordinary shares will convert into Ordinary shares at a rate determined by the ratio between the net asset value attributable to each C ordinary share and to each Ordinary share. Conversion will be triggered and the conversion ratio calculated when 70 % of the C ordinary share fund is invested in Qualifying companies, or on 30 September 2008, at the latest.

The C shareholders may attend and vote at any general meeting of the Company. They are entitled to any dividends paid out of the net assets attributable to the C shares and, on a winding up of the Company, to their share of the net assets attributable to the C shares.

#### 12. Analysis of changes in net funds

	At 1 October 2005	Cash Flows	At 30 September 2006
	£000	£000	£000
Cash at bank	5,368	(4,009)	1,359
	-----	-----	-----
	At 16 August 2004	Cash Flows	At 30 September 2005
	£000	£000	£000
Cash at bank	-	5,368	5,368
	-----	-----	-----

#### 13. Net asset value per ordinary share

The net asset value per ordinary share and the net asset values attributable at the year end calculated in accordance with FRS4 and the Articles of Association were as follows:

	Net asset value per share	Net assets attributable
	2006	2006
	pence	£000
Ordinary shares - Basic	107.04	15,347
	-----	-----
C Ordinary shares - Basic	96.19	17,245
	-----	-----

Net asset value per share is based on net assets at the year end and on either 14,337,731 ordinary shares or 17,928,720 C ordinary shares, being the number of shares in issue at year end.

#### 14. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments of the Company at the year end.

#### 15. Notes to the Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flows

	2006			2005
	Ordinary	C Ordinary	Total	Total
	£000	£000	£000	£000
Profit on ordinary activities before taxation	57	193	250	17
Investment management fee charged to capital	(123)	(80)	(203)	(84)
Increase in debtors	23	(49)	(26)	(45)
Increase in creditors	7	50	57	44
	-----	-----	-----	-----
Net cash outflow from operating activities	(36)	114	(78)	(68)
	-----	-----	-----	-----

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

	2006			2005
	Ordinary £000	C Ordinary £000	Total £000	Total £000
Net financial investment:				
Purchase of investments	(6,907)	(16,606)	(23,513)	(8,228)
Sale of investments	3,152	-	3,152	43
	(3,755)	(16,606)	(20,361)	(8,185)
	2006			2005
	Ordinary £000	C Ordinary £000	Total £000	Total £000
Financing:				
Net proceeds from issue of C ordinary shares	-	16,991	16,991	13,621
Net proceeds from issue of redeemable preference shares	-	-	-	50
Redemption of redeemable preference shares	-	-	-	(50)
	-	16,991	16,991	13,621

**16. Related party transactions**

One of the directors of the Company, Mr S Ford, 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 Promoter and Administrator to the Company.

KISL, in its capacity as Promoter of the Offer for Subscription, receives annual commission of 0.9% per annum of the net asset value of the Company, calculated and payable quarterly in arrears. KISL is responsible for payment of all trail commission due to intermediaries. KISL also receives a fee of £35,000 per annum for administration services. In total, KISL earned fees of £266,000 during the year. Of those fees, £24,000 was still owing at the year end.

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

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.

**17. Financial instruments**

Investment in securities exposes the Company to certain inherent risks, the most predominant of which are interest rate risk, market price risk and liquidity risk. The Company seeks to mitigate the liquidity risk by investing mainly in AIM securities. It seeks to mitigate interest rate risk by using equity (as opposed to debt) funding to grow its investment portfolio.

**a) Interest rate risk**

The interest rate risk of the portfolio of financial assets is as follows:

As at 30 September 2006	Floating interest £000	Fixed interest bearing £000	Non-interest Bearing £000	Total £000
Investments	-	21,686	9,577	31,263
Cash	1,359	-	-	1,359
	1,359	21,686	9,577	32,622
Other net short term assets	-	-	(30)	(30)
Net assets	1,359	21,686	9,547	32,592

#### 17. Financial instruments (continued)

Interest received on cash balances is variable and is dependent on UK bank base rates.

Interest on Treasury 4.5% Stock 2007 and Treasury 4% Stock 2007 is fixed.

The Company had no borrowing facilities at the year end, either committed or uncommitted.

The non interest bearing assets represent the equity element of the portfolio. Interest rate risk is mitigated by holding a large element of the non-qualifying investment portfolio in fixed interest government securities.

##### b) Market price risk

The Company's investment portfolio is exposed to market price fluctuations, which are monitored by the investment manager in pursuance of the investment objectives set out on page 3.

Market price risk is mitigated by building a portfolio of equity investments across a broad spread of sectors in order to reduce the risks arising from factors specific to one sector.

##### c) Liquidity risk

The Company's assets comprise readily realisable securities which can be sold to meet funding commitments if necessary. The investment manager has not invested in any unquoted companies to mitigate liquidity risk.

#### 18. Reserves

An analysis of movements in reserves is set out on page 26.

The Company obtained court approval to cancel its ordinary share premium account which became effective on 30 August 2005. The special reserve created may be treated as a distributable reserve for all purposes.

#### 19. Dividends

	2006			2005		
	Ord £000	C Ord £000	Total £000	Ord £000	C Ord £000	Total £000
Paid:						
Interim dividend of 5 pence for year ended 30 September 2006	717	-	717	-	-	-
Proposed:						
Final dividend of 1 pence for year ended 30 September 2006	-	179	179	-	-	-



# 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 stockmarket price of an ordinary share by the number of ordinary shares in issue.

**Net Asset Value**

The net asset value is the value of 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' Funds**

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

**Net Assets**

Also called total assets less current liabilities and represents the net assets attributable to the 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 the 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 Keydata AIM VCT ("the Company") will be held at 19 Cavendish Square, London W1A 2AW on Tuesday 23 January 2007 at 11.00am for the following purposes:

## **Ordinary Business**

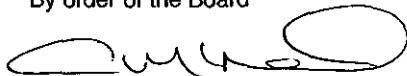
1. To receive and, if thought fit, to accept the Reports of the Directors and Auditor and the audited financial statements for the year ended 30 September 2006;
2. To receive and approve the Directors Remuneration Report for the year ended 30 September 2006;
3. To reappoint Ernst & Young LLP as Auditors to the Company and to authorise the Directors to determine their remuneration;
4. To re-elect Sir Aubrey Brocklebank as a Director of the Company;
5. To approve a final dividend of 1 pence per C ordinary share

## **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 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 and/or C Shares provided that:
  - a) the maximum aggregate number of C Shares authorised to be purchased is such number thereof being 14.99% of the issued C Shares;
  - b) the maximum aggregate number of Ordinary Shares authorised to be purchased is such number thereof being 14.99% of the issued Ordinary Shares.
  - c) the maximum price which may be paid for Ordinary Shares or a C Share 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;
  - d) the minimum price which may be paid for an Ordinary Share or a C Share is their respective nominal value;
  - e) this authority shall expire at the conclusion of the Company's next annual general meeting in 2008 or on the expiry of 15 months following the passing of the resolution, which ever is the earlier; and
  - f) the Company may make a contract or contracts to purchase Ordinary Shares or C 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 or C Shares in pursuance of any such contract or contracts.

By order of the Board



Craig McNeil  
Company Secretary

Registered Office:  
19 Cavendish Square  
London W1A 2AW

14 December 2006

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, Lloyds TSB Registrars, The Causeway, Worthing, 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 Uncertificated Securities Regulations 2001 specifies that only those Shareholders registered in the register of members of the Company as at 6.00pm on 21 January 2007 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of the adjourned 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 21 January 2007 (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.

Shareholders (and any proxy or representatives they appoint) agree, by attending the meeting, that they are expressly requesting and 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 prior to and during the meeting:

- a) The Articles of Association
- b) The Directors' letters of appointment.

# Keydata AIM VCT plc

## Form of Proxy

For use at the ANNUAL GENERAL MEETING (Block capitals please)

I/We the undersigned.....

being a member/members of Keydata AIM VCT plc, hereby appoint the Chairman of the meeting/ (see note 1)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 19 Cavendish Square, London W1A 2AW on Tuesday 23 January 2007 at 11.00am and at any adjournment thereof.

Signature.....

Dated.....2007

Please indicate with an "X" in the spaces below how you wish your votes to be cast.

Ordinary Business		For	Against
Resolution 1	To receive the reports of the Directors and Auditor and the audited financial statements for the year ended 30 September 2006		
Resolution 2	To receive and approve the Directors' Remuneration Report for the year ended 30 September 2006		
Resolution 3	To reappoint Ernst & Young LLP as Auditor to the Company and to authorise the Directors to determine their remuneration		
Resolution 4	To re-elect Sir Aubrey Brocklebank as a Director		
Resolution 5	To approve a final dividend of 1 pence per C ordinary share		

Special Business		For	Against
Resolution 6	Renewal of the Company's authority to buy-in its ordinary shares and C shares		

### Notes

1. A member may appoint a proxy of his or her own choice, if such an appointment is made, delete the words "the Chairman of the meeting" and insert the name to be appointed proxy in the space provided.
2. If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
4. If this form is returned without any indication as to how the person appointed proxy shall vote, the proxy will exercise his discretion as to how he votes or whether he abstains from voting.
5. To be valid the form must be completed and deposited at the office of the Lloyds TSB Registrars, The Causeway, Worthing, Sussex BN99 6ZL not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

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Number SEA 10846



LLOYDS TSB REGISTRARS  
THE CAUSEWAY  
WORTHING  
W.SUSSEX  
BN99 6ZL

First Fold

Second Fold