Keydata AIM VCT plc

Annual Report and Accounts

Year ended 30 September 2008

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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.

Shareholder Communication

The Company's daily share price can be found on various financial websites under the EPIC code "KEY" or on our dedicated website at www.keydataaimvct.co.uk.

FINANCIAL HIGHLIGHTS

Ordinary Shares:	**2008**	**2007**	**%Change**
Net asset value per share	66.21p	104.48p	-36.6%
Cumulative distributions paid since launch	14.00p	10.00p	
Net asset value total return	80.21p	114.48p	-29.9%
Net asset value total return since launch at 95p	80.21p	N/A	-15.6%
Share price (mid)	60.5p	100p	-39.5%
Discount to Net Asset Value	8.62%	4.06%	
Returns per share:			
Revenue return	0.38p	0.40p	
Capital return	(36.01)p	2.04p	
Total return	(35.63)p	2.44p	
Dividends:			
Interim paid	4.0p	5.0p	
Final proposed	1.0p	-	
Total dividend for year	5.0p	5.0p	+0%

C Ordinary Shares:	**2008**	**2007**	**%Change**
Net asset value per share	82.06p	96.07p	-14.6%
Cumulative distributions paid since launch	3.20p	1.75p	
Net asset value total return	85.62p	97.82p	-12.5%
Net asset value total return since launch at 95p	85.62p	N/A	-9.9%
Share price (mid)	77.5p	93p	-16.7%
Discount/(premium) to Net Asset Value	5.56%	3.43%	
Returns per share:			
Revenue return	1.24p	1.63p	
Capital return	(13.92)p	0.00p	
Total return	(12.68)p	1.63p	
Dividends:			
Interim paid	0.7p	0.75p	
Final proposed (see note below)	-	0.75p	
Total dividend for year	0.7p	1.5p	-53.3%
Total expense ratio	2.99%	2.33%	

Note

Following the conversion of the C ordinary shares into ordinary shares on 8 October 2008, the proposed final dividend of 1 pence per ordinary share is payable to all ordinary shareholders.

CHAIRMAN'S STATEMENT

The period covered by these accounts has seen growing concern about the state of the economy, continuing selling pressure on small company shares and of increasing difficulties in the financial sector, culminating, since the period end, in the part nationalisation of several banks. It has been a particularly poor period in which to announce any shortfall of previous expectations. Although smaller growing companies cannot reasonably be expected always to comply with their business plan, some share price reactions in the market as a whole have been very savage.

Needless to say, your company's portfolio has not been immune from these conditions. The net asset value per ordinary share decreased by 36.6% to 66.21 pence during the year. After adjusting for dividends paid, the underlying decrease in NAV on a total return basis was 29.9% in the year. Losses per ordinary share for the year were 35.63 pence per share (comprising revenue earnings of 0.38 pence and capital losses of 36.01 pence).

The net asset value per C share decreased by 14.6% to 82.06 pence during the year. After adjusting for dividends paid, the underlying decrease in NAV on a total return basis was 12.5% in the year. Losses per C share for the year were 12.68 pence per share (comprising revenue earnings of 1.24 pence and capital losses of 13.92 pence).

Although it is never pleasant to report a decline in asset values, against a backdrop of a 44% fall in the FTSE aim All Share index during the year, your board believes that this is not an unreasonable performance under the circumstances.

Investment - Ordinary Fund

The Investment Manager, Hargreave Hale, invested a further £0.1 million in 1 qualifying AIM company during the year and made disposals or part disposals of nine of the AIM investments, realising a net gain on sale of £0.45 million in the year. The main contributors to this realised gain were Portland Gas, Jelf, BBI and Energetix. The bid value of qualifying investments at 30 September 2008 was £6.2 million invested in 44 AIM companies. The balance was held in non-qualifying AIM stocks. The shareholding in Clerkenwell Ventures became non-qualifying in September 2008.

Investment - C Fund

The Investment manager invested £2.1 million in 9 AIM investments during the year and made disposals or part disposals of two investments. The bid value of qualifying investments at 30 September 2008 was £5.3 million invested in 34 AIM companies. The balance was held in short dated Treasury gilts.

From 30 September 2008, we are required to meet the 70% test in relation to the combined fund (ordinary and C together). As at 30 September 2008, the combined fund was 71.2% invested in qualifying companies.

Conversion of C 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. 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.

Dividend

An interim dividend of 4 pence was paid on 23 June 2008 (2007 – 5 pence) to ordinary shareholders on the share register on 6 June 2008. An interim dividend of 0.7 pence was paid on 23 June 2008 (2007 – 0.75p) to C shareholders on the share register on 6 June 2008.

A final dividend of 1 pence is proposed on the Ordinary shares (2007- Nil), payable on 30 January 2009, subject to AGM approval, to ordinary shareholders on the register on 9 January 2009 (including former C shareholders following conversion).

Outlook

There have been some quite shocking events, particularly in the last few weeks, major financial institutions have been rescued by governments around the world and the IMF has had to bail out several countries to date. With sentiment worsening and fear escalating share prices have been volatile and falling.

The AIM index has fallen by a further 28% in October 2008. In comparison, the NAV on the Ordinary share fund fell 8.4% to 60.66 pence per share.

It is difficult to be optimistic in the near term and it is difficult to escape the conclusion that small companies' share prices now seem to discount an outright and prolonged recession. The FTSE 100 index has fallen 24.2% during the year with major companies trading on historically very low multiples with attractive yields. It is hardly surprising that liquidity in smaller stocks is almost non-existent and many are now trading on low single figure price earnings ratios.

However with share prices at rock bottom there should be some attractive opportunities to invest in sound companies that merit capital for sensible expansion plans. We hope to be able to reap rewards for shareholders in due course.

Sir Aubrey Brocklebank Bt
Chairman
4 December 2008

BOARD OF DIRECTORS

Sir Aubrey Thomas Brocklebank Bt, ACA (aged 56)

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 2 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 chairman of Top Ten Holdings PLC.

Stewart Owen Ford (aged 44)

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 over £2 billion. He is also a director of Keydata AIM VCT 2 PLC, Keydata Income VCT 1 PLC and Keydata Income VCT 2 PLC.

David Hurst-Brown FSI (aged 59)

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 2 PLC, Keydata Income VCT 1 PLC, Keydata Income VCT 2 PLC, Acuity VCT 3 PLC, Anite PLC, Ffastfill PLC and Imagination Technologies Group PLC.

MANAGER'S REPORT

These are difficult times. Whilst the FTSE 100 fell 24.2% within the period, the 37.1% peak to trough decline was worse. AIM fell by 44.35% in the period. Many of the world's largest financial institutions have either filed for bankruptcy or are subject to private or public sector rescues. Central banks have attempted to reduce stress in the credit markets through large injections of liquidity whilst also undertaking a substantial easing of monetary policy. The UK Government has announced a £20 billion fiscal stimulus package whilst the US considers a $700 billion package for sign off by the new President on his first day in office. This is in addition to their $700 billion Troubled Asset Relief Programme, currently being drawn on to recapitalise their banks and remove illiquid toxic debt from the balance sheets.

The painful process of deleveraging has further to go. Globally, Bloomberg estimates that banks have raised in excess of $440 billion of fresh capital to repair balance sheets damaged by losses than now exceed $1 trillion. Further losses are likely with the IMF now estimating that the bill will reach $1.4 trillion with banks requiring a further $650 billion of fresh capital. Many hedge funds have suffered significant losses, some have collapsed and more will follow.

The outlook for UK economic activity deteriorated as the financial crisis evolved, moving into recession in the third quarter of 2008. We now expect it to contract throughout 2009 and possibly into 2010 - the IMF forecasts UK GDP to contract by 1.3% in 2009. Inflation, which rose sharply over the summer months to a high of 4.7% in September has now started to fall away. This is likely to accelerate in the coming months and we expect a significant undershoot of the Bank of England's 2 percent target in 2009. Indeed, it was the looming threat of deflation that led the previously hawkish Bank of England to cut rates by 2% to date. We expect UK base rates to fall further and see 2.0% or lower as possible by mid-2009.

Consumer spending will weaken as the housing market correction continues, wages come under pressure, unemployment rises and households adapt their spending profile in a bid to reduce levels of personal debt – UK household's have the highest level of debt as a percentage of disposable income within the G7. This will weigh on consumer facing businesses. It is therefore not unsurprising that the outlook for corporate earnings is deteriorating in the face of these weaker macro conditions and the higher cost of capital.

The 29.9% decline in the Ordinary Share NAV (on a total return basis) was disappointing but needs to be viewed in the context of the very difficult market conditions that have dominated the year. The C Share fared much better, benefitting from a much higher allocation to UK Gilts, to return a more modest decline of 12.5% on a total return basis. The total return on the Ordinary Share (pre-tax relief) since launch is -15.6% vs the FTSE 100's return of 2.3% and AIM's return of -47.4%, whilst the total return on the C Share fund (pre-tax relief) is –9.9% vs the FTSE 100 at -28.3% and AIM at -58%.

We continue to seek qualifying companies with sensible valuations, strong balance sheets, cash flows and growth stories that are not tied to our wider UK economic fortunes; however the capital markets remain very quiet and decent opportunities scarce. Whilst we have successfully met the HMRC's investment test and finished September 2008 71.1% invested as measured by the HMRC guidelines, it is worth highlighting that the recently combined portfolio continues to benefit from very significant holdings in cash and UK Government Bonds, measuring 48% by market value at the time of writing. More than ever, liquidity remains an issue within small and micro caps but success breeds liquidity and our top seven holdings, which we consider to be reasonably liquid, account for 42% of our equity exposure at the time of writing Behind that, we have a further £0.4 million invested in a cash shell.

Giles Hargreave
HARGREAVE HALE
4 December 2008

INVESTMENT PORTFOLIO SUMMARY

Ordinary Share Fund

As at 30 September 2008

	Book Cost £000	Valuation £000	Valuation %
Qualifying investments			
Abcam	250	711	11.1
Cohort	451	641	10.0
Portland Gas	46	433	6.8
Brulines	270	319	5.0
K3 Business Technology Group	270	303	4.7
Pressure Technologies	170	295	4.6
Mama	300	285	4.5
Jelf Group	174	258	4.0
Maxima Holdings	251	254	4.0
FDM Group	250	230	3.6
Idox	150	200	3.1
Intercede	231	175	2.7
Mount Engineering	180	159	2.5
Optare	150	153	2.4
St Helens Capital	211	152	2.4
Rotala	200	134	2.1
Vertu Motors	300	117	1.8
Sectorguard	250	107	1.7
Richoux	300	100	1.6
Universe Group	193	89	1.4
Invocas Group	169	87	1.4
Energetix Group	130	81	1.3
Work Group	300	78	1.2
Enfis	146	77	1.2
Relax	250	76	1.2
TMN	173	68	1.1
Tasty	140	63	1.0
Neutra Health	315	60	0.9
EBTM	184	58	0.9
Hardide	396	54	0.8
Axeon	200	52	0.8
Tangent Communications	150	43	0.7
Optimisa	202	41	0.6
York Pharma	250	38	0.6
Vicorp Group	250	33	0.5
Sports Media Group	150	32	0.5
Autoclenz	256	31	0.5
Egdon Resources	8	25	0.4
Expansys	194	23	0.4
Reneuron	168	21	0.3
Alterian	73	20	0.3
Centrom	400	16	0.3
Zenith Hygiene Group	277	12	0.2
Accuma	49	2	0.0
Total qualifying investments	9,427	6,206	97.1
Non-Qualifying investments			
Clerkenwell Ventures	250	180	2.8
Other non-qualifying AIM	17	7	0.1
Total non-qualifying investments	267	187	2.9
Total investments	**9,694**	**6,393**	**100.0**

INVESTMENT PORTFOLIO SUMMARY

C Ordinary Share Fund
As at 30 September 2008

	Book Cost £000	Valuation £000	Valuation %
Qualifying investments			
Cohort	351	468	3.3
Advanced Computer Software	400	329	2.3
Brulines	270	319	2.2
CBG Group	204	306	2.1
Optare	399	303	2.1
Keycom	300	300	2.1
Pressure Technologies	170	295	2.1
Animal Care	300	289	2.0
Craneware	150	270	1.9
Intercede	287	217	1.5
Mount Engineering	220	195	1.4
Hexagon Human Capital	300	173	1.2
Essentially Group	220	171	1.2
Feedback	201	168	1.2
Energetix Group	250	156	1.1
Plastics Capital	250	150	1.1
Rotala	200	134	0.9
Advanced Power Components	148	132	0.9
Vertu Motors	300	117	0.8
Infoserve	200	116	0.8
Relax	400	97	0.7
Fishworks	186	93	0.7
Universe Group	193	89	0.6
Invu	200	83	0.6
EBTM	184	58	0.4
Tasty	149	57	0.4
Innovision Research & Technology	174	44	0.3
Tangent Communications	150	43	0.3
Optimisa	203	41	0.3
Sports Media Group	150	32	0.2
Expansys	194	23	0.2
Alterian	73	20	0.1
Vicorp Group	150	19	0.1
Business Direct	150	0	0.0
Total qualifying investments	7,676	5,307	37.1
Non-Qualifying investments			
Clerkenwell Ventures	300	216	1.5
Non-qualifying AIM investments	13	13	0.1
Treasury 4% Stock 2009	8,671	8,765	61.3
Total non-qualifying investments	8,984	8,994	62.9
Total investments	**16,660**	**14,301**	**100.0**

TOP TEN INVESTMENTS

As at 30 September 2008

The qualifying portfolio is shown below. Each of the AIM investments is valued by reference to the bid price. Our investment in Clerkenwell Ventures became non-qualifying in September 2008.

1. Cohort plc	**180p**		
Investment date	February 2006	Audited results for year to	April 2008
Equity held	1.52%	Turnover (£'000)	57,093
Purchase Price	123p	Profit before tax (£'000)	5,569
Cost (£'000)	802	Net Assets (£'000)	40,843
Valuation (£'000)	1,108		

Cohort is an independent technology business operating in defence and related markets. It was formed in 2006 as a holding company to acquire and grow businesses captialising 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 defence procurement cycle in land, sea and air systems.

2. Abcam plc	**475p**		
Investment date	October 2005	Audited results for year to	June 2008
Equity held	0.43%	Turnover (£'000)	36,694
Purchase Price	167p	Profit before tax (£'000)	7,952
Cost (£'000)	250	Net assets (£'000)	24,122
Valuation (£'000)	711		

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.

3. Brulines plc	**145p**		
Investment date	October 06	Audited results for year to	March 2008
Equity held	1.8%	Turnover (£'000)	17,063
Purchase Price	123p	Profit before tax (£'000)	4,165
Cost (£'000)	541	Net assets (£'000)	13,258
Valuation (£'000)	637		

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'. The Group also has a Brand Quality Monitoring solution undergoing commercial trials with a number of customers.

4. Pressure Technologies plc **260p**

Investment date	May 2007	Unaudited results for 6 months to	March 2008
Equity held	1.9%	Turnover (£'000)	11,674
Purchase Price	150p	Profit before tax (£'000)	2,422
Cost (£'000)	340	Net assets (£'000)	9,504
Valuation (£'000)	589		

Pressure Technologies plc designs, manufactures and offers testing and refurbishment services for a range of specialty high pressure, seamless steel gas cylinders for global energy, defence and industrial gases markets. The business is conducted under the 'Chesterfield' brand which is a long established name in the cylinders and specialised pressure vessel market. The company is aiming to grow the business through a mixture of organic growth, diversification and acquisition of complementary business to achieve a GBP 40 million turnover business within five years.

5. Optare plc **15p**

Investment date	September 2007	Unaudited results for 6 mths to	June 2008
Equity held	2.8%	Turnover (£'000)	7,818
Purchase Price	14.7p	Profit before tax (£'000)	(2,574)
Cost (£'000)	646	Net assets (£'000)	381
Valuation (£'000)	456		

Optare plc is a leading name in the UK bus and coach industry. The company specializes in the design, manufacture and supply of single and double deck buses, coaches and smaller vehicles, and also offers a comprehensive after sales service. Optare acquired Darwen Holdings plc via reverse takeover on 14 July 2008.

6. Portland Gas plc **251.5 p**

Investment date	December 2004	Unaudited results for 6 mths to	January 2008
Equity held	0.24%	Turnover (£'000)	-
Purchase Price	26.9p	Profit before tax (£'000)	(798)
Cost (£'000)	46	Net assets (£'000)	14,579
Valuation (£'000)	433		

Portland Gas demerged from Egdon Resources on 17 Jan 2008. The company was granted planning permission by Dorset County Council for a 36 bcf underground gas storage facility at Portland, Dorset. The company is now in protracted negotiations with potential JV partners and expects to begin construction in 2009. Portland Gas also has a subsidiary in Northern Ireland that is currently working towards a planning application for a 18 bcf subsurface salt cavern gas storage facility at Larne Lough. The company will drill a borehole there in January 2009 to confirm the suitability of the Permian salt sequence.

7. Intercede plc — 25p

Investment date	May 2007	Audited results for year to	March 2008
Equity held	4.20%	Turnover (£'000)	2,805
Purchase Price	33p	Profit before tax (£'000)	(177)
Cost (£'000)	518	Net assets (£'000)	(1,178)
Valuation (£'000)	392		

Intercede Group plc is a leading developer and supplier of smart card and identity credential management software. The company's principal product, MyID, is a software solution that manages the secure registration, issuance and lifecycle of identity credentials and devices.

8. Mount Engineering plc — 62p

Investment date	June 2007	Unaudited results for 6 months to	June 2008
Equity held	2.34%	Turnover (£'000)	5,831
Purchase Price	70p	Profit before tax (£'000)	1,530
Cost (£'000)	400	Net assets (£'000)	17,543
Valuation (£'000)	354		

Mount Engineering plc was established in April 2007 for the purpose of acquiring Mount York Limited. The acquisition of Mount York Limited marks the first step in implementing a strategy to grow the new group, both by selective acquisition and from the continual expansion of the product range. Mount Engineering has three UK subsidiaries, each well established within its industry, with a strong brand name and a recognition for quality products. The major end user market for all three subsidiaries are the oil and gas and petrochemical industries, however they also serve a range of other industrial markets including mining, waste water and pharmaceuticals.

9. Advanced Computer Software plc — 14p

Investment date	July 08	Year end to	-
Equity held	1.23%	Turnover (£'000)	-
Purchase Price	17p	Profit before tax (£'000)	-
Cost (£'000)	400	Net assets (£'000)	-
Valuation (£'000)	329		

Under new management, Advanced Computer Software plc (formerly known as Drury Lane) raised £14.6m in July 2008 to acquire Adastra Software Ltd, a data distribution and clinical support software provider to the primary care sectors in the UK, Ireland and the Netherlands as the first step to becoming a leading provider of software and services to the UK primary care market (the provision of first line patient services such as GPs, walk-in-centres, district nursing, and out-of-hours services). The Company's strategy is to consolidate the fragmented healthcare software market, through selective acquisitions, with a focus on primary care.

10. CBG plc — 153p

Investment date	Nov 06	Unaudited results for 6 mths to	June 2008
Equity held	1.42%	Turnover (£'000)	4,481
Purchase Price	102p	Profit before tax (£'000)	930
Cost (£'000)	204	Net assets (£'000)	10,528
Valuation (£'000)	306		

CBG Group is a Manchester based corporate general insurance, risk management and financial services intermediary. The Group offers a range of services principally in the area of commercial insurance, business risk management, healthcare and employee benefits. It also offers private client solutions to individuals centred on wealth management asset protection.

Co-Investment

As at 30 September 2008, other funds managed by Hargreave Hale Limited were also invested in 31 of the investments - Abcam, Accuma, Advanced Computer Software, Axeon, Brulines, Centrom, Clerkenwell, Cohort, Edgon Resources, Energetix, Enfis, Expansys, Idox, Innovision, Invocas, Invu, Jelf, K3 Business Technology Group, Mama, Maxima, NeutraHealth, Optare, Portland Gas, Pressure Technologies, Relax, Richoux, Sports Media, St. Helens Capital, Tangent Communications, Tasty and Vertu.

DIRECTORS' REPORT

For the year end 30 September 2008

The Directors present their report together with the audited financial statements of the Company for the year from 1 October 2007 to 30 September 2008.

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. The financial position of the Company at 30 September 2008 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.

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 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 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 £267,000 (2007 - £348,000). An interim ordinary dividend of 4p per Ordinary share and 0.7 pence per C Ordinary share was paid on 23 June 2008. The Directors do not recommend the payment of a final dividend on the C Ordinary shares. A final dividend is proposed of 1 pence per ordinary share payable on 30 January 2009 at a cost of £323,000, subject to AGM approval, to shareholders on the register on 9 January 2009.

Share Valuations

On 30 September 2008, the mid-market price and the net asset value per ordinary share were 60.5p and 66.21p respectively. The comparative C Ordinary shares figures were 77.5p and 82.06p.

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.

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 2008, 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. In accordance with the Company's Articles of Association, Stewart Ford will retire at this years AGM and, being eligible, offer himself for re-election.

Directors' Interests

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

	Ordinary Shares		C Ordinary Shares	
	2008	**2007**	**2008**	**2007**
Sir Aubrey Brocklebank	5,000	5,000	-	-
David Hurst-Brown	25,750	25,750	-	-
Stewart Ford	25,000	25,000	53,250	53,250

There have been no changes to the beneficial interests of Directors between 30 September 2008 and the date of this report, other than for the conversion of C shares into ordinary shares on 8 October 2008. Following the conversion, Stewart Ford has a beneficial interest in 90,995 ordinary shares.

Share Buybacks

During the year, the Company repurchased 4,009,826 ordinary shares (nominal value £40,098) at a cost of £3,227,309, and 209,450 C ordinary shares (nominal value £10,472) at a cost of £167,778. The shares repurchased represented 27.9% and 1.1% respectively of the number of ordinary and C shares in issue on 1 October 2007. The Company also had an outstanding commitment at year end to repurchase a further 100,000 ordinary shares at a cost of £84,800.

Post balance sheet events

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. 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.

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 Company had no trade creditors at the year end.

Charitable and Political Donations

The Company made no charitable or political donations in the year (2007: nil).

Auditors

A resolution proposing the reappointment of BDO Stoy Hayward 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 20 January 2009 is set out on page 38.

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

CRAIG McNEIL
Company Secretary

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

4 December 2008

DIRECTORS' REMUNERATION REPORT

For the year ended 30 September 2008

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 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 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 renumeration paid by other listed venture capital trusts and investment trusts. The Board aims to review Director's remuneration on a regular basis.

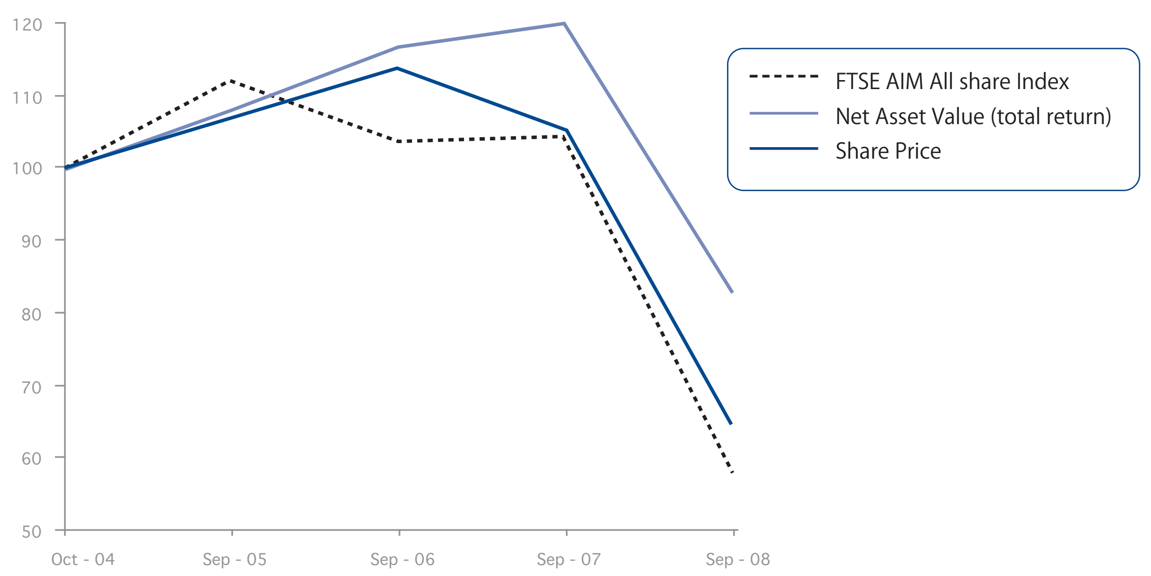
Fees for the Directors are determined by the Board within the limits stated in the Company's Articles of Association. The maximum permitted by the Company's Articles of Association is £200,000 per annum. The Directors are not eligible for bonuses, pension benefits, share options or other incentives or 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 2008 (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:

	2008 £	2007 £
Sir Aubrey Brocklebank (Chairman)	18,000	18,000
David Hurst-Brown	15,000	15,000
Stewart Ford	15,000	15,000
Total	**48,000**	**48,000**

Directors fees have not increased since the Company was incorporated.

Approval

The Directors' Remuneration Report on pages 17 and 18 was approved by the Board of Directors on 4 December 2008.

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 6.

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 polices, 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.

Stewart Ford 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 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 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 2009, 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. Due to the small size of 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 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 BDO Stoy Hayward 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 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 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 no fees were paid for non-audit services.

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	2

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. 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 responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the company, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 1985.

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 Keydata AIM VCT plc

We have audited the financial statements of Keydata AIM VCT plc for the year ended 30 September 2008 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Reconciliation of Movement in Shareholders’ Funds and the related notes. 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.

Respective Responsibilities of Directors and Auditors

The directors' are responsible for preparing the Annual Report, the financial statements and the Directors' Remuneration Report in accordance with applicable law and United Kingdom 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 and whether 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. Additionally, we report to you whether the information given in the Directors’ Report is consistent with those 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 the Financial Highlights, the Chairman’s Statement, the Board of Directors, the Manager’s Report, the Investment Portfolio Summary, the Top Ten Investments, the Directors’ Report, the unaudited part of the Directors' Remuneration Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 2008 and of its loss 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.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors
London
4 December 2008

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
Realised gains on investments	7	-	454	454	-	234	234	-	688	688
Unrealised losses on investments	7	-	(4,895)	(4,895)	-	(2,613)	(2,613)	-	(7,508)	(7,508)
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			

INCOME STATEMENT

For the year ended 30 September 2007

	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	-	609	609	-	-	-	-	609	609
Unrealised (losses) gains on investments	7	-	(229)	(229)	-	112	112	-	(117)	(117)
Income	2	315	-	315	661	-	661	976	-	976
		315	380	695	661	112	773	976	492	1,468
Management fee	3	(44)	(120)	(164)	(46)	(139)	(185)	(90)	(259)	(349)
Other expenses	4	(216)	-	(216)	(254)	-	(254)	(470)	-	(470)
		(260)	(120)	(380)	(300)	(139)	(439)	(560)	(259)	(819)
Profit (loss) on ordinary activities before taxation		55	260	315	361	(27)	334	416	233	649
Taxation	5	1	34	35	(69)	28	(41)	(68)	62	(6)
Profit after taxation		56	294	350	292	1	293	348	295	643
Earnings per share	6	0.40p	2.04p	2.44p	1.63p	0.0p	1.63p			

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. 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 2008

	Note	2008 Ordinary £000	2008 C Ordinary £000	2008 Total £000	2007 Ordinary £000	2007 C Ordinary £000	2007 Total £000
Fixed assets							
Investments at fair value through profit or loss	7	6,393	14,301	20,694	14,624	16,918	31,542
Current assets							
Debtors	9	68	88	156	12	37	49
Cash at bank	12	385	224	609	354	374	728
		453	312	765	366	411	777
Creditors: amounts falling due within one year	10	(8)	(73)	(81)	(11)	(104)	(115)
Net current assets		445	239	684	355	307	662
Net assets		6,838	14,540	21,378	14,979	17,225	32,204
Capital and Reserves							
Called up share capital	11	103	886	989	143	897	1,040
Special reserve	18	9,772	15,927	25,699	12,999	16,094	29,093
Capital reserve – realised	18	61	(21)	40	128	(154)	(26)
Capital reserve – unrealised	18	(3,301)	(2,359)	(5,660)	1,593	254	1,847
Revenue reserve	18	163	96	259	116	134	250
Capital redemption reserve	18	40	11	51	-	-	-
Equity shareholders' funds		6,838	-	6,838	14,979	-	14,979
Rights of C shareholders		-	14,540	14,540	-	17,225	17,225
Equity shareholders' funds and rights of C shareholders		6,838	14,540	21,378	14,979	17,225	32,204
Net asset value per share	13	66.21p	82.06p		104.48p	96.07p	

These financial statements were approved and authorised for issue by the Board of directors on 4 December 2008, 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 2008

		2008			2007		
	Note	Ordinary £000	C Ordinary £000	Total £000	Ordinary £000	C Ordinary £000	Total £000
Net cash (outflow)/inflow from operating activities	15	(78)	37	(41)	(60)	248	188
Net financial investment	15	3,791	238	4,029	271	(59)	212
Dividends paid	19	(454)	(258)	(712)	(717)	(314)	(1,031)
Cash outflow before management of liquid resources		3,259	17	3,276	(506)	(125)	(631)
Financing	15	(3,228)	(167)	(3,395)	-	-	-
(Decrease)/Increase in cash	12	31	(150)	(119)	(506)	(125)	(631)

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 19)	-	-	(454)	-	-	-	(454)
Profit after taxation for the period	-	-	-	-	-	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 19)	-	-	-	-	-	(258)	(258)
Profit after taxation for the year	-	-	-	-	-	220	220
At 30 September 2008	886	11	(21)	(2,359)	15,927	96	14,540

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 2007

Ordinary Shares	Share Capital £000	Share Premium £000	Capital Reserve Realised £000	Capital Reserve Unrealised £000	Special Reserve £000	Revenue Reserve £000	Total £000
At 1 October 2006	143	-	322	1,823	12,999	60	15,347
Previously recognised gains now realised	-	-	609	(609)	-	-	-
Unrealised gains on investments	-	-	-	379	-	-	379
Management fee charged to capital	-	-	(120)	-	-	-	(120)
Tax relief	-	-	34	-	-	-	34
Transfer between reserves	-	-	-	-	-	-	-
Equity dividends paid (Note 19)	-	-	(717)	-	-	-	(717)
Profit after taxation for the period	-	-	-	-	-	56	56
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At 30 September 2007	143	-	128	1,593	12,999	116	14,979
	--------	--------	--------	--------	--------	--------	--------
C Shares							
At 1 October 2006	897	16,094	(43)	141	-	156	17,245
Unrealised gains on investments	-	-	-	113	-	-	113
Equity dividends paid	-	-	-	-	-	(314)	(314)
Transfer between reserves	-	(16,094)	-	-	16,094	-	-
Management fee charged to capital	-	-	(139)	-	-	-	(139)
Tax relief	-	-	28	-	-	-	28
Profit after taxation for the year	-	-	-	-	-	292	292
	--------	--------	--------	--------	--------	--------	--------
At 30 September 2007	897	-	(154)	254	16,094	134	17,225
	--------	--------	--------	--------	--------	--------	--------

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). Previously recognised gains are transferred to the realised capital reserve upon disposal of the investment.

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

	2008 Ord £000	2008 C Ord £000	2008 Total £000	2007 Ord £000	2007 C Ord £000	2007 Total £000
Income from listed investments:						
UK dividends	84	38	122	60	17	77
Unfranked investment income	74	393	467	223	613	836
	158	431	589	283	630	913
Other income:						
Deposit interest	21	51	72	32	31	63
Total income	179	482	661	315	661	976

3. Management Fees

Ordinary Shares

	2008 Revenue £000	2008 Capital £000	2008 Total £000	2007 Revenue £000	2007 Capital £000	2007 Total £000
Management fees	25	74	99	37	102	139
Irrecoverable VAT thereon	3	9	12	7	18	25
	28	83	111	44	120	164

C Ordinary Shares

	2008 Revenue £000	2008 Capital £000	2008 Total £000	2007 Revenue £000	2007 Capital £000	2007 Total £000
Management fees	36	108	144	39	118	157
Irrecoverable VAT thereon	4	13	17	7	21	28
	40	121	161	46	139	185

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. No notice had been given by the investment manager as at the date of approval of these accounts.

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 2008, £16,000 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"). No performance related incentive fee is payable as at 30 September 2008.

4. Other Expenses

	2008 Ordinary £000	2008 C Ordinary £000	2008 Total £000	2007 Ordinary £000	2007 C Ordinary £000	2007 Total £000
General expenses	84	141	225	188	224	412
Directors fees	22	26	48	23	25	48
Auditors remuneration						
- for audit services	7	8	15	5	5	10
- for non-audit services	-	-	-	-	-	-
	113	175	288	216	254	470

The maximum aggregate Directors emoluments authorised by the Articles of Association are £200,000 per annum. Transaction costs of £2,000 (2007 £4,000) were expensed during the year (purchases £1,000 and sales £1,000).

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:

	2008 Total £000	2007 Total £000
Loss/profit on ordinary activities before taxation	(6,719)	649
UK Corporation Tax at 29 per cent.	(1,949)	194
Effect of non taxable gains/losses on investments	1,978	(148)
Effect of non taxable UK dividend income	(35)	(23)
Effect of prior year losses utilised	-	(17)
Effect of current year losses carried forward	6	-
Current tax charge	-	6

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.

6. Earnings per share

	2008 Revenue	2008 Capital	2008 Total	2007 Revenue	2007 Capital	2007 Total
Return (loss) per ordinary share: - basic	0.38p	(36.01)p	(35.63)p	0.40p	2.04p	2.44p
Return (loss) per C ordinary share: - basic	1.24p	(13.92)p	(12.68)p	1.63p	0.00p	1.63p

Revenue return per ordinary share is based on a net revenue profit on ordinary activities after taxation of £47,000 (2007 - £56,000) and on 12,520,138 (2007 - 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 £220,000 (2007 - £292,000) and 17,789,162 (2007 - 17,928,720) C ordinary shares.

Capital return per ordinary share is based on a net capital loss of £4,508,000 (2007 - £294,000 profit) for the year and on 12,520,138 (2007 - 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 a loss of £2,478,000 (2007 - profit of £1,000) and 17,789,162 (2007 - 17,928,720) C ordinary shares.

7. Investments

a) Ordinary share fund

	AIM Quoted Investments 2008 £000	AIM Quoted Investments 2007 £000	Listed Investments 2008 £000	Listed Investments 2007 £000	Total Investments 2008 £000	Total Investments 2007 £000
Investments	6,393	11,671	-	2,953	6,393	14,624
Movement in year:						
Opening valuation	11,671	8,428	2,953	6,088	14,624	14,516
Purchases at cost	148	3,995	-	2,991	148	6,986
Sales - proceeds	(949)	(1,121)	(2,989)	(6,137)	(3,938)	(7,258)
- realised gains	442	630	12	(21)	454	609
Movements unrealised	(4,919)	(261)	24	32	(4,895)	(229)
Closing valuation	6,393	11,671	-	2,953	6,393	14,624
Closing book cost	9,694	10,054	-	2,977	9,694	13,031
Closing unrealised	(3,301)	1,617	-	(24)	(3,301)	1,593
Realised gain/(loss) on sales	442	630	12	(21)	454	609
Unrealised gain/(loss) on investments	(4,919)	(261)	24	32	(4,895)	(229)
Gain / (loss) on investments	(4,477)	369	36	11	(4,441)	380

b) C Ordinary share fund

	AIM Quoted Investments 2008 £000	AIM Quoted Investments 2007 £000	Listed Investments 2008 £000	Listed Investments 2007 £000	Total Investments 2008 £000	Total Investments 2007 £000
Investments	5,536	6,344	8,765	10,574	14,301	16,918
Movement in year:						
Opening valuation	6,344	1,149	10,574	15,598	16,918	16,747
Purchases at cost	2,117	5,120	5,493	9,971	7,610	15,091
Sales - proceeds	(456)	-	(7,392)	(15,032)	(7,848)	(15,032)
- realised gains	214	-	20	-	234	-
Movements unrealised	(2,683)	75	70	37	(2,613)	112
Closing valuation	5,536	6,344	8,765	10,574	14,301	16,918
Closing book cost	7,988	6,113	8,672	10,551	16,660	16,664
Closing unrealised	(2,452)	231	93	23	(2,359)	254
Realised gain on sales	214	-	20	-	234	-
Unrealised profit on investments	(2,683)	75	70	37	(2,613)	112
Gain / (loss) on investments	(2,469)	75	90	37	(2,379)	112

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	7.46%	St Helens Capital plc	4.91%	Vicorp Group plc	5.34%
Advanced Power Components plc	3.70%	Rotala plc	3.05%	Intermede plc	4.23%
Feedback plc	6.15%	Universe Group plc	4.79%	Optimisa plc	3.03%

9. Debtors

	2008 Ordinary £000	2008 C Ordinary £000	2008 Total £000	2007 Ordinary £000	2007 C Ordinary £000	2007 Total £000
Prepayments and accrued income	68	88	156	12	37	49

This includes £124,394 of VAT recoverable on management fees paid over the previous 3 years following a change in VAT rules whereby VAT is no longer payable on management fees.

10. Creditors: amounts falling due within one year

	2008 Ordinary £000	2008 C Ordinary £000	2008 Total £000	2007 Ordinary £000	2007 C Ordinary £000	2007 Total £000
Accruals and deferred income	8	73	81	11	104	115

11. Called up share capital

	2008 Ordinary £000	2008 C Ordinary £000	2008 Total £000	2007 Ordinary £000	2007 C Ordinary £000	2007 Total £000
Authorised:						
50,000,000 ordinary shares of 1p each	500	-	500	500	-	500
30,000,000 C ordinary shares of 5p each	-	1,500	1,500	-	1,500	1,500
	500	1,500	2,000	500	1,500	2,000
Allotted, called-up and fully paid:						
10,327,905 (2007 - 14,337,731) ordinary shares of 1p each	103	-	103	143	-	143
17,719,270 (2007 - 17,928,720) C ordinary shares of 5p each	-	886	886	-	897	897
	103	886	989	143	897	1,040

11. Called up share capital (continued)

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.

During the year the Company repurchased 4,009,826 ordinary shares at a cost of £3,227,309 and 209,450 C ordinary shares at a cost of £167,778.

12. Analysis of changes in net funds

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

	At 1 October 2006	Cash Flows	At 30 September 2007
	£000	£000	£000
Cash at bank	1,359	(631)	728
	-------	---------	-------

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	
	2008	2007	2008	2007
	pence	pence	£000	£000
Ordinary shares - Basic	66.21	104.48	6,838	14,979
	---------	---------	---------	---------
C Ordinary shares - Basic	82.06	96.07	14,540	17,225
	---------	---------	---------	---------

Net asset value per share is based on net assets at the year end and on either 10,327,905 (2007 - 14,337,731) ordinary shares or 17,719,270 (2007 - 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 (2007: nil).

15. Notes to the Cash Flow Statement

(a) Reconciliation of operating profit to operating cash flows

	2008			2007		
	Ordinary	C Ordinary	Total	Ordinary	C Ordinary	Total
	£000	£000	£000	£000	£000	£000
Revenue profit on ordinary activities before taxation	38	267	305	55	361	416
Investment management fee charged to capital	(83)	(121)	(204)	(120)	(139)	(259)
Decrease/(Increase) in debtors	(55)	(52)	(107)	11	12	23)
(Decrease)/Increase in creditors	22	(57)	(35)	(6)	14	8
	------	-----	------	------	-----	------
Net cash (outflow)/inflow from operating activities	(78)	37	(41)	(60)	248	188
	------	-----	------	------	-----	------

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

	2008			2007		
	Ordinary £000	C Ordinary £000	Total £000	Ordinary £000	C Ordinary £000	Total £000
Net financial investment:						
Purchase of investments	(147)	(7,610)	(7,757)	(6,986)	(15,091)	(22,077)
Sale of investments	3,938	7,848	11,786	7,257	15,032	22,289
	3,791	238	4,029	271	(59)	212

	2008			2007		
	Ordinary £000	C Ordinary £000	Total £000	Ordinary £000	C Ordinary £000	Total £000
Financing:						
Repurchase of shares for cancellation	(3,227)	(168)	(3,395)	-	-	-
	(3,227)	(168)	(3,395)	-	-	-

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 £37,382 (2007 - £35,980) per annum for administration services. In total, KISL earned fees of £279,799 (2007 - £333,000) during the year. Of those fees, £26,818 (2007 - £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

a) Risk Management Policies 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 traded on AIM. At least 70% of the Company's funds must be invested in qualifying holdings within 3 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 ("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 structures in place to manage these risks are 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 5 and 7 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 - fair valued through the profit and loss account

Other financial assets comprise cash at bank of £609,000 (2007: £728,000) which is classified as 'loans and receivables measured at amortised cost'. Financial liabilities consist only of accruals of £81,000 (2007: £115,000) 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:

		30 September 2008			30 September 2007		
		Ord Fund	C Fund	Company	Ord Fund	C Fund	Company
		£000	£000	£000	£000	£000	£000
Equity	Fair value	6,393	5,536	11,929	11,671	6,344	18,015
Gilts	Fair value	-	8,765	8,765	2,953	10,574	13,527
		-------	-------	-------	-------	-------	-------
		6,393	14,301	20,694	14,624	16,918	31,542
		-------	-------	-------	-------	-------	-------

A 10% increase or decrease in the investment portfolio would have a £2,069,400 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 2008				30 September 2007			
	Fixed Rate £000	Variable Rate £000	Non-interest Bearing £000	Total £000	Fixed Rate £000	Variable Rate £000	Non-interest Bearing £000	Total £000
Investments	8,765	-	11,929	20,694	13,527	-	18,015	31,542
Cash and cash Equivalents	-	609	-	609	-	728	-	728
Other current assets and current liabilities (net)	-	-	75	75	-	-	(60)	(60)
	-------	-------	-------	-------	-------	-------	-------	-------
Net assets	8,765	609	12,004	21,378	13,527	728	17,955	32,210
	-------	-------	-------	-------	-------	-------	-------	-------

There is no interest rate risk on investments. The effective interest rates on equity investments is nil and on bank deposits around 4.5% per annum.

The only interest rate exposure is on bank deposits where interest income is linked to bank base rates. A 1% increase or decrease in bank base rates would have an impact on profit and loss account of around £6,000 based on bank deposits at 30 September 2008.

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 2008, the Company held £609,000 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	8,765
Cash & cash equivalents	609
Other current assets (net)	75

	9,449

Cash balances were held on deposit with RBS at 30 September 2008.

g) Fair values 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. Reserves

An analysis of movements in reserves is set out on page 27.

The Company has obtained court approval to cancel both its ordinary and C ordinary share premium account which became effective on 30 August 2005 and 6 June 2007 respectively. The special reserve created may be treated as a distributable reserve for all purposes.

19. Dividends

	2008			2007		
	Ord £000	C Ord £000	Total £000	Ord £000	C Ord £000	Total £000
Paid: Interim dividend of 4 pence (Ord) and 0.7p (C Ord) for year ended 30 September 2008	454	123	577	-	-	-
	-------	-------	-------	-------	-------	-------
Paid: Interim dividend of 5 pence (Ord) and 0.75p (C Ord) for year ended 30 September 2007	-	-	-	717	135	852
	-------	-------	-------	-------	-------	-------
Proposed: Final dividend of 1 pence (Ord) for the year ended 30 September 2008	323	-	323	-	-	-
	-------	-------	-------	-------	-------	-------
Final dividend of 0.75 pence (C Ord) for year ended 30 September 2007	-	-	-	-	135	135
	-------	-------	-------	-------	-------	-------

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 20 January 2009 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 2008;
2. To receive and approve the Directors Remuneration Report for the year ended 30 September 2008;
3. To reappoint BDO Stoy Hayward LLP as Auditors to the Company and to authorise the Directors to determine their remuneration;
4. To re-elect Stewart Ford as a Director of the Company;
5. To approve a final dividend of 1 pence per 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 provided that:

a) the maximum aggregate number of Ordinary Shares authorised to be purchased is such number thereof being 14.99% of the issued Ordinary Shares.

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 2010 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

Craig McNeil
Company Secretary

Registered Office:
19 Cavendish Square
London W1A 2AW

4 December 2008

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, 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 18 January 2009 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 18 January 2009 (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 the 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 20 January 2009 at 11.00am and at any adjournment thereof.

Signature ....

Dated 2009

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 2008		
Resolution 2	To receive and approve the Directors' Remuneration Report for the year ended 30 September 2008		
Resolution 3	To reappoint BDO Stoy Hayward LLP as Auditor to the Company and to authorise the Directors to determine their remuneration		
Resolution 4	To re-elect Stewart Ford as a Director		
Resolution 5	To approve a final dividend of 1 pence per ordinary share		

Special Business		**For**	**Against**
Resolution 6	Renewal of the Company's authority to buy-in its ordinary 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 Equiniti Registrars, Aspect House, Spencer Road, Lancing, Sussex BN99 6ZL not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

Third Fold and tuck in

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