



Strathdon Investments plc

Report and Accounts

For the year ended 31 March 2011

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*Registered in England and Wales No. 0726423
Strathdon Investments Plc is an investment company as defined under
Section 833 of the Companies Act 2006*

DIRECTORS AND ADVISERS

Directors	S D Hunt – <i>Non-Executive Chairman</i> D J Gamble (resigned 20 January 2011) J R Cusins P Loizou (appointed 12 January 2011) J S B Smith (appointed 8 February 2011)
Secretary and Registered Office	Central Secretarial Nominees Limited 73/75 Mortimer Street London W1W 7SQ
Bankers	Lloyds TSB Bank plc Black Horse House Wallbrook Court North Hinksey Lane Botley Oxford OX2 0QS
Solicitors	Wallace LLP One Portland Place London W1B 1PN
Nominated Adviser and Broker	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN
Auditors	Rawlinson & Hunter Chartered Accountants and Statutory Auditor Eighth Floor 6 New Street Square London EC4A 3AQ
Registrar and Transfer Office	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA

STATEMENT OF CORPORATE OBJECTIVES

Strathdon Investments plc (“Strathdon”) holds a portfolio of unquoted investments which are in the process of realisation.

Strathdon is not currently seeking to invest in new opportunities. The directors of Strathdon are responsible for the day to day management of Strathdon’s residual portfolio and are seeking an orderly exit for all companies whilst maintaining the objective of maximising shareholder value.

Key Data

	<i>31 March 2011</i>	<i>31 March 2010</i>	<i>31 March 2009</i>	<i>31 March 2008</i>	<i>31 March 2007</i>
Net Asset Value £’000	2,980	2,667	3,202	4,970	13,988
Net Asset Value per ordinary share ⁺	2.86p	5.15p	6.18p	9.59p	27.00p
Share price per share	*2.12p	*2.12p	2.75p	7.0p	20.25p

* Share price as at 5 September 2011 was 2.12p (March 2010: share price as at 2 September 2010 was 2.12p)

+ See note 18 for share capital re-organisation during the year

FINANCIAL CALENDAR

Results Announced
Annual General Meeting

6 September 2011
29 September 2011

CHAIRMAN'S STATEMENT

The past 12 months have seen a modest improvement in the general corporate environment. However the macro picture remains uncertain as inflationary pressures compete with ongoing Western economic problems together with money supply and growing deficit issues.

The period under review to March 2011 has seen several changes at Strathdon and in a number of its portfolio companies. Overall the year on year net asset value has increased by £313,000 but the net asset value per share has shown a decrease of 2.29p attributable to a number of factors which I will highlight below.

At a corporate level we terminated our arrangements with YFM Venture Finance Limited ("YFM") for the provision of asset management and administration services with effect from October 2010 and November 2010 respectively. We have now successfully incorporated all of these activities inhouse and they are managed day to day by the directors of and consultants to Strathdon. The dual rationale for this was to reduce cost and to increase the level of direct control and activity with the residual portfolio companies.

In addition the directors assessed that owing to financial liabilities falling due in the period, it was in the best interests of the Company to raise additional equity finance and substantially repay the remaining creditors. This was completed in January 2011 with the successful placing of £525,000 less costs.

Further progress has also been made by the Board in reducing the ongoing running costs which were £0.19 million for 2011 compared to £0.23 million in 2010. The net asset value has risen to £2.98 million, equivalent to 2.86 pence per share (2010: £2.67 million and 5.15 pence per share respectively). The net asset value per share has fallen despite increases in net asset values as the Company materially increased the number of shares in issue from 51.8 million to 104.3 million.

The Board's key objective in the short term remains focused on the realisation of the existing portfolio whilst keeping under review its strategic options to deliver shareholder value.

Portfolio Company Performance

During the period we have had one successful realisation from In Touch With Health which generated gross proceeds of £0.12 million compared to our carrying value at 31 March 2010 of £0.08 million and further investment in the year of £0.04 million. In addition, we have successfully restructured the business of Business Human Resources Solutions Limited as detailed in Note 12.

Following the termination of the YFM contract, Strathdon is now represented on the board of directors of each of the 3 largest portfolio companies. In each of these companies we have been active in value creation including actions such as financial management, restructuring and incentivisation of management teams; revised business planning and reorganisation.

The portfolio is dominated by 3 positions in each of which we have the ability to exert influence and attempt to generate incremental value through larger equity participation. We are actively working with management in each case to develop the businesses to a stage where we can realise value from the sale of the company or of our shares. We currently expect this to materialise over a 1-2 year timeframe. The residual portfolio is comprised of smaller equity positions where we have limited shareholder rights above those that are standard and we are therefore focussed entirely on monetisation of these in the short term if we see the ability to do so.

Financial Results

The loss for the year was £0.21 million compared to £0.54 million in the prior year. This is after taking account of a net write down on unrealised investment valuations of £0.23 million (2010: £0.52 million).

Total net assets at 31 March 2011 were £2.98 million (2010: £2.67 million) equivalent to a net asset value per share of 2.86 pence (2010: 5.15 pence).

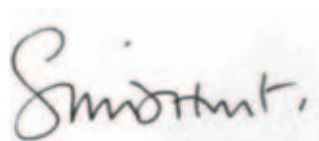
At 31 March 2011 the creditors of the Company had been substantially repaid with residual amounts owing to YFM (£57,000) and some outstanding accrued directors fees relating to prior periods (£60,795). The directors fees have been paid as at 20 June 2011 and the YFM creditor balance is being paid in equal instalments with a final payment in December 2011.

Board

During the year David Gamble decided to step down from the Board. The Board wishes to thank David for his highly valued contributions to Strathdon during his time of involvement. The Board also saw 2 new executive directors appointed during the year: Panos Loizou and Simon Smith. Both Panos and Simon bring considerable asset management, tax and corporate finance experience to Strathdon which the Board thinks will be crucial to further asset realisation and value optimisation. Brief biographical details are included on page 9 of these financial statements. A resolution to re-elect both Panos and Simon to the Board will be proposed at the forthcoming Annual General Meeting.

Outlook

2010/2011 has been a year of focussed activity and change for Strathdon. I believe with the new directors in place and more direct control over the residual portfolio we are well placed to achieve our corporate objectives. The portfolio is dominated by 3 core positions and each of these can suffer from idiosyncratic risk or macro effects of, for example, a slowdown in general corporate activity. However the Board are fully engaged to achieve our goals of an orderly exit in our existing portfolio positions whilst preserving shareholder value from this point.

A handwritten signature in blue ink that reads "S D Hunt". The signature is written in a cursive style with a large initial 'S'.

S D Hunt

Chairman

5 September 2011

UNQUOTED INVESTMENTS
As at 31 March 2011

	<i>Unrealised Valuation at 31 March 2011 £'000</i>	<i>Unrealised Valuation at 31 March 2010 £'000</i>
Meta Vision Systems Limited	999	999
AMG Systems Limited	900	1,036
Business HR Solutions Limited	329	319
Residual Portfolio	423	672
	2,651	3,026

This section describes the business of the largest companies in the portfolio at 31 March 2011 as detailed above.

Meta Vision Systems Limited
 Eynsham
www.meta-mvs.com

Meta Vision Systems Limited (“Meta”) is dedicated to solving machine guidance problems in a cost effective manner using laser vision technology. Meta’s products are predominately used to improve quality and productivity in automated welding. The main advantages of laser guidance systems are functionality, speed and performance. As well as welding with robots and automatic machines, Meta’s systems are suitable for any application that involves finding or following a feature such as a joint, edge or hole to track a seam or locate a reference position.

Meta serves many prestige clients across the globe including Daimler in Germany, Babcock & Wilcox in Canada, all of the “Big Five” pipe manufacturers in India and BSG in China, the leading government owned pipe maker which sets the standards for Chinese pipe manufacturing.

AMG Systems Limited
 Biggleswade
www.amgsystems.co.uk

AMG Systems Limited (“AMG”) is the UK’s leading supplier of optical fibre-based transmission systems for CCTV networks for the growing worldwide security and transportation surveillance market. AMG has a comprehensive and growing product range with many unique benefits. AMG’s client list includes Ben Gurion Airport, New Wembley Stadium, UK and Irish Highways, the UK MOD Whitehall and the Museum of Islamic Arts in Doha.

Business Human Resources Solutions Limited
 London
www.businesshr.com

Business Human Resources Solutions Limited (“BHR”) provides outsourced HR management services and support to clients via the internet and telephone. The company has a uniquely cost effective way of delivering high quality HR advice and risk management that is based on the use of home-working seasoned HR professionals. The company is addressing a potential market of around £250 million per annum through direct sales, agency relationships and strategic partnerships with a diverse range of organisations such as Cambridge University, Avis, Hiscox Insurance and Intellect.

VALUATION OF INVESTMENTS

Initial measurement

Financial assets are initially measured at fair value. The best estimate of fair value of a financial asset that is either quoted or not quoted in an active market is the transaction price (i.e. cost).

Subsequent measurement

The International Private Equity and Venture Capital (IPEVC) Valuation Guidelines identify six of the most widely used valuation methodologies for unquoted investments. The Guidelines advocate that the best valuation methodologies are those that draw on external, objective market based data in order to derive a fair value.

Unquoted Investments

- **Price of recent investment, reviewed for impairment.** This represents the cost of the investment or the price at which a significant amount of new investment has been made by an independent third party adjusted, if necessary, for factors relevant to the background of the specific investment. The value of the investment is assessed for changes or events that would imply impairment to its fair value through comparison of financial, technical and marketing milestones set at the time of investment. Where it is considered that the fair value no longer approximates to the cost of the recent investment an estimated adjustment to the cost, based on objective data, will be made to the investment's carrying value.
- **Earnings multiple.** A multiple that is appropriate and reasonable, given the risk profile and earnings growth prospects of the underlying company, is applied to the maintainable earnings of that company.
- **Net assets.** The value of the business is derived by using appropriate measures to value the assets and liabilities of the investee company.
- **Discounted cash flows of the underlying business.** The present value of the underlying business is derived by using reasonable assumptions and estimations of expected future cash flows and the terminal value, and discounting by applying the appropriate risk-adjusted rate that quantifies the risk inherent in the company.
- **Discounted cash flows from the investment.** Under this method, the discounted cash flow concept is applied to the expected cash flows from the investment itself rather than the underlying business as a whole.
- **Industry valuation benchmarks.** Where appropriate comparator companies can be identified, multiples of revenues may be used as a valuation benchmark.

Discounted cash flows and industry valuation benchmarks are only likely to be reliable as the main basis of estimating fair value in limited situations. Their main use is to support valuations derived using other methodologies and for assessing impairment.

Where an independent third party valuation exists, this will be used as the basis to derive the gross attributable enterprise value of the company. In other cases, the most suitable valuation technique, as set out above, is used to determine this value. This value is then apportioned appropriately to reflect the respective amounts accruing to each financial instrument holder in the event of a sale at that level at the reporting date.

Unquoted investments held in the form of loan investments are valued at fair value using the appropriate methodologies as used for valuing equity investments, these primarily being price of recent investment and discounted cash flows from the investment.

DIRECTORS

Simon Hunt – Non-executive Chairman

Simon Hunt has over 20 years' experience in venture capital and corporate finance, predominantly with technology businesses. He trained as a corporate lawyer, before moving into venture capital management with Gartmore Investment Management Limited, focusing mainly on technology in the US. He later added public company investment banking experience including corporate finance and M&A. Simon has worked with companies at all stages of their development both in the UK and the US. He was, until August 2011, Executive Chairman of IPSO Ventures plc and is currently Non-executive Chairman of GEM Biofuels plc, Non-executive director of AFC Energy plc, as well as a director of a number of private companies.

John Cusins – Executive Director

John Cusins has held a variety of senior posts in the Investment Banking, Insurance and Asset Management sectors. He qualified as a Chartered Accountant with KPMG before moving to UBS, then took the role of Managing Director at Dresdner Bank London. He was part of the private equity group that acquired Pearl Group Limited in December 2004 and has held a number of senior directorial posts in that business.

Panos Loizou – Executive Director (appointed 12 January 2011)

Panos Loizou has held a variety of senior posts in the consulting, industrial and private equity sectors. After a career with OC&C Strategy Consultants and an MBA from IMD he held senior executive positions with Pepsi Cola International and GE. He then took an Operating Principal role at Compass Partners International, a \$1bn private equity fund where he held a number of directorial posts in portfolio companies. Currently he is the Managing Partner of Ariana Capital Partners LLP which is a business advisory firm.

Simon Smith – Executive Director (appointed 8 February 2011)

Simon Smith is a Chartered Accountant with 20 years of experience in the fund management and life insurance sectors, initially in tax management and corporate structuring. He joined Robert Fleming in 1994 after qualifying with Arthur Andersen and joined the Australian life insurance group AMP in 1998. Until October 2010 he was Group Finance Director at LSE listed Phoenix Group Holdings, the closed life fund consolidator having joined in 2005 from Henderson Global Investors following the acquisition of the Pearl life companies.

David Gamble – Non-executive Director (resigned 20 January 2011)

David Gamble was Chief Executive of British Airways Pension Investment Management from 1993 to 2004. He is a director of a number of venture capital and technology investment companies and is a trustee of two large pension funds.

DIRECTORS' REPORT

For the Year Ended 31 March 2011

The directors present their report and audited financial statements of Strathdon Investments Plc (“the Company”) and its Subsidiary undertakings (“the Group”) for the year ended 31 March 2011.

Principal Activity

The Company is a public limited company incorporated and registered in England and Wales. The address of the registered office and principal place of business is 73/75 Mortimer Street, London WC1B 5HJ.

The Company has its sole listing on the AIM Market (AIM) of the London Stock Exchange. The Company’s principal activity is to carry on business as an investment company.

Business Review

A review of the business’s activities over the past 12 months and the outlook for future developments are included within the Chairman’s Statement on pages 5 and 6.

During the year under review, the Group sold one investment in line with its strategy to realise value from its existing portfolio. The Group has also previously indicated that it is not currently seeking to make new investments and is focussing on extracting maximum value out of its existing portfolio.

The Group does not have any employees other than its directors. To maximise efficiency the business and administrative duties of the Group are now conducted by the directors and a consultant with the Board retaining responsibility for the key decisions and matters for approval.

Principal risks, risk management and regulatory environment

The Board believes that the principal risks faced by the Group are:

Investment and Strategic – quality of investee company management teams and monitoring. The risk of not identifying investee underperformance might lead to the Group’s underperformance and poor returns to shareholders.

Liquidity Risk – the Group’s investments may be difficult to realise. The Group invests predominantly in early stage technology businesses; such businesses are inherently riskier than more established companies and the principal risk that the Group faces is that it invests in companies which fail. The Group has repaid its main creditors during the year on realisation of a portion of the investment portfolio and raising of new equity capital. Liquidity to fund the operating costs of the Group’s activities is currently provided through cash proceeds and from anticipated further disposals of unquoted assets.

Regulatory – the Company and Group are required to comply with the Companies Act 2006, the AIM rules and International Financial Reporting Standards. Breach of any of these regulatory rules might lead to suspension of the Company’s AIM listing, financial penalties or a qualified audit report.

Reputational – inadequate or failed controls might result in breaches of regulations or loss of shareholder trust.

Operational – failure of the Group’s accounting systems might lead to an inability to provide accurate reporting and monitoring.

Financial – inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to misreporting or breaches of regulations.

Interest Rate Risk – the Group holds loan investments on which interest is charged over LIBOR and as such is exposed to changes in interest rates.

Foreign Currency Risk – the Group holds two unquoted investments which are based in the USA, but has no other significant foreign exchange exposures.

The risks faced by the Group with regard to interest rates and liquidity are disclosed in note 26 to the financial statements.

The Board seeks to mitigate the internal risks by setting policies, regular review of performance, monitoring progress and compliance. The key performance indicators (see below) are also considered by the Board to assess the Group's performance.

Collection of monthly management accounting information from its investees facilitates regular reviews of investee company performance.

Key Performance Indicators

The principal measure by which the Group measures progress in its performance is the change in Net Asset Value ("NAV"). This is discussed in more detail in the Chairman's statement on pages 5 and 6.

Results & Dividend

The consolidated loss after taxation for the year amounted to £0.21 million (2010: £0.54 million). The Consolidated Statement of Comprehensive Income for the year is set out on page 21.

The Consolidated Statement of Financial Position on page 22 of the financial statements sets out the Group's financial position as at 31 March 2011. The Group held unquoted investments valued at £2.7 million at that date (2010: £3.0 million).

The net asset value per share at 31 March 2011 was 2.86p (2010: 5.15p). The mid-market price per Ordinary share at 31 March 2011 was 2.12p (2010: 2.25p). The transfers to and from reserves are given in the Statement of Changes in Shareholders' Equity on page 24.

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2011 (2010: £nil).

Trade Payables Policy

It is the Group's payment policy to obtain the best terms for all business including purchases of investments and ensuring suppliers are made aware of the terms of payment. It is the company's policy to abide by those agreed terms. There were trade payables of £nil outstanding at 31 March 2011 (31 March 2010: £28,000). The number of trade payables days at the year end was nil (2010: 25).

Donations

There were no political or charitable donations made in the year (2010: none).

Annual General Meeting

Shareholders will find the Notice of the Annual General Meeting on from page 47 of these financial statements.

Substantial Shareholding

At the date of this report, the Company had been notified of the following holdings of 3 per cent. and over of the Company's Ordinary share capital:

	<i>No of Ordinary Shares</i>	<i>%</i>
John Cusins	9,255,354	8.87%
Panos Loizou	9,123,064	8.75%
PERSHING NOMINEES LIMITED	8,586,212	8.23%
Sarah Mclean	8,052,719	7.72%
QVT LLP	6,933,501	6.65%
BNY (OCS) NOMINEES LIMITED	6,798,077	6.52%
Ashok Gupta	6,491,784	6.22%
CHASE NOMINEES LIMITED	6,201,905	5.95%
STATE STREET NOMINEES LIMITED	5,142,697	4.93%
Jamie Brooke	4,930,849	4.73%
FOREST NOMINEES LIMITED	4,500,000	4.31%
Simon Smith	4,500,000	4.31%
BNY MELLON NOMINEES LIMITED	4,000,000	3.83%
Robert Cook	3,500,000	3.36%
DEUTSCHE BANK AKTIENGESELLSCHAFT	3,230,000	3.10%
	<u>91,246,162</u>	<u>87.48%</u>

Directors and their Interests

The directors of the Company at 31 March 2011, their interests and contracts of significance are set out in the Directors' Remuneration Report on page 18.

Independent Auditors

During the year the Company terminated the appointment of Grant Thornton UK LLP and appointed Rawlinson & Hunter to serve as auditors of the Company. A resolution to reappoint Rawlinson & Hunter will be proposed at the Annual General Meeting.

Fund Manager

The arrangements with YFM Venture Finance Limited were terminated in October 2010 and the activities moved back to Strathdon.

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the financial position of the Group and Company and the Group's profit and loss for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Group and Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published at www.strathdoninvestmentsplc.com. The work carried out by the auditors does not involve consideration of the maintenance and integrity of this website and, accordingly, the auditors accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination may differ from legislation in other jurisdictions.

The directors confirm that so far as each director is aware, there is no relevant audit information of which the Group's auditors are unaware; and that each of the directors has taken all the steps that he ought to have taken as a director in order to make himself aware of any information needed by the Group and the Company's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

Statement of Corporate Governance

The directors are responsible for the Group's policy on Corporate Governance. The Board supports the Principles of Good Governance and the Code of Best Practice ("the Combined Code").

Whilst the Group is not required to comply with the provisions of the Combined Code it has chosen to make the following voluntary disclosures. These relate to practice during the year ended 31 March 2011.

Role of the Board

A formal schedule of matters reserved to the Board for decision has been approved. This includes determination and monitoring of the Group's investment objectives and policy and its future strategic direction, gearing policy, management of the capital structure, appointment and removal of third party service providers, review of key investment and financial data and the Group's corporate governance and risk control arrangements.

The Board meets regularly throughout the year. Full and timely information is provided to the Board to enable it to function effectively and to allow directors to discharge their responsibilities.

There is an agreed procedure for directors to take independent professional advice if necessary and at the Company's expense. This is in addition to the access that every director has to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that applicable rules and regulations are complied with and that Board procedures are followed.

The Company indemnifies its directors and officers and has purchased insurance to cover its directors. Neither the insurance nor the indemnity provide cover if the director has acted fraudulently or dishonestly.

Board Composition

At the start of the year the Board consisted of two non-executive directors, including the Chairman, and an executive director. During the year a non-executive director resigned and two executive directors were appointed. The Chairman is the senior independent director.

The independence of the Chairman was assessed on his appointment. Although the Combined Code presumes that the chairman of a company is deemed not to be an independent director, the remaining directors, having considered the nature of the role in this company, are satisfied that Simon Hunt fulfils the criteria for independence as non-executive director. The directors have a breadth of investment, business and financial skills and relevant experience to the Company's business and provide a balance of power and authority, including recent and relevant financial experience. Brief biographical details of each director are set out on page 9.

Meetings and Committees

The Board delegates certain responsibilities and functions to committees.

The table below details the number of Board and Audit Committee meetings attended by each director. During the year there were four formal Board meetings and one Audit Committee meeting and no Nomination Committee or Remuneration Committee meetings.

	<i>Board meetings attended</i>	<i>Audit Committee meetings attended</i>
S D Hunt – non-executive Chairman	10	1
D J Gamble (resigned 20 January 2011)	3	—
J R Cusins	10	—
P Loizou (appointed 12 January 2011)	7	—
S Smith (appointed 8 February 2011)	7	—

Remuneration Committee

The Board has established a Remuneration Committee which is comprised of the Company's Chairman. Details of the Company's Remuneration policy are contained within the Directors' Remuneration Report on page 16. The Remuneration Committee has written terms of reference which define clearly its responsibilities, copies of which are available for inspection on request at the Company's registered office and at the AGM. The Committee has access to external professional advice if required.

Audit Committee

During the financial year the Audit Committee has consisted of the independent non-executive Chairman. The committee meets at least once each year. The directors consider that it is appropriate that the Chairman of the Committee should be Simon Hunt. The members of the Committee consider that they have the requisite skills and experience to fulfil the responsibilities of the Committee.

The Audit Committee reviews the actions and judgments of management in relation to the interim and annual financial statements and reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors.

Representatives of the Group's auditors attend the Committee meeting at which the draft Annual Report and Financial Statements are considered. The directors' statement on the Group's system of internal control is set out below.

The Audit Committee considers the independence and objectivity of the auditors on an annual basis. The Audit Committee considered that the independence and objectivity of the auditors has not been impaired or compromised.

The Audit Committee has written terms of reference which define clearly its responsibilities, copies of which are available for inspection on request at the Company's registered office and at the AGM.

Nomination Committee

The Company has a Nominations Committee which consists of the independent non-executive Chairman. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board.

Relations with Shareholders

The Board regularly monitors the shareholder profile of the Company. It aims to provide shareholders with a full understanding of the Company's activities and performance, and reports formally to shareholders twice a year by way of the Annual Report and the Interim Report. This is supplemented by the daily publication, through AIM, of the Company's share price.

All shareholders have the opportunity, and are encouraged, to attend the Company's Annual General Meeting at which the directors are available in person to meet with and answer shareholders' questions.

The directors may be contacted through the Company Secretary whose details are shown on page 3.

The Company's Annual Report is published in time to give shareholders at least 21 clear days' notice of the Annual General Meeting. Shareholders wishing to raise questions in advance of the meeting are encouraged to write to the Company Secretary at the address shown on page 3. Separate resolutions are proposed for each separate issue. Proxy votes will be counted and the results announced at the Annual General Meeting for and against for each resolution.

Internal Control

The Board has agreed the Company's and the Group's systems of internal control. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide a reasonable and not absolute assurance against material misstatement or loss.

The directors have reviewed the effectiveness of the Company's and the Group's systems of internal control for the year to date of this report. The directors are of the opinion that the Company's and the Group's systems of internal, financial, and other controls are appropriate to the nature of its business activities and methods of operation given the size of the Company.

Corporate Governance and Voting Policy

The board now directly manages all of its investments. The board's policy with respect to each portfolio investment, where possible, is as follows:

The Board is committed to introducing strong corporate governance standards into the companies in which it invests. With this in mind, the Group's investment agreements contain contractual terms specifying the required frequency of management Board meetings and of annual shareholders' meetings, and for representation at such meetings through directors of the Group and where appropriate full board membership of individual portfolio companies. In addition, provision is made for the preparation of regular and timely management information to facilitate the monitoring of investee company performance in accordance with best practice in the private equity sector.

Going Concern

After making due and careful enquiry, the directors have formed a judgement at the time of approving the financial statements that, given the planned realisation programme, there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt a "going concern" basis in preparing the financial statements.

In arriving at their decision to prepare the financial statements on a going concern basis, the directors have reviewed the anticipated income and expenditure of the Group until 30 September 2012 and compared this with the Group's expected cash resources. This included consideration of the anticipated realisation proceeds of the investment portfolio, the timing of the realisation process and the cash flow implications.

Investment policy

The Group holds a portfolio of unquoted investments which are in the process of realisation.

While Strathdon is not currently seeking to invest in new opportunities, it will continue to make follow on investments in some of its portfolio companies and provide management support to the present portfolio. This should enable the focus on realising the maximum value from the portfolio in the near to medium term to be maintained.

The Group has invested in technology companies, primarily in the UK, with a focus on businesses that are applying information technology to areas which include security, engineering, HR and marketing.

All decisions with regard to portfolio companies are discussed at Board meetings.

The Board regularly monitors the performance of the portfolio at each Board meeting held.

Financial instruments

Further information on financial instruments is provided in Note 26 to the financial statements.

Investments made predominantly comprise Ordinary and Preference shares together with fixed and variable rate cumulative unsecured loan stocks or debenture loans. Each investment is valued in accordance with the policy set out on page 8 of this report.

The Group invests in financial assets to provide capital growth for shareholders that can eventually be distributed by way of dividends. Unquoted venture capital investments normally take a number of years to mature and are, by nature, illiquid. Therefore, realised capital gains on these investments are a medium to long-term aim.

Due to the structure of certain investments, preference share redemptions and loan stock repayments may become due during the term of the investment. These are usually at fixed dates, although in some instances the investee company has the option of repaying earlier. In some instances the redemption carries a premium repayment.

Details of financial assets held at 31 March 2011 can be found in the Unquoted Investments section and note 11 to these financial statements.

Conversion of Warrants

Warrants issued following the merger of Strathdon Investments Limited and INVESCO techMARK Enterprise Trust plc in 2004 may now be converted into Ordinary shares. Warrant holders will be entitled to exercise their subscription rights between four and eight weeks following the publication of the Group's interim and annual reports, commencing with the publication of the 2011 Group annual accounts for the financial year ended 31 March 2011.

Warrants will therefore be exercisable between 4 October 2011 and 1 November 2011. The registered holder of a warrant shall have rights to subscribe to one Ordinary share at a subscription price of 36.0p. The share price of Strathdon Investments plc was 2.12p on 31 March 2011.

Warrant holders wishing to convert should notify the Company Secretary at the Group's registered office:

Central Secretarial Nominees Limited
73/75 Mortimer Street
London
W1W 7SQ
no later than 5pm on 1 November 2011.

Events after the balance sheet date

After the balance sheet date the Group has been informed that Episys Limited, one of the Group's portfolio investments, has raised further equity capital at a price below the price used to value the Group's investment. Had the Group valued its shareholding in Episys at this new lower equity price it would have

created an immaterial additional loss for the year of £38,500 and reduced the carrying value of investments by the same amount. Other than this equity raising, there have been no significant events, including investments or realisations, since the balance sheet date.

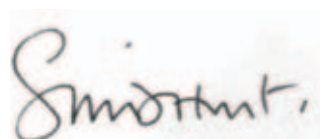
Directors' and Officers' Liability Insurance

The Company has purchased insurance cover to cover directors' and officers' liability, as permitted by Section 233 of the Companies Act 2006.

Auditors

The auditors, Rawlinson & Hunter, will be proposed for re-appointment in accordance with relevant legislation.

This report was approved by the Board on 5 September 2011 and signed on its behalf by:

A handwritten signature in black ink, appearing to read "S D Hunt", is written over a light grey rectangular background.

S D Hunt
Director

DIRECTORS' REMUNERATION REPORT

Companies that have their shares listed on AIM are now required to fully comply with the disclosure requirements of the updated AIM Rule 19 which applies to accounting year ended 31 March 2010 or later.

Share Options

A new share option scheme was put in place at the time of the merger of Strathdon Investments Plc with the Invesco Techmark Enterprise Trust in June 2004 and 2005. Over the six year period from that date, the scheme results in a maximum vesting of options if the annualised growth in NAV per share exceeds 20 per cent., and a zero vesting if growth in NAV per share is below 8 per cent.

No options were granted under the terms of this scheme during the year.

Directors and their Interests

At 31 March 2011 the beneficial interests of the directors in the share capital of the Company (including those of immediate family members) were as follows:

	<i>At 31 March 2011 Warrants</i>	<i>At 31 March 2010 Warrants</i>	<i>At 31 March 2011 Ord Shares</i>	<i>At 31 March 2010 Ord shares</i>
S D Hunt – Chairman	7,318	7,318	2,396	2,396
D J Gamble (resigned 20 January 2011)	—	—	—	—
J R Cusins	—	—	9,255,354	—
P Loizou (appointed 12 January 2011)	—	—	9,123,065	—
S Smith (appointed 8 February 2011)	—	—	9,000,000	—

Brief biographical notes on the directors are given on page 9.

Staff costs are detailed in note 6 to the financial statements. The Group has no employees.

Directors' Remuneration – Audited

Total directors' remuneration for the year amounted to £69,633 (2010: £40,000) of which £12,500 (2010: £15,000) was paid or accrued to individuals for services as directors and £57,133 (2010: £25,000) of which was paid or accrued to third parties in respect of directors' services.

The total fees paid or accruing in respect of individual directors who served during the year were as follows:

	<i>Salary and fees £</i>	<i>2011 Total £</i>	<i>2010 Total £</i>
S D Hunt – Chairman	29,633	29,633	25,000
D J Gamble (resigned 20 January 2011)	12,500	12,500	15,000
J R Cusins	11,250	11,250	—
P Loizou (appointed 12 January 2011)	8,750	8,750	—
S Smith (appointed 8 February 2011)	7,500	7,500	—
	<u>69,633</u>	<u>69,633</u>	<u>40,000</u>

At 31 March 2011 accrued directors remuneration amounted to £60,795 (2010: £60,795) payable to individuals and £23,247 payable to third parties in respect of directors' services (2010: £nil).

It is the Group's policy not to provide any performance emoluments, benefits in kind, any other emoluments or pension contributions to any non-executive director or executive directors. No directors are, or have previously been, entitled to shares under any share option or long-term incentive schemes.

INDEPENDENT AUDITOR'S REPORT

To the Members of Strathdon Investments Plc

We have audited the Group and parent company ("the Company") financial statements (the 'financial statements') of Strathdon Investments Plc for the year ended 31 March 2011, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Group and Company Statements of Changes in Shareholders' Equity, the Consolidated and Company Statement of Cash Flows and their related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Accounting Standards (IFRSs) as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2011 and of the Group's loss for the year then ended; and
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the Company's financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



David Davies

(Senior Statutory Auditor)

for and on behalf of Rawlinson and Hunter
Chartered Accountants and Statutory Auditor
Eighth Floor
6 New Street Square
New Fetter Lane
London EC4A 3AQ

Date: 5 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2011

	<i>Notes</i>	<i>Year ended 31 March 2011 £'000</i>	<i>Year ended 31 March 2010 £'000</i>
Income	3	287	158
Administrative expenses		<u>(191)</u>	<u>(231)</u>
Operating profit/(loss)	4	<u>96</u>	<u>(73)</u>
Realised (loss)/gains on financial assets designated at fair value through profit or loss (net)	11	(71)	69
Unrealised losses on financial assets designated at fair value through profit or loss (net)	11	<u>(231)</u>	<u>(518)</u>
Net movement on investments		<u>(302)</u>	<u>(449)</u>
Loss before finance costs and taxation		(206)	(522)
Finance costs	7	<u>(6)</u>	<u>(13)</u>
Loss before taxation		(212)	(535)
Taxation	8	<u>—</u>	<u>—</u>
Loss for the year attributable to equity shareholders		<u>(212)</u>	<u>(535)</u>
Total comprehensive loss for the year attributable to equity shareholders		<u>(212)</u>	<u>(535)</u>
Basic and diluted loss per share	10	<u>(0.34)p</u>	<u>(1.03)p</u>

The result for the year is wholly attributable to continuing activities.

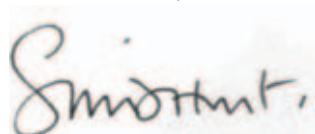
The accompanying notes on pages 27 to 46 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2011

	<i>Notes</i>	<i>31 March 2011 £'000</i>	<i>31 March 2010 £'000</i>
Assets			
Non-current assets			
Financial assets designated at fair value through profit or loss	11	2,322	3,026
Subsidiary acquired exclusively with a view to resale	12	329	—
		<u>2,651</u>	<u>3,026</u>
Current assets			
Trade and other receivables	14	105	57
Cash and cash equivalents	21	402	162
		<u>507</u>	<u>219</u>
Liabilities			
Current liabilities			
Financial liabilities	15	—	(141)
Trade and other payables	16	(178)	(437)
		<u>(178)</u>	<u>(578)</u>
Net current assets/(liabilities)		<u>329</u>	<u>(359)</u>
Total assets less current liabilities		<u>2,980</u>	<u>2,667</u>
Non-current liabilities			
Financial liabilities	17	—	—
Net assets		<u>2,980</u>	<u>2,667</u>
Shareholders' equity			
Share capital	18	3,116	2,591
Share premium account		6,392	6,392
Special reserve		36,290	36,290
Warrant reserve		928	928
Retained earnings		(43,746)	(43,534)
Total Shareholders' equity		<u>2,980</u>	<u>2,667</u>
Basic and diluted net asset value per Ordinary share	19	<u>2.86p</u>	<u>5.15p</u>

The accompanying notes on pages 27 to 46 are an integral part of these financial statements.

The financial statements were approved by the Board of directors on 5 September 2011 and were signed on its behalf by:



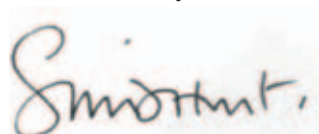
S D Hunt
Chairman

COMPANY STATEMENT OF FINANCIAL POSITION (Registration No: 0726423)
As at 31 March 2011

	<i>Notes</i>	<i>31 March 2011 £'000</i>	<i>31 March 2010 £'000</i>
Assets			
Non-current assets			
Financial assets designated at fair value through profit or loss	11	33	33
Investments in subsidiaries	13	—	—
		<u>33</u>	<u>33</u>
Current assets			
Trade and other receivables	14	279	2,891
Cash and cash equivalents	21	—	89
		<u>279</u>	<u>2,980</u>
Liabilities			
Current liabilities			
Trade and other payables	16	—	(100)
Net current assets		<u>279</u>	<u>2,880</u>
Net assets		<u>312</u>	<u>2,913</u>
Shareholders' equity			
Share capital	18	3,116	2,591
Share premium account		6,392	6,392
Special reserve		36,290	36,290
Warrant reserve		928	928
Retained earnings		(46,414)	(43,288)
Total Shareholders' equity		<u>312</u>	<u>2,913</u>

The accompanying notes on pages 27 to 46 are an integral part of these financial statements.

The financial statements were approved by the Board of directors on 5 September 2011 and were signed on its behalf by:



S D Hunt
Chairman

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 March 2011

<i>Group</i>	<i>Share capital</i> £'000	<i>Share premium account</i> £'000	<i>Special reserve*</i> £'000	<i>Warrant reserve</i> £'000	<i>Retained earnings</i> £'000	<i>Total equity</i> £'000
Balance at 31 March 2009	2,591	6,392	36,290	928	(42,999)	3,202
Loss and total comprehensive income for the period	—	—	—	—	(535)	(535)
Balance at 31 March 2010	2,591	6,392	36,290	928	(43,534)	2,667
Loss and total comprehensive income for the period	—	—	—	—	(212)	(212)
Equity capital raised (Note 18)	525	—	—	—	—	525
Balance at 31 March 2011	<u>3,116</u>	<u>6,392</u>	<u>36,290</u>	<u>928</u>	<u>(43,746)</u>	<u>2,980</u>
<i>Company</i>	<i>Share capital</i> £'000	<i>Share premium account</i> £'000	<i>Special reserve*</i> £'000	<i>Warrant reserve</i> £'000	<i>Retained earnings</i> £'000	<i>Total equity</i> £'000
Balance at 31 March 2009	2,591	6,392	36,290	928	(42,540)	3,661
Loss and total comprehensive income for the period	—	—	—	—	(748)	(748)
Balance at 31 March 2010	2,591	6,392	36,290	928	(43,288)	2,913
Loss and total comprehensive income for the period	—	—	—	—	(3,126)	(3,126)
Equity capital raised (note 18)	525	—	—	—	—	525
Balance at 31 March 2011	<u>3,116</u>	<u>6,392</u>	<u>36,290</u>	<u>928</u>	<u>(46,414)</u>	<u>312</u>

The accompanying notes on pages 27 to 46 are an integral part of these financial statements.

* The special reserve is a distributable reserve

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2011

	<i>Notes</i>	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Net cash outflow from operating activities	20	<u>(191)</u>	<u>(258)</u>
Cash flows from investing activities			
Purchase of financial assets	11	(40)	(12)
Proceeds from sale of financial assets		133	636
Loans to subsidiaries acquired exclusively with a view to resale	12	<u>(20)</u>	<u>—</u>
Net cash from investing activities		<u>73</u>	<u>624</u>
Cash flows used in financing activities			
Repayment of borrowings		(141)	(300)
Interest paid		(6)	(6)
Net proceeds from equity fund raising	18	<u>505</u>	<u>—</u>
Net cash from/(used by) financing activities		<u>358</u>	<u>(306)</u>
Net increase in cash and cash equivalents		240	60
Cash and cash equivalents at beginning of the year		<u>162</u>	<u>102</u>
Cash and cash equivalents at the end of the year	21	<u><u>402</u></u>	<u><u>162</u></u>

COMPANY STATEMENT OF CASH FLOWS
For the year ended 31 March 2011

	<i>Notes</i>	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Net cash (outflow)/inflow from operating activities	20	<u>(594)</u>	<u>42</u>
Cash flows used in investing activities			
Purchase of financial assets	11	<u>—</u>	<u>(12)</u>
Net cash used in investing activities		<u>—</u>	<u>(12)</u>
Net proceeds from equity fund raising		<u>505</u>	<u>—</u>
Net cash used in financing activities		<u>505</u>	<u>—</u>
Net (decrease)/increase in cash and cash equivalents		<u>(89)</u>	<u>30</u>
Cash and cash equivalents at beginning of the year		<u>89</u>	<u>59</u>
Cash and cash equivalents at the end of the year	21	<u><u>—</u></u>	<u><u>89</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

1. Principal Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a going concern basis and in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

After making due and careful enquiry, the directors have formed a judgement at the time of approving the financial statements that, given the planned realisation programme, there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt a “going concern” basis in preparing the financial statements.

In arriving at their decision to prepare the financial statements on a going concern basis, the directors have reviewed the anticipated income and expenditure of the Group until 30 September 2012 and compared this with the Group’s expected cash resources. This included consideration of the anticipated realisation proceeds of the investment portfolio, the timing of the realisation process and the cash flow implications.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial assets which have been measured at fair value through profit or loss. The consolidated financial statements are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The financial statements are prepared in accordance with IFRSs and interpretations in force at the reporting date. The following new standards and amendments to standards are mandatory for the financial year commencing 1 April 2010.

IFRS 3 Business Combinations (revised) – The revised standard is required to be adopted for any acquisitions made in the year but had no impact on these financial statements.

IFRS 7 (revised) Financial Instruments Disclosure – The amendment requires enhanced disclosure of fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of hierarchy, further details which can be found in Note 26.

IAS 24 (revised) Related Party Disclosures – This revision is in response to concerns that the previous disclosure requirements and the definition of a related party were too complex and difficult to apply in practice, especially in environments where government control is pervasive. The Group has adopted the revised IAS 24 in these financial statements.

International Financial Reporting Standards in issue but not yet effective

At the date of authorisation of these consolidated financial statements, the International Accounting Standards Board (“IASB”) and International Financial Reporting Interpretations Committee (“IFRIC”) have issued the following standard, which is effective for annual accounting periods beginning on or after the stated effective date.

As part of the IASB’s preparation to replace IAS 39 “Financial Instruments: Recognition and Measurements”, in November 2009, the IASB issued the first phase of IFRS 9 “Financial Instruments”, dealing with the classification and measurement of financial assets. In October 2010, the IASB updated IFRS 9 by incorporating the requirements for the accounting for financial liabilities. The new standard is effective for annual periods beginning on or after 1 January 2013 with transitional arrangements depending on the date of initial application. The Group has not yet decided the date of adoption of this standard and has not yet completed its evaluation of the effect of adoption. The new standard has not yet been adopted by the EU.

Other standards, amendments and interpretations have been issued but are not yet effective, and are not expected to have a material effect on the reported income or net assets of the Group. These are not referred to above.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those used to determine the fair value of investments at fair value through the profit or loss.

The fair value of investments at fair value through the profit or loss is determined by using valuation techniques. As explained above, the Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions at each balance sheet date. A detailed explanation of the valuation policies of the Group is included on page 8.

As explained above, a critical judgement made by the directors is the preparation of the financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Strathdon Investments plc and its subsidiaries.

Under IAS 27, 'Consolidated and separate financial statements', control is presumed to exist when the parent owns, directly or indirectly, more than half of the voting power by a number of means. The Company or Group does not hold more than 50 per cent. of the total equity of any of the companies within the investment portfolio except for Business Human Resources Solutions Limited which is accounted for as a subsidiary acquired exclusively with a view to resale under IFRS 5.

The Group does not control any other of the companies held as part of the investment portfolio through the exercise of voting rights or other means. It is not considered that any of the holdings represent investments in subsidiary undertakings.

Although the Group holds more than 20 per cent. of the equity of certain companies, the investments are held as part of the investment portfolio. Accordingly, as permitted by IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', these have been accounted for as investments held at fair value through profit or loss as described below.

Subsidiaries not held exclusively with a view to resale are consolidated from the date of acquisition when the Group obtains control and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting year during which the Group has control.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company using accounting policies applicable under International Financial Reporting Statements (IFRS). Where necessary appropriate adjustments are made to the subsidiary financial statements in preparing the consolidated financial statements.

All intra-group balances and transactions, income and expenses and profit and losses from intra-group transactions are eliminated in full unless an intra-group loss provides evidence of an impairment in the assets transferred.

Functional currency

The functional and presentation currency of Strathdon Investments plc and its subsidiaries is the pound sterling (£). All subsidiaries within the Group are UK resident. Investments denominated in US dollars are reported, as with all investments, at fair value through profit or loss. The exchange rate used is that prevailing at the reporting period date.

Any exchange differences on investments held at fair value arising on currencies other than the presentation currency between reporting periods are reported through the Statement of Comprehensive Income as part of the fair value gain or loss.

Transactions denominated in a foreign currency are translated into sterling at the rates of exchange ruling at the date of the transaction. Assets are translated into sterling at rates of exchange ruling at the reporting period date. Any differences are taken to the Statement of Comprehensive Income in the period in which they arise.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, stated net of value added tax and is earned within the United Kingdom as follows:

- Management fee income represents fees for the provision of fund management services and is recognised in the Statement of Comprehensive Income in line with applicable service contracts evenly over the period the service is provided.
- Dividends are brought into account when the Group's right to receive payment is established. Fixed returns on non-equity shares 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.
- Other income is recognised on an accruals basis.
- Loan interest income represents interest receivable on the Group's loan investments and is recognised on an accruals basis, provided there is no reasonable doubt that the payment will be received.

Expenses

Expenses are accounted for on an accruals basis.

Financial assets held at fair value through profit or loss

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term.

Purchases and sales of financial assets at fair value through profit or loss are recognised on the trade date, being the date the Group commits to purchase or sell the asset to the market. A financial asset is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Financial assets designated as at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis, in accordance with the documented investment strategy of the Group. Information about these financial assets is provided internally on a fair value basis to the Group's key management. The Group's investment strategy is to invest cash resources in venture capital investments as part of the Group's long-term capital growth strategy. Consequently, all investments are classified as held at fair value through profit or loss.

Transaction costs on purchases are expensed immediately through the Statement of Comprehensive Income in accordance with IFRS.

All investments are measured at fair value with gains and losses arising from changes in fair value being included in the Statement of Comprehensive Income as gains or losses on investments held at fair value. On sale, the realised gain or loss calculated by reference to the proceeds less carrying value is recognised in the Statement of Comprehensive Income.

The fair value of quoted investments is determined by reference to market bid prices at the close of business on the balance sheet date.

Unquoted investments are valued in accordance with IAS 39 'Financial Instruments: Recognition and measurement' and where appropriate the International Private Equity and Venture Capital Valuation ("IPEVCV") Guidelines. The investment valuations in the financial statements for the year ended 31 March 2011 were made in accordance with IAS 39 and the IPEVC guidelines. A detailed explanation of the valuation policies of the Group is included on page 8.

Subsidiaries acquired exclusively with a view to resale

Subsidiary acquired exclusively with a view to resale is a disposal group and as per IFRS 5 (paragraph 32) will meet the definition of a discontinued operation. The group has adopted the short-cut method according to IFRS 5. They are initially measured at fair value less costs to sell. At each subsequent reporting date, they are measured to the lower of initial carrying amount and fair value less costs to sell. The net change in the subsidiaries' carrying value is the single figure result that is reported in discontinued operations in accordance with paragraph 33 of IFRS 5.

The fair value of subsidiaries acquired exclusively with a view to resale is determined using similar valuation methodologies as those used to value the unquoted investments held at fair value through profit and loss as noted above on this page.

Financial liabilities

Financial liabilities, including borrowings and trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. All interest related charges are included within finance costs in profit or loss.

Trade and other receivables

Trade and other receivables are initially recognised at fair value then subsequently measured at amortised cost using the effective interest method, less provision for impairment. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Discounting is omitted where the effect of discounting is immaterial.

Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of 3 months or less.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above net of outstanding bank overdrafts, if any.

Taxation

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss except where it relates to an item recognised directly in equity in which case the related tax is also recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using rates enacted or substantively enacted at the balance sheet date and any adjustments in respect of prior years. Deferred tax is provided, using the balance sheet liability method.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes with the following exceptions:

- Where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Segmental Reporting

The directors are of the opinion that the Group has engaged in a single class of business being that of investing in equity and debt securities and therefore no additional segmental reporting is provided. An analysis of income is given in note 3 below.

Geographical segments are considered to be the secondary reporting segment. The majority of investment income and expenses is derived from one geographical segment being that of the United Kingdom. The proportion derived from outside the UK is not considered to be significant and consequently an analysis has not been provided. An analysis of investments and the remaining assets and liabilities of the Group by geographical segment has not been given, as no significant items are held outside the UK.

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using the Black-Scholes pricing model. In valuing equity settled transactions, no account is taken of any vesting conditions other than the conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and the management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity investments that will ultimately vest in or, in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the Statement of Comprehensive Income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of modification. No reduction is recognised if this difference is negative.

When an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Statement of Comprehensive Income for the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Statement of Comprehensive Income.

Investments in subsidiaries

Investments in subsidiaries are accounted for in accordance with IAS 27.

2. Parent Company Statement of Comprehensive Income

Strathdon Investments plc has taken advantage of the exemption under Section 408 of the Companies Act 2006 not to publish a parent company only Statement of Comprehensive Income.

The amount of loss dealt with in the accounts of the parent company for the year ended 31 March 2011 is £3,126,000 (year ended 31 March 2010: loss of £748,000).

3. Income

	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Income from investments:		
Dividends from unquoted companies	—	132
Interest on loans to unquoted companies	9	13
Income from investments held at fair value through profit or loss	9	145
Other income	278	13
Interest on deposits	—	—
Total income	287	158

All dividends in 2010 relate to one investment.

4. Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Fund management fees	39	96
Administration fees	16	27
Other expenses:		
Directors' remuneration (see note 5)	70	40
Auditors' remuneration:		
audit fees	18	19
taxation services	2	4

The total remuneration payable to YFM Venture Finance Limited in the year for fund management and administration was £55,000 (2010: £123,000). At 31 March 2011 a total of £57,000 was due to YFM Venture Finance Limited (2010: £222,000).

5. Directors' remuneration

The details of directors' remuneration are set out in the audited section of the Directors' Remuneration Report on page 18.

6. Staff costs

The Group has no employees. (The average staff number, excluding directors, was nil at both 31 March 2011 and 31 March 2010).

7. Finance costs

	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Bank interest on loans and overdrafts	6	13

8. Taxation

The tax charge is made up as follows:

	2010 £'000	2009 £'000
Current tax:		
UK Corporation tax	—	—
Tax overpaid in previous years	—	—
Total current tax	—	—
Deferred tax:		
Origination and reversal of temporary differences	—	—
Total deferred tax	—	—
Tax charge	—	—

Factors affecting current tax charge

	2011 £'000	2010 £'000
Loss before taxation	(212)	(535)
Loss before taxation multiplied by standard rate of corporation tax in UK of 28% (2010: 28%)	(59)	(150)
Effect of:		
Non-taxable income	(15)	(37)
Capital allowances in excess of depreciation	—	(1)
Loss on disposal and unrealised loss on revaluation of equity investments	100	125
Unrelieved losses	177	63
Utilisation of tax losses	(203)	—
Tax on loss on ordinary activities	—	—

Factors that may affect future tax charges

A potential deferred tax asset of £12,108,000 (2010: £10,245,000) in respect of capital and other losses has not been recognised as it is not anticipated that these losses will be fully utilised in the foreseeable future.

9. Dividends

No dividends are proposed in respect of the year ended 31 March 2011 (31 March 2010: £nil).

10. Basic and Diluted Loss per share

The loss per share is based on net loss from ordinary activities after tax of £212,000 (2010: £535,000) and on 62,892,399 (2010: 51,817,057) shares, being the weighted average number of shares in issue during the year.

The share options within the Employee Share Option Scheme and the warrants exercisable at 36p per share are considered to be non-dilutive potential Ordinary shares. The Company has no other securities that would have a dilutive effect in either period and hence the basic and diluted loss per share are the same.

11. Financial assets designated at fair value through profit or loss

Effective from 1 April 2009 the Group adopted the amendment to IFRS 7 regarding financial instruments that are measured in the Statement of Financial Position at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1: quoted prices in active markets for identical assets or liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices

represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1 and comprise quoted investments classified as held at fair value through profit or loss. The Group holds no such instruments in the current or prior year.

- Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Group holds no such instruments in the current or prior year.
- Level 3: the fair value of financial instruments that are not traded in an active market (for example, investments in unquoted companies) is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between these classifications in the period (2010: none), and the movement in Level 3 instruments is disaggregated below. The change in fair value for the current and previous year is recognised in profit or loss.

All items held as fair value through profit or loss were designated as such upon initial recognition. Movements in financial assets at fair value through profit or loss during the year to 31 March 2011 are summarised as follows:

<i>IFRS 7 measurement classification</i>	<i>Level 3 Unquoted Equity Investments £'000</i>	<i>Level 3 Unquoted Loan Investments £'000</i>	<i>Total Investments £'000</i>
Group			
Opening cost	12,233	3,789	16,022
Opening unrealised loss	(9,503)	(3,493)	(12,996)
Opening valuation	2,730	296	3,026
Additions at cost	40	—	40
Disposal proceeds	(48)	(85)	(133)
Redesignated as held for sale	(309)	—	(309)
Net (loss) realised on disposal	(14)	(57)	(71)
Changes in fair value in the year	(107)	(124)	(231)
Closing valuation	2,292	30	2,322
Closing cost	10,055	3,533	13,588
Closing unrealised loss	(7,763)	(3,503)	(11,266)
Closing valuation	2,292	30	2,322

Movements in financial assets at fair value through profit or loss for the Group during the year to 31 March 2010 are summarised as follows:

<i>IFRS 7 measurement classification</i>	<i>Level 3 Unquoted Equity Investments £'000</i>	<i>Level 3 Unquoted Loan Investments £'000</i>	<i>Total Investments £'000</i>
Group			
Opening cost	12,243	4,334	16,577
Opening unrealised loss	(9,062)	(3,416)	(12,478)
Opening valuation	3,181	918	4,099
Additions at cost	12	—	12
Disposal proceeds	(18)	(618)	(636)
Net profit /(loss) realised on disposal	(4)	73	69
Changes in fair value in the year	(441)	(77)	(518)
Closing valuation	2,730	296	3,026
Closing cost	12,233	3,789	16,022
Closing unrealised loss	(9,503)	(3,493)	(12,996)
Closing valuation	2,730	296	3,026

The movements in Level 3 instruments, as defined earlier in this note, are summarised below.

	<i>Level 3 £'000</i>	<i>Total £'000</i>
Opening fair value at 1 April 2010	3,026	3,026
Additions at cost	40	40
Disposal proceeds	(133)	(133)
Redesignated as held for sale	(309)	(309)
Net loss on disposal	(71)	(71)
Change in fair value in the year on assets held at 31 March 2010	(231)	(231)
Closing fair value at 31 March 2011	2,322	2,322

The total of fair value adjustments below cost made against unquoted investments at 31 March 2011 amounted to £13,034,000 (2010: £14,248,000).

Movements in financial assets at fair value through profit or loss during the year to 31 March 2011 and 2010 for the Company's are summarised as follows:

	<i>2011 Unquoted Equity Investments £'000s</i>	<i>2010 Unquoted Equity Investments £'000s</i>
Company		
Opening cost	1,226	1,214
Opening unrealised loss	(1,193)	(1,193)
Opening valuation	33	21
Additions at cost	—	12
Changes in fair value in the year	—	—
Closing valuation	33	33
Closing cost	874	1,226
Closing unrealised loss	(841)	(1,193)
Closing valuation	33	33

Significant interests

At 31 March 2011 the Group held a significant holding of at least 20 per cent. of equity in the following companies:

<i>Company Name</i>	<i>% held</i>	<i>Accounts made up to</i>	<i>Capital and Reserves £'000</i>	<i>Profit/(loss) after tax £'000</i>	<i>Registered office</i>
AMG Systems	21.9%	31 Dec 10	1,663	240	Brigham House, Biggleswade, Bedfordshire, SG18 0LD
Intracite	40.4%	31 Oct 10	3	(23)	35 Station Approach, West Byfleet, Surrey, KT14 6NF
Meta Vision Systems	40.3%	31 Dec 10	94	185	Unit 3 Oakfield Industrial Est, Eynsham, OX29 4TH
Stratexec	20%	30 Jun 10	(162)	15	The Mill House, Iden Rye, East Sussex, TN31 7PT

The capital and reserves and profit/(loss) after tax for the year shown above are extracted from the UK GAAP accounts of the investee companies.

The Group has the proportion of each class of share as follows:

<i>Company Name</i>	<i>Principal activity</i>	<i>No of shares</i>	<i>Class of shares held</i>	<i>Percentage of class held by the Company</i>
AMG Systems Ltd	Fibre-optic CCTV	616,702	A Ord	73.1%
Intracite	IT Services	1,578,360	A Ord	100.0%
Meta Vision Systems	Machine vision systems	3,979,899	Ord	46.2%
Meta Vision Systems	Machine vision systems	700,000	Prefs	100.0%
Meta Vision Systems	Machine vision systems	348,481	B Prefs	100.0%
Meta Vision Systems	Machine vision systems	1,100,000	D Ords	100.0%
Stratexec	Dormant	60,000	Preferred	33.3%
Stratexec	Dormant	20	Ords	20%

12. Subsidiaries acquired exclusively with a view to resale

Group

As at March 2010, the Group had invested £763,000 in Business HR Solutions Limited which was fair valued at £319,000. In January 2011, the Group set up a 100 per cent. owned subsidiary, Anthius Limited, which acquired the trade and assets of Business HR Solutions Limited for £66,000. 7.5 per cent. was sold to a third party in January 2011. Therefore at 31 March 2011, the Group had 92.5 per cent. interest in Anthius Limited. Anthius Limited subsequently changed its name to Business Human Resources Solutions Limited ("BHR") in January 2011.

This investment was acquired exclusively with a view to resale. BHR is a UK company engaged in outsourced HR. This investment is measured at fair value at the year end using the short-cut method as allowed by IFRS 5.

<i>IFRS 7 measurement classification</i>	<i>Level 3 Unquoted Equity Investment £'000</i>	<i>Total Unquoted Equity Investment £'000</i>
Redesignated from held at fair value	309	309
Loans advanced in the year	20	20
Fair value at 31 March 2011	329	329

13. Investments in subsidiaries

Company

Strathdon Investments plc holds 100 per cent. of the issued Ordinary share capital of Strathdon Holdings Limited. Strathdon Holdings Limited in turn holds the entire issued share capital of Strathdon Management Limited. The results of these subsidiaries have been consolidated into the Group results of Strathdon Investments plc.

The Company's investment in the shares of its subsidiary companies is set out below:

	<i>£'000</i>
At 31 March 2011 and 31 March 2010	
Cost	8,238
Provision against Strathdon Holdings Limited	(8,238)
Net book value	<u>—</u>

14. Trade and other receivables

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Amounts receivable within one year:				
Trade receivables	—	37	—	—
Amounts owed by group companies	—	—	279	2,882
Prepayments and accrued income	24	8	—	9
Other debtors	81	12	—	—
	<u>105</u>	<u>57</u>	<u>279</u>	<u>2,891</u>

Trade receivables are assessed for impairment when older than 60 days. As of 31 March 2011 there were £nil of trade receivables older than 60 days but not provided against (2010: £26,000).

As of 31 March 2011, trade receivables of £nil (2010: £40,000) were impaired and provided for. The carrying amounts of the Group's trade and other receivables are denominated in sterling. The Group's maximum exposure to credit risk at the reporting date in respect of trade and other receivables is £nil (2010: £57,000). The Group does not hold any collateral as security.

Movements in the Group's provision for impairment of receivables was as follows:

	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>
Opening provision	40	169
Written off	—	—
Release for the year	(40)	(129)
Closing provision	<u>—</u>	<u>40</u>

The Company balance sheet includes no provision for impairment of trade receivables in either year.

The credit quality of trade and other receivables reflects that of the investment portfolio i.e. non-investment grade. Credit risk in relation to the Group's banking arrangements is considered in note 26.

15. Financial liabilities

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Amounts payable within one year:				
Bank loan	—	—	—	—
Other loans	—	141	—	—
	<u>—</u>	<u>141</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>141</u>	<u>—</u>	<u>—</u>

The bank loan facility was repaid in the previous year.

16. Trade and other payables

	<i>Group</i>		<i>Company</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Amounts payable within one year:				
Trade payables	—	28	—	19
Other taxation and social security	—	—	—	—
Other creditors	—	98	—	—
Accruals and deferred income	178	311	—	81
	<u>178</u>	<u>437</u>	<u>—</u>	<u>100</u>
	<u>178</u>	<u>437</u>	<u>—</u>	<u>100</u>

17. Loans

The Group does not have any outstanding loan amounts owing.

18. Called-up share capital

	<i>Ordinary Shares</i>		<i>Deferred Shares</i>		<i>Total</i>	
	<i>Number</i>	<i>£'000</i>	<i>Number</i>	<i>£'000</i>	<i>Number</i>	<i>£'000</i>
At 1 April 2010	51,817,057	2,591	—	—	51,817,057	2,591
Sub-division of 5p Ordinary shares into one 1p Ordinary and four 1p deferred shares	—	(2,073)	207,268,228	2,073	207,268,228	—
Additional issue of 1p Ordinary shares during the year	52,500,000	525	—	—	52,500,000	525
At 31 March 2011	<u>104,317,057</u>	<u>1,043</u>	<u>207,268,228</u>	<u>2,073</u>	<u>311,585,285</u>	<u>3,116</u>

On 12 January 2011, the Company passed an ordinary resolution, by which the 51,817,057 issued Ordinary shares of 5p each in the capital of the Company be subdivided and re-designated into 1 Ordinary share of 1p each and 4 deferred shares of 1p each. Pursuant to an ordinary resolution passed on the same date, the Company issued a further 52,500,000 Ordinary shares of 1p each at par.

Holders of Ordinary shares have the right to attend and vote at general meetings of the Company and are entitled to participate *pro rata* in any dividend or other distribution of Company profits. Holders of deferred shares do not have the right to attend and vote at general meetings of the Company and have no rights to receive any dividend or other distribution.

On a return of capital or liquidation or otherwise, the assets of the Company available for distribution amongst the shareholders shall be allocated first to the Ordinary shareholders up to a value of the paid up amount per Ordinary share plus an additional £10 on each Ordinary share. The deferred shareholders shall then receive an amount equal to the paid up value of each deferred share. The remaining assets shall then be allocated *pro rata* to the Ordinary shareholders.

19. Net asset value per Ordinary share

The net asset value per Ordinary share is calculated on attributable assets of £2,980,000 (2010: £2,667,000) and 104,317,057 Ordinary shares (2010: 51,817,057) in issue at the year end.

The share options within the Employee Share Option Scheme and the warrants exercisable at 36p per share are considered to be non-dilutive potential Ordinary shares. The Company has no other securities that would have a dilutive effect in either period and hence the basic and diluted net asset value per share are the same.

20. Reconciliation of Loss before Taxation to Net Cash (Outflow)/Inflow from Operating Activities

	<i>Group</i>		<i>Company</i>	
	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Loss before tax	(212)	(535)	(3,126)	(748)
(Loss)/gain on realisation of investments in the year	71	(69)	—	—
Loss on revaluation of investments in the year	231	518	—	—
Finance costs	6	13	—	—
(Increase)/decrease in receivables	(48)	5	2,612	903
Share issue costs	20	—	20	—
Decrease in payables	(259)	(190)	(100)	(113)
Net cash (outflow)/inflow from operating activities	(191)	(258)	(594)	42

21. Analysis of changes in Cash and Cash Equivalents

	<i>31 March</i> <i>2010</i> <i>£'000</i>	<i>Cash</i> <i>flow</i> <i>£'000</i>	<i>Other</i> <i>non cash</i> <i>changes</i> <i>£'000</i>	<i>31 March</i> <i>2011</i> <i>£'000</i>
	Group:			
Cash and cash equivalents	162	240	—	402
	<i>31 March</i> <i>2010</i> <i>£'000</i>	<i>Cash</i> <i>flow</i> <i>£'000</i>	<i>Other</i> <i>non cash</i> <i>changes</i> <i>£'000</i>	<i>31 March</i> <i>2011</i> <i>£'000</i>
Company:				
Cash and cash equivalents	89	(89)	—	—

22. Financial commitments

At 31 March 2011 there were no contingent liabilities in respect of uncalled investment commitments (2010: £nil).

23. Related Party Transactions

The emoluments of the following directors which form part of the directors' remuneration as disclosed on page 18 are paid to companies controlled by the directors:

S D Hunt (£29,633)	Cornerstone Capital Limited
P Loizou (£8,750)	Ariana Capital Partners LLP
S Smith (£7,500)	Simon Smith Consulting Limited
J Cusins (£11,250)	JRC Business Consulting Limited

Transactions that took place between the Company and its subsidiaries during the year are as follows:

	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Charges/(credits) by the Company to its subsidiaries:		
VAT (received)/paid on behalf of subsidiaries	(3)	7
Intercompany loan	(2,600)	(522)
Cash received on disposal of investments held by subsidiaries	—	(382)
Decrease in intercompany balance	<u>(2,603)</u>	<u>(897)</u>
Net balances due from subsidiaries outstanding at the year end	<u>279</u>	<u>2,882</u>

Intercompany loans have been provided against so the intercompany receivable in the Company does not exceed the net assets attributable to each of its subsidiaries.

The Company's subsidiary, Strathdon Management Limited, charged a total of £208,000 to the Company (£103,000) and Strathdon Holdings Limited (£105,000), for management services.

Income receivable, consisting of management fees, dividends and interest on loans credited to the Statement of Comprehensive Income in respect of the investee companies of the Company or its subsidiaries for the year were as follows:

	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Meta Vision Systems Limited ('Meta')	18	9
AMG Systems Limited ('AMG')	160	145
Intouch with Health Limited	32	—
Business HR Solutions Limited	48	4
Business Human Resources Solutions Limited ('BHR')	6	—
	<u>264</u>	<u>158</u>

At the year end legal fees of £8,106 were recoverable from Meta. Management fees of £6,000 was due from BHR, £3,750 was due from AMG and £6,600 was due from Meta. These are included in Trade and Other Receivables and are considered to be recoverable.

24. Directors and Key Management Compensation

Aggregate compensation for key management, being the directors, was as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>	<i>2011</i> <i>£'000</i>	<i>2010</i> <i>£'000</i>
Short Term Employee benefits	70	40	37	40

25. Events after the balance sheet date

After the balance sheet date the Group has been informed that Episys Limited, one of the Group's portfolio investments, has raised further equity capital at a price below the price used to value the Group's investment. Had the Group valued its shareholding in Episys at this new lower equity price it would have created an immaterial additional loss for the year of £38,500 and reduced the carrying value of investments by the same amount. Other than this equity raising, there have been no significant events, including investments or realisations, since the balance sheet date.

26. Financial Instruments

The Group has no derivative financial instruments and has no financial asset or liability for which hedge accounting has been used in either year. The Group classifies its financial assets as either fair value through profit or loss or loans and receivables.

The investments are valued in accordance with the policy stated on page 8. It is the directors' opinion that the carrying value of trade receivables and trade payables approximates their fair value due to their short term maturity. Therefore, the directors consider all assets to be carried at a valuation which equates to fair value.

Investments are made in a combination of equity and fixed rate financial instruments so as to provide potential future capital growth.

In accordance with IAS 39, the Group has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain criteria set out in the standard. No embedded derivatives have been identified by the Group.

The accounting policies for financial instruments have been applied to the items below:

Group

<i>Assets as per balance sheet</i>	<i>2011</i>		<i>2010</i>	
	<i>Loans and receivables £'000</i>	<i>Assets at fair value through profit or loss £'000</i>	<i>Loans and receivables £'000</i>	<i>Assets at fair value through profit or loss £'000</i>
Cash	402	—	162	—
Trade and other receivables	105	—	57	—
Investments at fair value through profit or loss	—	2,322	—	3,026
Total Financial Instruments	507	2,322	219	3,026

Group

<i>Liabilities as per balance sheet</i>	<i>2011</i>		<i>2010</i>	
	<i>Other financial liabilities £'000</i>		<i>Other financial liabilities £'000</i>	
Bank loan	—		—	
Other loans	—		141	
Trade and other payables	178		437	
Total Financial Instruments	178		578	

Company

<i>Assets as per balance sheet</i>	<i>2011</i>		<i>2010</i>	
	<i>Loans and receivables £'000</i>	<i>Assets at fair value through profit or loss £'000</i>	<i>Loans and receivables £'000</i>	<i>Assets at fair value through profit or loss £'000</i>
Cash	—	—	89	—
Trade and other receivables	279	—	2,891	—
Investments at fair value through profit or loss	—	33	—	33
Total Financial Instruments	279	33	2,980	33

Company

	2011 Other financial liabilities £'000	2010 Other financial liabilities £'000
<i>Liabilities as per balance sheet</i>		
Trade and other payables	—	100
Total Financial Instruments	<u>—</u>	<u>100</u>

Assets classified as fair value through profit or loss were designated as such upon initial recognition. The Group has not reclassified financial assets between any of the categories detailed in IAS 39, either in current or prior periods.

The maturity of the Group's liabilities is as follows:

Group

	2011 £'000			2010 £'000		
	< 1 Year	1-2 Years	2-3 Years	< 1 Year	1-2 Years	2 -3 Years
Loans	—	—	—	141	—	—
Trade and other payables	178	—	—	437	—	—
	<u>178</u>	<u>—</u>	<u>—</u>	<u>578</u>	<u>—</u>	<u>—</u>

Company

	2011 £'000			2010 £'000		
	< 1 Year	1-2 Years	2-3 Years	< 1 Year	1-2 Years	2 -3 Years
Trade and other payables	—	—	—	100	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>100</u>	<u>—</u>	<u>—</u>

At 31 March 2011 and 31 March 2010, the financial assets, by value, comprised:

Group

	2011		2010	
	£'000	%	£'000	%
Investment held at fair value				
Ordinary shares	1,592	53.4	1,820	68.3
Loan stock	30	1.0	209	7.8
Preferred Ordinary Shares	700	23.5	997	37.4
	<u>2,322</u>	<u>77.9</u>	<u>3,026</u>	<u>113.5</u>
Subsidiary acquired exclusively with a view to resale	329	11.1	—	—
Cash and cash equivalents	402	13.5	162	6.1
Other loans	—	—	(141)	(5.3)
Other financial assets	105	3.5	57	2.1
Other financial liabilities	(178)	(6.0)	(437)	(16.4)
	<u>2,980</u>	<u>100.0</u>	<u>2,667</u>	<u>100.0</u>

Company

	2011		2010	
	£'000	%	£'000	%
Investment held at fair value				
Ordinary shares	33	10.6	33	1.1
Loan stock	—	—	—	—
Preferred Ordinary Shares	—	—	—	—
	<u>33</u>	<u>10.6</u>	<u>33</u>	<u>1.1</u>
Cash and cash equivalents	—	—	89	3.1
Other financial assets	279	89.4	2,891	99.2
Other financial liabilities	—	—	(100)	(3.4)
	<u>312</u>	<u>100.0</u>	<u>2,913</u>	<u>100.0</u>

The Group's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Group is exposed are market risk, credit risk and liquidity risk. The nature and extent of the financial instruments outstanding at the risk management policies employed by the Group are discussed below.

(a) *Market Risk*

Equity Price Risk

The Group invests in new and expanding businesses, the shares of which may not be traded on the stock market. Consequently, exposure to market factors, in relation to many investments, stems from market based measures that may be used to value unlisted investments.

The market also defines the value at which investments may be realised. Returns are therefore maximised when investments are bought or sold at appropriate times in the economic cycle.

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Group's investment objectives. It represents the potential loss that the Group might suffer through holding market positions in the face of market movements.

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as fair value through profit or loss. The Company is not exposed to commodity price risk.

To manage price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board.

None of the Group's equity investments are traded on AIM. Therefore the Group is not exposed to changes in stock market prices.

100 per cent. of the Group's equity investments are in unquoted companies held at fair value. The valuation methodology for these investments includes the application of externally produced indices, normally the Private Company Price Index. This is based on the Price/Earnings ratios of private companies that have recently been sold. Therefore the value of the unquoted element of the portfolio is also indirectly affected by price movements on the listed exchanges which may be factored into the sale prices of other businesses. Investments have been valued in line with the valuation guidelines described on page 7. Those using an earnings multiple methodology include judgements regarding the level of discount applied to that multiple. A 10 per cent. decrease in the discount applied would have increased the net assets attributable to the Group's Shareholders and reduced the total loss for the year by £182,000 (6.1 per cent. of net assets).

An equal change in the opposite direction would have decreased net assets attributable to the Group's Shareholders and increased the total loss for the year by an equal amount.

Interest Rate Risk

The Group's investments include £30,000 of loan stock in unquoted companies. An element of the loan stock is at fixed rates to guard against fluctuations in interest rates. The Group has some exposure to interest rates as a result of interest earned on bank deposits and interest payable on the bank facility.

At 31 March 2011 the Group had no outstanding bank loan (2010: £nil).

The Group had no other loans outstanding at the year end (2010: £141,000). Interest is no longer accruing on this loans at the year end (2010: stepped fixed rate of 9 per cent.).

The Group has £nil (2009: £nil) of variable rate loan stock in unquoted companies.

Other financial assets, being accrued income and other debtors, and other financial liabilities, being accrued expenses, attract no interest and have an expected maturity date of less than 1 year.

	2011		2010	
	<i>Weighted average interest rate</i>	<i>Weighted average time for which rate is fixed Months</i>	<i>Weighted average interest rate</i>	<i>Weighted average time for which rate is fixed Months</i>
Fixed Rate Loan Stock	3.58%	11	7.74%	31

(b) ***Credit Risk***

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Group. The Board has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. The carrying amounts of financial assets best represent the maximum credit risk exposure at the balance sheet date.

Credit risk on unquoted loan stock held within unlisted investments is considered to be part of market risk as disclosed above.

The fair value of trade receivables has been reduced by £nil (2010: £nil) provision against trade receivables in the year due to changes in credit risk. Loans have been increased in value by £nil (2010: increased in value £4,000) due to credit risk.

Substantially all of the cash held by the Group is held by a single bank. Bankruptcy or insolvency of this bank may cause the Company's rights with respect to the cash held by the bank to be delayed or limited. The Group banks with a large reputable bank. Should the credit quality or the financial position of the bank deteriorate significantly the Board will move the cash holdings to another bank.

The largest single concentration of credit risk relates to the Group's investment in Meta Vision Systems Limited which constitutes 33.5 per cent. (2010: AMG Systems Limited which constitutes 38.8 per cent.) of the net assets attributable to the Group's shareholders. The average investment, excluding those suffering full impairment, is 6.0 per cent. (2010: 14.2%) of the value of net assets.

The maturity dates of the loan stock portfolio are as follows:

	2011 £'000			2010 £'000		
	< 1 Year	1-2 Years	2-5 Years	< 1 Year	1-2 Years	2-5 Years
Unquoted Loan Investments	30	—	—	57	59	93

(c) ***Liquidity Risk***

The Group invests in financial assets with an aim to provide capital growth for shareholders that can eventually be distributed by way of dividends. Unquoted venture capital investments normally take a number of years to mature and are, by their nature, illiquid. Therefore, realised capital gains on these investments are a medium to long term aim. As a result, the Group may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Group's principal source of short term liquidity is from its cash balances. The Group continues to monitor its liquidity position through detailed cash forecasting. Additional medium term liquidity is available from realisations of unquoted assets.

Fair Value Methods and Assumptions

Detailed valuation policies in respect of the investment portfolio are set out on page 7. Where investments are in quoted stocks, fair value is set at market price. Non-quoted investments are valued in line with IPEVC valuation guidelines. The primary methods used, and the key assumptions relating to them, are:

Price of recent investment – The cost of the investment is taken as a reasonable assessment of fair value for periods of up to one year. During this period performance against budget is monitored for evidence of impairment. Valuations may be re-based following substantial investment by a third party when this offers evidence that there has been a change to fair value.

Earnings multiple – Market indices or comparators based on European private technology company transactions in 2010 are used as a market-based indication of the potential earnings of an investment company. A discount is applied by the Board based on the perceived market interest in that company or sector and on any benefit that may be observed by holding a significant shareholding or superior rights.

Revenue multiple – Market indices or comparators based on European private technology company transactions in 2010 are used as a market-based indication of the potential value of holdings in companies that have not yet reached profitability.

Discounted cash flows of the investment – The present value of the investment is derived by using reasonable assumptions and estimations of expected future cash flows and the terminal value, and discounting by applying the appropriate risk-adjusted rate that quantifies the risk inherent in the company.

Although permitted by the IPEVC, other valuation methods have not been used in the year.

27. Capital Management

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can preserve value for shareholders and benefits for other stakeholders; and
- to ensure sufficient liquid resources are available to meet the funding requirements of its investments.

The Group had no external debt at 31 March 2011 (2010: £141,000), the remaining capital is represented by the value of share capital, distributable and other reserves. Total shareholder equity at 31 March 2011 was £2,980,000 (2010: £2,667,000).

In order to maintain or adjust its capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

The Company is not subject to any externally imposed capital requirements.

28. Share Based Payments

Grants of options were made in 2004 and 2005 to the Group's then executives and employees. All options were subject to the same vesting criteria, whereby options vest proportionally to compound growth in net asset value per share for the five year period ending in November 2010, as set out in the table below:

<i>Annual growth in fully diluted NAV</i>	<i>5 year compound growth in fully diluted NAV</i>	<i>%age of options vesting</i>
8%	46.9%	10.0%
9%	53.9%	20.0%
10%	61.1%	27.5%
11%	68.5%	35.0%
12%	76.2%	42.5%
13%	84.2%	47.5%
14%	92.5%	52.5%
15%	101.1%	57.5%
16%	110.0%	65.0%
17%	119.2%	72.5%
18%	128.8%	80.0%
19%	138.6%	90.0%
20%	148.8%	100.0%

The contractual life of each option grant is 10 years. There are no cash settlement alternatives.

No options were granted during the year (2010: nil). No options are presently eligible for exercise. No share based payment charge has been made as in the opinion of the directors the vesting criteria will not be met and therefore no options will be capable of being exercised.

Share options have been granted as follows:

	<i>As at 1 April 2009</i>	<i>Granted in year ended 31 March 2010</i>	<i>Forfeited in year ended 31 March 2010</i>	<i>Options outstanding at 31 March 2010</i>	<i>Granted in year ended 31 March 2011</i>	<i>Forfeited in year ended 31 March 2011</i>	<i>Options outstanding at 31 March 2011</i>
Number of options	2,856,770	—	—	2,856,770	—	—	2,856,770
Weighted average exercise price (pence)	37.8	—	—	37.8	—	—	37.8

29. Ultimate Controlling Party

The directors consider there is no ultimate controlling party of the Group.

NOTICE OF ANNUAL GENERAL MEETING

STRATHDON INVESTMENTS PLC (Co. No. 726423)

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL MEETING of Strathdon Investments Plc (“the Company”) will be held at One Portland Place, London W1B 1PN on 29 September 2011 at 10.00 am for the purpose of considering and if thought fit approving the following resolutions, of which all six are to be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. In accordance with article 95 of the Company’s articles of association, to re-elect SIMON HUNT, who retires by rotation, as a non-executive director of the Company.
2. In accordance with article 101 of the Company’s articles of association, to re-elect SIMON SMITH as a director of the Company, who was appointed as a director at a board meeting.
3. In accordance with article 101 of the Company’s articles of association, to re-elect PANOS LOIZOU as a director of the Company, who was appointed as a director at a board meeting.
4. To receive and adopt accounts for the financial year ended 31 March 2011, together with the reports of the directors and auditors thereon.
5. To re-appoint Rawlinson & Hunter as auditors of the Company until the conclusion of the next Annual General Meeting of the Company at which accounts are laid and to authorise the directors to fix their remuneration.
6. That the Company may send or supply documents or information to members by making them available on a website.

SPECIAL RESOLUTION

7. That article 144 of the Company’s articles of association be amended to reflect the passing of resolution 6 above so that article 144 reads:

“A copy of every balance sheet (including any document required by law to be annexed thereto) which is to be laid before the Company in general meeting and of the directors’ and auditors’ reports shall, at least twenty-one days previously to the meeting, be provided to every member and to every debenture holder of the Company of whose address the Company is aware, either by post or by electronic means or, in the case of joint holders of any share or debenture, to one of the joint holders.”

By Order of the Board:

Central Secretarial Nominees Limited
Secretary

Registered office:
73-75 Mortimer Street
London
W1W 7SQ

Dated 6 September 2011

Notes:

- (1) A member of the Company entitled to attend and vote at the Meeting may appoint a proxy to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.
- (2) A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy you may photocopy the proxy form. Please indicate on the line below the proxy's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
- (3) To be valid, a form of proxy must be lodged with the Company Secretary, Central Secretarial Nominees Limited at 73-75 Mortimer Street, London, W1W 7SQ not later than 48 hours before the time of appointment for holding the Meeting.
- (4) In accordance with Regulation 41 of The Uncertified Securities Regulations 2001, only those members entered on the Company's register of members not later than 48 hours before the meeting, or if the meeting is adjourned, Shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting. Shareholders (or their proxies) attending the meeting are deemed, for the purpose of the Financial Services and Markets Act 2000, to have requested any information given to them orally by the Directors of any other person on their behalf at the meeting.
- (5) Completion and return of a form of proxy will not preclude a member of the Company from attending and voting in person at the Meeting if he/she wishes to do so.

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Act are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Capita Registrars, or to the Company directly. In accordance with Section 324 of the Act, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Act. Persons nominated to receive information rights under section 146 of the Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with Section 149 (2) of the Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

