

2009



**Strathdon Investments plc**

**Report and Accounts**

For the year ended 31 March 2009

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## **DIRECTORS AND ADVISERS**

### **Directors**

A C Firth (resigned 2 July 2008)

D J Gamble

S D Hunt

M F Williams (resigned 31 October 2008)

### **Secretary and Registered Office**

J E P Gervasio

Saint Martins House

210-212 Chapeltown Road

Leeds

LS7 4HZ

### **Fund Manager**

YFM Venture Finance Limited

Saint Martins House

210-212 Chapeltown Road

Leeds

LS7 4HZ

### **Bankers**

Kaupthing Singer & Friedlander Limited

1 Hanover Street

London

W1S 1AX

Lloyds TSB Bank plc

Black Horse House

Wallbrook Court

North Hinksey Lane

Botley

Oxford

OX2 0QS

### **Solicitors**

Keeble Hawson

Protection House

16-17 East Parade

Leeds

LS1 2BR

### **Nominated Adviser and Broker**

Seymour Pierce

20 Old Bailey

London

EC4M 7EN

### **Auditors**

Grant Thornton UK LLP

2 Broadfield Court

Sheffield

South Yorkshire

S8 0XF

### **Registrar and Transfer Office**

Capita Registrars

The Registry

34 Beckenham Road

Beckenham

BR3 4BR

## 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. It continues, with the help of its Fund Manager, to provide management support to the present portfolio. This should enable the focus of realising the maximum value from the portfolio, in the near to medium term, to be maintained.

## KEY DATA

	<b>31 March 2009</b>	<b>31 March 2008</b>	31 March 2007	31 March 2006	31 March 2005
Net Asset Value £'000	<b>3,202</b>	<b>4,970</b>	13,988	16,269	17,784
Net Asset Value per share	<b>6.18p</b>	<b>9.59p</b>	27.00p	31.4p	37.1p
Share price per share	<b>*2.75p</b>	<b>*7.0p</b>	20.25p	28.5p	31p

\*Share price as at 24 September 2009 was 2.75p (March 2008: share price as at 24 September 2008 was 3.75p)

## FINANCIAL CALENDAR

Results Announced  
Annual General Meeting

25 September 2009  
19 October 2009

## **CHAIRMAN'S STATEMENT**

The last twelve months has seen unprecedented turbulence for the financial sector. The impact of the credit crunch, the recession and levels of public sector debt have put pressure on the quoted markets as well as small businesses affecting their profitability and growth potential. The economic environment and the reduction in quoted price/earnings (P/E) ratios has inevitably had a direct impact on Strathdon's unquoted portfolio as we use comparable P/E multiples in valuing unquoted companies. A fall in quoted P/E ratios will therefore reduce valuations even if the underlying performance of the company remains stable. March 2009 (the Company's year end) was a particular low point and in the quarter to June 2009 the FTSE SmallCap has recovered 27.34%.

Despite these challenges, it is pleasing to report that progress has been made during the year. The bank borrowings have been reduced from £0.66m to £0.3m and subsequent to the year end, following further successful realisations, have been repaid in full. Running costs have continued to be reduced with further reductions from January 2009, the full benefit of which will be seen next financial year. However, the downward pressure on valuations has affected the net assets value of the Company. The net asset value has fallen to £3.20 million equivalent to 6.18 pence per share (2008: £4.97 million and 9.59 pence per share respectively).

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

We continue to take steps to lower the cost base further. The Fund Manager's fees were reduced from 1 January 2009.

### **Portfolio Company Performance**

The Fund Management activity during the year has continued to focus on the existing portfolio, and in particular extracting the best possible return for shareholders from realisations. There have been no new investments and no follow-on investments during the year. Disposal proceeds received during the year relate to scheduled loan repayments from Meta Vision Systems Limited and Newnova Group Limited. £0.07 million has been realised and received during the year together with £0.37 million of deferred proceeds. Since the year end, the remainder of the investment in Newnova was realised, with total proceeds of £0.59 million being received. The bulk of these proceeds have been used to reduce the debt of the Group.

A reduction of £1.39 million in the value of the portfolio has been recognised during the year. This reduction in value is mainly a result of lower P/E ratios in March with trading performance generally holding up well. The investment in Meta Vision Systems is now valued on the basis of historic profits, as the recent investment from a trade partner was felt to be in part also a technology licensing deal, resulting in a reduction in value during the year of £0.27 million. This was offset by the value growth of Newnova of £0.25 million ahead of the exit which completed post year end. It was felt necessary to make provisions against 4 investments with the combined impact of these being £0.19 million.

The residual portfolio comprises 11 investments with an aggregate value of £4.1 million with 7 of these investments comprising in excess of 98% of the residual value.

### **Financial Results**

The loss for the year was £1.8m compared to £9.0 million in the prior year. This is after taking account of a write down on unrealised investment valuations of £1.4 million (2008: £7.8 million).

Total net assets at 31 March 2009 were £3.20 million (2008: £4.97 million) equivalent to a net asset value per share of 6.18 pence (2008: 9.59 pence).

At 31 March 2009, bank borrowings totalled £0.3 million. The successful realisation of the Group's residual investment in Newnova Group subsequent to the year end, has facilitated the full repayment of the remaining bank borrowings.

### **Board**

On 31 October 2008, Malcolm Williams resigned from the Board. The Board would like to thank Malcolm for his substantial contributions to and support for the Company during his time as director.

## **CHAIRMAN'S STATEMENT**

continued

### **Outlook**

2008/09 has been another challenging year for Strathdon, not made any easier by the turbulent economic environment. However, we are reaping benefits from the restructuring of Strathdon's operations. Costs continue to be reduced and with the assistance of YFM Venture Finance, the Company's Fund Manager, realisations have been achieved enabling the bank debt to be repaid in full. The Board remains committed to realising value from the portfolio whilst at the same time reviewing its strategic options to enhance shareholder value.

**S D Hunt**

Chairman

25 September 2009

**UNQUOTED INVESTMENTS**  
As at 31 March 2009

	Unrealised Valuation at 31 March 2009	Unrealised Valuation at 31 March 2008
	£000	£000
Meta Vision Systems Limited	1,626	1,899
AMG Systems Limited	688	1,202
Newnova Group Limited	587	511
Episys Limited	327	363
Intouch with Health Limited	326	464
Business HR Solutions Limited	321	658
Oxensis Limited	170	226
Utilyx Limited	31	48
Oxagen Limited	23	46
Knowledge Capital Group Inc	-	95
eeParts Limited Inc	-	45
	<b>4,099</b>	<b>5,557</b>

This section describes the business of the active companies in the portfolio, in order of valuation at 31 March 2009 as detailed above.

**Meta Vision Systems Limited**

Meta Vision Systems 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.

Eynsham  
www.meta-mvs.com

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**

AMG Systems 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.

Biggleswade  
www.amgsystems.co.uk

**Newnova Group Limited**

Trading under BMS and Setpoint names, the Newnova Group provides a turnkey service of installing and commissioning building management systems, i.e. systems which monitor and optimise the environment (temperature, light and power) in buildings. Its market spans a broad range of buildings, including large office blocks, hospitals, unmanned switching equipment sites and high value private housing schemes. Its systems enable the user to optimise power usage and source any faults in the underlying control equipment, and the company offers ancillary products and a maintenance service with the system.

Windsor  
www.newnova.co.uk

Subsequent to the year end, the investment in Newnova Group Limited has been fully realised.

**Episys Limited**

Episys is a global information technology solutions and services company serving the retail, manufacturing, healthcare and other industries. Episys provides expertise, products, services and support for signage, labelling and mobile systems. Episys has developed technology and expertise to enable organisations to input information from a variety of sources, process it and output the required data to the chosen device, such as radio frequency handheld terminals, portable printers, large static printers, electronic signage and the internet. Customers include major retailers in the UK and US.

Royston  
www.episys.com

## UNQUOTED INVESTMENTS

continued

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<b>Intouch with Health Limited</b>	Intouch with Health has a growing business in the provision of Patient Information and Patient Feedback services to NHS Trusts. These services can be relayed to patients by resident PCs or touchscreen kiosks supplied by Intouch, hospital bedside units, the internet and in printed format. Over 60 NHS Trusts are using these services. Intouch also has a consumer health portal, <a href="http://www.surgerydoor.co.uk">www.surgerydoor.co.uk</a> which has been sold since the year end.
Cirencester <a href="http://www.intouchwithhealth.co.uk">www.intouchwithhealth.co.uk</a>	
<b>Business HR Solutions Limited</b>	Business HR 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 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 organisations such as Connaught plc, Hiscox Insurance, and Intellect.
London <a href="http://www.bhrsol.com">www.bhrsol.com</a>	
<b>Oxsensis Limited</b>	Oxsensis is working on advanced instrumentation for gas turbines in the aviation and power sectors which is designed to achieve major reductions in greenhouse gas emissions as well as considerable fuel savings. The extreme environment sensors also have broader potential applicability to energy intensive industries and automotive engines. Oxsensis is a spin-out from the Council for the Central Laboratory of the Research Councils run by the team that successfully built Bookham Technology.
Oxford <a href="http://www.oxsensis.com">www.oxsensis.com</a>	
<b>Utilyx Limited</b>	Utilyx is a leading European energy and climate change advisory and transaction management firm. It helps larger energy users manage energy price risk and achieve lowest prices for electricity and gas. These cost savings are generally an order of magnitude greater than Utilyx's fees. Utilyx assesses the market for outsourced energy broking and risk management across Europe to be over £200 million. Utilyx has a high quality blue chip client list that includes government bodies, corporations, developers and investors.
London <a href="http://www.utilyx.com">www.utilyx.com</a>	
<b>Oxagen Limited</b>	Oxagen Limited is developing a pipeline of novel small molecule drugs to treat inflammatory and respiratory diseases. The company has created a portfolio of valuable drug targets centered on the highly attractive class of receptors, GPCRs. Through its heritage in human genetics, Oxagen has validated a number of GPCR targets, many of them novel, and is progressing the most promising as drug targets. The lead program, targeting a GPCR known as CRTH2 with a strong genetic association to asthma, has generated a number of promising candidate small molecules which are orally bioavailable and offer the potential to treat asthma and other respiratory and inflammatory conditions.
Abingdon, Oxford <a href="http://www.oxagen.com">www.oxagen.com</a>	
<b>Knowledge Capital Group Inc</b>	The Knowledge Capital Group (KCG) is a services business which has a highly focused offering: working with client companies to properly manage analyst relations. As a result of this focus, post-2001 the company has seen a significant increase in interest, activity, turnover and profits. Although a small company, KCG is widely known as a domain expert in a market with few direct competitors.
Austin, Texas <a href="http://www.knowledgecap.com">www.knowledgecap.com</a>	
<b>eeParts Inc</b>	eeParts is a leading provider of supply-chain systems and inventory management services to the worldwide electronic component spot market. eeParts operates an internet-based marketplace serving the component spot market and provides Component Inventory Re-distribution™ services and Product End of Lifecycle Inventory management services to Original Equipment Manufacturers. eeParts also provides spot market sales, order processing, fulfilment, logistics, reporting and financial services for leading component manufacturers, franchised distributors and independent distributors. Based just outside Dallas, Texas, eeParts also maintains four operations in China, which account for 40% of electronic component usage.
Dallas, Texas <a href="http://www.eeparts.com">www.eeparts.com</a>	

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## 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.** 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, but is only considered relevant for a limited period following the date of the relevant transaction. A period of twelve months is used in practice. During this period, the value of the investment is assessed for changes or events that would imply impairment to the fair value. In addition, the valuation technique also represents certain situations where although the twelve month period has expired, an alternative valuation technique is not followed because an additional investment has been made by the Company at the same price as the previous investment and an alternative valuation technique would not result in a better estimate of fair value. The whole investment is also assessed for impairment.
- **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 cashflows from the investment.

## **DIRECTORS**

### **Simon Hunt – Non-executive Chairman**

Simon Hunt has over 20 years' experience in venture capital and corporate finance, predominately 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 is Executive Chairman of IPSO Ventures plc and Non-executive Chairman of GEM Biofuels plc, plc as well as a number of private companies.

### **David Gamble – Non-executive Director**

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 2009**

The directors present their report and audited financial statements of the Group for the year ended 31 March 2009.

#### **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 Saint Martins House, 210-212 Chapeltown Road, Leeds, LS7 4HZ.

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

#### **Business Review**

As in previous years, 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 4 and 5.

During the year under review, the Group executed its previously declared intention of liquidating its portfolio of unquoted investments in order to pay down borrowings and continues to do so. The Group has also indicated that it would no longer be making new investments and would focus on extracting maximum value out of its existing portfolio.

The Group does not have any employees apart from the four non-executive directors who served during the year. The business and administrative duties of the Group are contracted to the Fund Manager, with the Board retaining the key decision 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 had an overdraft at the balance sheet date of £300,000 which was repaid in full after the year end on realisation of a portion of the investment portfolio. Liquidity to fund the operating costs of the Group's activities is currently provided by this realisation and from anticipated further disposals of unquoted assets.

*Regulatory* – the Company and Group are required to comply with the Companies Acts, the AIM rules and the 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 Fund Manager's accounting systems or disruption to its business 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, liquidity and foreign currency are disclosed in note 25 to the accounts.

The Board seeks to mitigate the internal risks by setting policies, regular review of performance, monitoring progress and compliance. The key performance indicators measure the Group's performance.

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

#### **Key Performance Indicators**

The principal measure by which the group measures progress in its performance is the growth of Net Asset Value per share ("NAV"). This is discussed in more detail in the Chairman's statement on pages 4 and 5.

## DIRECTORS REPORT

continued

### Results & Dividend

The Consolidated loss after taxation for the year amounted to £1.8 million (2008: £9.0 million). The Consolidated Income Statement for the year is set out on page 19.

The Consolidated Balance Sheet on page 20 of the financial statements sets out the Group's financial position as at 31 March 2009. The Group held £4.1 million of unquoted investments at that date.

The net asset value per share at 31 March 2009 was 6.18p (2008: 9.59p). The mid-market price per ordinary share at 31 March 2009 was 2.75p (2008: 7.00p). The transfer to and from reserves is given in The Statement of Changes in Shareholders' Equity on page 22.

The directors do not recommend the payment of a dividend in respect of the year ended 31 March 2009 (2008: £nil).

### Trade Payables Policy

It is the Group's payment policy to obtain the best terms for all business including purchases of investments, 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 £72,000 outstanding at 31 March 2009 (31 March 2008: £198,000). The average number of trade payables days during the year was 88 (2008: 123).

### Donations

There were no political or charitable donations made in the year (2008: none).

### Annual General Meeting

Shareholders will find the Notice of the Annual General Meeting on pages 41 and 42 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:

	No of Ordinary shares	%
Progressive Asset Management / Cavendish Asset Management		
Advance AIM Value Realisation Company	6,642,698	12.8
Advance UK Trust plc	6,495,000	12.5
Brookwell Limited	1,500,000	2.9
	<hr/>	<hr/>
	14,637,698	28.2
SVM Asset Management	7,641,786	14.8
British Airways Pension Trustees	5,142,697	9.9
Co-operative Insurance Society	4,000,000	7.7
Deutsche bank AG	3,776,889	7.3
Wolseley Investments	2,534,302	4.9
Ingot Capital Management	2,400,000	4.6
Derbyshire County Council	2,029,166	3.9
AIG Group	1,563,332	3.0
	<hr/>	<hr/>
	<b>43,725,870</b>	<b>84.3</b>

### Directors and their Interests

The directors of the Company at 31 March 2009, their interests and contracts of significance are set out in the Directors' Remuneration Report on page 17.

### Independent Auditors

The auditors, Ernst & Young LLP, resigned during the year. The directors have appointed Grant Thornton UK LLP to fill the casual vacancy. A resolution to re-appoint them will be proposed at the next Annual General Meeting.

### Fund Manager

On 3 April 2008 YFM Group (Holdings) Limited, the ultimate parent company of YFM Venture Finance Limited, the Group's Fund Manager, was sold to GLE Group which acquired its entire share capital. GLE operates a range of businesses, including property investment and development, business finance, business development and economic development consultancy.

There has been no change and it is not envisaged that there will be any change to either the members of the Group's investment team or to the operations of YFM Venture Finance Limited that would have any material effect in respect of its relationship with Strathdon Investments plc or its ability to operate the Group and manage its investment portfolio.

## DIRECTORS REPORT

continued

### Events after the balance sheet date

Since the year end, the Group has sold its remaining investment in Newnova Group Limited for proceeds of £574,000. This realisation has allowed the Group to repay in full its bank borrowings which at the balance sheet date stood at £300,000. There have been no other significant events, including investments or realisations, since the balance sheet date.

### 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 financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required to give a true and fair view of the financial position of the Group and Company, and the financial performance and cash flows of the Group 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 Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The financial statements are published at [www.yfmgroup.co.uk](http://www.yfmgroup.co.uk), which is a website maintained by the Group's Fund Manager. 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.

### Statement of Corporate Governance

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

Whilst the Company 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 2009.

### Role of the Board

A management agreement between the Group and YFM Venture Finance Limited ("YFM") sets out the matters over which the Fund Manager has authority. This includes management of the Group's assets and the provision of accounting, company secretarial, administration, and some marketing services. All other matters are reserved for approval 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.

## DIRECTORS REPORT

continued

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

The Board consists of two non-executive directors, including the Chairman, both of whom are regarded by the Board as independent.

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 director, having considered the nature of the role in this Company, is 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.

A review of Board composition and balance is included as part of the annual performance evaluation of the Board, details of which are given below.

There are no executive officers of the Company. Given the structure of the Board and the fact that the Company is managed by YFM, the Company has not appointed a chief executive officer or a senior independent non-executive director. In addition, the directors consider that the role of a senior independent non-executive director is taken on by both of the directors. Shareholders are therefore able to approach either director with any queries they may have.

### Appointment of Chairman

Andrew Firth stepped down as Chairman on 2 July 2008. The Board would like to thank Andrew for his considerable contribution throughout his time as Chairman and wish him well for the future. Simon Hunt, a non-executive Director of the Company, took over from Andrew as Chairman with effect from 2 July 2008. The Company is not seeking to replace the directors who resigned in the year as maintaining the number of non executive directors is not necessary given its strategy to liquidate the existing portfolio.

### Meetings and Committees

The Board delegates certain responsibilities and functions to committees.

The table below details the number of Board, Audit and Nomination Committee meetings attended by each director. During the year there were four formal Board meetings, one Audit Committee meeting, one Nomination Committee meetings and no Remuneration Committee meetings. The directors met via telephone conference on 3 other occasions.

Director	Board meetings attended	Audit Committee meetings attended	Nomination Committee meetings attended
Andrew Firth (resigned 2 July 2008)	1	-	1
Simon Hunt	4	1	-
David Gamble	4	-	1
Malcolm Williams (resigned 31 October 2008)	3	1	1

### Remuneration Committee

The Board has established a Remuneration Committee comprised of non-executive directors. Details of the Company's Remuneration policy are contained within the Directors' Remuneration Report on page 17. 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 directors. The committee meets at least once each year. The directors consider that it is appropriate that the Chairman of the Committee should be David Gamble. 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.

## **DIRECTORS REPORT**

continued

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 directors. 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 the Alternative Investment Market, 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 and representatives of the Fund Manager are available in person to meet with and answer shareholders' questions. The directors of the Company, together with their advisers, hold regular meetings with key institutional shareholders, thereby helping to ensure that there is a mutual understanding of objectives.

The directors may be contacted through the Company Secretary whose details are shown on page 2.

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 2. 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**

Under an agreement dated 9 August 2007, the executive functions of the Group have been contracted to YFM Venture Finance Limited ("YFM"). The Board receives operational and financial reports on the current state of the business and on appropriate strategic, financial, operational and compliance issues. These matters include, but are not limited to:

- A clearly defined investment strategy for YFM, the Fund Manager to the Group. All decisions concerning the acquisition or disposal of investments are taken by the Board after due consideration of the recommendations made by the Fund Manager;
- Regular reviews of the Group's investments, liquid assets and liabilities, and revenue and expenditure;
- The Audit Committee reviews the internal control procedures adopted by the Fund Manager and the Board approves annual budgets prepared by the Fund Manager; and
- The Board receives copies of the Group's management accounts on a regular basis showing comparisons with budget. These include a report by the Fund Manager with a review of performance and the investment portfolio. Additional information is supplied on request.

The Board acknowledges that it is responsible for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

### **Corporate Governance and Voting Policy**

The Group delegates responsibility for monitoring its investments to YFM whose policy, which has been noted by the Board, is as follows:

YFM is committed to introducing corporate governance standards into the companies in which its clients invest. 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 REPORT**

continued

YFM. 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 the 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 2010 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 going concern basis depends upon the agreement of the directors, the ex-directors and YFM to delay payment of outstanding fees until successful realisations are achieved. The Group has received these confirmations from the directors, the ex-directors and YFM.

### **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, with the help of its Fund Manager, 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 young technology companies, primarily in the UK, with a focus on businesses that are applying information technology to areas which include energy, finance, healthcare and process control sectors.

Although the Fund Manager has discretion to make investment and divestment decisions on behalf of the Group such matters are normally decided in discussion with the Board.

The Board regularly monitors the performance of the portfolio. Reports are received from YFM as to the trading and financial position of each investee company and members of the investment team regularly attend Board meetings.

In the opinion of the directors the continuing appointment of YFM as Fund Manager is in the interests of the shareholders as a whole in view of its experience in managing investment companies and funds and in making and exiting investments of the kind falling within the Group's investment policy.

### **Financial Instruments**

Further information on financial instruments is provided in Note 25 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 2009 can be found in the Unquoted Investments section and note 11 to these Financial Statements.

## **DIRECTORS REPORT**

continued

### **Special Business at the Annual General Meeting**

Shareholders will find on pages 41 and 42 the notice of the forthcoming Annual General Meeting of the Company to be held on 19 October 2009. The Directors have appointed Grant Thornton UK LLP as auditors to fill the casual vacancy following the resignation of Ernst & Young LLP. A resolution to appoint Grant Thornton UK LLP as auditors is proposed as Ordinary Resolution (4). In addition to the ordinary business of the meeting two resolutions, numbered (5) and (6), are proposed as special business.

Special Resolution (5) seeks the renewal of the Directors' authority to allot relevant securities of the Company up to an aggregate nominal value of £863,617 (being one-third of the total issued Ordinary share capital on 31 March 2009) and that notwithstanding the pre-emption provisions of section 89 of the Companies Act 1985, the Directors be given the power to issue Ordinary shares for cash up to an aggregate of 5% of the Ordinary issued share capital.

Special Resolution (6) seeks the renewal of the Directors' authority to buy back Ordinary shares of the Company up to a limit of 7,767,376 Ordinary shares (being 14.99 per cent of the issued Ordinary share capital at 31 March 2009), subject to the restrictions detailed in the Notice of Meeting. The Directors may seek to make market purchases of the Company's shares in the event that the opportunity to do so arises at a price which represents a discount to Net Asset Value of more than 10%.

This report was approved by the Board on 25 September 2009 and signed on its behalf by:

S D Hunt  
Director

## DIRECTORS REMUNERATION REPORT

Companies that have their shares listed on AIM are not required to comply with the disclosure requirements of the Directors' Remuneration Report Regulations 2002 or to comply with UKLA Listing Rules and the disclosure provisions under Schedule 7A of the Companies Act 1985. However, the directors have chosen to make the following voluntary disclosures.

### Share Options

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

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

### Directors and their Interests

The directors of the Company at 31 March 2009 and their beneficial interests in the share capital of the Company (including those of immediate family members) were as follows:

	<b>At 31 March 2009 Warrants</b>	At 31 March 2008 Warrants	<b>At 31 March 2009 Ordinary shares</b>	At 31 March 2008 Ordinary shares
S D Hunt	<b>7,318</b>	7,318	<b>2,396</b>	2,396

No other directors had any interest, beneficial or otherwise, in the shares of the Company during the year.

No director was party to, or had an interest in, any contract or arrangement with the Company at any time during the year.

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

Staff costs are detailed in note 6 to the accounts. Following the appointment of YFM Venture Finance as Fund Manager in the year to 31 March 2008, the Group has had no employees or executive directors.

### Directors' Remuneration

Total directors' remuneration for the year amounted to £52,508 (2008: £105,063) of which £30,000 (2008: £90,063) was paid or accrued to individuals for services as directors and £22,508 (2008: £15,000) of which was paid or accrued to third parties in respect of directors' services. The emoluments of S D Hunt are payable to a company controlled by him.

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

	<b>Salary and fees £</b>	<b>Benefits £</b>	<b>Compensation for loss of office £</b>	<b>2009 Total £</b>	<b>2008 Total £</b>
A C Firth*	6,250	-	-	<b>6,250</b>	25,000
D J Gamble	15,000	-	-	<b>15,000</b>	15,000
S D Hunt	22,508	-	-	<b>22,508</b>	15,000
M F Williams***	8,750	-	-	<b>8,750</b>	15,000
M R D Roller**	-	-	-	-	35,063
	<u><b>52,508</b></u>	<u>-</u>	<u>-</u>	<u><b>52,508</b></u>	<u><b>105,063</b></u>

\*Resigned 2 July 2008

\*\*Resigned 30 August 2007

\*\*\*Resigned 31 October 2008

At 31 March 2009 accrued directors remuneration amounted to £62,083 (2008: £32,083) payable to individuals and £3,758 payable to third parties in respect of directors' services (2008: £8,750).

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. No directors are, or have previously been, entitled to shares under any share option or long-term incentive schemes.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STRATHDON INVESTMENTS PLC**

We have audited the group and parent company financial statements (the 'financial statements') of Strathdon Investments Plc for the year ended 31 March 2009 which comprise the consolidated income statement, the consolidated balance sheet, the company balance sheet, the group and company statements of changes in shareholders' equity, the group and company cash flow statements and notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's statement that is cross-referred from the Business Review section of the Directors' Report.

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

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

### **Basis of audit opinion**

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

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

### **Opinion**

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of its loss for the year then ended
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
SHEFFIELD  
25 September 2009

**CONSOLIDATED INCOME STATEMENT**  
For the year ended 31 March 2009

		Year ended 31 March 2009	Year ended 31 March 2008
	Notes	£000	£000
<b>Revenue</b>	3	<b>105</b>	365
Administrative expenses	4	<b>(446)</b>	(1,682)
<b>Operating loss</b>		<b>(341)</b>	(1,317)
Realised gains on financial assets designated at fair value through profit or loss (net)	11	-	241
Unrealised losses on financial assets designated at fair value through profit or loss (net)	11	<b>(1,392)</b>	(7,834)
<b>Net movement on investments</b>		<b>(1,392)</b>	(7,593)
<b>Loss before finance costs and taxation</b>		<b>(1,733)</b>	(8,910)
Finance costs	7	<b>(35)</b>	(108)
<b>Loss before taxation</b>		<b>(1,768)</b>	(9,018)
Taxation	8	-	-
<b>Loss for the period from continuing operations</b>		<b>(1,768)</b>	(9,018)
<b>Basic and diluted loss per share</b>	10	<b>(3.41)p</b>	(17.40)p

The accompanying notes on pages 24 to 40 are an integral part of these financial statements.

**CONSOLIDATED BALANCE SHEET**  
As at 31 March 2009

	Notes	31 March 2009 £000	31 March 2008 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets designated at fair value through profit or loss	11	4,099	5,557
		<b>4,099</b>	<b>5,557</b>
<b>Current assets</b>			
Trade and other receivables	13	62	555
Cash and cash equivalents	20	102	201
		<b>164</b>	<b>756</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Financial liabilities	14	(300)	(656)
Trade and other payables	15	(620)	(546)
		<b>(920)</b>	<b>(1,202)</b>
<b>Net current liabilities</b>		<b>(756)</b>	<b>(446)</b>
<b>Total assets less current liabilities</b>		<b>3,343</b>	<b>5,111</b>
<b>Non-current liabilities</b>			
Financial liabilities	16	(141)	(141)
<b>Net assets</b>		<b>3,202</b>	<b>4,970</b>
<b>Shareholders' equity</b>			
Share capital	17	2,591	2,591
Share premium account		6,392	6,392
Special reserve		36,290	36,290
Warrant reserve		928	928
Retained earnings		(42,999)	(41,231)
<b>Total Shareholders' equity</b>		<b>3,202</b>	<b>4,970</b>
<b>Net asset value per Ordinary share</b>	18	<b>6.18p</b>	<b>9.59p</b>

The accompanying notes on pages 24 to 40 are an integral part of these financial statements.

The financial statements were approved by the Board of directors on 25 September 2009 and were signed on its behalf by:

**S D Hunt**  
Chairman

**COMPANY BALANCE SHEET**  
As at 31 March 2009

	Notes	31 March 2009 £000	31 March 2008 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Financial assets designated at fair value through profit or loss	11	21	39
Investments in subsidiaries	12	-	-
		<b>21</b>	<b>39</b>
<b>Current assets</b>			
Trade and other receivables	13	3,793	5,113
Cash and cash equivalents		59	-
		<b>3,852</b>	<b>5,113</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	(212)	(182)
		<b>3,640</b>	<b>4,931</b>
<b>Net current assets</b>			
		<b>3,640</b>	<b>4,931</b>
<b>Net assets</b>			
		<b>3,661</b>	<b>4,970</b>
<b>Shareholders' equity</b>			
Share capital	17	2,591	2,591
Share premium account		6,392	6,392
Special reserve		36,290	36,290
Warrant reserve		928	928
Retained earnings		(42,540)	(41,231)
		<b>3,661</b>	<b>4,970</b>

The accompanying notes on pages 24 to 40 are an integral part of these financial statements.

The financial statements were approved by the Board of directors on 25 September 2009 and were signed on its behalf by:

**S D Hunt**  
Chairman

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
For the year ended 31 March 2009

	Share Capital	Share premium account	Special reserve*	Warrant reserve	Retained earnings	Total equity
<b>Group</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 31 March 2007	2,591	6,392	36,290	928	(32,213)	13,988
Loss and total recognised loss for the period	-	-	-	-	(9,018)	(9,018)
<b>Balance at 31 March 2008</b>	<b>2,591</b>	<b>6,392</b>	<b>36,290</b>	<b>928</b>	<b>(41,231)</b>	<b>4,970</b>
Loss and total recognised loss for the period	-	-	-	-	(1,768)	(1,768)
<b>Balance at 31 March 2009</b>	<b>2,591</b>	<b>6,392</b>	<b>36,290</b>	<b>928</b>	<b>(42,999)</b>	<b>3,202</b>

	Share Capital	Share premium account	Special reserve*	Warrant reserve	Retained earnings	Total equity
<b>Company</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 31 March 2007	2,591	6,392	36,290	928	(32,214)	13,987
Loss and total recognised loss for the period	-	-	-	-	(9,017)	(9,017)
<b>Balance at 31 March 2008</b>	<b>2,591</b>	<b>6,392</b>	<b>36,290</b>	<b>928</b>	<b>(41,231)</b>	<b>4,970</b>
Loss and total recognised loss for the period	-	-	-	-	(1,309)	(1,309)
<b>Balance at 31 March 2009</b>	<b>2,591</b>	<b>6,392</b>	<b>36,290</b>	<b>928</b>	<b>(42,540)</b>	<b>3,661</b>

The accompanying notes on pages 24 to 40 are an integral part of these financial statements.

\* The special reserve is a distributable reserve

**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 March 2009

	Notes	2009 £000	2008 £000
<b>Net cash outflow from operating activities</b>	19	<b>(161)</b>	(215)
<b>Cash flows from investing activities</b>			
Proceeds from sale of subsidiary		-	11
Purchase of financial assets	11	-	(557)
Proceeds from sale of financial assets		<b>440</b>	1,626
<b>Net cash from investing activities</b>		<b>440</b>	1,080
<b>Cash flows (used in) from financing activities</b>			
Repayment of borrowings		<b>(356)</b>	(959)
Interest paid		<b>(22)</b>	(107)
Loan funds drawn down		-	335
<b>Net cash used in financing activities</b>		<b>(378)</b>	(731)
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(99)</b>	134
<b>Cash and cash equivalents at beginning of the year</b>		<b>201</b>	67
<b>Cash and cash equivalents at the end of the year</b>	20	<b>102</b>	201

**COMPANY CASH FLOW STATEMENT**  
For the year ended 31 March 2009

	Notes	2009 £000	2008 £000
<b>Net cash outflow from operating activities</b>	19	<b>59</b>	(2)
<b>Net cash from investing activities</b>		-	-
<b>Net cash used in financing activities</b>		-	-
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>59</b>	(2)
<b>Cash and cash equivalents at beginning of the year</b>		-	2
<b>Cash and cash equivalents at the end of the year</b>		<b>59</b>	-

## **NOTES TO THE FINANCIAL STATEMENTS**

### **For the year ended 31 March 2009**

#### **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 1985 applicable to companies reporting under IFRS. 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 2010 and compared this with the Group's expected cash resources. The directors believe that it remains appropriate to prepare these accounts on a going concern basis. The ability of the Group to remain a going concern is dependent on the agreement of the directors, the ex-directors and YFM to delay payment of their outstanding fees until successful realisations are achieved. The Group has received these confirmations from the directors, the ex-directors and YFM.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets and liabilities 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.

##### ***New standards and interpretations not applied***

The financial statements are prepared in accordance with IFRS and interpretations in force at the reporting date. The IASB has issued a revised version of IAS 1 'Presentation of Financial Statements'. The changes made require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. The revised standard will come into effect for annual periods beginning on or after 1 January 2009 and has therefore not been adopted in these financial statements.

Other standards and interpretations have been issued which will be effective for future reporting periods but have not been adopted in these financial statements. These include amendments to IFRS 1, IFRS 2, IFRS 3, IFRS 7, IFRS 8, IAS 14, IAS 23, IAS 27, IAS 32 and IAS 39 and the issue of IFRICs 12 to 18. These changes are not expected to have a material impact on the financial statements.

##### ***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.

##### ***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 does not hold more than 50% of the equity of any of the companies within the investment portfolio.

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% 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, 'Financial reporting of interest in joint ventures', these have been accounted for as investments held at fair value through profit or loss in accordance with IAS 39 as described above.

Subsidiaries 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

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 1. Principal Accounting Policies (continued)

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 income statement 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 income statement 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 income statement 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.

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 1. Principal Accounting Policies (continued)

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 income statement 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 income statement 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 income statement.

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 Guidelines issued in October 2006. A detailed explanation of the valuation policies of the Group is included on page 8.

#### **Trade and other receivables**

Trade and other receivables are recognised and carried at the lower of their invoiced value and recoverable amount. Provision is made when there is objective evidence that the Group will not be able to recover balances in full.

#### **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.

#### **Taxation**

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

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:

- i. 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;
- ii. 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;
- iii. Deferred income 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.

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 1. Principal Accounting Policies (continued)

#### Segmental Reporting

Business segments are considered to be the primary reporting segment. 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 segmental reporting is provided.

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 the results are not considered to be significant.

#### 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 income statement, 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 income statement 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 income statement.

### 2. Parent Company Income Statement

Strathdon Investments plc has taken advantage of the exemption under CA85 Section 230 not to publish a parent company only income statement.

The amount of loss dealt with in the accounts of the parent company for the year ended 31 March 2009 is £1,309,000 (year ended 31 March 2008: loss of £9,017,000).

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 3. Revenue

	<b>2009</b>	2008
	<b>£000</b>	£000
Revenue from investments:		
Dividends from unquoted companies	<b>82</b>	22
Interest on loans to unquoted companies	<b>(3)</b>	330
<hr/>		
Revenue from investments held at fair value through profit or loss	<b>79</b>	352
<hr/>		
Other revenue	<b>24</b>	9
Interest on deposits	<b>2</b>	4
<hr/>		
<b>Total revenue</b>	<b>105</b>	365

### 4. Operating Loss

Operating loss is stated after charging:

	<b>2009</b>	2008
	<b>£000</b>	£000
Fund management fee	<b>200</b>	140
Administration fee	<b>46</b>	31
<hr/>		
Other expenses:		
Directors' remuneration (see note 5)	<b>53</b>	105
Auditors' remuneration:		
audit fees	<b>19</b>	40
taxation services	<b>4</b>	8
Depreciation of owned fixed assets	-	5
Credit losses	-	912
Operating lease rentals	-	20
Staff Costs (see note 6)	-	232

There have been no credit losses recognised on loan interest and management fees during the year. Last year's credit losses provided against and written off primarily related to balances due from Stagebeach and Capital Consulting Limited.

YFM Venture Finance Limited provides fund management services to the Company under an agreement dated 9 August 2007. The agreement was for an initial 24 months and thereafter may be terminated by not less than 6 months' notice given by either party at any time.

The key features of the agreement are:

- YFM Venture Finance Limited receives a fund management fee, payable monthly in advance, at the rate of 2% of net assets, calculated at quarterly intervals as at 31 December, 31 March, 30 June and 30 September, or £18,750 per month, whichever is higher.
- Under this same agreement YFM Venture Finance Limited also provides administrative and secretarial services to the Company for a fee based on £50,000 (at 9 August 2007) per annum plus annual adjustments to reflect movements in the Retail Prices Index.
- Interest accrues daily at a rate of 4% above base rate on any overdue fees.

The total remuneration payable to YFM Venture Finance Limited in the year was £246,000 (2008: £171,000). At 31 March 2009 a total of £256,000 was due to YFM Venture Finance Limited (2008: £185,000)

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 5. Directors remuneration

The details of directors' remuneration are set out in the Directors' Remuneration Report on page 17.

### 6. Staff costs

	<b>2009</b>	2008
	<b>£000</b>	£000
Wages and salaries	-	198
Social security costs	-	13
Compensation for loss of office	-	21
	<hr/>	<hr/>
	-	232

Following the closure of the Winchester office the Group has no employees other than its non executive directors. Staff costs given above exclude the emoluments of these directors detailed in the Directors' Remuneration Report on page 17.

	<b>2009</b>	2008
	<b>£000</b>	£000
Average monthly number of employees	-	2

### 7. Finance costs

	<b>2009</b>	2008
	<b>£000</b>	£000
Bank interest on loans and overdrafts	35	108

### 8. Taxation

The tax charge is made up as follows:

	<b>2009</b>	2008
	<b>£000</b>	£000
<b>Current tax:</b>		
UK Corporation tax	-	-
Tax overpaid in previous years	-	-
Total current tax	<hr/>	<hr/>
	-	-
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	-	-
Total deferred tax	<hr/>	<hr/>
	-	-
<b>Tax charge (credit)</b>	<hr/>	<hr/>
	-	-

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 8. Taxation (continued)

#### Factors affecting current tax charge

	2009 £000	2008 £000
Loss before taxation	(1,768)	(9,018)
Loss before taxation multiplied by standard rate of corporation tax in UK of 28% (2008: 30%)	(495)	(2,705)
<b>Effect of:</b>		
Non-deductible expense/(non-taxable income)	(23)	(5)
Depreciation in excess of capital allowances	-	1
Fixed asset valuation adjustments	-	(174)
Unrealised losses on fixed asset investment held at fair value through profit or loss	409	2,350
Unrelieved losses	109	533
Tax on loss on ordinary activities	-	-

#### Factors that may affect future tax charges

A potential deferred tax asset of £10,058,000 (2008: £7,884,000) 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 2009 (year ended 31 March 2008: £nil).

### 10. Basic and Diluted Loss per share

The loss per share is based on net loss from ordinary activities after tax of £1,768,000 (2008: £9,018,000) and on 51,817,057 (2008: 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

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 2009 are summarised as follows:

Group	Unquoted Equity Investments £000s	Unquoted Loan Investments £000s	Quoted Equity Investments £000s	Total Investments £000s
Opening cost	10,979	5,664	-	16,643
Opening unrealised gain (loss)	(7,600)	(3,486)	-	(11,086)
Opening valuation	3,379	2,178	-	5,557
Additions at cost	-	-	-	-
Disposal proceeds	-	(66)	-	(66)
Net profit /(loss) realised on disposal	-	-	-	-
Restructure	1,264	(1,264)	-	-
Changes in fair value in the year	(1,462)	70	-	(1,392)
Closing valuation	3,181	918	-	4,099
Closing cost	12,243	4,334	-	16,577
Closing unrealised gain (loss)	(9,062)	(3,416)	-	(12,478)
Closing valuation	3,181	918	-	4,099

## 11. Financial assets designated at fair value through profit or loss (continued)

Movements in financial assets at fair value through profit or loss during the year to 31 March 2008 are summarised as follows:

Group	Unquoted Equity Investments £000s	Unquoted Loan Investments £000s	Quoted Equity Investments £000s	Total Investments £000s
Opening cost	11,669	6,782	-	18,451
Opening unrealised gain (loss)	(2,364)	(1,413)	-	(3,777)
Opening valuation	9,305	5,369	-	14,674
Additions at cost	446	515	-	961
Disposal proceeds	(1,750)	(735)	-	(2,485)
Net profit /(loss) realised on disposal	241	-	-	241
Changes in fair value in the year	(4,863)	(2,971)	-	(7,834)
Closing valuation	3,379	2,178	-	5,557
Closing cost	10,979	5,664	-	16,643
Closing unrealised gain (loss)	(7,600)	(3,486)	-	(11,086)
Closing valuation	3,379	2,178	-	5,557

The total of fair value adjustments below cost made against unquoted investments at 31 March 2009 amounted to £13,415,000 (2008: £7,882,000).

Movements in financial assets at fair value through profit or loss during the year to 31 March 2009 and 2008 for the parent company are summarised as follows:

Company	2009 Unquoted Equity Investments £000s	2008 Unquoted Equity Investments £000s
Opening cost	1,214	1,214
Opening unrealised gain (loss)	(1,175)	(1,168)
Opening valuation	39	46
Additions at cost	-	-
Disposal proceeds	-	-
Net profit /(loss) realised on disposal	-	-
Changes in fair value in the year	(18)	(7)
Closing valuation	21	39
Closing cost	1,214	1,214
Closing unrealised gain (loss)	(1,193)	(1,175)
Closing valuation	21	39

## 11. Financial assets designated at fair value through profit or loss (continued)

### Significant interests

At 31 March 2009 the Company held a significant holding of at least 20% of the voting rights in the following companies:

Company	% held	Accounts made up to	Capital and Reserves £000	Profit after tax £'000	Registered office
AMG	21.9%	31 Dec 08	1,475	(736)	Brigham House, Biggleswade, Bedfordshire, SG18 0LD
Business HR Solutions	49.9%	31 Aug 08	(316)	(51)	210-212 Chapeltown Road Leeds LS7 4HZ
Eptex	24.7%	30 Sep 06	-	-	2 Bennett Close, Welwyn Garden City Hertfordshire, AL7 4JA
Stagebeach	48.2%	31 Dec 06	845	(608)	Fleet Mill, Minley Road, Fleet Hampshire, GU51 2RD
In touch with Health	26.7%	31 Mar 08	(1,091)	11	Preston Mill Barn, Siddington Cirencester, GL7 6E
Intracite	40.4%	31 Oct 08	11	(17)	35 Station Approach, West Byfleet, Surrey, KT14 6NF
Meta Vision Systems	48.7%	31 Dec 08	(1,509)	468	Unit 3 Oakfield Industrial Est, Harcourt Road, Eynsham, OX29 4TH
Stratexec	33.3%	30 Jun 08	(190)	13	The Mill House, Iden Rye, East Sussex, TN31 7PT

In addition, the proportion of each class of share held by the Group is as follows:

Company	Principal activity	No of shares	Class of shares held	Percentage of class held by the company
AMG Systems Ltd	Fibre-optic CCTV transmission systems	616,702	A Ord	73.1%
Business HR Solutions Ltd	Outsourced HR	2,048,757	A Ord	100.0%
Business HR Solutions Ltd	Outsourced HR	1,497,899	Ord	29.6%
Challenge & Response Ltd	Dormant	32,166	A Ord	35.8%
Eptex	Dormant	244,588	A Ord	100.0%
Eptex	Dormant	67,800	B Ord	100.0%
Eptex	Dormant	26,612	Deferred	37.3%
Stagebeach	Dormant	977,469	A Ord	48.6%
Stagebeach	Dormant	301,149	B Ord	47.0%
Stagebeach	Dormant	1,409,294	A Pref	88.1%
Stagebeach	Dormant	1,938,760	B Pref	88.1%
In Touch with Health	Healthcare information	15,327	A Ord	96.0%
In Touch with Health	Healthcare information	309,857	Pref	66.0%
Intracite	IT Services	1,578,360	A Ord	100.0%
Meta Vision Systems	Machine vision systems	6,330,019	Ord	56.5%
Meta Vision Systems	Machine vision systems	700,000	Prefs	100.0%
Meta Vision Systems	Machine vision systems	1,100,000	D Ords	100.0%
Stratexec	Dormant	60,000	Preferred	33.3%

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 12. Investments in subsidiaries

Strathdon Investments plc holds 100% 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:

<b>At 31 March 2009 and 31 March 2008</b>	<b>£000</b>
Cost	8,238
Provision against Strathdon Holdings Limited	(8,238)
	-

### 13. Trade and other receivables

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>£000</b>	£000	<b>£000</b>	£000
<b>Amounts receivable within one year:</b>				
Trade receivables	<b>48</b>	37	-	-
Amounts owed by group companies	-	-	<b>3,779</b>	5,093
Prepayments and accrued income	<b>4</b>	45	<b>5</b>	7
Other debtors	<b>10</b>	473	<b>9</b>	13
	<b>62</b>	555	<b>3,793</b>	5,113

Trade receivables are assessed for impairment when older than 60 days. As of 31 March 2009 there were £48,000 of trade receivables older than 60 days but not provided against (2008: £37,000).

As of 31 March 2009, trade receivables of £169,000 (2008: £1,120,000) 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 £62,000 (2008: £555,000). The group does not hold any collateral as security.

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

	<b>2009</b>	2008
	<b>£000</b>	£000
At 1 April	1,120	303
Written off	(951)	-
Charge for the year	-	817
At 31 March	<b>169</b>	1,120

The parent company had no provision for impairment of 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 25.

### 14. Financial liabilities

	<b>Group</b>		<b>Company</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>£000</b>	£000	<b>£000</b>	£000
<b>Amounts payable within one year:</b>				
Bank overdraft	<b>300</b>	-	-	-
Bank loan	-	656	-	-

During the year end the loan has been restructured and now takes the form of an overdraft facility which was repaid after the year end.

## NOTES TO THE FINANCIAL STATEMENTS

Continued

### 14. Financial liabilities (continued)

At 31 March 2009 the Company's bank overdraft attracted no interest (31 March 2008: the loan attracted 3.25% above the London Interbank market rate per annum).

### 15. Trade and other payables

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
<b>Amounts payable within one year:</b>				
Trade payables	72	198	69	50
Other taxation and social security	6	10	2	4
Other creditors	174	193	52	85
Accruals and deferred income	368	145	89	43
	<b>620</b>	<b>546</b>	<b>212</b>	<b>182</b>

### 16. Loans

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
<b>Amounts payable within more than one year:</b>				
Other loans	141	141	-	-

At 31 March 2009 other loans attracted interest at 9.0% and were not secured on the assets of the Group. The loan is repayable on or before 31 December 2010.

### 17. Called-up share capital

	2009		2008	
	Authorised £000	Allotted, Called-up and Fully paid £000	Authorised £000	Allotted, Called-up and Fully paid £000
Ordinary shares of 5p				
Authorised: 320,000,000 (2008: 320,000,000)	16,000		16,000	
Issued: 51,817,057 (2008: 51,817,057)		2,591		2,591

### 18. Net asset value per Ordinary share

The net asset value per Ordinary share is calculated on attributable assets of £3,202,000 (2008: £4,970,000) and 51,817,057 (2008: 51,817,057) shares 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.

### 19. Reconciliation of Loss before Taxation to Net Cash Outflow from Operating Activities

	Group		Company	
	2009 £000	2008 £000	2009 £000	2008 £000
Loss before tax	(1,768)	(9,018)	(1,309)	(9,017)
Depreciation	-	5	-	-
Loss (profit) on realisation of investments in the year	-	(241)	-	-
Revaluation of investments in the year	1,392	7,834	18	3,879
Finance costs	35	108	-	-
Decrease in receivables	115	866	1,320	4,990
Increase in payables	65	231	30	146
<b>Net cash outflow from operating activities</b>	<b>(161)</b>	<b>(215)</b>	<b>59</b>	<b>(2)</b>

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 20. Analysis of changes in Cash and Cash Equivalents

	<b>31 March 2008 £000</b>	Cash flow £000	Other non cash changes £000	<b>31 March 2009 £000</b>
Cash and cash equivalents	<b>201</b>	(99)	-	<b>102</b>

### 21. Financial commitments

At 31 March 2009 there were no contingent liabilities in respect of uncalled investment commitments (2008: £40,000).

### 22. Related Party Transactions

The emoluments of S D Hunt, from 2 July 2008 Chairman of the Company, are paid via Cornerstone Capital Limited, a company controlled by him.

### 23. Directors and Key Management Compensation

Aggregate compensation for key management, being the directors and members of the Group Executive Committee, was as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2009 £000</b>	2008 £000	<b>2009 £000</b>	2008 £000
Short Term Employee benefits	<b>53</b>	84	<b>53</b>	75
Termination Benefits	-	21	-	-
	<b>53</b>	105	<b>53</b>	75

### 24. Events after the balance sheet date

Since the year end, the Group has sold its remaining investment in Newnova Group Limited for proceeds of £574,000. This realisation has allowed the Group to repay in full its bank borrowings which at the balance sheet date stood at £300,000. There have been no other significant events, including investments or realisations since the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 25. 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 high 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:

Assets as per balance sheet	2009		2008	
	Loans and receivables £000	Assets at fair value through profit or loss £000	Loans and receivables £000	Assets at fair value through profit or loss £000
Cash	102	-	201	-
Trade and other receivables	58	-	510	-
Investments at fair value through profit or loss	-	4,099	-	5,557
<b>Total Financial Instruments</b>	<b>160</b>	<b>4,099</b>	<b>711</b>	<b>5,557</b>

  

Liabilities as per balance sheet	2009		2008	
	Other financial liabilities £000		Other financial liabilities £000	
Financial Liabilities	300		656	
Loans	141		141	
<b>Total Financial Instruments</b>	<b>441</b>		<b>797</b>	
Trade and other payables	620		546	
	<b>1,061</b>		<b>1,343</b>	

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:

	2009 £000			2008 £000		
	< 1 Year	1-2 Years	2- 3 Years	< 1 Year	1-2 Years	2 -3 Years
Financial instruments	300	141	-	656	-	141
Trade and other payables	620	-	-	546	-	-
	<b>920</b>	<b>141</b>	<b>-</b>	<b>1,202</b>	<b>-</b>	<b>141</b>

## NOTES TO THE FINANCIAL STATEMENTS

continued

At 31 March 2009 and 31 March 2008, the financial assets, by value, comprised:

### Group

	2009		2008	
	£000	%	£000	%
<b>Investment held at fair value</b>				
Ordinary shares	2,217	69.2	2,881	58.0
Loan stock	918	28.7	2,178	43.8
Preferred Ordinary Shares	964	30.1	498	10.0
	<b>4,099</b>	<b>128.0</b>	<b>5,557</b>	<b>111.8</b>
Cash and cash equivalents	102	3.2	201	4.0
Financial Liabilities	(300)	(9.4)	(656)	(13.2)
Loans	(141)	(4.4)	(141)	(2.8)
Other financial assets	62	1.9	555	11.2
Other financial liabilities	(620)	(19.3)	(546)	(11.0)
	<b>3,202</b>	<b>100.0</b>	<b>4,970</b>	<b>100.0</b>

### Company

	2009		2008	
	£000	%	£000	%
<b>Investment held at fair value</b>				
Ordinary shares	21	0.6	39	0.8
Loan stock	-	-	-	-
Preferred Ordinary Shares	-	-	-	-
	<b>21</b>	<b>0.6</b>	<b>39</b>	<b>0.8</b>
Cash and cash equivalents	59	1.6	-	-
Other financial assets	3,793	103.6	5,113	102.9
Other financial liabilities	(212)	(5.8)	(182)	(3.7)
	<b>3,661</b>	<b>100.0</b>	<b>4,970</b>	<b>100.0</b>

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 balance sheet date and the risk management policies employed by the Group are discussed below.

### 25a Market 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.

### Equity Price Risk

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 Groups equity investments are traded on AIM. Therefore the Group is not exposed to changes in stock market prices.

100% 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. A 5% increase in the valuations of unquoted investments at 31 March 2009 would have increased the net assets attributable to the Group's shareholders and decreased the total loss for the

## NOTES TO THE FINANCIAL STATEMENTS

continued

year by £205,000 (2008: £278,000). An equal change in the opposite direction would have decreased the 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 £918,000 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, interest earned on loan stock that is at floating rates and interest payable on the bank facility.

At 31 March 2009 the group had an outstanding overdraft of £300,000 (2008: loan of £656,000). No interest is now accruing on this overdraft. If interest rates increased by 1% at 31 March 2009 this would result in an additional £3,000 of interest being paid per annum (2008: £7,000).

The Group has £nil (2008: £1,171,000) 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.

	2009		2008	
	Weighted average interest rate	Weighted average time for which rate is fixed Months	Weighted average interest rate	Weighted average time for which rate is fixed Months
Fixed Rate Loan Stock	10.99%	6	11.84%	13

### 25b 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 Fund Manager 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 (2008: £817,000) provision against trade receivables in the year due to changes in credit risk. Loans have been increased in value by £70,000 (2008: reduced in value £2,971,000) 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 Fund Manager 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 Ltd which constitutes 50.8% (2008: 38.2%) of the net assets attributable to the Group's shareholders. The average investment, excluding those suffering full impairment, is 15.1% (2008: 8.0%) of the value of net assets.

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

	2009 £000			2008 £000		
	< 1 Year	1-2 Years	2- 5 Years	< 1 Year	1-2 Years	2 -5 Years
Unquoted Loan Investments	652	183	83	1,464	187	527

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 25c Liquidity Risk

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 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 bank facility. The Group continues to monitor its liquidity position through detailed cash forecasting. More 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 8. Where investments are in quoted stocks, fair value is set at market price. Non-quoted investments are valued in line with IPEVCA 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 period 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 2008 are used as a market-based indication of the potential earnings of an investment company. A discount is applied by the fund manager 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 2008 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 IPEVCA, other valuation methods have not been used in the year.

## 26. Capital Management

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders
- to ensure sufficient liquid resources are available to meet the funding requirements of its investments and to fund new investments where identified.

The Company had £0.4 million of external debt at 31 March 2009 (2008: £0.8 million), the remaining capital is represented by the value of share capital, distributable and other reserves. Total shareholder equity at 31 March 2009 was £3.2 million (2008: £4.97 million).

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.

There have been no changes in capital management objectives or the capital structure of the business from the previous period. The Company is not subject to any externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS

continued

### 27. 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 2009, as set out in the table below:

Annual growth in fully diluted NAV	5 year compound growth in fully diluted NAV	%age of options vesting
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 (2008: nil). No options are presently eligible for exercise.

Share options have been granted as follows:

	As at 1 April 2007	Granted in year ended 31 March 2008	Forfeited in year ended 31 March 2008	As at 1 April 2008	Granted in year ended 31 March 2009	Forfeited in year ended 31 March 2009	Options outstanding at 31 March 2009
Number of options	2,856,770	-	-	2,856,770	-	-	2,856,770
Weighted average exercise price (pence)	37.8	-	-	37.8	-	-	37.8

## **NOTICE OF THE ANNUAL GENERAL MEETING**

**No: 726423**

### **STRATHDON INVESTMENTS plc**

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at the offices of GLE Limited, New City Court, 20 St Thomas Street, London, SE1 9RS, on 19 October 2009 at 11.30 am for the following purposes:

To consider and, if thought fit, pass the following resolutions, which shall be proposed as Ordinary Resolutions:

#### **As Ordinary Business**

#### **ORDINARY RESOLUTIONS**

- (1) To receive the Annual Report and accounts for the year ended 31 March 2009.
- (2) To approve the Directors' remuneration report.
- (3) To re-elect as a Director Mr D.J. Gamble.
- (4) That Grant Thornton UK LLP be appointed as independent auditors to the Company (having previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of Ernst & Young LLP) to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that the directors be authorised to fix their remuneration.

To consider and, if thought fit, pass the following resolutions, which shall be proposed as Special Resolutions:

#### **As Special Business**

#### **SPECIAL RESOLUTIONS**

- (5) THAT:
  - a) the Directors be and they are hereby generally and unconditionally authorised pursuant to and in accordance with Section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £863,617 (one-third of the total issued Ordinary share capital on 31 March 2009) provided that this authority shall expire on the earlier of the date of the next Annual General Meeting of the Company or 15 months from the date of passing this resolution save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired; and
  - b) subject to the passing of Resolution 5a) set out above, the Directors of the Company be and they are hereby empowered pursuant to Section 95(1) of the Companies Act 1985 to allot equity securities wholly for cash, (i) in connection with a rights issues; and (ii) otherwise than in connection with a rights issues, up to an aggregate nominal amount of £129,542 or 5% of the issued Ordinary share capital, at a price of not less than the net asset value per share, provided that this authority shall expire on the earlier date of the next Annual General Meeting of the Company or 15 months from the date of passing this resolution save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted after such expiry and so that the Directors of the Company may allot equity securities in pursuance of such offers, agreements or arrangements as if the power conferred hereby had not expired.
- (6) THAT in substitution for any existing authority but without prejudice to the exercise of any such power prior to the date hereof, the Company be generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of Ordinary Shares of 5p in the capital of the Company for cancellation or for placing into treasury, provided that:
  - a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 7,767,376 being 14.99% of issued Ordinary Shares as at 31 March 2009;
  - b) the minimum price which may be paid for an Ordinary Share is its nominal value;
  - c) the maximum price which may be paid for an Ordinary Share is an amount equal to maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force as at the date of purchase;
  - d) this authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company held in 2010; and

## NOTICE OF THE ANNUAL GENERAL MEETING (continued)

- e) the Company may make a contract or contracts to purchase Ordinary Shares under this authority before the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of Ordinary Shares in pursuance of any such contract or contracts.

### BY ORDER OF THE BOARD

**J E P Gervasio**  
**Secretary**  
25 September 2009

Registered Office:  
Saint Martins House  
210-212 Chapeltown Road  
Leeds LS7 4HZ

#### Notes to the notice of the Annual General Meeting:

- (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, (an) additional proxy form(s) may be obtained by contacting the Registrars or you may photocopy this 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's registrars, Capita Registrars, Proxies Department, PO BOX 25, Beckenham, Kent, BR3 4TU 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 6.00 pm on 16 October 2009, 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.
- (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.
- (6) Biographical details concerning the Director retiring and offering himself for re-election can be found at page 9 of the Annual Report.
- (7) 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 Companies Act 2006 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 325 of the 2006 Act, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the 2006 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 2006 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.

**FORM OF PROXY**  
**STRATHDON INVESTMENTS plc**

To be used at the Annual General Meeting of the Company to be held at the offices of GLE Limited, New City Court, 20 St Thomas Street, London, SE1 9RS, on 19 October 2009 at 11.30am

*I/We .....being a member/members of the above named Company entitled to attend and vote at the Annual General Meeting of the Company hereby appoint the Chairman of the Meeting or (see note a)..... of .....as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 19 October 2009 at 11.30am and at any adjournment thereof.*

Number of ordinary shares proxy is appointed over.....

Please also tick here if you are appointing more than one proxy

My/our proxy is to vote as indicated below.

<b>ORDINARY RESOLUTIONS</b>	<b>FOR</b>	<b>AGAINST</b>	<b>WITHHELD</b>
1. To receive the Directors' Report and Accounts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Director's Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To re-elect as a director Mr D.J. Gamble	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To appoint Grant Thornton UK LLP as auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>SPECIAL RESOLUTIONS</b>	<b>FOR</b>	<b>AGAINST</b>	<b>WITHHELD</b>
5. To authorise the directors to allot shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To authorise the Company to make purchases of its own shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature.....Dated .....2009

**NOTES**

- (a) If you wish to appoint a proxy or proxies other than the Chairman of the Meeting please insert that person's name and address and delete (initialling the deletion) "the Chairman of the Meeting or". A proxy need not be a Member of the Company. You may attend and vote at the Meeting instead of any proxy appointed by you if you so wish.
- (b) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting the Registrars or you may photocopy this 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.
- (c) Please indicate by inserting "X" in the appropriate box the way in which your proxy is to vote. If you do not do so, your proxy may vote or abstain as he thinks fit. Your proxy will have the authority to vote at his discretion on any amendment or other motion proposed at the Meeting, including any motion to adjourn the Meeting. This proxy will only be used in the event of a poll being directed or demanded.
- (d) This form of proxy must be signed by the appointor or his attorney duly authorised in writing or if the appointor is a corporation this proxy must be given under its Common Seal or be signed by an officer or attorney duly authorised in writing.
- (e) To be valid, this form of proxy duly completed and any power of attorney or other authority (if any) under which it is notarially certified, or office copy of such power or authority, must be deposited at the office of the Company's Registrars, Capita Registrars, Proxies Department, PO BOX 25, Beckenham, Kent not less than 48 hours before the time appointed for holding the above Meeting or (as the case may be) adjourned Meeting.
- (f) The resolutions are set out in full in the Notice of Annual General Meeting.
- (g) In accordance with Section 325 of the 2006 Act, the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the 2006 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 2006 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.
- (h) The Vote Withheld option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.



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BUSINESS REPLY SERVICE  
Licence No. MB122



CAPITA REGISTRARS  
PROXIES DEPARTMENT  
PO BOX 25  
BECKENHAM  
KENT  
BR3 4BR

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