

Keydata AIM VCT 2 plc

Unaudited Interim Results for the six month period ending 31 August 2008



CHAIRMAN'S STATEMENT

Chairman's Statement

During the six month period, the FTSE AIM All Share index fell by 21.4%. Against this backdrop, the Company substantially outperformed with NAV down only 1.9% in the period.

Results

The net asset value per ordinary share decreased by 1.9% to 91.85 pence during the period, after adjusting for the 4 pence dividend paid in June 2008. The loss per ordinary share for the period was 1.88 pence (comprising revenue earnings of 0.46 pence and capital losses of 2.34 pence).

The Investment Manager invested £0.1 million in 1 qualifying AIM company during the period (Advanced Computer Software) together with a further £4.0m in 22 non-qualifying equities, 17 of which were disposed (in full or in part) realising a net gain on sale of £0.066 million in the period. The bid value of qualifying investments at 31 August 2008 was £0.62 million invested in 9 AIM companies. Our holding in Clerkenwell Ventures became non-qualifying in September 2008. The bid value of non-qualifying investments at 31 August 2008 was £0.58 million invested in 10 listed or AIM companies. £2.64 million was held on short dated treasury stock. With respect to the 70% investment test, as at 31 August 2008, 23.5% of the Company's investments were in qualifying companies. We have until 28 February 2010 to meet the 70% test.

Dividend

No interim dividend is proposed in respect of the period.

Shares repurchased

During the period 10,300 ordinary shares were repurchased for cancellation at a cost of £9,175.

Outlook

The outlook for the UK economy has deteriorated sharply in the last 6 months. Against this difficult backdrop, our heavy weighting towards UK gilts (68.8% of investments) continues to protect the fund from the decline in equity values. The latest published NAV at 30 September 2008 was 89.32 pence. We remain confident that we will achieve our required 70% investment in qualifying companies by 28 February 2010.

Shareholder Communication

The Company's daily share price can be found on various financial websites under the EPIC code "KEYT", or on our own dedicated website at www.keydataaimvct2.co.uk

Sir Aubrey Brocklebank Bt

Chairman

9 October 2008

INCOME STATEMENT

for the six month period to 31 August 2008 (unaudited)

	Revenue £000	Capital £000	Total £000
Realised gains on investments	-	66	66
Unrealised losses on investments		(157)	(157)
Income	75	-	75
	-----	-----	-----
	75	(91)	(16)
Management fee	(5)	(17)	(22)
Other expenses	(49)	-	(49)
	-----	-----	-----
	(54)	(17)	(71)
Profit (loss) before taxation	21	(108)	(87)
Taxation	-	-	-
	-----	-----	-----
Profit (loss) after taxation	21	(108)	(87)
	-----	-----	-----
Earnings (loss) per share (Note 2)	0.46p	(2.34)p	(1.88)p

The total column of this statement is the income statement of the Company. All revenue and capital items in the above statement derive from continuing operations.

INCOME STATEMENT

for the period from 20 September 2006 to 31 August 2007 (unaudited)

	Revenue £000	Capital £000	Total £000
Realised gains on investments	-	151	151
Unrealised gains on investments		13	13
Income	94	-	94
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	94	164	258
Management fee	(5)	(15)	(20)
Other expenses	(67)	-	(67)
	-----	-----	-----
	(72)	(15)	(87)
Profit before taxation	22	149	171
Taxation	(4)	4	-
	-----	-----	-----
Profit after taxation	18	153	171
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Earnings per share (Note 2)	0.38p	3.33p	3.71p

The total column of this statement is the income statement of the Company. All revenue and capital items in the above statement derive from continuing operations.

BALANCE SHEET

as at 31 August 2008 (unaudited)

	31 August 2008 (unaudited) £000	31 August 2007 (unaudited) £000
Fixed assets		
Investments	3,835	872
	-----	-----
Current assets		
Prepayments and accrued income	64	20
Cash at bank and on deposit	354	3,707
	-----	-----
	418	3,727
Creditors: amounts falling due within one year		
Accruals and deferred income	(37)	(58)
	-----	-----
Net current assets	381	3,669
	-----	-----
Net assets	4,216	4,541
	-----	-----
Capital and Reserves		
Called up share capital	46	46
Share premium	-	4,325
Capital reserve – realised	50	140
Capital reserve – unrealised	(228)	13
Special reserve	4,315	-
Revenue reserve	33	17
	-----	-----
Equity shareholders' funds	4,216	4,541
	-----	-----
Net asset value per share (Note 4)	91.85p	98.71p

CASH FLOW STATEMENT

for the six month period to 31 August 2008 (unaudited)

	2008	2007
	£000	£000
(Loss) profit before taxation	(87)	170
Realised gains on investments	(66)	(150)
Unrealised losses on investments	157	(13)
Decrease (increase) in debtors	18	(20)
Increase in creditors	1	58
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Net cash inflow from operating activities	23	45
Financial investment:		
Purchase of investments	(6,862)	(2,195)
Sale of investments	6,951	1,486
	-----	-----
Net financial investment	89	(709)
Dividends paid	(184)	-
	-----	-----
Cash outflow before management of liquid resources	(72)	(664)
Financing		
Net proceeds from issue of share capital	-	4,371
Purchase of shares for cancellation	(9)	-
	-----	-----
Net financing	(9)	4,371
	-----	-----
(Decrease) increase in cash	(81)	3,707
Opening cash	435	-
	-----	-----
Closing cash	354	3,707
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RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the six month period to 31 August 2008 (unaudited)

	Share Capital	Capital Reserve Realised	Capital Reserve Unrealised	Special Reserve	Revenue Reserve
	£000	£000	£000	£000	£000
At beginning of period	46	169	(71)	4,325	27
Realised gains on investments	-	66	-	-	-
Unrealised gains on investments	-	-	(157)	-	-
Management fee charged to capital	-	(16)	-	-	-
Equity dividends paid	-	(169)	-	-	(15)
Shares repurchased for cancellation	-	-	-	(10)	-
Profit after taxation for the period	-	-	-	-	21
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At end of period	46	50	(228)	4,315	33
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RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

for the period from 20 September 2006 to 31 August 2007 (unaudited)

	Share Capital	Capital Reserve Realised	Capital Reserve Unrealised	Share Premium	Revenue Reserve
	£000	£000	£000	£000	£000
At beginning of period	-	-	-	-	-
Proceeds from issue of shares	46	-	-	4,555	-
Costs related to issue of shares	-	-	-	(230)	-
Realised gains on investments	-	151	-	-	-
Unrealised gains on investments	-	-	13	-	-
Management fee charged to capital	-	(15)	-	-	-
Tax relief	-	4	-	-	-
Profit after taxation for the period	-	-	-	-	17
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At end of period	46	140	13	4,325	17
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NOTES TO THE INTERIM REPORT

- 1 The accounts of the company are prepared in accordance with Accounting Standards applicable in the United Kingdom. The accounting policies used in preparing this report are consistent with those to be adopted at the year end. All AIM investments are valued at bid price.
- 2 The loss per ordinary share of 1.88p is based on the loss after tax for the period of £87,000 and the weighted average number of ordinary shares in issue over the period of 4,595,450.
- 3 The results should not be taken as a guide to the results for the financial period ending 28 February 2009.
- 4 The net asset value per ordinary share at 31 August 2008 of 91.85p is based on net assets of £4,216,000 and on 4,590,340 shares, being the number of ordinary shares in issue as at 31 August 2008.
- 5 The financial information contained in the 31 August 2008 income statement, balance sheet, cash flow statement and reconciliation of movements in shareholders' funds does not constitute full financial statements and has not been audited.

INVESTMENT PORTFOLIO SUMMARY

as at 31 August 2008

Qualifying investments	Book cost £000	Valuation £000	Valuation %
Optare	116	123	3.2
Animalcare	100	96	2.5
Advanced Computer Software	100	94	2.4
Mount Engineering	75	70	1.8
Plastics Capital	100	68	1.8
Intercede	96	67	1.7
Relax	100	60	1.6
Image Scan	93	22	0.6
Alterian	45	15	0.4
	-----	-----	-----
Total qualifying investments	825	615	16.0
Non-qualifying investments			
Clerkenwell Ventures	202	201	5.2
Amec	130	126	3.3
Home Retail Group	126	125	3.3
Agrifirma Brazil	51	55	1.4
Cohort	36	49	1.3
Richoux	33	19	0.5
Axeon	10	7	0.2
Gallahad Gold	1	1	0.0
Optare	1	0	0.0
Relax	1	0	0.0
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Non-qualifying equity investments	591	583	15.2
Treasury 4% 2009	2,647	2,637	68.8
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Total non-qualifying investments	3,238	3,220	84.0
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Total investments	4,063	3,835	100.0
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QUALIFYING INVESTMENTS

as at 31 August 2008 by valuation

1. Optare plc

20p

Investment date	September 2007	Unaudited results for 6 mths to	June 2008
Equity held	0.57%	Turnover (£'000)	-
Purchase price	14.7p	Profit before tax (£'000)	-
Cost (£'000)	116	Net Assets (£'000)	-
Valuation (£'000)	123		

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

2. Animalcare plc

53p

Investment date	December 2007	Unaudited results for 6 mths to	December 2007
Equity held	0.92%	Turnover (£'000)	3,406
Purchase price	55p	Loss before tax (£'000)	(7)
Cost (£'000)	100	Net Assets (£'000)	6,132
Valuation (£'000)	96		

Animalcare Group previously known as Ritchey, listed its shares on AIM following the acquisition of Animalcare from Genus plc by Ritchey. The enlarged group has two divisions, Animalcare and Ritchey. Ritchey is a long-established manufacturer and supplier of premium livestock products, whilst Animalcare markets and sells a range of licensed veterinary pharmaceuticals, animal identification microchips and other veterinary supplies products, with a particular focus on the companion animal sector within the UK and Ireland. It is also present in the livestock and food production animal sector.

3. Advanced Computer Software plc

16p

Investment date	July 2008	Year end to	-
Equity held	0.31%	Turnover (£'000)	-
Purchase price	17p	Profit before tax (£'000)	-
Cost (£'000)	100	Net Assets (£'000)	-
Valuation (£'000)	94		

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

4. Mount Engineering plc

65p

Investment date	June 2007	Unaudited results for 6 mths to	December 2007
Equity held	0.44%	Turnover (£'000)	5,433
Purchase price	70p	Profit before tax (£'000)	1,305
Cost (£'000)	75	Net Assets (£'000)	16,722
Valuation (£'000)	70		

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

5. Plastics Capital plc

68p

Investment date	November 2007	Unaudited results for year to	March 2008
Equity held	0.37%	Turnover (£'000)	20,452
Purchase price	100p	Loss before tax (£'000)	(2,869)
Cost (£'000)	100	Net Assets (£'000)	17,212
Valuation (£'000)	68		

Plastics Capital plc is a consolidator of plastic products manufacturers focused on proprietary products for niche markets. The group has been built up through acquisitions since 2002 by a management team experienced in mergers and acquisitions, manufacturing and industrial marketing. The group has made six acquisitions to date and has five factories in the UK, an assembly operation in Thailand and sales offices in the US and Japan. Approximately 70% of sales are generated overseas whilst production is concentrated in the UK, where significant engineering know-how and automation underpins the group's competitiveness.

6. Intercede plc

23p

Investment date	May 2007	Unaudited results for year to	March 2008
Equity held	0.78%	Turnover (£'000)	2,805
Purchase price	33p	Loss before tax (£'000)	(177)
Cost (£'000)	96	Net Assets (£'000)	(1,178)
Valuation (£'000)	67		

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

QUALIFYING INVESTMENTS (continued)

7. Relax plc

27p

Investment date	February 2008	Unaudited results for 6 mths to	Jan 2008
Equity held	0.73%	Turnover (£'000)	4,424
Purchase price	45p	Loss before tax (£'000)	(1,446)
Cost (£'000)	100	Net Assets (£'000)	8,541
Valuation (£'000)	60		

Relax plc, formerly known as Debts.co.uk, provides a range of solutions to over-indebted individuals that includes IVAs, trust deeds, debt management programmes, bankruptcy and secured loans.

8. Image Scan plc

3.5p

Investment date	May 2007	Unaudited results for 6 mths to	March 2008
Equity held	1.11%	Turnover (£'000)	1,122
Purchase price	15p	Loss before tax (£'000)	(136)
Cost (£'000)	93	Net Assets (£'000)	1,803
Valuation (£'000)	22		

Image Scan plc has developed modular proprietary software and hardware to provide innovative methods of acquiring, interpreting and presenting x-ray images in real time, bringing major new benefits to security applications, product quality and industrial inspection applications.

9. Alterian plc (via Mediasurface)

122p

Investment date	June 2007	Audited results for year to	March 2008
Equity held	0.02%	Turnover (£'000)	19,343
Purchase price	-	Profit before tax (£'000)	4,015
Cost (£'000)	75	Net Assets (£'000)	25,095
Valuation (£'000)	15 (shares)		
	30 (cash sum)		

In July 2008, Alterian plc acquired Mediasurface plc via a cash and share offer worth 15p per share. Alterian helps marketers improve results through its integrated marketing software platform and global partner community of leading marketing service providers, agencies, and systems integrators.

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the period ending 31 August 2008

