

Kings Arms Yard VCT PLC

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This Half-yearly Financial Report has not been audited or reviewed by the Auditor.

Company information

| | |
|---|--|
| Company number | 03139019 |
| Directors | R A Field, Chairman T W Chambers M G Fiennes |
| Country of incorporation | United Kingdom |
| Legal form | Public Limited Company |
| Manager, company secretary, AIFM and registered office | Albion Capital Group LLP 1 King's Arms Yard London, EC2R 7AF |
| Registrar | Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol, BS99 6ZZ |
| Auditor | BDO LLP 55 Baker Street London, W1U 7EU |
| Taxation adviser | Philip Hare & Associates LLP 1st Floor 4 Staple Inn London, WC1V 7QH |
| Legal adviser | Bird & Bird LLP 15 Fetter Lane London, EC4A 1JP |

Kings Arms Yard VCT PLC is a member of The Association of Investment Companies (www.theaic.co.uk).

| | |
|--------------------------------------|---|
| Shareholder information | <p>For help relating to dividend payments, shareholdings and share certificates please contact Computershare Investor Services PLC: Tel: 0370 873 5858 (UK national rate call, lines are open 8.30am – 5.30pm; Mon-Fri, calls may be recorded) Website: www.investorcentre.co.uk</p> <p>Shareholders can access holdings and valuation information regarding any of their shares held with Computershare by registering on Computershare's website.</p> |
| Financial adviser information | <p>For enquiries relating to the performance of the Company, and information for financial advisers, please contact Albion Capital Group LLP: Tel: 020 7601 1850 (lines are open 9.00am – 5.30pm; Mon-Fri, calls may be recorded) Email: info@albion.capital Website: www.albion.capital</p> |

Please note that these contacts are unable to provide financial or taxation advice.

Investment policy

The Company is a Venture Capital Trust. The investment policy is intended to produce a regular and predictable dividend stream with an appreciation in capital value as set out below.

- The Company's investment policy is for approximately 50% of the portfolio to comprise of more stable, ungeared businesses, with the balance, other than funds retained for liquidity purposes, being invested in a portfolio of higher growth businesses across a variety of sectors of the UK economy including higher risk technology companies. The Company's investment portfolio is thus structured to provide a balance between income and capital growth for the longer term.
- Portfolio companies do not normally have any external borrowings with a charge ranking ahead of the Company.
- Funds held pending investment or for liquidity purposes are held as cash on deposit or similar instruments with banks or other financial institutions with high credit ratings assigned by international credit rating agencies.

Under its Articles of Association, the Company's maximum exposure in relation to gearing is restricted to its adjusted share capital and reserves.

In this way, risk is spread by investing in a number of different businesses within venture capital trust qualifying industry sectors using a mixture of securities. The maximum amount which the Company will invest in a single company is 15% of the Company's assets at cost, thus ensuring a spread of investment risk. The value of an individual investment may increase over time as a result of trading progress and it is possible that it may grow in value to a point where it represents a significantly higher proportion of total assets prior to a realisation opportunity being available.

Financial calendar

| | |
|---------------------------------|-----------------|
| Record date for second dividend | 6 October 2017 |
| Payment date of second dividend | 31 October 2017 |
| Financial year end | 31 December |

Financial highlights

| | Unaudited six months ended 30 June 2017 (pence per share) | Unaudited six months ended 30 June 2016 (pence per share) | Audited year ended 31 December 2016 (pence per share) |
|-----------------------|--|--|--|
| Revenue return | 0.23 | 0.17 | 0.29 |
| Capital return/(loss) | 0.75 | (0.12) | 2.03 |
| Dividends paid | 0.50 | 0.50 | 1.00 |
| Net asset value | 21.81 | 19.66 | 21.41 |

| Total shareholder return | From Launch to 31 December 2010 (pence per share) | 1 January 2011 to 30 June 2017 (pence per share) | From Launch to 30 June 2017 (pence per share) |
|--|---|--|---|
| Subscription price per share at launch | 100.00 | – | 100.00 |
| Dividends paid | 58.66 | 6.17 | 64.83 |
| (Decrease)/increase in net asset value | (83.40) | 5.21 | (78.19) |
| Total shareholder return | <u>75.26</u> | <u>11.38</u> | <u>86.64</u> |

| | |
|--|-------------|
| Current annual dividend objective (pence per share) | 1.00 |
|--|-------------|

The Directors have declared a second dividend of 0.5 pence per share for the year ending 31 December 2017, which will be paid on 31 October 2017 to shareholders on the register on 6 October 2017.

The above financial summary is for the Company, Kings Arms Yard VCT PLC only. Details of the financial performance of the various Quester, SPARK and Kings Arms Yard VCT 2 PLC companies, which have been merged into the Company, can be found on page 23.

Interim management report

Introduction

We are pleased to report a total return of 0.98 pence per share (4.6% on opening net asset value) for the six month period to 30 June 2017. This continues to build on the strong performance the Company has had in recent years of a 2.32 pence per share return in 2016 and 1.77 pence per share return in 2015. The Company's income continues to cover the annual operating costs (management fee and other expenses).

Results

Net asset value increased from 21.41 pence per share at 31 December 2016 to 21.81 pence per share at 30 June 2017, following the payment of a 0.50 pence per share dividend on 28 April 2017. Both the Asset-Based portfolio and the Growth portfolio have shown overall improvements including an increase in the share price of the two quoted stocks held (ErgoMed PLC and Oxford Immunotec Global PLC).

Dividends

Progress to date gives the Board confidence in the sustainability of our dividend policy and we are therefore pleased to announce a further dividend of 0.50 pence per share to be paid on 31 October 2017, to shareholders on the register on 6 October 2017. The total dividend per share paid in the last year of 1.0p represents a tax free yield of 4.8% on the mid-market share price of 20.75 pence per share as at 30 June 2017. The Company continues to offer a Dividend Reinvestment Scheme which continues to be popular amongst existing shareholders.

Valuations

As always, the Board has rigorously examined and revalued the portfolio. The net effect has been an overall gain on investments of £2.5m. The asset based investments, most of which were subject to recent third party valuations, have increased in value by £1.64m, while the growth companies have increased in value by £0.24m. Increases in the share price of Oxford Immunotec Global PLC and ErgoMed PLC

resulted in increases of £0.1m and £0.4m respectively and an additional £0.1m was from realised gains in the period. Further details of the portfolio of investments can be found on pages 9 to 11.

Investment activity

There has been a significant level of investment activity in the six months ended 30 June 2017. The Company has invested £1.0m into five new portfolio companies, with the expectation of supporting further funding rounds over time to support success. In addition, the company invested £0.6m to support existing portfolio companies scale.

New investments in the period included:

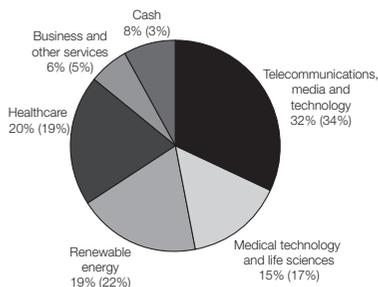
- An investment of £550k (Albion VCTs: £4.0m) to fund the international expansion of MPP Global Solutions Limited, a provider of cloud subscription management platform for the media, sports and retail sectors for clients including Now TV, Philips, Sky, The Times and The Daily Mail;
- An initial amount of £204k (Albion VCTs: £1.5m) to fund the early expansion of G.Network Communications Limited, a provider of ultra high speed fibre optic broadband to SME's in central London founded in 2016. The company has installed high speed broadband in around 25 streets (including Harley Street and Jermyn Street) and has signed up around 130 SME customers;
- An initial investment of £190k (Albion VCTs: £1.3m), to fund the development of Quantexa Limited, a cybersecurity software company founded in 2016, using a predictive analytics platform to protect and detect complex financial crime for the financial services, corporate and government sectors. In its first year of trading it generated over £1.0m revenue and is expected to grow very quickly;

Interim management report (continued)

- An initial investment of £75k (Albion VCTs: £0.5m) to fund the early development of Locum's Nest Limited, a platform and mobile application founded in 2016 which allows NHS Trusts to manage their requirements for locum doctors in a more efficient and cost effective manner. The company is operating with 6 NHS Trusts and thousands of shifts have been fulfilled using the platform;
- An initial investment of £6k (Albion VCTs: £50k) to fund Beddestead Farm Limited, a start-up wedding venue business.

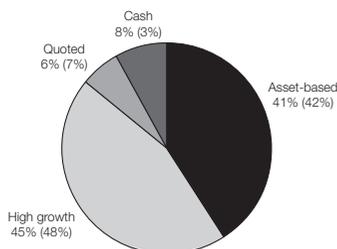
In the period, the company sold c.£1.0m of quoted securities in Oxford Immunotec Global PLC (£0.56m) and ErgoMed PLC (£0.40m). For more information please see the realisation table on page 11.

Distribution of net assets at carrying value, by sector as at 30 June 2017



Comparatives for 31 December 2016 are in brackets
Source: Albion Capital Group LLP

Distribution of net assets at carrying value, by asset class as at 30 June 2017



Comparatives for 31 December 2016 are in brackets
Source: Albion Capital Group LLP

Transactions with the Manager

Details of transactions with the Manager for the reporting period can be found in note 4. Details of related party transactions can be found in note 10.

Albion VCTs Top Up Offers

The Company is pleased to announce that its participation in the Albion VCTs Prospectus Top Up Offers 2016/2017 was fully subscribed and closed early raising net proceeds of £5.82m. Further details can be found in note 7 on page 20. The proceeds of the Offer are being used to provide further resources at a time when a number of attractive new investment opportunities are being seen.

The Company announced on 14 June 2017 that, subject to regulatory approval, it intends to launch a prospectus top up offer of new ordinary shares for subscription. Full details of the Offer will be contained in a prospectus that is expected to be published in early September 2017 and will be available on the Albion Capital website (www.albion.capital).

Interim management report (continued)

Share buy-backs

It remains the Board's policy to buy-back shares in the market, subject to the overall constraint that such purchases are in the Company's interest. This includes the maintenance of sufficient cash resources for investment in new and existing portfolio companies and the continued payment of dividends to shareholders. It is the Board's intention over time for such buy-backs to be in the region of a 5% discount to net asset value, so far as market conditions and liquidity permit.

At 30 June 2017 the Company holds £5.39m in cash and cash equivalents and £3.46m in readily realisable securities.

Risks and uncertainties

The outlook for the UK and global economies continues to be the key risk affecting the Company. The withdrawal of the UK from the European Union is likely to have an impact on the Company and its investments, although it is difficult to quantify at this time. Overall investment risk, however, is mitigated through a variety of processes, including our policies of first ensuring that the Company has a first charge over portfolio companies' assets wherever possible, and second of aiming to achieve balance in the portfolio through the inclusion of sectors that are less exposed to the business consumer cycles.

Other risks and uncertainties remain as set out on page 13 of the Annual Report and Financial Statements for the year ended 31 December 2016.

Outlook

Your Board remains cautious on the economic outlook but positive on the long term prospects of the portfolio. The portfolio is well diversified by company (over 50 portfolio companies), sector, and stage. The Board believes the portfolio offers significant long-term growth potential which will be determined primarily by the success of the underlying businesses rather than the macroeconomic environment.

Robin Field

Chairman
29 August 2017

Responsibility statement

The Directors, Robin Field, Thomas Chambers and Martin Fiennes, are responsible for preparing the Half-yearly Financial Report. In preparing these condensed Financial Statements for the period to 30 June 2017 we, the Directors of the Company, confirm that to the best of our knowledge:

- (a) the condensed set of Financial Statements, which has been prepared in accordance with Financial Reporting Standard 104 "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as required by DTR 4.2.4R;
- (b) the Interim management report, includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

- (c) the Interim management report, includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

This Half-yearly Financial Report has not been audited or reviewed by the Auditor.

By order of the Board

Robin Field
Chairman
29 August 2017

Portfolio of investments

The following is a summary of fixed asset investments as at 30 June 2017:

| Fixed asset investments | % voting rights | Cost ⁽¹⁾ £'000 | Cumulative movement in value in value £'000 | Value £'000 | Change in value for the period ⁽²⁾ £'000 |
|---|-----------------|------------------------------|---|----------------|--|
| Asset-based unquoted investments | | | | | |
| Active Lives Care Limited | 20.3 | 4,140 | 2,075 | 6,215 | 838 |
| Ryefield Court Care Limited | 18.7 | 2,800 | 1,722 | 4,522 | 587 |
| Chonais River Hydro Limited | 6.5 | 2,428 | 511 | 2,939 | 4 |
| The Street by Street Solar Programme Limited | 10.0 | 1,040 | 611 | 1,651 | 87 |
| Alto Prodotto Wind Limited | 11.1 | 988 | 557 | 1,545 | 28 |
| Regenerco Renewable Energy Limited | 9.8 | 988 | 385 | 1,373 | 12 |
| Dragon Hydro Limited | 17.2 | 736 | 361 | 1,097 | (17) |
| Bravo Inns II Limited | 5.0 | 800 | 140 | 940 | 40 |
| Shinfield Lodge Care Limited | 2.9 | 535 | 341 | 876 | 74 |
| Earnside Energy Limited | 5.2 | 835 | 8 | 843 | (7) |
| Gharagain River Hydro Limited | 5.0 | 620 | 71 | 691 | (2) |
| AVESI Limited | 14.8 | 484 | 163 | 647 | 5 |
| Greenenerco Limited | 8.6 | 296 | 156 | 452 | (11) |
| G.Network Communications Limited | 4.5 | 204 | – | 204 | – |
| Erin Solar Limited | 5.7 | 160 | (6) | 154 | (3) |
| Infinite Ventures (Goathill) Limited | 2.7 | 112 | 33 | 145 | 7 |
| Harvest AD Limited ⁽ⁱ⁾ | – | 70 | (1) | 69 | (1) |
| Beddlestead Farm Limited | 6.0 | 6 | – | 6 | – |
| Total asset-based unquoted investments | | 17,242 | 7,127 | 24,369 | 1,641 |

(i) Early stage investment of convertible loan stock.

Portfolio of investments (continued)

| | % voting rights | Cost ⁽¹⁾ £'000 | Cumulative movement in value £'000 | Value £'000 | Change in value for the period ⁽²⁾ £'000 |
|--|-----------------|------------------------------|--|----------------|--|
| Fixed asset investments | | | | | |
| High growth unquoted investments | | | | | |
| Elateral Group Limited | 37.7 | 4,194 | (168) | 4,026 | (649) |
| Proveca Limited | 15.1 | 1,304 | 1,664 | 2,968 | 60 |
| Antenova Limited | 28.7 | 1,733 | 1,124 | 2,857 | 133 |
| Anthropics Technologies Limited | 14.9 | 19 | 1,720 | 1,739 | 376 |
| Egress Software Technologies Limited | 4.3 | 430 | 1,264 | 1,694 | 457 |
| Hilson Moran Holdings Limited | 10.4 | 301 | 1,300 | 1,601 | 185 |
| Perpetuum Limited | 15.0 | 2,073 | (652) | 1,421 | – |
| MyMeds&Me Limited | 7.0 | 848 | 412 | 1,260 | 21 |
| Academia Inc. | 3.2 | 351 | 894 | 1,245 | (58) |
| Grapeshot Limited | 2.6 | 518 | 572 | 1,090 | 413 |
| Edo Consulting Limited (Formerly Sift Digital Limited) | 38.6 | 923 | 112 | 1,035 | (37) |
| Sift Limited | 42.1 | 2,306 | (1,566) | 740 | (300) |
| OmPrompt Holdings Limited | 10.2 | 945 | (247) | 698 | (284) |
| MPP Global Solutions Limited | 1.9 | 550 | – | 550 | – |
| Symetrica Limited | 3.5 | 389 | 135 | 524 | (235) |
| Celoxica Holdings plc | 4.4 | 513 | (144) | 369 | – |
| Mirada Medical Limited | 1.1 | 303 | 32 | 335 | 23 |
| Relayware Limited | 1.0 | 324 | (3) | 321 | (2) |
| Black Swan Data Limited | 0.9 | 293 | – | 293 | – |
| Convertr Media Limited | 3.1 | 284 | – | 284 | – |
| Aridhia Informatics Limited | 2.2 | 354 | (75) | 279 | 39 |
| Secured By Design Limited | 1.7 | 260 | – | 260 | – |
| Abcodia Limited | 4.3 | 548 | (313) | 235 | – |
| The Wentworth Wooden Jigsaw Company Limited | 5.4 | – | 214 | 214 | 93 |
| Quantexa Limited | 1.7 | 190 | – | 190 | – |
| Panaseer Limited | 1.3 | 113 | 29 | 142 | 29 |
| Cisiv Limited | 2.8 | 216 | (105) | 111 | – |
| Sandcroft Avenue Limited (T/A payasugym.com) | 1.3 | 120 | (16) | 104 | – |
| Oviva AG | 1.2 | 91 | – | 91 | – |
| Locum's Nest Limited | 1.6 | 75 | – | 75 | – |
| Dickson Financial Services Limited | 4.5 | 45 | 22 | 67 | 5 |
| InCrowd Sports Limited | 0.8 | 36 | – | 36 | – |
| Xention Limited | 10.6 | 38 | (28) | 10 | (26) |
| Ario Pharma Limited | 3.6 | 24 | (23) | 1 | – |
| De Novo Pharmaceuticals Limited | 0.0 | – | 1 | 1 | – |
| Furzeland Limited | 0.0 | – | 1 | 1 | – |
| Keronite Limited | 1.1 | – | 1 | 1 | – |
| Lectus Therapeutics Limited | 4.5 | – | 1 | 1 | – |
| Oxonica Limited | 2.1 | 1 | – | 1 | – |
| TeraView Limited | 1.0 | 1 | – | 1 | – |
| Total high growth unquoted investments | | 20,713 | 6,158 | 26,871 | 243 |
| Total unquoted investments | | 37,955 | 13,285 | 51,240 | 1,884 |

Portfolio of investments (continued)

| Quoted investments | Cost ⁽¹⁾ £'000 | Cumulative movement in value £'000 | Value £'000 | Change in value for the period ⁽²⁾ £'000 |
|--------------------------------------|------------------------------|---|----------------|--|
| Oxford Immunotec Global PLC (NASDAQ) | 551 | 1,280 | 1,831 | 115 |
| ErgoMed PLC | 1,173 | 453 | 1,626 | 360 |
| Total quoted investments | 1,724 | 1,733 | 3,457 | 475 |
| Total fixed asset investments | 39,679 | 15,018 | 54,697 | 2,359 |

| | |
|--|--------------|
| Total change in value of investments for the period | 2,359 |
| Movement in loan stock accrued interest | 36 |
| Unrealised gains sub-total | 2,395 |
| Realised gains in current period | 132 |
| Total gains on investments as per Income statement | 2,527 |

(1) Amounts shown as cost represent the acquisition cost in the case of investments originally made by the Company and/or the valuation attributed to the investments acquired from Quester VCT 2 plc and Quester VCT 3 plc at the date of the merger in 2005, and those acquired from Kings Arms Yard VCT 2 PLC at the merger on 30 September 2011, plus any subsequent acquisition costs, as reduced in certain cases by amounts written off as representing an impairment value.

(2) The above column shows the movement in the year from the opening balance as at 1 January 2017 to the closing balance as at 30 June 2017 after adjustments for additions and disposals.

| Realisations and loan stock repayments to 30 June 2017 | Cost £'000 | Opening carrying value £'000 | Disposal proceeds £'000 | Realised gain on cost £'000 | Gains on opening or acquired value £'000 |
|---|---------------|---------------------------------------|-------------------------------|--------------------------------------|--|
| Oxford Immunotec Global PLC | 175 | 544 | 560 | 385 | 16 |
| ErgoMed PLC | 294 | 317 | 404 | 110 | 87 |
| Haemostatix Limited (additional escrow) | – | – | 26 | 26 | 26 |
| Alto Prodotto Wind Limited (loan stock repayment) | 10 | 15 | 15 | 5 | – |
| Greenenerco Limited (loan stock repayment) | 3 | 5 | 5 | 2 | – |
| Silent Herdsman Holdings Limited (escrow adjustment) | – | – | 3 | 3 | 3 |
| Total | 482 | 881 | 1,013 | 531 | 132 |

Condensed income statement

| | | Unaudited six months ended 30 June 2017 | | | Unaudited six months ended 30 June 2016 | | | Audited year ended 31 December 2016 | | |
|--|------|---|------------------|----------------|---|------------------|----------------|---|------------------|----------------|
| | Note | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Gains on investments | 2 | - | 2,527 | 2,527 | - | 59 | 59 | - | 6,076 | 6,076 |
| Investment income | 3 | 940 | - | 940 | 661 | - | 661 | 1,370 | - | 1,370 |
| Investment management fees | 4 | (142) | (427) | (569) | (118) | (355) | (473) | (244) | (733) | (977) |
| Performance incentive fee | 4 | (32) | (95) | (127) | - | - | - | (128) | (385) | (513) |
| Other expenses | | (152) | - | (152) | (133) | - | (133) | (279) | - | (279) |
| Profit/(loss) on ordinary activities before tax | | 614 | 2,005 | 2,619 | 410 | (296) | 114 | 719 | 4,958 | 5,677 |
| Tax on ordinary activities | | - | - | - | - | - | - | - | - | - |
| Profit/(loss) and total comprehensive income attributable to shareholders | | 614 | 2,005 | 2,619 | 410 | (296) | 114 | 719 | 4,958 | 5,677 |
| Basic and diluted return/(loss) per share (pence) | 6 | 0.23 | 0.75 | 0.98 | 0.17 | (0.12) | 0.05 | 0.29 | 2.03 | 2.32 |

The accompanying notes on pages 16 to 21 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2016 and the audited statutory accounts for the year ended 31 December 2016.

The total column of this condensed income statement represents the profit and loss account of the Company. The supplementary revenue and capital columns have been prepared in accordance with The Association of Investment Companies' Statement of Recommended Practice.

Condensed balance sheet

| | Note | Unaudited 30 June 2017 £'000 | Unaudited 30 June 2016 £'000 | Audited 31 December 2016 £'000 |
|---|------|------------------------------------|------------------------------------|--------------------------------------|
| Fixed asset investments | | 54,697 | 44,425 | 51,601 |
| Current assets | | | | |
| Trade and other receivables less than one year | | 66 | 618 | 476 |
| Cash and cash equivalents | | 5,388 | 4,267 | 1,788 |
| | | 5,454 | 4,885 | 2,264 |
| Total assets | | 60,151 | 49,310 | 53,865 |
| Creditors: amounts falling due within one year | | | | |
| Trade and other payables less than one year | | (605) | (383) | (855) |
| Total assets less current liabilities | | 59,546 | 48,927 | 53,010 |
| Equity attributable to equityholders | | | | |
| Called up share capital | 7 | 3,127 | 2,833 | 2,840 |
| Share premium | | 19,899 | 14,103 | 14,218 |
| Capital redemption reserve | | 11 | 11 | 11 |
| Unrealised capital reserve | | 14,523 | 7,217 | 12,526 |
| Realised capital reserve | | 3,440 | 3,488 | 3,432 |
| Other distributable reserve | | 18,546 | 21,275 | 19,983 |
| Total equity shareholders' funds | | 59,546 | 48,927 | 53,010 |
| Basic and diluted net asset value per share (pence)* | | 21.81 | 19.66 | 21.41 |

* excluding treasury shares

The accompanying notes on pages 16 to 21 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2016 and the audited statutory accounts for the year ended 31 December 2016.

These Financial Statements were approved by the Board of Directors, and authorised for issue on 29 August 2017 and were signed on its behalf by

Robin Field
Chairman

Company number: 03139019

Condensed statement of changes in equity

| | Called up share capital £'000 | Share premium £'000 | Capital redemption reserve £'000 | Unrealised capital reserve £'000 | Realised capital reserve* £'000 | Other distributable reserve* £'000 | Total £'000 |
|---|----------------------------------|------------------------|-------------------------------------|-------------------------------------|------------------------------------|---------------------------------------|----------------|
| At 1 January 2017 | 2,840 | 14,218 | 11 | 12,526 | 3,432 | 19,983 | 53,010 |
| Profit/(loss) and total comprehensive income for the period | - | - | - | 2,395 | (390) | 614 | 2,619 |
| Transfer of previously unrealised gains on disposal of investments | - | - | - | (398) | 398 | - | - |
| Purchase of own shares for treasury | - | - | - | - | - | (676) | (676) |
| Issue of equity | 287 | 5,853 | - | - | - | - | 6,140 |
| Cost of issue of equity | - | (172) | - | - | - | - | (172) |
| Dividends paid | - | - | - | - | - | (1,375) | (1,375) |
| At 30 June 2017 | 3,127 | 19,899 | 11 | 14,523 | 3,440 | 18,546 | 59,546 |
| At 1 January 2016 | 2,533 | 8,399 | 11 | 7,170 | 3,830 | 22,669 | 44,612 |
| Profit/(loss) and total comprehensive income for the period | - | - | - | 5 | (301) | 410 | 114 |
| Transfer of previously unrealised losses on disposal of investments | - | - | - | 41 | (41) | - | - |
| Purchase of own shares for treasury | - | - | - | - | - | (548) | (548) |
| Issue of equity | 300 | 5,863 | - | - | - | - | 6,163 |
| Cost of issue of equity | - | (159) | - | - | - | - | (159) |
| Dividends paid | - | - | - | - | - | (1,256) | (1,256) |
| At 30 June 2016 | 2,833 | 14,103 | 11 | 7,217 | 3,488 | 21,275 | 48,927 |
| At 1 January 2016 | 2,533 | 8,399 | 11 | 7,170 | 3,830 | 22,669 | 44,612 |
| Profit/(loss) and total comprehensive income for the period | - | - | - | 5,718 | (760) | 719 | 5,677 |
| Transfer of previously unrealised gains on disposal or write off of investments | - | - | - | (362) | 362 | - | - |
| Purchase of own shares for treasury | - | - | - | - | - | (905) | (905) |
| Issue of equity | 307 | 5,981 | - | - | - | - | 6,288 |
| Cost of issue of equity | - | (162) | - | - | - | - | (162) |
| Dividends paid | - | - | - | - | - | (2,500) | (2,500) |
| At 31 December 2016 | 2,840 | 14,218 | 11 | 12,526 | 3,432 | 19,983 | 53,010 |

* The total distributable reserves are £21,986,000 (30 June 2016: £24,763,000; 31 December 2016: £23,415,000).

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2016 and the audited statutory accounts for the year ended 31 December 2016.

Condensed statement of cash flows

| | Unaudited six months ended 30 June 2017 £'000 | Unaudited six months ended 30 June 2016 £'000 | Audited year ended 31 December 2016 £'000 |
|---|--|--|--|
| Cash flow from operating activities | | | |
| Investment income received | 594 | 480 | 902 |
| Deposit interest received | 1 | 18 | 32 |
| Dividend income received | 337 | 46 | 84 |
| Investment management fees paid | (526) | (450) | (994) |
| Performance incentive fee paid | (513) | (242) | (242) |
| Other cash payments | (129) | (135) | (227) |
| Exchange rate movement on a part disposal of an asset | (7) | 4 | 7 |
| | <u>(243)</u> | <u>(279)</u> | <u>(438)</u> |
| Net cash flow from operating activities | | | |
| Cash flow from investing activities | | | |
| Purchase of fixed asset investments | (1,573) | (3,873) | (5,935) |
| Disposal of fixed asset investments | 1,422 | 651 | 1,918 |
| | <u>(151)</u> | <u>(3,222)</u> | <u>(4,017)</u> |
| Net cash flow from investing activities | | | |
| Cash flow from financing activities | | | |
| Issue of share capital | 5,824 | 5,880 | 5,880 |
| Cost of issue of equity | - | - | (2) |
| Purchase of own shares (including costs) | (602) | (499) | (905) |
| Equity dividends paid* | (1,228) | (1,131) | (2,248) |
| | <u>3,994</u> | <u>4,250</u> | <u>2,725</u> |
| Net cash flow from financing activities | | | |
| Increase/(decrease) in cash and cash equivalents | 3,600 | 749 | (1,730) |
| Cash and cash equivalents at start of period | 1,788 | 3,518 | 3,518 |
| | <u>5,388</u> | <u>4,267</u> | <u>1,788</u> |
| Cash and cash equivalents at end of period | | | |
| Cash and cash equivalents comprise: | | | |
| Cash at bank and in hand | 5,388 | 4,267 | 1,788 |
| Cash equivalents | - | - | - |
| | <u>5,388</u> | <u>4,267</u> | <u>1,788</u> |
| Total cash and cash equivalents | | | |

* The dividend paid in the cash flow is different to the dividend disclosed in note 5 due to the non-cash effect of the Dividend Reinvestment Scheme.

The accompanying notes on pages 16 to 21 form an integral part of this Half-yearly Financial Report.

Comparative figures have been extracted from the unaudited Half-yearly Financial Report for the six months ended 30 June 2016 and the audited statutory accounts for the year ended 31 December 2016.

Notes to the condensed Financial Statements

1. Basis of accounting

The condensed Financial Statements have been prepared in accordance with the historical cost convention, modified to include the revaluation of investments, in accordance with applicable United Kingdom law and accounting standards, including Financial Reporting Standard 102 ("FRS 102"), Financial Reporting Standard 104 – Interim Financial Reporting ("FRS 104"), and with the 2014 Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP") issued by The Association of Investment Companies ("AIC").

The preparation of the Financial Statements requires management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The most critical estimates and judgements relate to the determination of carrying value of investments at fair value through profit and loss ("FVTPL"). The Company values investments by following the IPEVCV Guidelines and further detail on the valuation techniques used are outlined below.

The half-yearly report has not been audited, nor has it been reviewed by the auditor pursuant to the FRC's guidance on Review of interim financial information.

Company information can be found on page 2.

Accounting policies

Fixed asset investments

The Company's business is investing in financial assets with a view to profiting from their total return in the form of income and capital growth. This portfolio of financial assets is managed and its performance evaluated on a fair value basis, in accordance with a documented investment policy, and information about the portfolio is provided internally on that basis to the Board.

In accordance with the requirements of FRS 102, those undertakings in which the Company holds more than 20 per cent. of the equity as part of an investment portfolio are not accounted for using the equity method. In these circumstances the investment is measured at FVTPL.

Upon initial recognition (using trade date accounting) investments, including loan stock, are classified by the Company as FVTPL and are included at their initial fair value, which is cost (excluding expenses incidental to the acquisition which are written off to the income statement).

Subsequently, the investments are valued at fair value, which is measured as follows:

- Investments listed on recognised exchanges are valued at their bid prices at the end of the accounting period or otherwise at fair value based on published price quotations;
- Unquoted investments, where there is not an active market, are valued using an appropriate valuation technique in accordance with the IPEVCV Guidelines. Indicators of fair value are

derived using established methodologies including earnings multiples, the level of third party offers received, prices of recent investment rounds, net assets and industry valuation benchmarks. Where the Company has an investment in an early stage enterprise, the price of a recent investment round is often the most appropriate approach to determining fair value. In situations where a period of time has elapsed since the date of the most recent transaction, consideration is given to the circumstances of the portfolio company since that date in determining fair value. This includes consideration of whether there is any evidence of deterioration or strong definable evidence of an increase in value. In the absence of these indicators, the investment in question is valued at the amount reported at the previous reporting date. Examples of events or changes that could indicate a diminution include:

- the performance and/or prospects of the underlying business are significantly below the expectations on which the investment was based;
- a significant adverse change either in the portfolio company's business or in the technological, market, economic, legal or regulatory environment in which the business operates; or
- market conditions have deteriorated, which may be indicated by a fall in the share prices of quoted businesses operating in the same or related sectors.

Investments are recognised as financial assets on legal completion of the investment contract and are de-recognised on legal completion of the sale of an investment.

Dividend income is not recognised as part of the fair value movement of an investment, but is recognised separately as investment income through the income statement when a share becomes ex-dividend.

Debtors and creditors and cash are carried at amortised cost, in accordance with FRS 102. There are no financial liabilities other than creditors.

Gains and losses on investments

Gains and losses arising from changes in the fair value of the investments are included in the Condensed income statement for the period as a capital item and are allocated to the unrealised capital reserve.

Investment income

Equity income

Dividend income is included in revenue when the investment is quoted ex-dividend.

Unquoted loan stock and other preferred income

Fixed returns on non-equity shares and debt securities are recognised when the Company's right to receive payment and expect settlement is established. Where interest is rolled up and/or payable at redemption then

Notes to the condensed Financial Statements (continued)

it is recognised as income unless there is reasonable doubt as to its receipt.

Bank interest income

Interest income is recognised on an accruals basis using the rate of interest agreed with the bank.

Investment management fees and expenses

All expenses have been accounted for on an accruals basis. Expenses are charged through the other distributable reserve except the following which are charged through the realised capital reserve:

- 75 per cent. of management fees are allocated to realised capital reserve. This is in line with the Board's expectation that over the long term 75 per cent. of the Company's investment returns will be in the form of capital gains; and
- expenses which are incidental to the purchase or disposal of an investment are charged through the realised capital reserve.

Performance incentive fee

Any performance incentive fee will be allocated between other distributable and realised capital reserves based upon the proportion to which the calculation of the fee is attributable to revenue and capital returns.

Taxation

Taxation is applied on a current basis in accordance with FRS 102. Current tax is tax payable (refundable) in respect of the taxable profit (tax loss) for the current period or past reporting periods using the tax rates and laws that have been enacted or substantively enacted at the financial reporting date. Taxation associated with capital expenses is applied in accordance with the SORP.

Deferred tax is provided in full on all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. As a VCT the Company has an exemption from tax on capital gains. The Company intends to continue meeting the conditions required to obtain approval as a VCT in the foreseeable future. The Company therefore, should have no material deferred tax timing differences arising in respect of the revaluation or disposal of investments and the Company has not provided for any deferred tax.

Foreign exchange

The currency of the primary economic environment in which the Company operates (the functional currency) is pounds Sterling ("Sterling"), which is also the presentational currency of the Company. Transactions involving currencies other than Sterling are recorded at the exchange rate ruling on the transaction date. At each Balance sheet date, monetary items and non-monetary assets and liabilities that are measured at fair value, which are denominated in foreign currencies, are retranslated at the closing rates of exchange. Exchange

differences arising on settlement of monetary items and from retranslating at the Balance sheet date of investments and other financial instruments measured at fair value through profit or loss, and other monetary items, are included in the Income statement. Exchange differences relating to investments and other financial instruments measured at fair value are subsequently included in the unrealised capital reserve.

Reserves

Share premium

This reserve accounts for the difference between the price paid for shares and the nominal value of the shares, less issue costs and transfers to other distributable reserve.

Capital redemption reserve

This reserve accounts for amounts by which the issued share capital is diminished through the repurchase and cancellation of the Company's own shares.

Unrealised capital reserve

Increases and decreases in the valuation of investments held at the year end against cost are included in this reserve.

Realised capital reserve

The following are disclosed in this reserve:

- gains and losses compared to cost on the realisation of investments;
- expenses, together with the related taxation effect, charged in accordance with the above policies; and
- dividends paid to equity holders.

Other distributable reserve

The special reserve, treasury share reserve and the revenue reserve were combined in 2012 to form a single reserve named other distributable reserve.

This reserve accounts for movements from the revenue column of the Income statement, the payment of dividends, the buy-back of shares and other non-capital realised movements.

Dividends

Dividends by the Company are accounted for in the period in which the dividend is paid or approved at the Annual General Meeting.

Segmental reporting

The Directors are of the opinion that the Company is engaged in a single operating segment of business, being investment in equity and debt. The Company invests in smaller companies principally based in the UK.

Notes to the condensed Financial Statements (continued)

2. Gains on investments

| | Unaudited six months ended 30 June 2017 £'000 | Unaudited six months ended 30 June 2016 £'000 | Audited year ended 31 December 2016 £'000 |
|---|--|--|--|
| Unrealised gains on fixed asset investments | 2,395 | 5 | 5,718 |
| Realised gains on fixed asset investments | 132 | 54 | 358 |
| | <u>2,527</u> | <u>59</u> | <u>6,076</u> |

3. Investment income

| | Unaudited six months ended 30 June 2017 £'000 | Unaudited six months ended 30 June 2016 £'000 | Audited year ended 31 December 2016 £'000 |
|--|--|--|--|
| Income recognised on investments | | | |
| Interest from loans to portfolio companies | 602 | 596 | 1,257 |
| Dividends | 337 | 46 | 84 |
| Bank deposit interest | 1 | 19 | 29 |
| | <u>940</u> | <u>661</u> | <u>1,370</u> |

4. Investment management fees

| | Unaudited six months ended 30 June 2017 £'000 | Unaudited six months ended 30 June 2016 £'000 | Audited year ended 31 December 2016 £'000 |
|---|--|--|--|
| Investment management fees charged to revenue | 142 | 118 | 244 |
| Investment management fees charged to capital | 427 | 355 | 733 |
| Performance incentive fee charged to revenue | 32 | – | 128 |
| Performance incentive fee charged to capital | 95 | – | 385 |
| | <u>696</u> | <u>473</u> | <u>1,490</u> |

Further details of the management agreement under which the investment management fee is paid are given in the Strategic report on pages 11 and 12 of the Annual Report and Financial Statements for the year ended 31 December 2016.

During the period, services with a value of £569,000 (30 June 2016: £473,000; 31 December 2016: £977,000) and £25,000 (30 June 2016: £25,000; 31 December 2016: £50,000) were purchased by the Company from Albion Capital Group LLP in respect of investment management and administration fees respectively. At the period end, the amount due to Albion Capital Group LLP in respect of these services disclosed as accruals was £317,000 (30 June 2016: £263,000; 31 December 2016: £273,000). For the period to 30 June 2017, a provisional performance incentive fee of £127,000 has been accrued, however any performance incentive fee is only payable on year end results (30 June 2016: nil; 31 December 2016: £513,000).

Albion Capital Group LLP is, from time to time, eligible to receive transaction fees and Directors' fees from portfolio companies. During the period, fees of £113,000 (30 June 2016: £118,000; 31 December 2016: £173,000) attributable to the investments of the Company were paid pursuant to these arrangements.

Albion Capital Group LLP holds 90,660 Ordinary shares in the Company.

Notes to the condensed Financial Statements (continued)

5. Dividends

| | Unaudited six months ended 30 June 2017 £'000 | Unaudited six months ended 30 June 2016 £'000 | Audited year ended 31 December 2016 £'000 |
|--|--|--|--|
| First dividend of 0.5 pence per share paid on 29 April 2016 | – | 1,256 | 1,256 |
| Second dividend of 0.5 pence per share paid on 31 October 2016 | – | – | 1,244 |
| First dividend of 0.5 pence per share paid on 28 April 2017 | 1,375 | – | – |
| | 1,375 | 1,256 | 2,500 |

The Directors have declared a second dividend of 0.5 pence per share for the year ending 31 December 2017, which will be paid on 31 October 2017 to shareholders on the register on 6 October 2017.

6. Basic and diluted return/(loss) per share

| | Unaudited six months ended 30 June 2017 Revenue Capital | | Unaudited six months ended 30 June 2016 Revenue Capital | | Audited year ended 31 December 2016 Revenue Capital | |
|--|--|--------------|--|-------|--|-------|
| Profit/(loss) attributable to shares (£'000) | 614 | 2,005 | 410 | (296) | 719 | 4,958 |
| Weighted average shares in issue (excluding treasury shares) | 267,189,319 | | 240,621,271 | | 244,550,634 | |
| Return/(loss) per share (pence) | 0.23 0.75 | | 0.17 (0.12) | | 0.29 2.03 | |

The weighted average number of Ordinary shares is calculated excluding the treasury shares of 39,731,000 (30 June 2016: 34,461,000; 31 December 2016: 36,375,000).

There are no convertible instruments, derivatives or contingent share agreements in issue so basic and diluted return/(loss) per share are the same.

7. Called up share capital

| | Unaudited 30 June 2017 £'000 | Unaudited 30 June 2016 £'000 | Audited 31 December 2016 £'000 |
|--|---|------------------------------------|--------------------------------------|
| Allotted, issued and fully paid: | | | |
| 312,691,928 Ordinary shares of 1 penny each (30 June 2016: 283,344,311; 31 December 2016: 283,993,804) | 3,127 | 2,833 | 2,840 |

Voting rights

272,960,928 Ordinary shares of 1 penny each (net of treasury shares) (30 June 2016: 248,883,311; 31 December 2016: 247,618,804).

Notes to the condensed Financial Statements (continued)

7. Called up share capital (continued)

The Company operates a share buy-back programme, as detailed in the Interim management report on page 7. During the period the Company purchased 3,356,000 Ordinary shares (nominal value of £33,560) at a cost of £676,000 including stamp duty (30 June 2016: £548,000; 31 December 2016: £905,000) to be held in treasury. The Company holds a total of 39,731,000 Ordinary shares in treasury at a nominal value of £397,310, representing 12.7 per cent. of the issued Ordinary share capital as at 30 June 2017. The shares purchased for treasury were funded from the other distributable reserve.

During the period from 1 January 2017 to 30 June 2017, the Company issued the following new shares of 1 penny each under the terms of the Dividend Reinvestment Scheme Circular dated 19 April 2011:

| Date of allotment | Number of shares allotted | Aggregate nominal value of shares (£'000) | Issue price (pence per share) | Net invested (£'000) | Opening market price on allotment date (pence per share) |
|-------------------|---------------------------|---|-------------------------------|----------------------|--|
| 28 April 2017 | 704,941 | 7 | 20.91 | 145 | 20.75 |

Under the terms of the Albion VCTs Prospectus Top Up Offers 2016/2017, the following Ordinary shares of nominal value 1 penny each were allotted during the period to 30 June 2017:

| Date of allotment | Number of shares allotted | Aggregate nominal value of shares (£'000) | Issue price (pence per share) | Net consideration received (£'000) | Opening market price on allotment date (pence per share) |
|-------------------|---------------------------|---|-------------------------------|------------------------------------|--|
| 31 January 2017 | 4,249,243 | 42 | 20.90 | 870 | 19.00 |
| 31 January 2017 | 1,647,857 | 16 | 21.00 | 338 | 19.00 |
| 31 January 2017 | 12,460,938 | 125 | 21.10 | 2,550 | 19.00 |
| 28 March 2017 | 8,437,199 | 84 | 22.10 | 1,809 | 20.00 |
| 7 April 2017 | 119,403 | 1 | 21.90 | 25 | 20.00 |
| 7 April 2017 | 72,916 | 1 | 22.00 | 16 | 20.00 |
| 7 April 2017 | 1,005,627 | 10 | 22.10 | 216 | 20.00 |
| | <u>27,993,183</u> | <u>280</u> | | <u>5,824</u> | |

8. Commitments, contingencies and guarantees

As at 30 June 2017, the Company had the following financial commitments totalling £5,000 (30 June 2016: £1,058,000; 31 December 2016: £nil), which are expected to be invested during the next 12 months:

- £5,000 Aridhia Informatics Limited.

9. Post balance sheet events

Since 30 June 2017, the Company has completed the following investment transactions:

- Investment of £255,000 in Active Lives Care Limited;
- Investment of £250,000 in Ryefield Court Care Limited;
- Investment of £204,000 in G.Network Communications Limited;
- Investment of £189,000 in Black Swan Data Limited;
- Investment of £41,000 in Abcodia Limited;
- Investment of £6,000 in Beddlestead Farm Limited;
- Investment of £5,000 in Aridhia Informatics Limited; and
- Partial disposal of ErgoMed PLC for proceeds of £86,000.

Notes to the condensed Financial Statements (continued)

10. Related party disclosures

Other than transactions with the Manager as disclosed in note 4, there are no related party transactions or balances requiring disclosure.

11. Going concern

The Board's assessment of liquidity risk remains unchanged and is detailed on page 53 of the Annual Report and Financial Statements for the year ended 31 December 2016.

The Company has adequate cash and liquid resources. The portfolio of investments is diversified in terms of sector, and the major cash outflows of the Company (namely investments, dividends and share buy-backs) are within the Company's control. Accordingly, after making diligent enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing this Half-yearly Financial Report and this is in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in September 2014.

12. Other information

The information set out in this Half-yearly Financial Report does not constitute the Company's statutory accounts within the terms of section 435 of the Companies Act 2006 for the periods ended 30 June 2017 and 30 June 2016, and is unaudited. The information for the year ended 31 December 2016 does not constitute statutory accounts within the terms of section 435 of the Companies Act 2006 and is derived from the statutory accounts for that financial year, which have been delivered to the Registrar of Companies. The Auditor reported on those accounts; their report was unqualified and did not contain a statement under s498 (2) or (3) of the Companies Act 2006.

13. Publication

This Half-yearly Financial Report is being sent to shareholders and copies will be made available to the public at the registered office of the Company, Companies House, the National Storage Mechanism and also electronically at www.albion.capital/funds/KAY, where the Report can be accessed from the 'Financial Reports and Circulars' section.

Merger history for the Company and for previous funds

February 1996

Quester VCT PLC (QVCT) launched

June 2005

QVCT2 and QVCT3 merged into QVCT

June 2008

All Quester names changed to SPARK:

QVCT became Spark VCT plc (SVCT)

QVCT4 became Spark VCT 2 plc (SVCT2)

QVCT5 became Spark VCT 3 plc (SVCT3)

November 2008

SVCT3 merged into SVCT2

January 2011

Albion Capital became Manager

February 2011

All SPARK names changed to Kings Arms Yard:

SVCT became Kings Arms Yard VCT PLC (KAY)

SVCT2 became Kings Arms Yard VCT 2 PLC (KAY2)

September 2011

KAY2 merged into KAY

Financial summary for the Company and for previous funds

| | 30 June 2017 (pence per share) | 30 June 2016 (pence per share) | 31 December 2016 (pence per share) |
|--|-----------------------------------|-----------------------------------|---------------------------------------|
| Net asset value of the Company | 21.81 | 19.66 | 21.41 |
| Dividends paid to shareholders of the Company | | | |
| Dividends paid during the period | 0.50 | 0.50 | 1.00 |
| Cumulative dividend paid | 64.83 | 63.83 | 64.33 |
| Total shareholder return⁽¹⁾ (per 100p invested) | | | |
| To shareholders of the Company (formerly SPARK VCT plc; Quester VCT plc) | 86.64 | 83.49 | 85.74 |
| Total shareholder return including tax benefits ⁽²⁾ | 106.64 | 103.49 | 105.74 |
| Total shareholder return to former shareholders of: | | | |
| Quester VCT 2 plc, per 100p invested in shares of that company | | | |
| Total shareholder return | 72.86 | 69.63 | 71.94 |
| Total shareholder return including tax benefits ⁽²⁾ | 92.86 | 89.63 | 91.94 |
| Quester VCT 3 plc, per 100p invested in shares of that company | | | |
| Total shareholder return | 46.24 | 43.15 | 45.36 |
| Total shareholder return including tax benefits ⁽²⁾ | 66.24 | 63.15 | 65.36 |
| Quester VCT 4 plc (renamed SPARK VCT 2 PLC and then Kings Arms Yard VCT 2 PLC), per 100p invested in shares of that company | | | |
| Total shareholder return | 43.88 | 39.84 | 42.72 |
| Total shareholder return including tax benefits ⁽²⁾ | 63.88 | 59.84 | 62.72 |
| Quester VCT 5 plc (renamed SPARK VCT 3 PLC), per 100p invested in shares of that company | | | |
| Total shareholder return | 57.53 | 51.63 | 55.84 |
| Total shareholder return including tax benefits ⁽²⁾ | 77.53 | 71.63 | 75.84 |

(1) Net asset value plus cumulative dividend per share to ordinary shareholders in the Company since the launch of the Company (then called Quester VCT plc) in April 1996.

(2) Return after 20 per cent. income tax relief but excluding capital gains deferral.

The total returns stated are applicable only to shareholders of shares at the time of each companies launch. They do not represent the return to subsequent subscribers or purchasers of shares.

Source: Albion Capital Group LLP

Dividend history for the Company and for previous funds

Kings Arms Yard VCT PLC (KAY)

Dividends paid to shareholders of KAY launched in 1996 (formerly SPARK VCT plc ("SVCT") and originally Quester VCT PLC ("QVCT")).

| | (pence per share) |
|---|-------------------|
| 31 January 1997 | 0.937 |
| 31 January 1998 | 2.547 |
| 31 January 1999 | 2.875 |
| 31 January 2000 | 7.110 |
| 31 January 2001 | 26.650 |
| 31 January 2002 | 1.350 |
| 28 February 2006 | 1.250 |
| 28 February 2007 | 3.910 |
| 31 December 2007 | 4.220 |
| 31 December 2008 | 2.810 |
| 31 December 2010 | 5.000 |
| 31 December 2011 | 0.670 |
| 31 December 2012 | 1.000 |
| 31 December 2013 | 1.000 |
| 31 December 2014 | 1.000 |
| 31 December 2015 | 1.000 |
| 31 December 2016 | 1.000 |
| 30 June 2017 | 0.500 |
| Total dividends paid to 30 June 2017 | 64.829 |
| Net asset value as at 30 June 2017 | 21.810 |
| Total shareholder return to 30 June 2017 | 86.639 |

Dividend history for the Company and for previous funds

(continued)

Quester VCT 2 PLC (QVCT2)

QVCT2 was launched in 1998 and was merged with KAY (formerly SPARK VCT plc ("SVCT")) and originally Quester VCT PLC ("QVCT")) in June 2005 with a share exchange ratio of 1.0249 QVCT shares for each QVCT2 share.

| | (pence per share) |
|---|-------------------|
| 28 February 1999 | 1.000 |
| 28 February 2000 | 3.065 |
| 28 February 2001 | 20.500 |
| 28 February 2002 | 2.000 |
| 28 February 2006 | 1.281 |
| 28 February 2007 | 4.007 |
| 31 December 2007 | 4.325 |
| 31 December 2008 | 2.880 |
| 31 December 2010 | 5.125 |
| 31 December 2011 | 0.687 |
| 31 December 2012 | 1.025 |
| 31 December 2013 | 1.025 |
| 31 December 2014 | 1.025 |
| 31 December 2015 | 1.025 |
| 31 December 2016 | 1.025 |
| 30 June 2017 | 0.512 |
| Total dividends paid to 30 June 2017 | 50.507 |
| Net asset value as at 30 June 2017 | 22.353 |
| Total shareholder return to 30 June 2017 | 72.860 |

Quester VCT 3 PLC (QVCT3)

QVCT3 was launched in 2000 and was merged with KAY (formerly SPARK VCT plc ("SVCT")) and originally Quester VCT PLC ("QVCT")) in June 2005 with a share exchange ratio of 0.9816 QVCT shares for each QVCT3 share.

| | (pence per share) |
|---|-------------------|
| 28 February 2001 | 0.750 |
| 28 February 2002 | 1.000 |
| 28 February 2003 | 0.150 |
| 28 February 2006 | 1.227 |
| 28 February 2007 | 3.838 |
| 31 December 2007 | 4.142 |
| 31 December 2008 | 2.758 |
| 31 December 2010 | 4.908 |
| 31 December 2011 | 0.658 |
| 31 December 2012 | 0.982 |
| 31 December 2013 | 0.982 |
| 31 December 2014 | 0.982 |
| 31 December 2015 | 0.982 |
| 31 December 2016 | 0.982 |
| 30 June 2017 | 0.491 |
| Total dividends paid to 30 June 2017 | 24.832 |
| Net asset value as at 30 June 2017 | 21.409 |
| Total shareholder return to 30 June 2017 | 46.241 |

Dividend history for the Company and for previous funds

(continued)

Quester VCT 4 PLC (QVCT4)

QVCT4 was launched in 2000 and was renamed SPARK VCT 2 plc ("SVCT2") and then Kings Arms Yard VCT 2 PLC ("KAY2"). KAY2 merged with Kings Arms Yard VCT PLC ("KAY") in September 2011 with a share exchange ratio of 1.2806 KAY shares for each KAY2 share.

(pence per share)

| | |
|------------------|-------|
| 31 October 2002 | 1.750 |
| 31 October 2003 | 1.150 |
| 31 October 2005 | 1.000 |
| 31 October 2006 | 1.000 |
| 31 December 2007 | 1.000 |
| 31 December 2008 | 1.000 |
| 31 December 2010 | 1.000 |
| 31 December 2011 | 1.000 |
| 31 December 2012 | 1.281 |
| 31 December 2013 | 1.281 |
| 31 December 2014 | 1.281 |
| 31 December 2015 | 1.281 |
| 31 December 2016 | 1.281 |
| 30 June 2017 | 0.640 |

Total dividends paid to 30 June 2017

15.945

Net asset value as at 30 June 2017

27.930

Total shareholder return to 30 June 2017

43.875

Quester VCT 5 PLC (QVCT5)

QVCT5 was launched in 2002 and was renamed SPARK VCT 3 plc ("SVCT3") and merged with SPARK VCT 2 plc ("SVCT2") (originally QVCT4) in November 2008 with a share exchange ratio of 1.4613 SVCT2 shares for each SVCT3 share. The merged company was then renamed Kings Arms Yard VCT 2 PLC ("KAY2"). KAY2 merged with Kings Arms Yard VCT PLC ("KAY") in September 2011 with a share exchange ratio of 1.2806 KAY shares for each KAY2 share.

(pence per share)

| | |
|------------------|-------|
| 31 December 2003 | 0.500 |
| 31 December 2004 | 1.000 |
| 31 December 2006 | 1.000 |
| 31 December 2007 | 1.000 |
| 31 December 2010 | 1.461 |
| 31 December 2011 | 1.461 |
| 31 December 2012 | 1.871 |
| 31 December 2013 | 1.871 |
| 31 December 2014 | 1.871 |
| 31 December 2015 | 1.871 |
| 31 December 2016 | 1.871 |
| 30 June 2017 | 0.936 |

Total dividends paid to 30 June 2017

16.713

Net asset value as at 30 June 2017

40.814

Total shareholder return to 30 June 2017

57.527

aic

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