3150868

THE AIM DISTRIBUTION TRUST PLC

Report & Accounts for the year ended 31 March 2005

SHAREHOLDER INFORMATION

Dividends

Dividends are paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a Mandate Form for this purpose. Queries relating to dividends and requests should be directed to the Company's registrar, Capita Registrars, on 0870 162 3100, or by writing to them at The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4BR.

Share Price

The Company's share price continues to be quoted in the Financial Times on a daily basis in the "Investment Companies" sector under "AIM Dist". The share price can also be found on various websites under the TIDM/EPIC code "AMD".

Trading Shares

The Company's ordinary shares can be bought and sold in the same way as any other quoted company on the London Stock Exchange via a stockbroker. Shareholders who invested in the 2004/2005 and 2005/2006 share issue should be aware that they need to hold their shares for a minimum period of three years to retain the Income Tax relief they received on investment. There may be tax implications in respect of this, therefore you should contact your independent financial adviser if you have any queries.

Please call Downing or your adviser if you have any questions about this process.

Financial Calendar

1 September 2005	Annual General Meeting
December 2005	Announcement of interim results
June 2006	Announcement of final results

Notification of change of address

Communications with Shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Capita Registrars, under the signature of the registered holder.

Other information for shareholders

Up to date Company information (including financial statements, share price and dividend history) may be obtained from Downing's website at www.downing.co.uk by clicking on "VCT".

If you have any queries regarding your shareholding in The AIM Distribution Trust VCT plc, please contact the Registrar on the above number or visit Capita's website at www.capitaregistrars.com and click on "Shareholders".

CONTENTS

DIRECTORS AND ADVISERS

Directors	Sir Aubrey Brocklebank (Chairman) Stuart Goldsmith Roger Jeynes Christopher Powell
Secretary and Registered Office	Grant Whitehouse 69 Eccleston Square London SW1V 1PJ
Solicitors	Howard Kennedy 19 Cavendish Square London W1A 2AW
Administrator	Downing Management Services Limited 69 Eccleston Square London SW1V 1PJ Tel: 020 7416 7780
Investment Manager	Rathbone Investment Management Limited Port of Liverpool Building Pier Head Liverpool L3 1NW
Custodian	The Bank of New York One Canada Square London E14 5AL
Independent auditors	Baker Tilly 2 Bloomsbury Street London WC1B 3ST
VCT status advisers	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrar	Capita Registrars P.O. Box 25 Beckenham KENT BR3 4BR Tel: 0870 162 3100
Bankers	Bank of Scotland 14-16 Cockspur Street London SW1Y 5BL

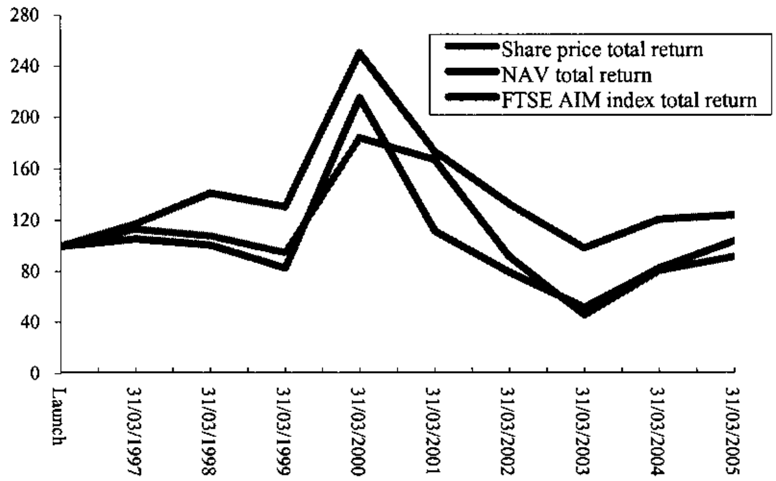
COMPANY OBJECTIVE

To combine the growth opportunities offered by investments in smaller companies, principally those whose shares are traded on AIM with the substantial tax reliefs available for investors in Venture Capital Trusts ('VCTs').

FINANCIAL HIGHLIGHTS

	Total return to 31 March 2005 pence	Year ended 31 March 2005 pence	Year ended 31 March 2004 pence
Net asset value per share	68.0	68.0	67.1
Total capital distributions per share	49.8	2.0	-
Total return per share	117.8		
Earnings per share		0.4	4.0
Net Assets		£11.0 million	£11.1 million

PERFORMANCE GRAPH



HISTORIC SUMMARY

(All "pence per share")	Year Ended 31-Mar-05	Year Ended 31-Mar-04	Year Ended 31-Mar-03	Year Ended 31-Mar-02	Year Ended 31-Mar-01	Year Ended 31-Mar-00	Year Ended 31-Mar-99	Year Ended 31-Mar-98	Period Ended 31-Mar-97
Total distributions for the year	2.0	-	-	0.35	10.75	23.20	4.50	4.50	4.50
Net asset value after distributions	68.0	67.10	45.73	78.22	117.23	201.13	110.59	125.20	107.20
Total distributions since inception	49.8	47.80	47.80	47.80	47.45	36.70	13.50	9.00	4.50
Total return	117.8	114.90	93.53	126.02	164.68	237.83	124.09	134.20	111.70

Registered office
69 Eccleston Square London SW1V 1PJ
Registered number
3150868

DIRECTORS

Sir Aubrey Brocklebank BSc, ACA (53) (Chairman) worked for Guinness Mahon from 1981 to 1986, initially in its corporate finance department, before helping to establish a specialist development capital department. From 1986 to 1990 he was a director of Venture Founders Limited, managing a £12 million venture capital fund and subsequently managed the Avon Enterprise Fund Limited. He is chairman of The Keydata AIM VCT and the Puma VCTs as well as being a director of several other companies including Close Second AIM VCT plc and Top Ten Holdings Plc, in which the Company holds an investment.

Stuart Goldsmith (60) is chairman of Ketton Securities Limited, a firm that advises a range of companies on corporate strategy, mergers and acquisitions. From 1978 to 1984 he was the group investment director of Britannia Arrow Holdings PLC and, from 1985 to 1989, he was deputy chairman and chief executive of Fredericks Place Group PLC.

Roger Jeynes BSc (52) is an executive director of Interregnum plc (www.interregnum.com), the AIM-listed technology merchant bank. He has spent more than 20 years in senior technical, marketing and general management roles for companies such as IBM, EMC and Pyramid Technology, and holds an investment management certificate from IIMR. He is a non-executive director of several of Interregnum's investee companies, including Red-M, Respond, and Nanomagnetics.

Christopher Powell FCA, FCCA (58) is chairman of Pennant International Group plc and Transport Systems plc, both AIM companies, and The Paper House Group plc and Severn Glocon Group plc, as well as being a director of a number of other companies. He has spent 20 years in the accounting profession, first with Touche Ross and then with Hazlewoods, an independent firm within the Moores Rowland International group.

All Directors are non-executive and are independent of the Investment Manager and Administrator.

CHAIRMAN'S STATEMENT

Introduction
The year to 31 March 2005 was more buoyant for the AIM market than for some time, particularly over the second half of the period. Although a significant proportion of the companies quoted on AIM are not VCT qualifying companies, the market has generally been more liquid, allowing the disposal of some existing investments, as well as a stronger flow of IPOs and secondary issues providing new investment opportunities.

Net Asset Value
At 31 March 2005, the Net Asset Value per share ("NAV") stood at 68.0p. After adding back the interim dividend of 2p per share paid in January 2005, this represents an increase of 2.9p or 4.3% since the previous year-end.

Results and Dividend
The profit on ordinary activities after taxation was £73,000 (2004: £669,000).

Since its launch the Company has made a significant level of realised gains, some of which were distributed to Shareholders by way of capital dividends. The Company paid an interim dividend of 2p per share in January 2005 from these undistributed gains. The Directors are not proposing to pay a further distribution for the year under review, however the Board intends to maintain an annual dividend.

VCT Qualifying investments
When Rathbones were appointed as Investment Manager to the Company in October 2003, it was agreed that the investment portfolio was over-exposed to early stage technology investments. The year under review has seen the Investment Manager continuing to take suitable exit opportunities from investments in this area and also making new investments in potentially less risky sectors.

During the year, the Company disposed of 13 investments and made further significant partial disposals of a further 8 investments. These gave rise to total net gains of £156,000.

The Company also made 8 new VCT qualifying investments at a total cost of £1.2 million and 7 follow on qualifying investments totalling £337,000. Further details of investments are included in the Investment Manager's Report and the Review of Investments on pages 6 to 11.

VCT qualifying status
Qualifying investments now represent 77% of total investments (including cash) thereby continuing to comfortably exceed the Venture Capital Trust qualifying criteria of a minimum of 70%. The Board, with the assistance of PricewaterhouseCoopers LLP, continues to monitor the Company's compliance with the VCT legislation.

Share issue
In order to give investors the opportunity to take advantage of the 40% income tax relief on new investments into VCTs, the Company launched a small top-up share offer during the year. Under the offer, on 5 April 2005, the Company allotted 793,532 ordinary at a price of 73.5p per share. A further 48,052 ordinary shares were allotted on 15 April 2005 also at 73.5p per share. This provides the Company with additional liquid resources, which can be invested in suitable new opportunities.

Share repurchases
The Board is conscious that the Company's share price is affected by the illiquidity of its shares in the market. In line with accepted practice with VCTs, the Company has a policy of purchasing its own shares. During the year the Directors used this power to acquire 312,140 shares at an average price of 56.5p per share. Since the year end the Company acquired a further 150,000 shares at a price of 59.5p per share. A Special Resolution to continue with this policy is proposed for the forthcoming AGM.

Annual General Meeting
The Annual General Meeting of the Company will be held at 159 New Bond Street, London W1S 2UD at 11:15am on 1 September 2005. Notice of the meeting is at the end of this document.

Three items of Special Business are proposed:

(i) to authorise the Directors to allot shares other than pro-rata to existing shareholders;

(ii) to authorise the Directors to disapply pre-emption rights; and

(iii) to renew the Company's authority to purchase up to 2,539,927 ordinary shares in the market, representing approximately 14.99% of the current issued shares.

CHAIRMAN'S STATEMENT (continued)

Outlook
As a result of the investment disposals during the year and the proceeds of the fundraising, the Company now has a significant level of funds available for new investment. The relatively high level of corporate activity that has been seen recently is providing the Investment Manager with a large number of potential investment opportunities. As is often the case when investor confidence is high, the quality of such opportunities is variable and careful investment selection is the key to success.

Assuming opportunities are available which meet the Investment Manager's key criteria, the Board expects the current period to be an active one, as the exercise of re-balancing of the portfolio to a lower risk profile is completed.

Sir Aubrey Brocklebank
Chairman

29 June 2005

INVESTMENT MANAGERS' REPORT

We are pleased to present a review of the investment management activities for the year ended 31 March 2005. This is the first full year review since Rathbones assumed the management contract for the fund in October 2003.

The year under review has seen much calmer stock market conditions by comparison with the events of 2003. Overall, this was another good year of growth for smaller companies, with the FTSE AIM All-Share Index rising by 20.1%. This is a reflection of the renewed optimism within the investment community with regard to the prospects for future company performance and profitability. There has been a flurry of activity in the IPO market on AIM during the year. In fact, the junior market enjoyed its highest inflow of new constituents, both by value and volume, since its foundation in 1995. The stream of young companies wishing to enjoy the benefits of a listing on AIM has continued into the first half of 2005. However, consideration should be given to the fact that a large proportion of new AIM issues do not qualify for VCT funding.

In addition to AIM's ever-increasing numbers, there has been a strong rise in merger and acquisition activity. Consequently, the number of secondary funding issues undertaken by AIM-listed companies has seen a sharp increase. Due to the ever-changing nature of its constituent members, the FTSE AIM Index is probably now not a useful reference point for performance measurement of an AIM-based VCT. A large proportion of the upward movement in the Index has been influenced by a number of companies, particularly in the natural resources sector, that do not qualify for VCT investment. Your board will continue to examine the possibilities of utilising other benchmarks for comparative purposes.

VCT Qualifying Investments

At the end of the financial year, £9.5 million was invested in 37 companies, the details of which are set out in the Review of Investments on pages 8 to 11.

In addition to the high levels of IPO activity during the year, there has also been a large number of secondary funding issues for companies that already have a listing on AIM. We have already alluded to the fact that many new IPOs and equity issues taking place on AIM do not qualify for VCT financing. In fact, your Company did not participate in a single AIM IPO during the year. Nevertheless, during the last twelve months your Company has invested a total of £1.6 million into VCT-qualifying companies. This is split between investing in new companies at the secondary investment stage (£1.0 million) and follow-on investments supporting existing investee companies (£337,000). A further £349,000 has been invested across a handful of non-qualifying issues, including Cardpoint, Glisten and Neutec Pharma. These additions to the portfolio have been made possible by locking in further profits on existing investments, divestments of under-performing businesses and the redemption of a large holding of treasury stock.

The new qualifying investments can be summarised as follows:

New IPOs/pre-IPOs	***Cost* £'000**
Sanastro	200
	200

New Investments in Secondary AIM / Ofex Issues	**Cost £'000**
1st Dental Laboratories	200
Fountains	96
Hot Group	200
Keycom	27
Media Square	164
Straight	104
Supporta	250
	1,041

Follow-on Investments	**Cost £'000**
Disperse Technologies	150
Printing.com	87
Real Affinity	100
	337

Despite only a modest increase in the Net Asset Value of the portfolio, we remain confident that most of the underlying investments have continued to make good operational progress during the past twelve months. The most notable successes (in terms of positive share price movement) during the year were Associated Network Solutions, Blooms of Bressingham, CRC Group, and new additions such as Supporta and Straight. Again, we have continued with our policy of divesting the portfolio of under-performing shares. These include Biotrace International, Bond International Software, Cobra Bio-manufacturing, Raft International, Synigence, Tepnel Life Sciences, Transense Technologies and Vianet.

Furthermore, wherever possible, your Company has taken the opportunity to take profits on the holdings in Connaught, CRC Group, Huveaux, The Medical House, Neutec Pharma, PM Group and Printing.com.

INVESTMENT MANAGERS' REPORT (continued)

Also, your company participated in a pre-flotation funding round for flooring specialist, Floors 2 Go. The company's subsequent flotation on AIM was a huge success and we were able to exit having almost doubled our original stake. The list of realisations during the year, analysed between profit-taking and portfolio refocusing, is as follows:

	Cost	MV at 31.3.04	Proceeds	Profit/ (loss)
	£'000	£'000	£'000	£'000
Profit-taking				
Clapham House	120	151	180	29
Connaught	234	612	678	66
CRC Group	38	62	102	40
Floors 2 Go plc	100	100	200	100
Huveaux	32	54	56	2
Neutec Pharma	105	195	266	71
PM Group	81	187	186	(1)
Printing.com	101	144	239	95
The Medical House	112	111	133	22
	923	**1,616**	**2,040**	**424**
Portfolio refocusing				
Biotrace	108	132	91	(41)
Bond Int	105	65	82	17
Cobra Bio Manfrg	150	100	38	(62)
Futuragene	144	-	70	70
Raft International	340	72	49	(23)
Royal Blue Group	93	46	37	(9)
Tepnell Life Sciences	399	196	117	(79)
Turbo Gensett	449	69	36	(33)
Transense Tech	114	222	202	(20)
Vianet	100	187	132	(55)
Yeoman Group	364	35	44	9
Sundry disposals	156	65	32	(33)
	2,522	**1,189**	**930**	**(259)**
Liquidations	**382**	-	-	-
	3,827	**2,805**	**2,970**	**165**

The Future

Following a strong start to the year, the UK market drifted back during March on the back of rising bond yields, weaker confidence in the housing and retail sectors and a further oil price surge. The recent reporting season for corporates was reasonably upbeat, with the majority of companies meeting market forecasts. However, a number of disappointing announcements from high street retailers have highlighted possible cracks appearing in the UK economy.

AIM has now established itself as the market of choice for fast-growing small companies and is now well-placed to offer emerging companies better access to funds, a more liquid aftermarket, lower listing costs and a higher profile. We remain confident that the trend in new issues of smaller companies will continue through 2005. Furthermore, there is a strong prospect that corporate activity within the small cap sector will continue to present fresh investment opportunities. Recent changes to tax reliefs for investors have created a renaissance for the VCT community, with AIM-focussed VCTs having raised more than £200 million in the 2004/5 tax year. Many commentators have suggested that there will be intense competition for new issues from existing and new AIM VCT players. However, this does not cause undue concern, since a large proportion of the funds invested by your company during the past couple of years have gone to support secondary issues of existing AIM-listed companies.

In general, we are pleased with the overall progress being reported by the majority of the companies within the portfolio. Most business leaders are remaining relatively confident about their short to medium term prospects. Overall the portfolio of companies looks well-balanced and we are confident that the majority of the investee companies are well positioned to post further gains in the years ahead. We are expecting 2005 to be another good year for small cap stocks. Recent economic conditions remain benign and interest rates have remained unchanged for more than a quarter as the housing market continues to cool. Furthermore, the recent boom in consumer spending appears to be abating. Whilst the valuation gap between smaller companies and their larger cousins has begun to close, we believe that there will be plenty of further opportunities to select growth companies that meet the investment criteria of the portfolio. Your Company will continue to invest in businesses with strong management teams and a record of growth in revenue and earnings.

Rathbone Investment Management Limited

29 June 2005

REVIEW OF INVESTMENTS

Portfolio of investments

The following investments, which are all incorporated in England and Wales except where otherwise stated, were held at 31 March 2005:

	Cost £'000	Valuation £'000	Revaluation in year £'000	% of portfolio by value £'000
Top ten VCT qualifying investments				
Connaught plc	150	653	146	5.7%
Neutec Pharma plc	208	562	252	4.9%
Atlantic Global plc	360	526	(482)	4.6%
CRC Group plc	170	485	203	4.3%
Printing.Com plc	240	414	108	3.6%
Supporta plc	250	391	141	3.4%
Huveaux plc	299	383	(129)	3.4%
XKO Group plc	492	362	2	3.2%
The Medical House plc	223	321	101	2.8%
Aero Inventory plc	195	302	(11)	2.7%
	2,587	4,399	331	38.6%
Other VCT qualifying investments				
Cardpoint plc	127	281	(22)	2.5%
Media Square plc	164	252	89	2.2%
Blooms of Bressingham Holdings plc	590	250	65	2.2%
1st Dental Laboratories plc	200	250	50	2.2%
Associated Network Solutions plc **	250	235	160	2.1%
Glisten plc	178	226	48	2.0%
Disperse Group plc	250	202	-	1.8%
Sanastro plc *	200	200	-	1.8%
PM Group plc	120	195	(83)	1.7%
Keycom plc **	177	170	(4)	1.5%
Deltex Medical Group plc	258	168	(77)	1.5%
TripleArc plc	247	163	41	1.4%
Straight plc	104	160	56	1.4%
OMG plc	570	154	(25)	1.3%
Real Affinity plc	175	150	(18)	1.3%
Top Ten Holdings plc	399	135	(25)	1.2%
The Hotgroup plc	200	134	(66)	1.2%
Quadnetics Group plc	100	126	1	1.1%
Fountains plc	96	120	24	1.0%
Xpertise Group plc	190	111	(11)	1.0%
The Real Good Food Company plc	91	101	3	0.9%
Micap plc	300	80	(133)	0.7%
Camaxys Group plc	223	78	(51)	0.7%
New Star Asset Management Limited *	98	73	20	0.6%
Coffee Republic plc	872	43	(24)	0.4%
Aortech International plc	569	29	(5)	0.2%
Collins & Hayes Group plc	150	23	(36)	0.2%
	6,898	4,109	(23)	36.1%
Bonds				
First Active 11.75% Subord Bonds (Ireland)	558	634	52	5.6%
Subtotal	10,043	9,142	360	80.3%
Cash at bank and in hand		2,237		19.7%
Total investments		11,379		100.0%

All investments are quoted on the Alternative Investment Market ("AIM") unless otherwise stated:

* Unquoted

** Quoted on OFEX

REVIEW OF INVESTMENTS (continued)

Further details of the ten largest VCT qualifying investments are as follows:

Connaught plc

www.connaught.plc.co.uk

Cost:	£150,000	Latest audited accounts:	31 August 2004
Investment Comprises:		Turnover:	£209 million
Ordinary Shares:	£150,000	Loss before tax:	(£2.5 million)
		Retained loss:	(£4.1 million)
Valuation method:	Mid-market	Net assets:	£24 million
Valuation at 31/03/05:	£653,000	Market capitalisation:	£109 million
Valuation at 31/03/04	£1,117,000	Proportion of equity held:	0.6%

Connaught is a facilities management servicing the public and private sectors. It is involved in property maintenance, specialist repair and refurbishment and gas maintenance. Since the year end, the company has won further contracts worth £120 million, bringing order book to over £1.2 billion. This includes a five year contract worth £80 million with Sandwell Homes, where Connaught is one of three partners in a scheme worth £330 million in total. There have also been further partnership awards with Ipswich Homes, The Guinness Trust, East Midlands Housing, Bury Metropolitan Borough Council and Selby District Council.

Neutec Pharma plc

www.neutecpharma.com

Cost:	£208,000	Latest audited accounts:	30 June 2004
Investment Comprises:		Turnover:	Nil
Ordinary Shares:	£208,000	Loss before tax:	(£3.1 million)
		Retained loss:	(£2.9 million)
Valuation method:	Mid-market	Net assets:	£3.7 million
Valuation at 31/03/05:	£562,000	Market capitalisation:	£166 million
Valuation at 31/03/04	£417,000	Proportion of equity held:	0.3%

Neutec Pharma is a biopharmaceutical company, which develops and manufactures genetically recombinant antibodies. The company is developing a portfolio of antibody-based therapeutic products directed towards life threatening infections, particularly hospital-acquired infections such as MRSA, which are increasingly resistant to conventional antibiotics. Its two main products, tackling a common yeast infection and the MRSA hospital 'superbug', are currently in Phase II and Phase III clinical trials respectively.

Atlantic Global plc

www.atlantic-ec.com

Cost:	£360,000	Latest audited accounts:	31 December 2004
Investment Comprises:		Turnover:	£2.1 million
Ordinary Shares:	£360,000	Profit before tax:	£188,000
		Retained loss:	(£40,000)
Valuation method:	Mid-market	Net assets:	£5.4 million
Valuation at 31/03/05:	£526,000	Market capitalisation:	£8.3 million
Valuation at 31/03/04	£1,008,000	Proportion of equity held:	6.3%

Atlantic Global is a specialist provider of integrated business and resource management software applications. The Group's time management software offers expense management, time recording and budget control. Their resource management software offers skills and resource planning, tracking and forecasting efforts. Atlantic Global's enterprise wide product 'Corporate Vision' has become increasingly recognised as a market-leading product. Corporate Vision customers include Norwich Union, Barclays Bank, LogicaCMG, Man Group Plc and Xchanging.

CRC Group plc

www.crc-group.com

Cost:	£170,000	Latest audited accounts:	31 December 2004
Investment Comprises:		Turnover:	£69 million
Ordinary Shares:	£170,000	Profit before tax:	£4.6 million
		Retained profit:	£1.1 million
Valuation method:	Mid-market	Net assets:	£25 million
Valuation at 31/03/05:	£485,000	Market capitalisation:	£51 million
Valuation at 31/03/04	£343,000	Proportion of equity held:	0.8%

CRC Group is one of Europe's independent providers of repair management and services for electronic components and peripherals. During the year the company made good progress in gaining new contracts. Contracts of particular significance include the provision of repair services to all Vodafone channels in the UK, together with the management of NTL's cable TV set top box screening and refurbishment centres. CRC has also developed its business in continental Europe, namely Poland and Germany, both organically and through acquisition.

REVIEW OF INVESTMENTS (continued)

Printing.Com plc

www.printing.com

Cost:	£240,000	Latest audited accounts:	31 March 2004
Investment Comprises:		Turnover:	£9.3 million
Ordinary Shares:	£240,000	Profit before tax:	£940,000
		Retained profit:	£593,000
Valuation method:	Mid-market	Net assets:	£2.7 million
Valuation at 31/03/05:	£414,000	Market capitalisation:	£18.6 million
Valuation at 31/03/04	£362,000	Proportion of equity held:	2.2%

Printing.com is a design and printing business that offers services through the Internet and retail outlets within the UK and the Republic of Ireland. The group offers a broad product range including leaflets, postcards, promotional cards, invitations, letterheads and business cards to consumers and small and medium sized companies. By the year end the company had 32 Operational & Pending Stores plus 70 Operational & Pending Bolt-ons.

Supporta plc

www.supportaplc.com

Cost:	£250,000	Latest audited accounts:	31 March 2004
Investment Comprises:		Turnover:	£9.9 million
Ordinary Shares:	*£250,000*	*Loss before tax:*	*(£1.2 million)*
		Retained loss:	(£1.2 million)
Valuation method:	Mid-market	Net assets:	£7.1 million
Valuation at 31/03/05:	£391,000	Market capitalisation:	£27 million
Valuation at 31/03/04	Not held	Proportion of equity held:	1.6%

Supporta Group provides a comprehensive range of outsourced support services, principally to the public sector. During 2004 the company completed the acquisitions of Parys Snowdon Group Limited and Quality Care. The principal activity of the Parys Snowdon Group is the provision of outsourced services to NHS organisations. Quality Care places domiciliary care workers on behalf of a number of London borough local authorities. Quality Care has been awarded a contract by Brent local authority worth in excess of £5m over 5 years. The Management are looking to continue the expansion of the group both through significant organic growth as well as further acquisitions in its core markets.

Huveaux plc

Cost:	£299,000	Latest audited accounts:	31 December 2004
Investment Comprises:		Turnover:	£7.6 million
Ordinary Shares:	£299,000	Profit before tax:	£2.1 million
		Retained profit:	£718,000
Valuation method:	Mid-market	Net assets:	£39 million
Valuation at 31/03/05:	£383,000	Market capitalisation:	£60 million
Valuation at 31/03/04	£566,000	Proportion of equity held:	0.9%

Huveaux floated on AIM in December 2001 as a multi-disciplined media/publishing group. The Group has made three acquisitions during 2004 to continue its buy-and-build expansion strategy in the training, education and political market places. The recent acquisitions include the Public Affairs Newsletter and Parliamentary Communications Limited. The enlarged political operations will form a powerful publishing and media group operating from offices in London, Paris and Brussels.

XKO Group plc

www.xko.co.uk

Cost:	£492,000	Latest audited accounts:	31 March 2004
Investment Comprises:		Turnover:	£45 million
Ordinary Shares:	£492,000	Loss before tax:	(£2.3 million)
		Retained loss:	(£2.9 million)
Valuation method:	Mid-market	Net liabilities:	(£7.9 million)
Valuation at 31/03/05:	£362,000	Market capitalisation:	£19 million
Valuation at 31/03/04	£308,000	Proportion of equity held:	1.6%

XKO is a leading nationwide supplier of business management software and IT infrastructure services. The customer base includes approximately 2,500 UK businesses served out of 13 UK locations. In December 2004, XKO acquired FWL Technologies Manchester Limited for a cash consideration of £1.4 million. This is a strategic acquisition for the Group, which more than doubles its position in the builders' merchant market and also further increases the customer base.

REVIEW OF INVESTMENTS (continued)

The Medical House plc

www.themedicalhouse.com

Cost:	£223,000	Latest audited accounts:	30 June 2004
Investment Comprises:		Turnover:	£5.6 million
Ordinary Shares:	£223,000	Loss before tax:	(£2.4 million)
		Retained loss:	(£2.1 million)
Valuation method:	Mid-market	Net assets:	£4.2 million
Valuation at 31/03/05:	£321,000	Market capitalisation:	£46 million
Valuation at 31/03/04	£330,000	Proportion of equity held:	0.7%

The Medical House specialises in the development and manufacture of innovative medical devices. The group comprises two principal operating businesses, the manufacture of instruments primarily for the orthopaedic market and needle-free drug delivery devices. In the interim results to December 2004, Medical House announced that Eurocut, the orthopaedic division achieved record turnover growth. Furthermore the deal with Serono, a top 10 global biotechnology company had validated the drug delivery device technology on a global scale.

Aero Inventory plc

www.aero-inventory.com

Cost:	£195,000	Latest audited accounts:	30 June 2004
Investment Comprises:		Turnover:	£21 million
Ordinary Shares:	£195,000	Profit before tax:	£2.1 million
		Retained profit:	£382,000
Valuation method:	Mid-market	Net assets:	£34 million
Valuation at 31/03/05:	£302,000	Market capitalisation:	£60 million
Valuation at 31/03/04	£313,000	Proportion of equity held:	0.5%

Aero Inventory provides e-based procurement and inventory management solutions to the aerospace industry. During the financial year the company won several contracts. Of particular significance was the commencement of a major procurement and inventory management contract with the Swiss company SR Technics, which is the world's largest independent technical service provider to airlines. Under the terms of a second contract Aero Inventory will supply a range of aircraft parts in Hong Kong in support of one of SR Technics' major customers in Asia Pacific, namely Dragonair. Finally the group won an inventory management contract with both FLS Aerospace (UK) and FLS Aerospace (IRL). These are the principal subsidiaries of FLS Aerospace, the European aircraft maintenance and repair business that was recently acquired by SR Technics. The contract will cover the supply, on an exclusive basis, of a wide range of aircraft parts for an initial period of five years, renewable for a further five years.

Analysis of investments by commercial sector

The split of the VCT qualifying investment portfolio by commercial sector (by value at 31 March 2005) is as follows:

REPORT OF THE DIRECTORS

The Directors present the Annual Report and Financial Statements of the Company for the year ended 31 March 2005.

Principal activity and status
The Company is no longer an investment company as defined in Section 266 of the Companies Act 1985. The Directors initially obtained provisional approval for the Company to act as a venture capital trust from the Inland Revenue and have continued to meet the standards set out by the Inland Revenue. The Directors consider that the Company has conducted its affairs in a manner to enable it to continue to comply with Section 842 AA of the Income and Corporation Taxes Act 1988. The Directors consider that the Company was not at any time up to the date of this report, a close Company within Section 414 of the Act.

The Company has no employees (other than the Directors).

The Company's business during the year is reviewed in the Chairman's Statement and the Review of Investments.

Results and dividends

	£'000	Pence per share
Profit on ordinary activities after tax for the year ended 31 March 2005	73	0.4
Distributions for the year	(328)	
Transferred to profit and loss account	(255)	

A capital distribution of 2p per share was paid on 28 January 2005 to Shareholders on the register at 7 January 2005.

Share Repurchase
In accordance with the Company's policy as discussed in the Chairman's Statement, during the year the Company purchased 312,140 of its own shares at an aggregate price of 56.5 pence per share. This represented approximately 1.9% of the issued called up share capital. As these shares were acquired at a discount to the Company's NAV, these transactions enhanced the NAV of remaining Shareholders.

Share issue
Following a successful top-up share issue, on 5 April 2005 the Company allotted 793,532 ordinary shares in accordance with the top up document at a price of 73.5p per share. A further 48,052 ordinary shares were allotted on 15 April 2005 at 73.5p per share.

Directors
The Directors of the Company during the year and their beneficial interests in the issued ordinary shares of 25p of the Company at 31 March 2005, 31 March 2004 and at the date of this report were as follows:

	As at 31 March 2004 and 31 March 2005 No. of shares	date of this report No. of shares
Sir Aubrey Brocklebank	15,001	15,001
Stuart Goldsmith	20,000	20,000
Roger Jeynes	10,000	79,855
Christopher Powell	-	-

Stuart Goldsmith and Christopher Powell retire at the forthcoming Annual General Meeting and, being eligible, are offering themselves for re-election. The remainder of the Board feel that both retiring directors have made valuable contributions during the term of their appointment and remain committed to their roles. The Board therefore recommends to Shareholders to re-elect both retiring Directors at the AGM.

Each of the Directors has entered into a consultancy agreement with a three month termination notice on either side and is required to devote such time to the affairs of the Company as the Board reasonably requires.

Investment management and administration fees
Rathbone Investment Management Limited ("RIM") receives basic fees for investment management (inclusive also of custody and other ancillary costs) of 1.5% (inclusive of VAT) of the value of the net assets of the Company at the relevant valuation date (as detailed in the Management Agreement) payable in quarterly instalments. Against the above, RIM will rebate the Company at the rate of 0.5% of net assets per annum until a cumulative total of £100,000 has been rebated. An incentive bonus will be paid to RIM of 18% (deemed inclusive of VAT) of the excess of the growth in net assets over the increase in the FTSE AIM Index calculated every third anniversary.

Company secretarial and administration is undertaken by Downing Management Services Limited ("Downing") for a fee of £30,000 plus VAT per annum, subject to an annual adjustment in line with the Retail Price Index.

REPORT OF THE DIRECTORS (continued)

Investment management and administration fees (continued)
The annualised costs of running the fund for the next year will therefore be broadly similar to those incurred in the previous year. The contracts with RIM and Downing are for a minimum period of 3 years with termination subject to not less than 12 months notice.

VCT status advisers
The Company has retained Pricewaterhouse-Coopers LLP to advise it on compliance with VCT requirements, including evaluation of investment opportunities, as appropriate, and regular review of the portfolio. Although PricewaterhouseCoopers LLP work closely with the Investment Manager, they report directly to the Board.

Creditor payment policy
The Company's payment policy is to pay creditors within thirty days of receipt of an invoice except where other terms have been agreed. The Company did not have any trade creditors at either year end.

Annual General Meeting
The Annual General Meeting will be held at 159 New Bond Street, London W1S 2UD at 11:15am on 1 September 2005. The Notice of the Annual General Meeting and Form of Proxy are at the end of this document.

Three items of Special Business are proposed in the Notice of Meeting:

(i) to authorise the Directors to allot shares other than pro-rata to existing shareholders;
(ii) to authorise the Directors to disapply pre-emption rights; and
(iii) to renew the Company's authority to purchase up to 2,539,927 ordinary shares in the market, representing approximately 14.99% of the current issued ordinary share capital.

Independent Auditors
Baker Tilly were appointed as auditors during the year. A resolution to re-appoint them as Auditors to the Company will be proposed at the forthcoming AGM.

Substantial interests
As at 31 March 2005, and the date of this report, the Company was not aware of any beneficial interest exceeding 3 per cent of the issued ordinary share capital.

Statement of Directors' responsibilities
Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether all applicable accounting standards have been followed; 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 which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Directors' Report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

By order of the Board

GWhitehouse

Grant Whitehouse
Secretary
69 Eccleston Square
London SW1V 1PJ

29 June 2005

DIRECTORS' REMUNERATION REPORT

The Board have prepared this report, in accordance with the requirements of Schedule 7A to the Companies Act 1985. A resolution to approve this report will be put to the members at the Annual General Meeting to be held on 1 September 2005.

Under the requirements of Schedule 7A, the Company's Auditors are required to audit certain disclosures contained within the report. Those disclosures subject to audit have been highlighted.

The Board as a whole considered the Directors' remuneration for the year ended 31 March 2005. The Board has not appointed a committee to consider matters relating to the Directors' remuneration as under the Listing Rules of the UK Listing Authority, where a Venture Capital Trust has no executive directors, it is not required to appoint a separate remuneration committee.

As at 31 March 2005, the Board comprised four non-executive Directors. Directors' appointments are reviewed formally every three years and thereafter by the Board as a whole. In accordance with the Company's Articles of Association, new Directors are required to stand for election at the first Annual General Meeting following their appointment and thereafter are required to retire by rotation, so that over a three-year period all Directors will have retired from the Board and been offered up for re-election.

Directors' remuneration policy

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears, to each Director personally or to a third party specified by him. There are no long term incentive schemes, share options, pensions or other retirement benefits, benefits in kind or compensation for loss of office. Directors are entitled to claim expenses in respect of duties undertaken in connection with the management of the Company.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable candidates of a high calibre to be recruited.

The Company's Articles of Association limit the fees payable to the Directors to £75,000 per annum.

Service contracts

All of the Directors have a contract of service which is terminable on three months' rolling notice, subject to retirement by rotation.

Directors' remuneration (audited)

Directors' remuneration for the year under review was as follows:

	Maximum Annual fee	2005 Annual fee	2004 Annual fee
Sir Aubrey Brocklebank	£15,000	£15,000	£15,000
Stuart Goldsmith	£12,000	£12,000	£12,000
Roger Jeynes	£12,000	£12,000	£12,000
Christopher Powell	£12,000	£12,000	£12,000
		£51,000	£51,000

No other emoluments or pension contributions were paid by the Company to, or on behalf of, any Director.

2005/2006 Remuneration

The remuneration levels for the forthcoming year will remain at the same level as for 2005 and have not changed since 1999.

Insurance cover

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors.

Performance graph

The performance graph presented on page 2 represents the Company's performance over the reporting periods since incorporation, and compares the Total Return of the Company (Net Asset Value plus distributions) to a rebased FTSE AIM index. As discussed in the Investment Mangers' Report on Page 6, the FTSE AIM index is not an ideal standard against which to assess the Company's performance, however it is currently the most appropriate publicly available index.

By order of the Board

Grant Whitehouse
Secretary
69 Eccleston Square
London SW1V 1PJ

29 June 2005

CORPORATE GOVERNANCE

The Directors support the relevant principles of the new Combined Code issued in July 2003, being the principles of good governance and the code of best practice as set out in Section 1 of the Combined Code annexed to the Listing Rules of the Financial Services Authority.

The Board

The Company has a Board comprising four non-executive Directors. Sir Aubrey Brocklebank, the Chairman, is the senior non-executive Director and has the casting vote. Biographical details of all Board members are shown on page 3.

Directors are subject to re-election at the first AGM after their appointment and by rotation thereafter. In accordance with the Combined Code, two Directors were re-elected during the year. Two Directors are offering themselves for re-election at the next AGM.

Full Board meetings take place quarterly and additional meetings are held as required to address specific issues including considering recommendations from the Investment Manager, making all decisions concerning the acquisition or disposal of investments, and reviews, periodically, the terms of engagement of all third party advisers (including investment managers and administrators). The board has a formal schedule of matters specifically reserved for its decision.

The Board has also established procedures whereby Directors wishing to do so in the furtherance of their duties may take independent professional advice at the Company's expense.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary provides the Board with full information on the Company's assets and liabilities and other relevant information in advance of each Board meeting.

As the Company has a small Board of non-executive Directors, all four Directors sit on all committees. The Chairman of each committee is Sir Aubrey Brocklebank. All committees have defined terms of reference and duties.

Audit committee

The Board believes that it presents a balanced and understandable assessment of the Company's position and prospects. The Audit Committee meets at least once a year. Under the chairmanship of a non-executive Director, its membership comprises all four of the non-executive Directors. The Committee reviews the financial statements and is reported to by the external auditors. Further, the Committee keeps under review the cost effectiveness, independence and objectivity of the auditors.

During the year the Board recommended that the internal financial controls, although still appropriate to the Company, be updated. The Board also reviewed the position of PricewaterhouseCoopers LLP as auditors of the company, and, after presentations from three other audit firms, decided to appoint Baker Tilly as auditors of the Company. They also considered the need for an internal audit function and concluded that this function would not be an appropriate control for a venture capital trust.

Remuneration committee

The Board reviewed Directors' remuneration during the year. Details of the specific levels of remuneration to each director are set out in the Directors' Remuneration Report on page 14, and this is subject to shareholder approval.

Nomination committee

The Nomination Committee's primary function is to make recommendations to the Board on all new appointments and also to advise generally on issues relating to Board composition and balance.

Relations with shareholders

Shareholders have the opportunity to meet the Board at the AGM. The Board is also happy to respond to any written queries made by shareholders during the course of the year, or to meet with major shareholders if so requested.

In addition to the formal business of the AGM, representatives of the management team and the Board are available to answer any questions a shareholder may have.

Separate resolutions are proposed at the AGM on each substantially separate issue. The Registrars collate proxy votes and the results (together with the proxy forms) are forwarded to the Company Secretary immediately prior to the AGM. In order to comply with the Combined Code, proxy votes are announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The notice of the next AGM and proxy form can be found at the end of these financial statements.

Financial reporting

The Directors' statement of responsibilities for preparing the accounts are set out in the Directors' Report on page 12, and a statement by the auditors about their reporting responsibilities are set out in the Auditors' Report on page 17.

CORPORATE GOVERNANCE (continued)

Internal control
The Company has adopted an Internal Control Manual ("Manual"), which has been compiled in order to comply with the Combined Code. The Manual is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, which it achieves by detailing the perceived risks and controls to mitigate them.

The Board is responsible for ensuring that the procedures to be followed by the advisers and themselves are in place, and review the effectiveness of the Manual on an annual basis to ensure that the controls remain relevant and were in operation throughout the year. The Board will implement additional controls when new risks are perceived and update the Manual as appropriate.

Although the Board are ultimately responsible for safeguarding the assets of the Company, the Board has delegated, through written agreements, the day-to-day operation of the Company to the following advisers:

Administration	*Downing Management Services Limited*
Investment Management	*Rathbone Investment Management Limited*

Going concern
The Directors confirm that they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason they believe that the Company continues to be a going concern and that it is appropriate to continue to apply the going concern basis in preparing the financial statements.

Compliance statement
The Listing Rules require the Board to report on compliance with the forty-eight Combined Code provisions throughout the accounting period. The preamble to the Combined Code does, however, acknowledge that some provisions may have less relevance for investment companies. With the exception of the limited items outlined below, the Company has complied throughout the accounting year ended 31 March 2005 with the provisions set out in Section 1 of the Combined Code.

a) New directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. Also the Company has no major shareholders so Shareholders are not given the opportunity to meet any new non-executive directors at a specific meeting other than the annual general meeting.

b) Due to the size of the Board and the nature of the Company's business, a formal performance evaluation of the Board, its committees, the individual directors and the Chairman has not been undertaken. Specific performance issues are dealt with as they arise.

c) The Company does not conduct a formal review as to whether there is a need for an internal audit function. The directors do not consider that an internal audit would be an appropriate control for a venture capital trust.

d) The Company does not have any independent directors as defined by the Combined Code issued in July 2003 as a result of non-executive directors holding a place on the board in excess of nine years and of other directorships of companies with the same investment manager. The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the Combined Code.

e) Non-executive Directors' contracts are on three months' rolling notice, whereas the Cadbury recommendation is for fixed term renewable contracts. In the Directors' opinion this does not make a substantive difference to the circumstances of the Company.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE AIM DISTRIBUTION TRUST PLC

We have audited the financial statements, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes and the disclosures required by Part 3 of Schedule 7A to the Companies Act 1985 contained in the Directors' Remuneration Report under the heading directors' remuneration ("audited").

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, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the auditable part of the Directors' Remuneration Report in accordance with relevant legal and regulatory requirements, and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the auditable part of the Directors' Remuneration Report have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the auditable part of the Directors' Remuneration Report. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company at 31 March 2005 and of the profit for the year then ended; and
- the financial statements and the auditable part of the Directors' Remuneration Report have been properly prepared in accordance with the Companies Act 1985.

Baker Tilly
Chartered Accountants and Registered Auditors
2 Bloomsbury Street
London WC1B 3ST

29 June 2005

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2005

	Notes	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
Investment income	2	209	206
Investment management fees	3	(109)	(144)
Other expenses	4	(183)	(184)
Operating loss		(83)	(122)
Profit on realisation of investments	9	156	791
Profit on ordinary activities before taxation		73	669
Tax on ordinary activities	6	-	-
Profit on ordinary activities after taxation		73	669
Distributions	7	(328)	-
Retained (loss)/profit for the year	13	(255)	669
Basic and diluted earnings per share	8	**0.4p**	**4.0p**

All items in the above statement derive from continuing operations. The Company has only one class of business and derives its income from investments made in shares, securities and bank deposits.

The accompanying notes are an integral part of this statement.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2005

	Notes	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
Profit on ordinary activities after taxation		73	669
Unrealised gains on revaluation of investments	9	360	2,879
Total recognised profit for the year	15	433	3,548

NOTE OF HISTORICAL COST PROFITS AND LOSSES
for the year ended 31 March 2005

	Notes	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000
Profit on ordinary activities after taxation		73	669
Realisation of revaluations from previous years	9	(1,024)	(3,216)
Historical cost loss on ordinary activities after taxation		(951)	(2,547)
Distributions		(328)	-
Retained historical cost loss for the year		(1,279)	(2,547)

The accompanying notes are an integral part of this statement.

BALANCE SHEET
at 31 March 2005

	Notes	£'000	2005 £'000	£'000	2004 £'000
Fixed Assets					
Investments	9		9,142		9,646
Current Assets					
Debtors	10	94		76	
Cash at bank and in hand		2,237		1,618	
		2,331		1,694	
Creditors: amounts falling due within one year	11	(427)		(222)	
Net current assets			1,904		1,472
Net assets			11,046		11,118
Capital and reserves					
Called up share capital	12		4,063		4,141
Capital redemption reserve	13		138		60
Special reserve	13		1,607		8,397
Revaluation reserve	13		(901)		(2,285)
Profit and loss account	13		6,139		805
Equity shareholders' funds	15		11,046		11,118
Net asset value per share	14		68.0p		67.1p

The financial statements on page 18 to 28 were approved by the Board of Directors on 29 June 2005 and were signed on its behalf by:

Sir Aubrey Brocklebank
Chairman

The accompanying notes are an integral part of these financial statements.

CASHFLOW STATEMENT
for year ended 31 March 2005

	Notes	Year ended 31 March 2005 £'000	Year ended 31 March 2005 £'000	Year ended 31 March 2004 £'000	Year ended 31 March 2004 £'000
Net cash outflow from operating activities	**16**		(107)		(120)
Capital expenditure					
Purchase of investments		(3,070)		(1,058)	
Sale of investments		3,970		2,682	
Net cash inflow from capital expenditure			900		1,624
Equity distributions paid			(328)		-
Net cash inflow before financing			465		1,504
Financing					
Applications for share issue		340		-	
Share issue costs		(31)		-	
Purchase of own shares		(155)		(28)	
Net cash inflow/(outflow) from financing			154		(28)
Increase in cash in the year			619		1,476

Reconciliation of net cash flow to movement in net funds

	2005 £'000	2004 £'000
Increase in cash during the year	619	1,476
Net funds at 1 April 2004	1,618	142
Net funds at 31 March 2005	2,237	1,618

The accompanying notes are an integral part of the financial statements.

NOTES TO THE ACCOUNTS
for year ended 31 March 2005

1. **Accounting policies**

Accounting convention
The financial statements have been prepared under the historical cost convention as modified by the inclusion of investments at Directors' valuation and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom.

The principal accounting policies are set out below:

a) **Presentation of financial statements**
In order to enable the Company to make capital distributions, the Company has relinquished its investment company status and is accordingly unable to take advantage of the accounting exemptions that status permits. The results of the Company set out on page 18 have been prepared in accordance with the requirements of Schedule IV of the Companies Act 1985.

Reference to revenue and capital in the notes to these financial statements reflects the basis on which taxation is calculated and the treatment applied in determining the amounts available for revenue dividend distribution.

b) **Investments**
Investments are treated as fixed assets and are shown in the balance sheet at Directors' valuation on the following basis:

In common with most other AIM VCTs, the Company has not adopted the new BVCA guidelines in respect of valuations of quoted stocks. Quoted investments, including those traded on the Alternative Investment Market ("AIM") and OFEX are valued at mid-market price as at the balance sheet date. The Directors are conscious of the fact that because shares are traded on AIM and OFEX this does not guarantee their liquidity. The nature of AIM and OFEX investments is such that the prices can be volatile and realisation may not achieve current book value, especially when such a sale represents a significant proportion of that company's market capital. Nevertheless, on the grounds that the investments are not intended for immediate realisation, they regard mid-market price as the most objective and appropriate method of valuation.

In determining the valuation of unquoted investments the Directors adopt the mid-market price where a dealing facility exists and apply a discount if considered appropriate. Where no dealing facility exists the factors which the Directors have regard to include, inter alia, the earnings record and growth prospects of the security, the rating of comparable quoted companies, the yield of the security where appropriate and any recent transactions.

c) **Revenue**
Dividends due on quoted equity shares and undated non-equity shares are brought into account on the ex-dividend date.

Fixed returns on non-equity shares are recognised on a time apportionment basis so as to reflect the effective yield on the shares.

The return on fixed interest securities is recognised on a time apportionment basis from the date of purchase so as to reflect the effective yield on the securities.

d) **Expenses**
All expenses are accounted for on an accruals basis. Expenses are recognised in the profit and loss account except as follows:

- Expenses which are incidental to the acquisition of an investment are included within the cost of the investment;
- Expenses which are incidental to the disposal of an investment are deducted from the disposal proceeds of the investment.

e) **Taxation**
The charge for taxation is based on the profit before taxation for the year.

In general, the tax accounting treatment follows that of the principal amount.

Deferred taxation is provided on all timing differences that have originated but not reversed at the balance sheet date other than those differences recorded as permanent differences. Deferred tax is provided at the average rate of tax expected to apply. Deferred tax assets and liabilities are not discounted to reflect the time value of money. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

NOTES TO THE ACCOUNTS (continued)
for year ended 31 March 2005

1. **Accounting policies (continued)**

f) **Foreign currency assets and liabilities**
Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

2. **Income**

	2005 £'000	2004 £'000
Income from investments		
Loan stock interest	-	10
Dividend income	90	80
Interest on listed fixed income securities	75	95
	165	185
Other income	1	-
Deposit interest	43	21
	209	206

3. **Investment management fees**

	2005 £'000	2004 £'000
Investment management fees	109	144

4. **Other expenses**

	2005 £'000	2004 £'000
Administration services	36	17
Directors' remuneration	51	51
Auditors' remuneration for - audit	13	13
- VCT monitoring services	-	12
Other expenses - other	70	65
- costs associated with change of investment adviser	5	26
- VCT monitoring services	8	-
	183	184

5. **Directors' remuneration**

Details of remuneration (excluding VAT and employers NIC) are given in the Directors' Remuneration Report on pages 14.

The Company had no employees other than directors in either year.

6. **Taxation on ordinary activities**

	2005 £'000	2004 £'000
(a) Tax charge for year		
Current year		
UK corporation tax at 19.0% (2004: 19%)	-	-
Charge for year	-	-

NOTES TO THE ACCOUNTS (continued)
for year ended 31 March 2005

6. Taxation on ordinary activities

(b) Factors affecting tax charge for the year

Profit before tax	73	669
Tax charge calculated on operating loss at the applicable rate of 19.0% (2004: 19%)	14	127
Profit on realisation of investments	(30)	(150)
UK dividend income	(17)	(15)
Losses available to carry forward	33	38
	-	-

(c) Deferred tax

Excess management fees, which are available to be carried forward and set off against future taxable income, amounted to £2,448,000 (2004: £2,276,000). The deferred tax asset has not been recognised due to the fact that it is unlikely the excess management fees will be set off in the foreseeable future.

7. Distributions

	2005 £'000	2004 £'000
Distributions on ordinary equity shares:		
Interim capital distribution of 2p (2004: Nil) per share	328	-

8. Earnings per share

Basic and diluted earnings per share is based on the profit on ordinary activities after taxation of £73,000 (2004: £669,000), but before deduction of distributions of £328,000 (2004: £Nil), in respect of 16,446,318 ordinary shares (2004: 16,610,398), being the weighted average number of ordinary shares in issue during the year.

There is no difference between basic and diluted earnings per share because the Company has no potentially dilutive shares in issue.

9. Investments

	2005 Historical cost £'000	2005 Valuation £'000
Fully listed investments	558	634
AIM quoted investments	8,760	7,830
OFEX quoted investments	427	405
Unquoted investments	298	273
	10,043	9,142

NOTES TO THE ACCOUNTS (continued)
for year ended 31 March 2005

9. Investments (continued)

	Fully listed investments £'000	Investments quoted on AIM £'000	Investments quoted on OFEX £'000	Unlisted investments £'000	Total £'000
Valuation at 1 April 2004	1,136	7,821	636	53	9,646
Reclassification of investments	(362)	776	(414)	-	-
Purchased at cost	1,062	1,661	27	200	2,950
Disposals	(1,256)	(2,558)	-	-	(3,814)
Revaluation in year	54	130	156	20	360
Valuation at 31 March 2005	634	7,830	405	273	9,142
Cost at 1 April 2004	1,648	9,232	753	298	11,931
Reclassification of investments	(492)	845	(353)	-	-
Purchased at cost	1,062	1,661	27	200	2,950
Sale proceeds	(1,163)	(2,807)	-	-	(3,970)
Transfer of revaluations to realised gains	(404)	(420)	-	(200)	(1,024)
Realised gains	(93)	249	-	-	156
Cost at 31 March 2005	558	8,760	427	298	10,043
Unrealised profits/(losses) at 31 March 2005	76	(930)	(22)	(25)	(901)
Unrealised losses at 31 March 2004	(512)	(1,411)	(117)	(245)	(2,285)

Rathbone Investment Management Limited also acts as an investment manager for Pennine AIM VCT plc, Pennine AIM VCT II plc, The Ethical AIM VCT plc, Pennine Downing AIM VCT plc and Pennine Downing AIM VCT 2 plc. Details of common investments made by these funds and by the Company are summarised below (shown at cost as at 31 March 2005).

	The AIM Distribution Trust plc £'000	Pennine AIM VCT plc £'000	Pennine AIM VCT II plc £'000	Pennine Downing AIM VCT plc £'000	Pennine Downing AIM VCT 2 plc £'000	The Ethical AIM VCT plc £'000
1st Dental Laboratories plc	200	100	-	150	225	150
Aero Inventory plc	195	64	68	147	-	135
Blooms of Bressingham Holdings plc	590	205	205	528	185	300
Connaught plc	150	78	-	-	-	-
CRC Group plc	170	226	121	317	-	-
Fountains plc	96	96	36	48	96	36
Glisten plc	178	-	-	107	156	-
Huveaux plc	299	145	-	98	190	-
Media Square plc	164	164	61	82	164	61
Quadnetics Group plc	100	100	-	100	100	-
Real Affinity plc	175	175	125	-	175	175
Sanastro plc	200	200	-	100	200	100
Straight plc	104	130	39	52	104	52
Supporta plc	250	294	71	101	294	70
The Hot Group plc	200	250	175	175	350	70
The Real Good Food Company plc	91	91	-	-	91	-
XKO Group plc	492	325	192	603	-	-

NOTES TO THE ACCOUNTS (continued)
for year ended 31 March 2005

10. Debtors

	2005 £'000	2004 £'000
Income tax recoverable	12	20
Prepayments and accrued income	82	56
	94	76

11. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Purchases awaiting settlement	-	120
Other creditors	362	-
Other taxes and social security	1	1
Accruals and deferred income	64	101
	427	222

12. Called up share capital

	2005 £'000	2004 £'000
Authorised:		
24,000,000 ordinary shares of 25p each	6,000	6,000
Allotted, called up and fully paid:		
16,252,561 (2004: 16,564,701) ordinary shares of 25p each	4,063	4,141

During the year the Company repurchased 312,140 ordinary shares of 25p each (representing 1.9% of the issued share capital) for an average consideration of 56.5p per ordinary share for an aggregate consideration of £177,000. These shares were subsequently cancelled.

During the year, the Company opened an offer for subscription for up to 1.6 million shares. At the year end, the Company had received applications totalling £340,000 for shares and had incurred costs relating to the share issue of £30,000. The shares relating to these applications were allotted on the 5 April and 15 April 2005 (note 20).

13. Reserves

	Capital redemption reserve £'000	Revaluation reserve £'000	Special reserve £'000	Profit and loss account £'000
At 1 April 2004	60	(2,285)	8,397	805
Share repurchase	78	-	(177)	-
Revaluation of assets	-	360	-	-
Realisation of revaluations from previous years	-	1,024	(1,024)	-
Retained loss for the year	-	-	-	(255)
Transfer between reserves	-	-	(5,589)	5,589
At 31 March 2005	138	(901)	1,607	6,139

The Special Reserve is a distributable reserve that allows the Company to make market purchases of its own shares and to pay distributions. During the year, the Special Reserve was utilised to eliminate accumulated capital realised losses on the Profit and Loss account.

NOTES TO THE ACCOUNTS (continued)
for year ended 31 March 2005

14. Net asset value per ordinary share

	2005 Net asset value Pence per share	2005 £'000	2004 Net asset value Pence per share	2004 £'000
Ordinary shares	68.0	11,046	67.1	11,118

Net asset value per ordinary share is based on net assets at the year-end, and on 16,252,561 ordinary shares (2004: 16,564,701), being the number of ordinary shares in issue at the year-end.

15. Reconciliation of movements in shareholders' funds

	2005 £'000	2004 £'000
Opening shareholders' funds	11,118	7,598
Purchase of own shares	(177)	(28)
Total recognised profit for the year	433	3,548
Distributions	(328)	-
Closing shareholders' funds	11,046	11,118

16. Cashflow from operating activities and returns on investments

	2005 £'000	2004 £000
Operating loss	(83)	(122)
Amortisation	-	(3)
Decrease/(increase) in prepayments and accrued income	13	(22)
(Decrease)/increase in accruals and other creditors	(37)	27
Net cash outflow from operating activities and returns on investments	(107)	(120)

17. Financial instruments and derivatives

The Company's financial instruments comprise investments in quoted and unquoted companies, fixed income securities, cash and liquid resources. The main purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations.

It is not the Company's policy to enter into derivative or hedging transactions.

The main risks arising from the Company's financial instruments are interest rate and investment risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the financial year.

Interest rate risk profile of financial assets and financial liabilities

Financial assets

The Company's financial assets, other than investments, are either floating rate or non-interest bearing. Investments in listed securities are fixed rate. Venture Capital Investments comprise equity and loan stock, with the equity holdings having no interest rate attached to them and the loan stock being fixed rate.

	Weighted average interest rate 2005	Weighted average interest rate 2004	Weighted average period until maturity 2005 Days	Weighted average period until maturity 2004 Days	2005 £'000	2004 £'000
Fixed rate	4.6%	4.2%	1,527	1,640	896	717
Floating rate	4.6%	3.7%			1,904	1,472
No interest rate					8,246	8,929
					11,046	11,118

17. Financial instruments and derivatives (continued)

- Fixed rate assets bear interest at rates based on predetermined yield targets.
- Floating rate assets bear interest at rates based predominantly on quarterly LIBOR.
- No interest rate assets include investments in ordinary shares with no fixed dividend rate.

Financial liabilities

The Company has no financial liabilities or guarantees (2004: none).

Currency exposure

As at 31 March 2005, the Company had one Irish investment valued at £634,000 (2004: one valued at £582,000) which is denominated in Euros.

Borrowing facilities

The Company has no undrawn committed borrowing facilities (drawn or undrawn) as at either year-end.

Fair values of financial assets and financial liabilities

All the Company's financial assets and liabilities as at 31 March 2005 are stated at fair value. Investments in equity shares and bonds are valued at mid market value. The carrying value of cash and debtors approximates to their fair value, due to their short-term maturity.

Investment risk

As a venture capital trust, it is the Company's specific business to evaluate and control the investment risk in its portfolio of unquoted companies, the results of which are detailed in the chairman's statement.

Market risk

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

The investments the Company holds are, in the main, thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts.

The Board (or a nominated Director) considers each investment purchase to ensure that an acquisition will enable the Company to continue to have an appropriate spread of market risk and that an appropriate risk reward profile is maintained.

It is not the Company's policy to use derivative instruments to mitigate market risk, as the Board believes that the effectiveness of such instruments does not justify the cost involved.

Currency risk

The Board does not consider that the Company has a material currency exposure and therefore has no specific controls in place to manage currency risk.

18. Contingencies, guarantees and financial commitments

The Company had one capital commitment totalling £50,000 (2004: nil) at the year-end and no contingencies or guarantees at either year-end.

19. Controlling party and related party transactions

In the opinion of the Directors there is no immediate or ultimate controlling party.

20. Post Balance Sheet Event

On 5 April 2005, the Company allotted 793,532 ordinary shares in accordance with the top up document at a price of 73.5p per share. A further 48,052 ordinary shares were allotted on 15 April 2005 at 73.5p per share.

PRO-FORMA STATEMENT OF TOTAL RETURN (Unaudited)
for year ended 31 March 2005

The additional information consisting of the Statement of Total Return has been prepared from the accounting records of the Company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the responsibilities section of the auditors' report thereon.

The Company's results set out on page 18 have been prepared in accordance with the requirements of Schedule IV of the Companies Act 1985, which requires that realised gains and losses, including those arising from the disposal of investments, are included in the profit for the period, and the unrealised capital gains are excluded from the profit for the period.

It is the Directors' intention to distribute realised capital profits in the future. In order to do this, the Company has relinquished its Investment Company status but continues to be a Venture Capital Trust. In order to enable investors to compare the results of the Company with other investment trusts, the Directors have prepared the Statement of Total Return that is required for investment companies.

	Year ended 31 March 2005			Year ended 31 March 2004		
	Revenue £'000	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Gains on investments						
Realised	-	156	156	-	791	791
Unrealised	-	360	360	-	2,879	2,879
Income	209	-	209	206	-	206
Investment management fees	(27)	(82)	(109)	(36)	(108)	(144)
Other expenses	(181)	(2)	(183)	(175)	(9)	(184)
Return on ordinary activities before tax	1	432	433	(5)	3,553	3,548
Taxation	-	-	-	-	-	-
Return attributable to equity shareholders	1	432	433	(5)	3,553	3,548
Return per ordinary share	0.0p	2.6p	2.6p	(0.1p)	21.5p	21.4p

Note:
For the purposes of preparing the above statement, the Company has adopted the policy of allocating investment management fees associated with venture capital investments 75% to capital reserve (realised) and 25% to the revenue account as permitted by Statement of Recommended Practice "Financial Statements of Investment Trust Companies" issued in January 2003. Administration and management fees associated with listed fixed income securities are charged 100% to revenue and included in other expenses. The allocation is in line with the Board's expectation of long-term returns from the Company's investments in the form of capital gains and income respectively.

NOTES TO THE PRO-FORMA STATEMENT OF REVENUE AND CAPITAL RETURNS (Unaudited)

The results presented in the statement of revenue and capital returns (the "Statement") have been included to assist investors in comparing the results of the Company with other investment of Venture Capital Trusts and also to show the taxation basis of returns. Although the bases of presentation of the Statement and the profit and loss account on page 18 are different, the total gains recognised in the period together with the net assets attributable to each share remain the same irrespective of the basis of presentation. The Statement does not form part of the financial statements.

Set out below is a comparison of how the returns are recorded in the Statement and the statutory accounts.

	Statement £'000	Statutory accounts £'000
Return attributable to equity shareholders	433	-
Profit on ordinary activities after taxation	-	73
Unrealised gains on revaluation of investments	-	360
Total	433	433
Revenue profit after dividends	1	-
Retained loss	-	(255)
Profit on realisation of investments	-	(156)
Expenses attributable to capital reserves	-	84
Capital distribution	-	328
Total	1	1
Capital return after distributions	432	-
Unrealised gains on revaluation of investments	-	360
Profit on realisation of investments	-	156
Expenses attributable to capital reserves	-	(84)
Total	432	432

Revenue return per ordinary share is based on the net revenue profit on ordinary activities after taxation of £1,000 (2004: loss £5,000) divided by 16,446,318 (2004: 16,610,398) being the weighted average number of ordinary shares in issue during the year.

Capital gain per ordinary share is based on net capital gain for the year of £432,000 (2004: £3,553,000) divided by 16,446,318 (2004: 16,610,398) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

NOTICE OF THE ANNUAL GENERAL MEETING

of The AIM Distribution Trust plc

NOTICE IS HEREBY GIVEN that the Annual General Meeting of The AIM Distribution Trust plc will be held at 159 New Bond Street, London W1S 2UD at 11:15 am on 1 September 2005 for the transaction of the following business:

As **Ordinary Business**, to consider and, if thought fit, pass the following resolutions which will be proposed as Ordinary Resolutions:

1. To receive and adopt the Report of the Directors and Accounts of the Company for the year ended 31 March 2005, together with the report of the auditors thereon.

2. To approve the Directors' Remuneration Report.

3. To re-appoint Baker Tilly as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts of the Company are presented and to authorise the Directors to determine their remuneration.

4. To re-elect as Director, Stuart Goldsmith, who retires and, being eligible, offers himself for re-election.

5. To re-elect as Director, Christopher Powell, who retires and, being eligible, offers himself for re-election.

As **Special Business**, to consider and, if thought fit, pass the following resolutions:

Ordinary Resolution

6. That the Directors be generally and unconditionally authorised in accordance with Section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (as defined in that relevant section) up to an aggregate of £423,604 (representing 10% of the ordinary share capital in issue at the date of this notice) during the period expiring on the date of the next Annual General Meeting or 15 months from the date of the passing of this resolution, whichever is earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry.

Special Resolutions

7. That, in accordance with Section 95 of the Companies Act 1985 ("the Act"), the Directors be and are empowered to allot equity securities (as defined in sub-section (2) of Section 94 of the Act) for cash pursuant to the general authority conferred on them to allot relevant securities (as defined in Section 80 of the Act) by resolution 6 above (the "Section 80 Authority") as if sub-section (1) of Section 89 of the Act did not apply to the allotment, provided that the power hereby conferred shall be limited to:

   (i) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body in any territory;

   (ii) the allotment of equity securities (otherwise than pursuant to sub-paragraph (i) above) up to an aggregate nominal value not exceeding £423,604;

   and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or if earlier, on the expiry of 15 months from the passing of this resolution.

NOTICE OF THE ANNUAL GENERAL MEETING
of The AIM Distribution Trust plc (continued)

8. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of ordinary shares of 25p each in the capital of the Company ("ordinary shares") provided that:

   (i) the maximum number of ordinary shares hereby authorised to be purchased is 2,539,927 representing 14.99% of the present issued capital of the Company;

   (ii) the minimum price which may be paid for an ordinary share is 25p, exclusive of all expenses;

   (iii) the maximum price which may be paid for an ordinary share is an amount, exclusive of all expenses, equal to 105% of the average of the middle market quotations of the ordinary shares as derived from the Daily Official List of the London Stock Exchange, for each of the five business days immediately preceding the day on which the ordinary share is contracted to be purchased;

   (iv) the Company may validly make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may validly make a purchase of ordinary shares in pursuance of any such contract;

   and this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this resolution or if earlier, on the expiry of 15 months from the passing of this resolution.

By order of the Board

Grant Whitehouse
Secretary

Registered Office
69 Eccleston Square
London SW1V 1PJ

29 June 2005

Notes

(a) Any 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 that member. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.

(b) To be valid the instrument appointing a proxy and authority under which it is executed must be deposited at Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the Meeting.

(c) Completion and return of a form of proxy will not preclude a member of the Company from attending and voting in person.

(d) Copies of the Directors' consultancy agreements, the Register of Directors' interests in the ordinary shares of the Company kept in accordance with Section 325 of the Companies Act 1985 and a copy of the Memorandum and proposed Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice, until the end of the Annual General Meeting for at least 15 minutes prior to and during the meeting.