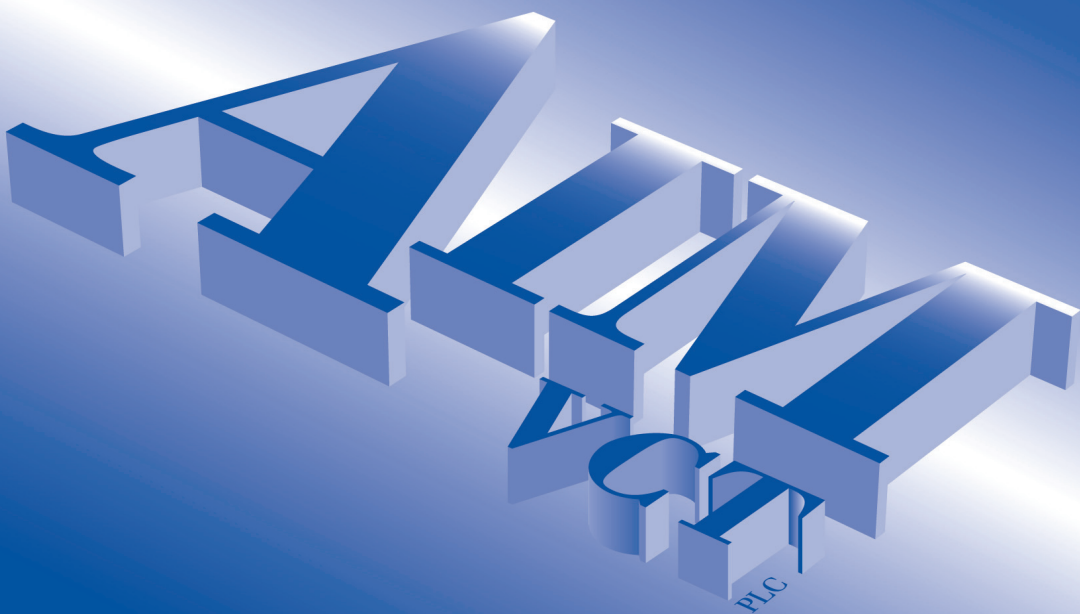


**OCTOPUS  
AIM VCT PLC  
(FORMERLY CLOSE AIM VCT PLC)**



**Unaudited half-yearly report  
for the six months ended  
31 August 2009**



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## About Octopus AIM VCT PLC

**Octopus AIM VCT PLC (the “Company” or “Fund”) is a venture capital trust (“VCT”) which aims to provide shareholders with attractive tax-free dividends and long-term capital growth.**

The investment manager is Octopus Investments Limited (“Octopus” or “Manager”). The Company was launched as Close AIM VCT PLC in Spring of 1998 and raised £10.1m from private investors through an issue of Ordinary Shares.

Between October 2000 and March 2001 a further £20.0m was raised through an issue of C Shares. Furthermore, between 16 March 2004 and final closing on 5 April 2004 the Company raised £3.3m by way of a D Share issue.

The C Shares were merged and converted into Ordinary Shares on 31 May 2004, with C shareholders receiving 1.0765 Ordinary Shares for each C Share held.

A further £15.0m was raised between 6 January 2005 and 8 April 2005 through an issue of New D Shares.

On 31 May 2008, the Ordinary Shares converted into D Shares at a conversion ratio of 0.5448 D Shares for each Ordinary Share. The two classes of shares were combined and renamed New Ordinary Shares which is now the only class of share capital.

## Financial Summary

	Six months to 31 August 2009	Six months to 31 August 2008	Year to 28 February 2009
Net assets (£'000s)	22,737	26,958	19,443
Net profit/(loss) after tax (£'000s)	4,371	(5,744)	(11,141)
Net asset value per share (“NAV”)	76.8p	88.4p	64.5p
Proposed dividend	2.50p	2.50p	2.50p

## Financial Summary (continued)

### Dividend history per share since launch (based on pre-conversion share classes)

Dividends paid in the period ended	New Ordinary Shares	Ordinary Shares	C Shares	D Shares
28 February 1999	–	1.88	–	–
29 February 2000	–	3.13	–	–
28 February 2001	–	37.25	–	–
28 February 2002	–	6.50	2.55	–
28 February 2003	–	3.50	1.50	–
29 February 2004	–	0.50	0.50	–
28 February 2005	–	0.50	0.50	0.50
28 February 2006	–	2.15	2.31	2.25
28 February 2007	–	4.20	4.52	3.30
31 August 2007	–	2.50	2.69	2.50
29 February 2008	–	2.50	2.69	2.50
31 August 2008	–	2.50	2.69	2.50
28 February 2009	2.50	1.36*	1.47*	2.50*
31 August 2009	2.50	1.36*	1.47*	2.50*
<b>Total dividends (capital and revenue)</b>	<b>5.00</b>	<b>69.83</b>	<b>22.89</b>	<b>18.55</b>
<b>NAV plus cumulative dividends**</b>	<b>–</b>	<b>111.65</b>	<b>67.9</b>	<b>92.85</b>

\* Notional dividends adjusting for conversion.

\*\* NAV plus cumulative dividends based on NAV adjusting for conversion.

#### Notes

- The Ordinary Shares were first listed on 17 March 1998.
- Dividends paid before 5 April 1999 were paid to qualifying shareholders inclusive of the associated tax credit.
- The D Shares were first listed on 17 March 2004.
- The C Shares were converted into Ordinary Shares on 31 May 2004, in accordance with the conversion factor of 1.0765 Ordinary Shares for each C Share.
- The Ordinary Shares were converted into D Shares on 31 May 2008, in accordance with the conversion factor of 0.5448 D Shares for each Ordinary Share.
- New D Shares issued between 6 January 2005 and 8 April 2005, did not rank for the final dividend.
- All dividends paid by the Company are free of income tax. It is an HM Revenue & Customs requirement that dividend vouchers indicate the tax element should dividends have been subject to income tax. Investors should ignore this figure on their dividend voucher and need not disclose any income they receive from a VCT on their tax return.
- The above table excludes the tax benefits investors received upon subscription.
- The net asset value of the Company is not its share price as quoted on the official list of the London Stock Exchange. The share price of the Company can be found in the Investment Companies section of the Financial Times on a daily basis. Investors are reminded that it is common for shares in VCTs to trade at a discount to their net asset value, primarily as a result of the initial tax relief which is non-transferable.

## Chairman's Statement

The six months to 31 August was another extraordinary period for financial markets. The beginning of the period, at the end of February, almost exactly coincided with the recent low point in the stock market, and was a time when fear dominated. The change in sentiment in the subsequent six months has resulted in a dramatic recovery in share prices, starting with the banks, and gradually trickling down to the shares of very small companies in which your Company invests. During this time, the Government has created cash incentives for new car purchases and the Bank of England has maintained base rates at 0.5% and introduced quantitative easing. Despite this, unemployment has risen and corporate liquidators are enjoying boom conditions. Against this background, I am glad to be able to report that the total net asset value of the portfolio increased by 17% to £22.7m. Taking into account the 1.35m shares bought back and placed in Treasury, and adding back the 2.5p dividend paid out, the NAV per share rose by 22.7%. This compares with a rise in the AIM Index of 52.4% and of the Smaller Companies ex Investment Trusts of 67.1%. Because of the relative illiquidity of underlying holdings in your fund, individual shares tend to move when news is announced rather than participating in general market rallies, muting the rise in NAV.

During the six months under review, the market for VCT qualifying issues has been slower than we had hoped. New issues remain very rare, although there are signs that this market may start to recover over the next six months. What we had hoped for was a string of attractively priced opportunities to invest in existing companies replacing bank debt or funding expansion. These have not really materialised in the VCT qualifying space, with most opportunities either being much smaller or much bigger. Your Fund is currently comfortably above the HM Revenue & Customs ("HMRC") requirement for qualifying holdings and has liquid funds giving plenty of scope for participating in these opportunities when they appear, as we still expect them to do.

## Portfolio

Many of our investments recorded substantial increases in market value in the period with Vertu motors and Claimar up by 200%, Bond International Software up by 90%, Advanced Computer Software up by 60% and Research Now up by 49%. These rises reflect the depths to which smaller company share prices had fallen in February of this year, which were in most cases not justified by the fundamental outlook for the businesses. Current valuations are more normal, although many share ratings at the smaller end of the market still reflect caution rather than any expectation of accelerating growth.

The flow of news from the portfolio has been generally better than expected, although cyclical businesses with debt, such as Colliers, Twenty, Cello and Individual Restaurant Group have found trading very tough, with very little visibility of future revenues. More recent trading statements support the view that the worst appears to be over, although management teams remain cautious. Some, such as Portrait Group and Bond International Software are reporting marked increases in inquiries, which are now showing some signs of translating into orders. Others, such as Mears, Brooks MacDonald Group,

## Chairman's Statement (continued)

Mattioli Woods, Animalcare and Research Now have continued along what have become established growth trajectories. Advanced Computer Software and Vertu Motors have both managed to raise large war chests to take advantage of prevailing market conditions and make earnings enhancing acquisitions.

During the period five new investments were made at a cost of £1.7m. Only one of these, Innovation, was VCT qualifying reflecting the general lack of new attractive opportunities to invest in. It was an investment into an existing AIM company. The other four in System C, Matchtech Group, Immunodiagnostic Systems and Hargreaves Services were all non-qualifying investments designed to take advantage of prevailing low share prices in order to earn a higher return on the non-qualifying portion of the portfolio. Between them they represent just under 10% of the fund. All these new investments have shown positive increases in value during the period.

Disposals realised £2.2m. These included Concateno and Pilat Media, which were both the subject of bids from other companies as well as the sale of our stake in Clipper Ventures, BGlobal and some of our Neuropharm. The last three did not develop in the way we had expected, and we realised a loss. We also took some profits in Advanced Computer Software.

### Principal Risks and Uncertainties

The principal risks and uncertainties are set out in note 6 of the Notes to the Half-Yearly Report on page 14.

### Dividend

It is your board's policy to strive to maintain an annual dividend of at least 5p per share. It has therefore declared an interim capital dividend of 2.5p per share. This dividend is subject to approval by HM Revenue & Customs. The record date and payment date of this dividend will be announced on the London Stock Exchange RNS service in due course.

With the introduction of a new higher rate tax band from April 2010, tax free income from a VCT will become more attractive. With this in mind, your board has asked your manager to explore the possibility of a scrip dividend. This should have two benefits, firstly, shareholders will be entitled to income tax relief on the shares issued in lieu of a dividend, and secondly the Company will benefit from having the assets retained in the fund for reinvestment. I hope to be able to report that this is in place by the time final results for the year to February are announced.

### Top Ups

Having extended the life of your company to 2016 and in line with the shareholder authority renewed at the AGM, up to 10% of capital is now available for investment in the form of new shares which would attract income tax relief for individuals. Shareholders and others are invited to contact Octopus on 0800 316 2298 should they be interested.

## Chairman's Statement (continued)

### Outlook

Although the outlook might seem rather brighter than it did six months ago, there is no doubt that the credit squeeze has made life more challenging for the majority of smaller companies and there remains the large black cloud of UK indebtedness overhanging us all. Tough policies will be required by whichever government is in power to deal with this cloud over quite a long period. Nevertheless, it now appears that the worst possible outcome of the financial crisis has been averted, and growth as a concept has returned to the economic debate. Even if the pace of recovery is sluggish, this represents a better backdrop for small growing companies, justifying the growth in profits and earnings which we expect from many of your investee companies over the next year or two.

Your board remains committed to take advantage of investment opportunities as they arise, to support companies in the existing portfolio, to maintain a buy back policy to assist liquidity in the company's shares and to continue a consistent dividend flow. With 26% of assets in liquid form, we are well placed to take advantage of opportunities as they appear.

A handwritten signature in black ink, appearing to read "Michael Reeve". The signature is written in a cursive style with a large, stylized 'R'.

Michael Reeve  
Chairman

28 October 2009



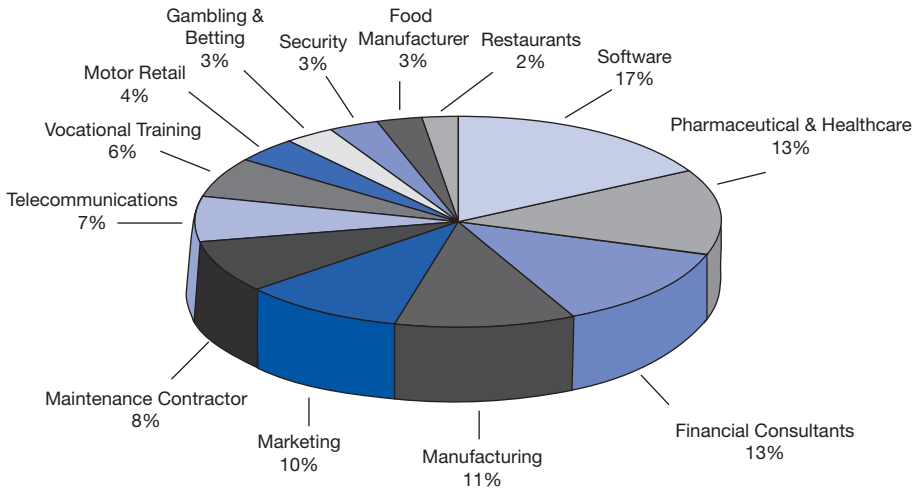
## Investment Portfolio

The 10 largest qualifying holdings by value in the New Ordinary Share portfolio as at 31 August 2008 are shown below:

Company	Activity	Investment at cost (£'000)	Unrealised profit/(loss) (£'000)	Carrying value at 31 August 2009 (£'000)	Carrying value as a % of total investments and cash
Advanced Computer Software	Healthcare software	639	491	1,130	5.0%
Mears Group	Housing maintenance/ refurbishment	171	839	1,010	4.5%
Melorio	Vocational training	816	163	979	4.2%
Research Now	Online fieldwork and panel provider	454	466	920	4.1%
Mattioli Woods	Pensions consultancy	523	326	849	3.8%
Brooks MacDonald Group	Wealth management	333	460	793	3.5%
Vertu Motors	General retailers	1,000	(333)	667	3.0%
Praesepe	Gaming sector	550	–	550	2.4%
Bond International	Recruitment software	270	255	525	2.3%
System C Healthcare	Healthcare software	386	104	490	2.2%
<b>Total</b>		<b>5,142</b>	<b>2,771</b>	<b>7,913</b>	<b>35.1%</b>
Other equity investments	Various	19,198	(10,291)	8,907	39.6%
<b>Total equity investments</b>		<b>24,340</b>	<b>(7,520)</b>	<b>16,820</b>	<b>74.0%</b>
Money market securities		5,580	–	5,580	24.5%
Cash at bank		110	–	110	0.5%
<b>Total investments</b>		<b>30,030</b>	<b>(7,520)</b>	<b>22,510</b>	<b>100%</b>
Net current assets		–		227	
<b>Total net assets</b>				<b>22,737</b>	

## Sector Analysis

Qualifying investments by market value



# Responsibility Statement of the Directors in respect of the Half-Yearly Report

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with the statement “Half-Yearly Financial Reports” issued by the UK Accounting Standards Board;
- the half-yearly report includes a fair review of the information required by the Financial Services Authority Disclosure and Transparency Rules, being:
  - an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements;
  - a description of the principal risks and uncertainties for the remaining six months of the year; and
  - a description of related party transactions that have taken place in the first six months of the current financial year, that may have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board



Michael Reeve  
Chairman

28 October 2009

## Income Statement

	Six months to 31 August 2009			Six months to 31 August 2008			Year to 28 February 2009		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain/(loss) on disposal of fixed asset investments	-	507	507	-	139	139	-	(2,608)	(2,608)
Gain on disposal of current asset investment	-	37	37	-	-	-	-	-	-
Gain/(loss) on valuation of fixed asset investments	-	4,016	4,016	-	(5,744)	(5,744)	-	(8,725)	(8,725)
Loss on valuation of current asset investments	-	-	-	-	-	-	-	(2)	(2)
Income	108	-	108	366	-	366	544	-	544
Investment management fees	(52)	(155)	(207)	(89)	(266)	(355)	(112)	(335)	(447)
VAT management fee rebate	-	-	-	-	-	-	78	236	314
Other expenses	(90)	-	(90)	(150)	-	(150)	(197)	-	(197)
<b>(Loss)/profit on ordinary activities before tax</b>	<b>(34)</b>	<b>4,405</b>	<b>4,371</b>	<b>127</b>	<b>(5,871)</b>	<b>(5,744)</b>	<b>313</b>	<b>(11,434)</b>	<b>(11,121)</b>
Taxation on profit/(loss) on ordinary activities	-	-	-	(3)	3	-	(28)	8	(20)
<b>(Loss)/profit on ordinary activities after tax</b>	<b>(34)</b>	<b>4,405</b>	<b>4,371</b>	<b>124</b>	<b>(5,868)</b>	<b>(5,744)</b>	<b>285</b>	<b>(11,426)</b>	<b>(11,141)</b>
<b>Earnings per share – basic and diluted</b>	<b>(0.1p)</b>	<b>14.7p</b>	<b>14.6p</b>	<b>0.3p</b>	<b>(15.6)p</b>	<b>(15.3)p</b>	<b>0.8p</b>	<b>(33.6)p</b>	<b>32.8p</b>

- the 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies
- all revenue and capital items in the above statement derive from continuing operations
- the accompanying notes are an integral part of the half-yearly report.

The Company has no recognised gains or losses other than those disclosed in the income statement.

## Reconciliation of Movements in Shareholders' Funds

	Six months ended 31 August 2009 £'000	Six months ended 31 August 2008 £'000	Year to 28 February 2009 £'000
<b>Shareholders' funds at start of period</b>	<b>19,443</b>	34,783	17,437
Profit/(loss) on ordinary activities after tax	4,371	(5,744)	(11,141)
Shares purchased and held in Treasury	(342)	(981)	(1,049)
Transfer between share class	-	-	16,055
Dividends paid	(735)	(1,100)	(1,859)
<b>Shareholders' funds at end of period</b>	<b>22,737</b>	26,958	19,443

# Balance Sheet

	As at 31 August 2009		As at 31 August 2008		As at 28 February 2009	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments		16,820		19,548		12,821
Current assets:						
Money market securities	5,580		6,158		6,163	
Debtors	369		126		485	
Cash at bank	110		1,271		167	
	6,059		7,555		6,815	
Creditors: amounts falling due within one year	(142)		(145)		(193)	
Net current assets		5,917		7,410		6,622
<b>Net assets</b>		<b>22,737</b>		<b>26,958</b>		<b>19,443</b>
Called up equity share capital	15,965		15,965		15,965	
Share premium account	8,209		8,209		8,209	
Capital redemption reserve	3,727		3,727		3,727	
Special distributable reserve	16,412		16,411		16,412	
Capital reserve – realised	(12,115)		(8,235)		(11,052)	
– unrealised	(7,520)		(7,837)		(12,381)	
Own shares held in treasury	(1,978)		(1,420)		(1,636)	
Revenue reserve	37		138		199	
<b>Total equity shareholders' funds</b>		<b>22,737</b>		<b>26,958</b>		<b>19,443</b>
<b>Net asset value per share</b>		<b>76.8p</b>		<b>88.4p</b>		<b>64.5p</b>

## Cash Flow Statement

	Six months to 31 August 2009 £'000	Six months to 31 August 2008 £'000	Year to 28 February 2009 £'000
<b>Net cash outflow from operating activities</b>	(124)	(1)	(23)
<b>Financial investment:</b>			
Purchase of fixed asset investments	(1,704)	(1,152)	(1,706)
Sale of fixed asset investments	2,228	1,862	1,213
<b>Management of liquid resources:</b>			
Purchase of current asset investment	(5,580)	-	-
Sale of current asset investment	6,200		
<b>Dividends paid</b>	(735)	(1,100)	(1,859)
<b>Financing:</b>			
Shares purchased and held in Treasury	(342)	(981)	(1,049)
Interclass transfer	-	-	2,159
<b>Decrease in cash at bank</b>	<b>(57)</b>	<b>(1,372)</b>	<b>(1,265)</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds

	Six months to 31 August 2009 £'000	Six months to 31 August 2008 £'000	Year to 28 February 2009 £'000
Decrease in cash at bank	(57)	(1,372)	(1,265)
Decrease in liquid resources	(583)	(7)	(1,213)
Opening net liquid resources	6,330	8,808	8,808
<b>Net cash resources at end of period</b>	<b>5,690</b>	<b>7,429</b>	<b>6,330</b>

## Reconciliation of Profit before Taxation to Cash Flow from Operating Activities

	Six months to 31 August 2009 £'000	Six months to 31 August 2008 £'000	Year to 28 February 2009 £'000
Profit/(loss) on ordinary activities before tax	4,371	(5,744)	(11,121)
(Gain)/loss on realisation of investments	(544)	(139)	2,608
(Gain)/loss on valuation of investments	(4,016)	5,744	8,727
Decrease/(increase) in debtors	116	116	(370)
(Decrease)/increase in creditors	(51)	22	133
<b>Net cash outflow from operating activities</b>	<b>(124)</b>	<b>(1)</b>	<b>(23)</b>

# Notes to the Interim Financial Statements

## 1. Basis of preparation

The unaudited interim results which cover the six months to 31 August 2009 have been prepared in accordance with applicable accounting standards and adopting the accounting policies set out in the statutory accounts of the Company for the year ended 28 February 2009.

## 2. Publication of non-statutory accounts

The unaudited interim results for the six months ended 31 August 2009 do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The comparative figures for the year ended 28 February 2009 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements under Section 235 of the Companies Act 1985 was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

## 3. Earnings per share

The earnings per share at 31 August 2009 is calculated on the basis of 29,963,634 (28 February 2008: 33,947,228 and 31 August 2008: 37,521,889) shares, being the weighted average number of shares in issue during the year.

There are no potentially dilutive capital instruments in issue and, therefore, no diluted return per share figures are relevant. The basic and diluted earnings per share are therefore identical.

## 4. Net asset value per share

The calculation of net asset value per share is based on the net assets at 31 August 2009 and on 29,615,480 (28 February 2009: 30,148,687 and 31 August 2008: 30,486,468) shares being the number of shares in issue, excluding shares held in Treasury, at the same date.

## 5. Dividends

The interim dividend declared of 2.5 pence per New Ordinary share for the six months ending 31 August 2009 is subject to approval by HM Revenue & Customs. The record date and payment date of this dividend will be announced on the London Stock Exchange RNS service in due course.

## Notes to the Interim Financial Statements (continued)

### 6. Principal Risks and Uncertainties

The Company's assets consist of equity investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a VCT, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 31 January 2009. The Company's principal risks and uncertainties have not changed materially since the date of that report.

### 7. Ordinary Share conversion

The Ordinary Shares were converted into D Shares on 31 May 2008 at a conversion ratio of 0.5448 D Shares for each Ordinary Share. This single share class was subsequently renamed 'New Ordinary Shares'.

8. During the six months ended 31 August 2009 there were no share issues. For New Ordinary Shares, 533,207 (29 February 2009: 385,760) shares were bought back in the period at an average price of 64.0p (28 February 2009: 82.3p) per share; these shares are currently held in treasury.

9. Copies of this statement are being sent to all shareholders. Copies are also available from the registered office of the Company at 8 Angel Court, London, EC2R 7HP, and will also be available to view on the Investment Manager's website at [www.octopusinvestments.com](http://www.octopusinvestments.com).



## Details of Board & Advisers

### Board of Directors

Michael Reeve MBE, FCA – Chairman  
 Stephen Hazell-Smith  
 Roger Smith

### Secretary and Registered Office

Celia L Whitten FCIS  
 8 Angel Court  
 London  
 EC2R 7HP  
 Registered in England No: 03477519

### Investment Manager

Octopus Investments Limited  
 8 Angel Court  
 London  
 EC2R 7HP

### Custodians

Capita Trust Company Limited  
 7th Floor, Phoenix House  
 18 King William Street  
 London  
 EC4N 7HE

### Solicitors

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 London Bridge  
 London  
 EC4R 9HA

### Independent Auditor

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 Farringdon Place  
 20 Farringdon Road  
 London  
 EC1M 3AP

### Taxation Advisor

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 1 Embankment Place  
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 WC2N 6RH

### VCT Status Adviser

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 1 Embankment Place  
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 WC2N 6RH

### Stockbroker

Brewin Dolphin Limited  
 34 Lisbon Street  
 Leeds  
 LS1 4LX

### Registrar

Capita Registrars Limited  
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 Huddersfield  
 HD8 0GA







**OCTOPUS**  
INVESTMENTS