

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



**Unaudited half-yearly report  
for the six months ended  
31 August 2010**

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## FINANCIAL HEADLINES

**83.7p** Net Asset Value (NAV) at 31 August 2010

**2.5p** Interim dividend declared

# SHAREHOLDER INFORMATION AND CONTACT DETAILS

## Financial Calendar

The Company's financial calendar is as follows:

19 November 2010	-	2010 interim dividend paid
January/February 2011	-	Second interim dividend paid
May/June 2011	-	Annual results for the year to 28 February 2011 announced; Annual Report and financial statements published
July/August 2011	-	2011 final dividend paid
December 2011	-	Interim dividend paid

## Dividends

Dividends will be 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, shareholdings and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, by calling 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open Monday-Friday 8.30am-5.30pm), or by writing to them at:

Capita Registrars Limited  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
HD8 0GA

## Share Price

The Company's share price can be found on various financial websites with the following TIDM/EPIC code:

	<b>Ordinary shares</b>
TIDM/EPIC code	00A
Latest share price (2 November 2010)	79.5p per share

## Buying and Selling Shares

The Company's Ordinary shares can be bought and sold in the same way as any other company quoted on the London Stock Exchange via a stockbroker. There may be tax implications in respect of selling all or part of your holdings, so shareholders should contact their independent financial adviser if they have any queries.

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares or trading in the secondary market, you may wish to contact Matrix Corporate Capital ('Matrix');

Chris Lloyd      0203 206 7176      [chris.lloyd@matrixgroup.co.uk](mailto:chris.lloyd@matrixgroup.co.uk)

Paul Nolan      0203 206 7177      [paul.nolan@matrixgroup.co.uk](mailto:paul.nolan@matrixgroup.co.uk)

## 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. Their contact details can be found at the end of this report.

## Other Information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Investment Manager's website at [www.octopusinvestments.com](http://www.octopusinvestments.com) by navigating to Services, Investor Services, Venture Capital Trusts, Octopus AIM VCT plc. All other statutory information will also be found there.

## Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offer to buy shares at a discount or offer for free company reports.

Please note that it is very unlikely that either Octopus Investments Limited ('Octopus') or the Company's Registrar would make unsolicited telephone calls to shareholders. In any event any such calls would relate only to official documentation already circulated to shareholders and would never be in respect of investment "advice".

If you are in any doubt about the veracity of an unsolicited phone call, please call either Octopus, or the Registrar, at the numbers provided at the back of this report.

# 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 through investing in AIM.**

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 £10.1 million from private investors through an issue of Ordinary shares.

Between October 2000 and March 2001 a further £20.0 million was raised through an issue of C shares. Furthermore, between 16 March 2004 and final closing on 5 April 2004 the Company raised £3.3 million 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 £15.0 million 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 Ordinary shares which is now the only class of share capital.

On 11 August 2010 the Company acquired the net assets of Octopus Phoenix VCT plc ("Phoenix"), with previous shareholders of Phoenix obtaining 0.42972672 shares in Octopus AIM VCT plc for every 1 Phoenix share held.

## FINANCIAL SUMMARY

	<b>Six months to 31 August 2010</b>	<b>Six months to 31 August 2009</b>	<b>Year to 28 February 2010</b>
Net assets (£'000s)	<b>30,928</b>	22,737	23,644
Net profit after tax (£'000s)	<b>452</b>	4,371	6,551
Net asset value per share ("NAV")	<b>83.7p</b>	76.8p	82.0p

## FINANCIAL SUMMARY (continued)

The object of the table below is to show the return of each individual share class, assuming no subsequent corporate actions had occurred, so that the NAV plus cumulative dividends shown at the bottom of the table relates directly to the original investment. There is now only one share class, that being Ordinary shares.

<b>Dividends paid in the period ended</b>	<b>Ordinary shares (post-April 2010)</b>	<b>Ordinary shares (pre-April 2010)</b>	<b>C shares</b>	<b>D shares</b>	<b>Phoenix Ordinary shares</b>	<b>Phoenix 'C' shares</b>
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	-	0.15	-
28 February 2005	-	0.50	0.50	0.50	6.50	-
28 February 2006	-	2.15	2.31	2.25	1.00	-
28 February 2007	-	4.20	4.52	3.30	3.35	1.00
31 August 2007	-	2.50	2.69	2.50	6.00	3.00
29 February 2008	-	2.50	2.69	2.50	6.00	3.00
31 August 2008	-	2.50	2.69	2.50	5.00	2.00
28 February 2009	-	1.36*	1.47*	2.50*	5.00	3.00
31 August 2009	-	1.36*	1.47*	2.50*	1.00	1.35*
28 February 2010	-	1.36*	1.47*	2.50*	1.00	1.35*
31 August 2010	-	-	-	-	2.00	2.70*
<b>Cumulative dividends paid</b>	-	71.19	24.36	21.05	37.00	17.40
<b>NAV as at 31 August 2010**</b>	83.70	45.60	49.10	83.70	36.00	48.60
<b>NAV plus cumulative dividends paid***</b>	83.70	116.79	73.46	104.75	73.00	66.00

An interim dividend of 2.5p will be paid on 19 November 2010 to shareholders on the register on 22 October 2010.

- \* Notional dividends adjusting for conversion of Phoenix 'C' shares into Phoenix Ordinary shares, and relevant AIM VCT shares into AIM VCT Ordinary shares.
- \*\* NAV adjusted for conversion of relevant shares into AIM VCT Ordinary shares at the date of each conversion. Phoenix Ordinary shares adjusted as at the date of the merger.
- \*\*\* NAV plus cumulative dividends based on NAV adjusting for conversion, showing the notional return to shareholders based on their original investment share class.

## 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.
- Phoenix 'C' shares converted into Phoenix Ordinary shares.
- On 12 August 2010, Octopus Phoenix VCT plc shares were converted into Octopus AIM VCT plc shares at a ratio of 0.42972672, upon the merger of the two VCTs.
- 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 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.
- **The above table excludes the tax benefits investors received upon subscription.**

# CHAIRMAN'S STATEMENT

## Introduction

I am glad to be able to report that in the period under review the merger of your Company and Octopus Phoenix VCT plc ('Phoenix') was accomplished. Your Board also announced an offer to raise an additional £10 million through an offer for subscription of up to 11,500,000 shares.

On 4 August 2010 at an Extraordinary General Meeting of the Company, shareholders voted in favour of the proposed merger with Phoenix and then on 12 August 2010 shareholders in Phoenix also approved the scheme for merging the two companies whereby the assets and liabilities of Phoenix were transferred to your Company, completing the merger. 7,935,637 shares in your Company were issued to Phoenix shareholders representing 21% of the enlarged capital. I would like to take this opportunity of welcoming our new shareholders. All shareholders will have received new share certificates, with former Phoenix shareholders receiving 0.42972672 shares in Octopus AIM VCT plc for every 1 Phoenix share held. The merger was completed on a relative Net Asset Value (NAV) basis and the benefits shared by both sets of shareholders, with the costs being split proportionately based on the merger NAV.

The offer to raise £10 million will provide shareholders and other investors with the opportunity to invest in the Company and benefit from the tax reliefs available to qualifying investors in VCTs. These shares will be issued at a price equal to the most recently published NAV per share, divided by 0.945 to take into account the offer costs of 5.5%. The offer will close on or before 30 April 2011. It is expected that allocations will be done monthly.

## Performance

As at 31 August 2010 the total net assets of your Company amounted to £30.9 million of which 29% was in cash or liquid resources. In the six month period under review the NAV of your shares increased by 2.1% to 83.7p per share. This compares with a rise in the AIM Index over the period of 2.2% and a fall in the Smaller Companies Index ex Investment Trusts of 1.6%. The six month period to the end of August was slightly frustrating for smaller company investors as domestically orientated shares were overshadowed by fears about the extent of forthcoming Government cuts. The portfolio's performance was fairly solid against this background, helped by bid activity. The NAV per share has increased since the period end and stood at 91.5p at 18 October 2010.

## Portfolio

Excluding the acquisitions of the Phoenix holdings, £2.3 million of new investments were made over the period. The principal new investments being EKF Diagnostics, Marwyn Materials (now renamed Breedon) and Netcall. Some of the Netcall holding was acquired as a result of the takeover of Telephonetics although the Fund also participated in a



Netcall fundraising to finance the acquisition. The holdings in Strategic Thought and Tasty were also added to. Disposals totalled £4.7 million, mostly as a result of bid activity. The Fund benefited from bids for Portrait Software, Innovision Research and Technology, Win and Melorio where profits of £628,000 were achieved. Profits were taken in Advanced Computer Software, Immunodiagnostics and Brooks Macdonald and the holding in Pressure Technologies was sold. The Fund received 35.5 pence per share in cash as Clerkenwell was wound up, and a further 5.5 pence per share has been received since the period end.

During the six months under review, the market for VCT qualifying issues continued to be slow with new issues remaining a rarity. 85% of your Fund is currently invested in qualifying holdings, comfortably above the HM Revenue and customs ('HMRC') requirement of 70%. Your Fund also has liquid funds of over £9 million giving plenty of scope for participating in suitable opportunities which we do expect to materialise sooner rather than later. Encouragingly, two of the new investments were made in August, and the Fund has made another in Managed Support Services since the period end.

## **Principle Risks and uncertainties**

The principal risks and uncertainties are set out in Note 6 to the Half Yearly Report on page 18.

## **Dividend**

It is your Board's policy to strive to maintain an annual dividend of at least 5 pence per share. Your Board declared its intention of paying a 2.5 pence dividend in the annual accounts and this has now been declared and approved by HMRC. This will be paid to all shareholders who were on the register on 22 October 2010. This dividend was delayed because of an issue with reserves which has now been resolved. Another interim dividend of 2.5 pence has been declared. This is expected to be paid early 2011 once HMRC approval is obtained.

## **Shares issued and repurchased.**

It is the Board's policy to try and maintain a discount to net asset value at which the Company shares stand in the market at not more than 10%. During the period 78,648 shares were purchased in the market. Furthermore 2,957,576 shares that were previously held in Treasury were cancelled. This action was taken as it now appeared unlikely that they could be reissued and confer the same tax benefits as when they were initially issued. 205,838 shares were issued during the period under the Top-Up Scheme.

# CHAIRMAN'S STATEMENT (continued)

## Outlook

Since the period end, sentiment has begun to improve towards smaller companies despite ongoing caution in the press about the likely effects that Government spending cuts will have on the economy. This has been driven by much better trading statements from companies in the recent results season and a spate of upgrades to forecasts which have left smaller companies looking relatively cheap. The steady stream of takeover bids now in evidence also reinforces this view, and as a result of both of these factors the NAV had a good September and October. Indeed at the time of writing the NAV of your shares has increased by 12.3% since 28 February 2010.

It remains to be seen whether the market can sustain this better sentiment, and whether the smaller companies discount can narrow further. Banks are still not keen to lend, and your Manager expects this to result in more investment opportunities as ambitious management teams use equity to grow their businesses.

A handwritten signature in black ink that reads "Michael Reeve". The signature is written in a cursive, flowing style.

Michael Reeve  
Chairman

27 October 2010

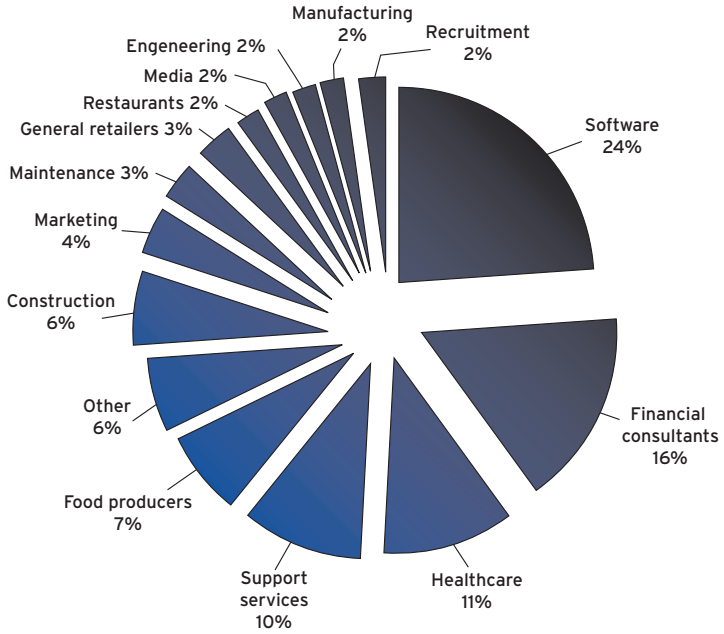
# INVESTMENT PORTFOLIO

The 10 largest qualifying holdings by value in the portfolio as at 31 August 2010 are shown below:

<b>Quoted equity investments</b>	<b>Sector</b>	<b>Cost of investment as at 31 August 2010 (£'000)</b>	<b>Movement in valuation as at 31 August 2010 (£'000)</b>	<b>Fair value as at 31 August 2010 (£'000)</b>	<b>% equity held by AIM VCT</b>	<b>% equity held by all funds managed by Octopus</b>
Brooks Macdonald Group Plc	Financial consultants	873	1,443	2,316	2.5%	3.4%
EKF Diagnostics Holdings Plc	Healthcare	931	301	1,232	3.9%	10.5%
Breedon Aggregates Ltd	Construction	900	150	1,050	5.0%	9.8%
Advanced Computer Software Plc	Software	596	346	942	0.9%	2.3%
Immunodiagnostic Systems Plc	Healthcare	528	392	920	0.5%	2.7%
Mattioli Woods Plc	Financial consultants	523	298	821	2.3%	2.6%
Vertu Motors Plc	General retailers	1,265	(598)	667	1.3%	3.4%
Mears Group Plc	Maintenance	155	471	626	0.3%	0.3%
Clarity Commerce Solutions Plc	Software	767	(206)	561	3.9%	8.3%
Zetar Plc	Food producers	587	(35)	552	2.2%	3.6%
<b>Total</b>		<b>7,125</b>	<b>2,562</b>	<b>9,687</b>		
Other equity investments		19,042	(7,371)	11,671		
<b>Total equity investments</b>				<b>21,358</b>		
Money market securities		8,939	-	8,939		
Cash at bank				91		
<b>Total investments</b>				<b>30,388</b>		
Debtors less creditors				540		
<b>Total net assets</b>				<b>30,928</b>		

# SECTOR ANALYSIS

## Equity 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

27 October 2010

# INCOME STATEMENT

	Six months to 31 August 2010			Six months to 31 August 2009			Year to 28 February 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of fixed asset investments	-	1,338	1,338	-	507	507	-	1,852	1,852
Realised gain on disposal of current asset investment	-	-	-		37	37	-	37	37
Investment holding gains	-	(453)	(453)	-	4,016	4,016	-	4,326	4,326
Income	112	-	112	108	-	108	389	-	389
Investment management fees	(62)	(188)	(250)	(52)	(155)	(207)	(112)	(338)	(450)
VAT management fee rebate	-	-	-	-	-	-	145	435	580
Other expenses	(295)	-	(295)	(90)	-	(90)	(183)	-	(183)
<b>Profit on ordinary activities before tax</b>	<b>(245)</b>	<b>697</b>	<b>452</b>	<b>(34)</b>	<b>4,405</b>	<b>4,371</b>	<b>239</b>	<b>6,312</b>	<b>6,551</b>
Taxation on profit on ordinary activities	-	-	-	-	-	-	-	-	-
<b>Profit on ordinary activities after tax</b>	<b>(245)</b>	<b>697</b>	<b>452</b>	<b>(34)</b>	<b>4,405</b>	<b>4,371</b>	<b>239</b>	<b>6,312</b>	<b>6,551</b>
<b>Earnings per share - basic and diluted</b>	<b>(0.8p)</b>	<b>2.3p</b>	<b>1.5p</b>	<b>(0.1p)</b>	<b>14.7p</b>	<b>14.6p</b>	<b>0.8p</b>	<b>21.3p</b>	<b>22.1p</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 2010 £'000	Six months ended 31 August 2009 £'000	Year to 28 February 2010 £'000
<b>Shareholders' funds at start of period</b>	<b>23,644</b>	19,443	19,443
Profit on ordinary activities after tax	<b>452</b>	4,371	6,551
Net assets of Phoenix from merger	<b>6,716</b>	-	-
Shares purchased and held in Treasury	-	(342)	(811)
Shares purchased and cancelled	<b>(58)</b>	-	(54)
Issue of equity	<b>174</b>	-	-
Dividends paid	-	(735)	(1,485)
<b>Shareholders' funds at end of period</b>	<b>30,928</b>	22,737	23,644

# BALANCE SHEET

	As at 31 August 2010		As at 31 August 2009		As at 28 February 2010	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments*		<b>21,358</b>		16,820		16,944
Current assets:						
Money market securities*	<b>8,939</b>		5,580		6,732	
Debtors	<b>727</b>		369		27	
Cash at bank	<b>91</b>		110		153	
	<b>9,757</b>		6,059		6,912	
Creditors: amounts falling due within one year	<b>(187)</b>		(142)		(212)	
Net current assets		<b>9,570</b>		5,917		6,700
<b>Net assets</b>		<b>30,928</b>		22,737		23,644
Called up equity share capital	<b>370</b>		15,965		15,928	
Share premium account	<b>8,197</b>		8,209		1,490	
Capital redemption reserve	<b>24,746</b>		3,727		10,483	
Special distributable reserve	<b>15,331</b>		16,412		16,358	
Capital reserve gains/(losses) on disposal	<b>(12,939)</b>		(12,115)		(13,478)	
Capital reserve holding gains/(losses)	<b>(4,850)</b>		(7,520)		(5,007)	
Own shares held in treasury	<b>-</b>		(1,978)		(2,447)	
Revenue reserve	<b>73</b>		37		317	
<b>Total equity shareholders' funds</b>		<b>30,928</b>		22,737		23,644
<b>Net asset value per share</b>		<b>83.7p</b>		76.8p		82.0p

\*Held at fair value through profit & loss

Company No: 03477519

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



# CASH FLOW STATEMENT

	Six months to 31 August 2010 £'000	Six months to 31 August 2009 £'000	Year to 28 February 2010 £'000
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,158)</b>	<b>(124)</b>	<b>813</b>
<b>Financial investment:</b>			
Purchase of fixed asset investments	(2,275)	(1,704)	(2,784)
Disposal of fixed asset investments	4,711	2,228	4,839
<b>Management of cash equivalent resources:</b>			
Purchase of current asset investment	(4,447)	(5,580)	(9,797)
Disposal of current asset investment	2,240	6,200	9,265
Dividends paid	-	(735)	(1,485)
Cash received on merger	751	-	-
<b>Financing:</b>			
Issue of equity	174	-	-
Shares re-purchased	(58)	(342)	(865)
<b>Decrease in cash at bank</b>	<b>(62)</b>	<b>(57)</b>	<b>(14)</b>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Six months to 31 August 2010 £'000	Six months to 31 August 2009 £'000	Year to 28 February 2010 £'000
Decrease in cash at bank	(62)	(57)	(14)
Increase/(decrease) in cash equivalents	2,207	(583)	569
Opening net liquid resources	6,885	6,330	6,330
<b>Net cash resources at end of period</b>	<b>9,030</b>	<b>5,690</b>	<b>6,885</b>

## RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Six months to 31 August 2010 £'000	Six months to 31 August 2009 £'000	Year to 28 February 2010 £'000
Profit on ordinary activities before tax	452	4,371	6,551
Profit on realisation of investments	(1,338)	(544)	(1,889)
Loss/(profit) on valuation of investments	453	(4,016)	(4,326)
(Increase)/decrease in debtors	(700)	116	458
(Decrease)/increase in creditors	(25)	(51)	19
<b>Net cash outflow from operating activities</b>	<b>(1,158)</b>	(124)	813

# NOTES TO THE HALF-YEARLY REPORT

## 1. Basis of preparation

The unaudited interim results which cover the six months to 31 August 2010 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 2010.

## 2. Publication of non-statutory accounts

The unaudited interim results for the six months ended 31 August 2010 do not constitute statutory accounts within the meaning of s.415 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The comparative figures for the year ended 28 February 2010 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, in accordance with chapter 3 of part 16 of the Companies Act 2006, 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 2010 is calculated on the basis of 29,862,107 (28 February 2010: 29,646,204 and 31 August 2009: 29,963,634) shares, being the weighted average number of shares in issue during the period.

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 2010 and on 36,961,280 (28 February 2010: 28,824,452 and 31 August 2009: 29,615,480) shares being the number of shares in issue, excluding shares held in Treasury, at the same date.

The merger was completed on a relative net asset value basis using the unaudited net assets as at close of business on 11 August 2010 (the day immediately preceding the Effective Date) and the benefits shared by both sets of shareholders, with the costs being split proportionately based on the merger NAVs. Shares of AIM VCT were issued to shareholders of Phoenix using a ratio of 0.42972672 AIM shares for every 1 share held in Phoenix.

# NOTES TO THE HALF-YEARLY REPORT

## (continued)

### 5. Dividends

The interim dividend declared of 2.5 pence per Ordinary share will be paid on 19 November 2010 to those shareholders on the register on 22 October 2010.

### 6. Principal Risks and Uncertainties

The Company's assets consist of equity and fixed-rate interest 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 28 February 2010. The Company's principal risks and uncertainties have not changed materially since the date of that report.

### 7. Related Party Transactions

Octopus acts as the investment manager of the Company. Under the management agreement, Octopus receives a fee of 2.0% per annum of the net assets of the Company for the investment management services. During the period, the Company incurred management fees of £250,000 (28 February 2010: £450,000 and 31 August 2009: £207,000) payable to Octopus. At the period end there was £Nil (28 February 2010: £Nil and 31 August 2009: £Nil) outstanding to Octopus.

8. Copies of this statement are being sent to all shareholders. Copies are also available from the registered office of the Company at 20 Old Bailey, London EC4M 7AN, and will also be available to view on the Investment Manager's website at [www.octopusinvestments.com](http://www.octopusinvestments.com).

# DIRECTORS AND ADVISERS

## Board of Directors

Michael Reeve MBE, FCA - Chairman  
Stephen Hazel-Smith  
Roger Smith

## Secretary and Registered Office

Celia L Whitten FCIS  
20 Old Bailey  
London  
EC4M 7AN

Registered in England No: 03477519

## Investment & Administration Manager

Octopus Investments Limited  
20 Old Bailey  
London  
EC4M 7AN  
Tel: 0800 316 2349  
[www.octopusinvestments.com](http://www.octopusinvestments.com)

## Registrar

Capita Registrars Limited  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
HD8 OGA  
Tel: 0871 664 0300 (calls cost 10p per  
minute plus network extras)  
[www.capitaregistrars.com](http://www.capitaregistrars.com)

## Independent Auditor

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

## Taxation Advisor

PricewaterhouseCoopers UK  
1 Embankment Place  
London  
WC2N 6RH

## VCT Status Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH





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