OCTOPUS IHT AIM VCT PLC

(Formerly Close IHT AIM VCT PLC)

Annual Report for the year ended 30 November 2008

Contents

About Octopus IHT AIM VCT PLC

Octopus IHT 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 IHT AIM VCT PLC in March 2006 and raised £25 million through an offer for subscription.

Following your Company's change in name and management agreement, shareholders should be made aware that existing share certificates have not been replaced and remain valid.

Financial Summary

	Year to 30 November 2008	Year to 30 November 2007
Net assets (£'000s)	**16,049**	23,518
Net (loss)/profit after tax (£'000s)	**(6,901)**	362
Net asset value per share	**64.6p**	94.2p
Dividend per share – paid and proposed in year	**2.0p**	2.0p
Cumulative dividends since launch – paid and proposed	**6.4p**	3.4p

Shareholder Value per Share since launch

	Ordinary Shares pence per share
Total dividends paid during the period to 30 November 2006*	1.4
Total dividends paid during the period to 30 November 2007	2.0
Total dividends paid during the period to 30 November 2008	2.0
Total dividends	5.4
Net asset value at 30 November 2008	64.6
Total cumulative return at 30 November 2008	70.0

* Investors subscribing by 17 January 2006 were entitled to this dividend. Investors subscribing thereafter were not entitled to this first dividend.

Chairman's Statement

Introduction

I have pleasure in presenting the Company's third report and accounts. These cover a period in the stock market which has generally been described as difficult and challenging. While that is true for many investors, the Company has had cash to invest during this period. So although the existing portfolio has been exposed to the challenges facing all investors, it has also been able to invest at attractive share price ratings which could not have been imagined two years earlier. It has therefore been a mixed year for the Company. However, I can report that the important threshold of 70% of funds invested in qualifying investments was reached within the required three year period.

Change in Name and Manager

Shareholders will be aware that in the year to November 2008, which is the period covered in this report, there has been a change to the corporate identity of the Company. Following the move by fund managers Andrew Buchanan and Kate Tidbury from Close Investments Limited ("Close") to Octopus Investments Limited ("Octopus"), the Board agreed to novate the management agreement to Octopus. As a result, it was necessary to change the name of the Company. This change was approved at an EGM at the beginning of September. Shareholders' existing share certificates remain valid and have not been replaced.

Andrew and Kate have joined fund manager Richard Power's larger and better resourced team at Octopus. This highly skilled team is involved in smaller company and VCT investment. Along with Andrew and Kate, the team has been involved with AIM since the market's inception. Octopus itself is an award-winning, market leading VCT manager and smaller companies specialist. It acts as manager of 14 other listed investment companies and has a total of approximately £600 million under management.

VCT Qualifying Status

PricewaterhouseCoopers LLP provides the Board and Investment Manager with advice on the ongoing compliance with HM Revenue & Customs ("HMRC") rules and regulations concerning VCTs. The Board has been advised that Octopus IHT AIM VCT PLC is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT. As at 30 November 2008, over 73% of the portfolio (as measured by HMRC rules) was invested in VCT qualifying investments.

Dividend

The Directors have proposed a final dividend of 1p per 'A' and 'B' Ordinary share (comprising 0.35p of revenue and 0.65p of capital) in respect of the year ended 30 November 2008, although it will be recognised in the 2009 accounts. This dividend is subject to approval from HMRC. The proposed final dividend, if approved by shareholders, will be paid once HMRC approval has been obtained.

VAT on Management Fees

The Government has announced that VCTs will be exempt from paying VAT on investment management fees with effect from 1 October 2008. This follows a European Court of Justice Judgement against the Government in a case relating to VAT payable by investment trusts. It is now virtually certain that a VAT repayment will be obtained for VAT paid on management fees for the last three years. However, the extent and timing of repayments is not yet known. We will follow developments with the help of our advisers. For the purposes of these accounts, and with guidance from our advisers at Octopus, we have accrued income of £140,000 which is the anticipated VAT rebate.

The VAT saving on management fees for the 2008/2009 year ahead on Ordinary shares is approximately £48,000.

Performance

The Net Asset Value ("NAV") has fallen throughout the second half of the year to 30 November 2008. At the end of November 2007, the NAV was 94.2p per 'A' and 'B' Ordinary share. The interim accounts reported a NAV of 86.5p as at 31 May 2008. At the end of November 2008, the NAV had fallen to 64.6p per 'A' and 'B' Ordinary share, post the payment of a 1p dividend. While the economic climate has taken its toll on some of our investments, notably in the case of Hatpin which failed during the year, it is not necessarily true that the lower share prices, which comprise the NAV, reflect poor trading by the companies concerned. It is much more the case that the dramatic events in the banking sector, which have come to light in the year under review, have drastically reduced investor appetite for small quoted companies. Thus lower share prices reflect selling pressure, risk aversion and the absence of buyers and only then the perception that trading will be more difficult in the future.

It is never a happy event to report a lower NAV, but it is some consolation that the Company's managers had not rushed to invest at prices prevailing a year or more ago. As a result, the portfolio is less mature at this stage than might have been expected at the time of the prospectus. The benefits of a more mature portfolio have therefore yet to be fully realised.

Chairman's Statement (continued)

Portfolio

A number of new holdings were established in the year and particularly in the second half. Amongst these were CBG Group, Tasty, Hasgrove and Advanced Computer Software, which are dealt with more fully in the Investment Manager's Review. A complete list of the portfolio is set out on page 6.

Since the year end, the Investment Manager has continued to make investments or to support existing holdings. However, it is fair to say that the number of new issues has reduced sharply, although secondary fundraisings by existing quoted companies have been quite numerous. That is a trend the managers expect to see continue. Since the year end, the Company has invested in both Managed Support Services and Praesepe. Both of these companies are existing AIM companies which were raising additional capital for growth. Sadly, in the same period, Fishworks PLC has appointed administrators so this investment has been written down to nil.

Distribution in Specie

Shareholders will recall that the Company was established with 'A' and 'B' Ordinary shares, The 'B' Ordinary shares were designed to allow shareholders to elect to take an allocation of shares in the underlying portfolio, pro rata to their shareholdings in the Company at the end of three years. This redistribution of shares is the Distribution in Specie. The intention was that if shareholders elected to take part in the Distribution in Specie, they would then have a portfolio of shares that qualify for Business Property Relief, therefore taking the value of their investment outside any IHT exposure after a further two years. However, rather than automatically participating in the Distribution in Specie, shareholders can remain as VCT investors by converting their shareholding into 'A' shares. The 'A' shares will then be the only share class of Octopus IHT AIM VCT and will subsequently become new ordinary shares. These shareholders will then benefit from being invested in a diversified portfolio with the tax on going benefits of investing in a VCT which they will lose if they take the Distribution in Specie.

The Share Conversion will happen in tandem with the Distribution in Specie. The process is well under way and a circular will shortly be posted to all shareholders. The first step requires the 'B' Ordinary shareholders wishing to remain invested in the Company to elect for the Share Conversion into 'A' Ordinary shares. Meanwhile, the 'B' Ordinary shareholders not electing to convert will proceed with the Distribution in Specie. They will end up with a portfolio of shares which they can then elect to have managed by Octopus or another provider if they wish. It will be necessary to call an additional General Meeting as the process continues, so that particular steps have the appropriate shareholder approval.

Outlook

Whether for small or larger companies, the outlook for the months ahead is one of economic difficulties and even more challenges than usual. However, for smaller companies, the difficulties are compounded by the continuing crisis in the banking industry, which is likely to mean that debt facilities are severely constrained. It seems absurd that a reasonable company cannot borrow for normal short-term financing requirements, but that is a measure of the difficulties that the banks now face. This will have repercussions for 'innocent' small companies. While the government has attempted to ease the constraints, there appears, as yet, to be little benefit in practice. That however, represents an interesting opportunity for investors to provide capital to good companies at attractive share price ratings. With this in mind, the Board's strategy remains to maintain an appropriate level of liquidity in the balance sheet to achieve four aims which should benefit VCT investors in the years to come:

- to take advantage of new investment opportunities as they arise;
- to support further investment in existing portfolio companies if required;
- to assist liquidity in the Company's shares through the buy back facility;
- to establish a consistent dividend flow over time.

By adhering to sound investment principles in applying these aims, I hope and trust that in a year's time, as the stock market discriminates between companies, it will be possible to report a higher NAV.

Keith Richard Mullins
Chairman

20 March 2009

Investment Manager's Review

The AIM Market

Over the last twelve months, the well publicised banking crisis and the ensuing deteriorating economic outlook has had a severe impact on AIM which fell by 61.8% in the period. As is usual during periods of uncertainty, investors shun small companies in favour of larger and more liquid investments. However, as you will be aware, these have fared little better as the banking crisis has unfolded.

The severe derating of shares which has been particularly marked in the microcap sector where your VCT makes its investments has made the process of investing harder in the short term. This is because new companies looking to float have been put off by the constant stream of bad news about the economy and financial markets and the inevitably lower values afforded to businesses by the stock market. This is well illustrated in the chart below, which shows the funds raised on AIM over the year. There have, however, been some opportunities to become involved in further fundraisings from existing companies, many of these being at lower prices than a year ago.

Performance

It is extremely disappointing to have to report a significant decline in the NAV in these accounts. As at 30 November 2008, the NAV per 'A' and 'B' Ordinary share was 64.6p, a fall of 31.4%. It is of limited consolation that the AIM Index fell by 61.8% and the smaller companies' index (excluding investment trusts) fell by 51.9% in the same period. To some extent, the Company has benefitted from having cash in this period, although the cash balance has had to reduce as investments were made.

Whilst new investments have been made at advantageous prices, the existing portfolio has suffered from both deteriorating economic conditions and from reduced bank funding, especially in the second half of the financial year. It is no surprise that many of the Government's current economic and financing measures are aimed at promoting funding facilities for smaller companies. The businesses in the Company's portfolio have direct experience of the treatment the smallest companies have been subjected to as the banking industry's problems have unfolded. It is not surprising therefore that the majority of the NAV fall now being reported occurred in the second half of the financial year and has continued into the current year. It has to be hoped that the worst, in terms of share price ratings, is now over and is reflected in share price ratings.

As the last interim and annual accounts noted, smaller company shares have been steadily de-rated. This process has gathered considerable momentum in the last six months of the financial year. It has appeared, for much of the time, to be indiscriminate and a function of greater risk aversion rather than any view of an individual company's prospects. As a result, many share prices have reflected the weight of selling and the absence of buyers. If the Government's attempts to create liquidity in the banking industry succeed, then the return of buyers will hopefully restore many smaller company share prices to ratings based on logic rather than sentiment.

Investment Manager's Review (continued)

Investment Portfolio as at 30 November 2008

Qualifying Investments	Sector	Investment at cost (£'000)	Unrealised profit/(loss) (£'000)	Carrying value at 30 November 2008 (£'000)	% equity held by Octopus IHT AIM VCT PLC	% equity held by all funds managed by Octopus
CBG Group Plc	Non-life insurance	952	79	1,031	5.13	18.09
IS Pharma (Maelor Plc)	Pharmaceuticals & Biotechnology	1,000	(91)	909	4.22	8.68
Advanced Comp Soft Plc	Software & Computer Services	750	–	750	2.31	6.16
AnimalCare Group Plc	Food Producers	600	131	731	5.53	12.76
Hasgrove Plc	Media	650	36	686	3.21	10.54
Pressure Technologies Plc	Industrial Engineering	352	175	527	2.08	10.96
Tasty Plc	Travel & Leisure	500	(33)	467	4.40	4.76
Clerkenwell Ventures Plc	General Financial	650	(199)	451	2.10	7.97
Mount Engineering Plc	Industrial Engineering	538	(92)	446	3.15	8.2
Melorio Plc	Support Services	612	(226)	386	1.57	5.82
Essentially Group Ltd	Media	659	(278)	381	2.97	5.7
Neuropharm Plc	Pharmaceuticals & Biotechnology	400	(38)	362	1.00	4.25
Optare (Darwin Holdings) Plc	Industrial Engineering	850	(510)	340	2.61	7.03
Craneware Plc	Software & Computer Services	175	109	284	0.55	1.6
Idox Plc	Software & Computer Services	236	47	283	0.92	3.07
Research Now Plc	Media	375	(94)	281	1.42	4.78
Brulines Plc	Support Services	253	4	257	0.74	4.76
Hexagon Human Plc	Support Services	632	(375)	257	1.97	15.67
Plastics Capital Plc	Chemicals	535	(321)	214	1.99	17.89
Vertu Motors Plc	General Retailers	750	(578)	172	1.36	7.69
Telephonetics Plc	Software & Computer Services	456	(285)	171	2.09	7.52
Jelf Group Plc	General Financial	180	(51)	129	0.34	1.52
Work Group Plc	Support Services	707	(619)	88	3.07	7.16
Adept Telecom Plc	Fixed Line Telecommunications	750	(670)	80	2.54	4.58
Twenty Plc	Media	750	(675)	75	6.81	18.72
B Global Plc	Support Services	200	(136)	64	0.54	3.12
Fishworks Plc	Travel & Leisure	275	(218)	57	4.07	7.32
Individual Restaurant Grp Plc	Travel & Leisure	217	(161)	56	0.52	1.87
Optimisa Plc	Media	511	(459)	52	2.65	14.08
Claimar Care Group Plc	Healthcare Equipment & Services	500	(460)	40	0.95	4.78
Lombard Medical Technologies Plc	Healthcare Equipment & Services	375	(355)	20	2.00	3.6
		16,390	**(6,343)**	**10,047**		
Total non-qualifying AIM-listed investments		397	(104)	293		
Total fixed asset investments		**16,787**	**(6,447)**	**10,340**		
Floating Rate Notes		5,486	(437)	5,049		
Total investments		**22,273**	**(6,884)**	**15,389**		
Net current assets				660		
Total investments				**16,049**		

* Please refer to notes 10 & 11 in the Notes to the Financial Statements to provide clarity on the unrealised loss carried forward

Investment Manager's Review (continued)

Sector Analysis

Disposals

A summary of these realisations is shown below:

Realisations	Cost of investment realised (£'000)	Proceeds of investment (£'000)	Total gain/(loss) (£'000)
Qualifying			
BBI Holdings	197	434	237
Non-qualifying			
Close Special Situations Fund	3,250	3,283	33
Royal Bank of Scotland FRN	3,002	2,994	(8)
Abbey National Treasury Services	3,001	2,997	(4)

During the year, apart from disposals of FRNs to finance investments, the only other disposal was BBI which was bid for, and the holding in the Close Special Situations Fund, which was completed at the end of July 2008. The latter achieved a small profit overall despite deteriorating market conditions over the summer.

Investment Manager's Review (continued)

Ten Largest Holdings
Listed below are the ten largest investments by value as at 30 November 2008:

CBG Group plc

Based in Manchester, CBG Group plc is a corporate insurance, risk management and financial services intermediary. The company offers a range of services principally in the area of commercial insurance, business risk management, healthcare and employee benefits. We expect the company to continue to acquire further businesses in the North-West of England.

Initial investment date:	November 2008
Cost:	£952,000
Valuation:	£1,031,000
Valuation basis:	Bid price
Equity held:	5.13%
Last audited accounts:	December 2007
Profit before tax:	£1.6 million
Net assets:	£9.5 million

IS Pharma plc

IS Pharma plc is an international pharmaceutical company involved in the development and commercialisation of niche healthcare products.

Initial investment date:	March 2008
Cost:	£1,000,000
Valuation:	£909,000
Valuation basis:	Bid price
Equity held:	4.22%
Last audited accounts:	March 2008
Profit before tax:	£1.2 million
Net assets:	£8.7 million

Advanced Computer Software plc

The group was formed to acquire and manage software businesses in sectors where the directors believe there are opportunities for consolidation. It has made one healthcare related acquisition to date.

Initial investment date:	July 2008
Cost:	£750,000
Valuation:	£750,000
Valuation basis:	Bid price
Equity held:	2.31%
Last audited accounts:	December 2007
Profit before tax:	£0.7million loss
Net assets:	£3.8 million

Animalcare plc

Manufacturer and distributor of veterinary medicines, identification chips and other products for pets and livestock.

Initial investment date:	December 2007
Cost:	£600,000
Valuation:	£731,000
Valuation basis:	Bid price
Equity held:	5.53%
Last audited accounts:	June 2008
Profit before tax:	£1.1 million
Net assets:	£14.6 million

Investment Manager's Review (continued)

Hasgrove plc

Hasgrove plc is a pan-European marketing and communications services group. The group offers its clients consultancy and implementation solutions across a range of disciplines including brand design, creative advertising, public relations and public affairs.

Initial investment date:	November 2008
Cost:	£650,000
Valuation:	£686,000
Valuation basis:	Bid price
Equity held:	3.21%
Last audited accounts:	December 2007
Profit before tax:	£2.4 million
Net assets:	£18.4 million

Pressure Technologies plc

Pressure Technologies plc is the holding company for Chesterfield Special Cylinders ("CSC"). CSC designs, manufactures and offers testing and refurbishment services for a range of speciality high pressure, seamless steel gas cylinders for global energy and defence markets.

Initial investment date:	June 2007
Cost:	£352,000
Valuation:	£527,000
Valuation basis:	Bid price
Equity held:	2.08%
Last audited accounts:	September 2008
Profit before tax:	£5.0 million
Net assets:	£11.2 million

Tasty plc

Operator of Oriental and Pizza restaurants.

Initial investment date:	September 2008
Cost:	£500,000
Valuation:	£467,000
Valuation basis:	Bid price
Equity held:	4.4%
Last audited accounts:	December 2007
Profit before tax:	£3.0million loss
Net assets:	£9.0 million

Clerkenwell Ventures plc

Shell which has failed to find a qualifying investment and is now returning cash to shareholders.

Initial investment date:	June 2007
Cost:	£650,000
Valuation:	£451,000
Valuation basis:	Bid price
Equity held:	2.1%
Last audited accounts:	September 2008
Profit before interest & tax:	£0.7 million
Net assets:	£29.8 million

Investment Manager's Review (continued)

Mount Engineering plc

Manufacturer and supplier of thread conversion adaptors mainly for the oil industry.

Initial investment date:	June 2007
Cost:	£538,339
Valuation:	£446,000
Valuation basis:	Bid price
Equity held:	3.15%
Last audited accounts:	December 2007
Profit before tax:	£1.3 million
Net assets:	£16.7 million

Melorio plc

Melorio plc was formed to consolidate the UK vocational training market. In September 2007, it acquired CLW, the UK's largest provider of on-site construction assessment and training. As well as the construction industry, Melorio will focus on acquisitions within the utility, logistics and care sectors.

Initial investment date:	October 2007
Cost:	£612,000
Valuation:	£386,000
Valuation basis:	Bid price
Equity held:	1.57%
Last audited accounts:	March 2008
Profit before tax:	£1.7 million
Net assets:	£30.6 million

New Investments

The priority for the year was to make enough VCT qualifying investments to achieve the 70% limit and thus maintain VCT status. This was achieved through the managers continuing to be selective, despite the flow of issues being more subdued than has historically been the case. Over the year, a total of £6.7 million was invested in ten qualifying investments. In the second half of the financial year, the Company completed four new investments, in addition to the investment in Darwin (since renamed Optare), which was mentioned in the interim report. These investments were in CBG Group, a regionally based insurance, risk management and financial intermediary with a corporate customer base, in Advanced Computer Software, a company set up to consolidate providers of software to the NHS, in Tasty, an operator of restaurants and in Hasgrove, a marketing and communications services group. In total, the investments amounted to £2.9 million. The investments in Hasgrove and CBG were to provide equity capital, alongside bank debt, to established businesses whose existing bank financed models for growth are hard to achieve in present market conditions. It is hoped that the injection of fresh equity will enable them to take advantage of opportunities to keep growing in current market conditions. Meanwhile, Tasty was an investment to give an experienced management team the chance to grow their business to critical mass and profitability.

The Company has continued to invest since the end of the financial year, having invested in two existing AIM companies since the period end. The first new holding is in Preasepe, an operator of adult gaming centres. The new funds will allow this well respected management team to continue to grow and make acquisitions. The other new holding is Managed Support Services, which has been rescued by new management and is now looking to grow. This management team has achieved success in similar circumstances previously so we have, in effect, backed a management team with a small profitable operation. At the same time, one holding, Fishworks, has appointed administrators and its value has been written down to nil. Sadly, Fishworks' new management ran out of time to complete its turnaround and with the bank refusing to be co-operative at all, there was no alternative but administration.

Investment Manager's Review (continued)

Outlook

While there remain substantial difficulties ahead, particularly for companies with too much debt which may yet fail, we do not believe that world trade will cease and that some variant of individual self-sufficiency will become the norm. However, smaller company share price ratings seem to reflect that view of the future, which means that they discount a worse outcome than is likely in many cases. Recent actions by the Government, which include cutting base rates to 0.5% and injecting further liquidity into the banking system, should, in time, start to alleviate the additional pressures that a shortage of capital is placing on small companies. Although there will undoubtedly be casualties in the intervening period, this should leave room for a recovery in smaller company share prices and ratings as economic activity revives and fear and risk aversion diminish.

If you have any questions on any aspect of your investment, please call one of the team on 0800 316 2347.

The AIM Team
Octopus Investments Limited

20 March 2009

Shareholder Information

The Company

Octopus IHT AIM VCT PLC (the "Company" or the "Fund") is a Venture Capital Trust which raised £25 million in March 2006 from private investors through an issue of 7,339,861 'A' Ordinary shares and 17,680,650 'B' Ordinary shares. The 'A' Ordinary share class follows the traditional AIM VCT structure. The 'B' Ordinary shareholders however, at the discretion of the Board, and without obligation, will be asked to vote in Spring 2009 to confirm Distribution in Specie having been given the opportunity first to convert all of their 'B' Ordinary shares into 'A' Ordinary shares. The novel 'B' Ordinary share class offers investors the opportunity for a Distribution in Specie in 2009 and potentially therefore, the creation of an investor's own portfolio of Inheritance Tax exempt investments, under current legislation, which may change in the future.

Shareholders will be aware that within the year to 30 November 2008 there has been a change to the corporate identity of your Company. Following the move by Andrew Buchanan and Kate Tidbury from Close Investments Limited ("Close") to Octopus Investments Limited ("Octopus"), your Board agreed to novate the management agreement to Octopus. As a result it was necessary to change the name of your Company which was approved at an EGM at the beginning of September. Shareholders existing share certificates have not been replaced and remain valid.

At Octopus Andrew and Kate have joined Richard Power's larger and better-resourced team, which is also involved in investment in smaller companies and VCT's. Octopus also acts as manager of 14 other listed investment companies and has a total of approximately £600 million under management.

During the year, the Board, advised by the Audit Committee, decided to put the audit of the Company out to tender. Following a formal selection process, the Board decided to appoint PKF (UK) LLP as auditors. As a result of this process Deloitte & Touche formally resigned as auditors to the Company.

Venture Capital Trusts ("VCT")

VCTs were introduced by the UK Government in 1995 to encourage individuals to invest in UK smaller companies. The Government achieved this by offering VCT investors a series of very attractive tax benefits.

With effect from 6 April 2006, the benefits to eligible investors include income tax relief at 30% on new subscriptions of up to £200,000 per tax year, provided the shares are held for at least five years, exemption from income tax on dividends paid by VCTs (such dividends may include the VCTs capital gains as well as its income) and exemption from capital gains tax on disposal of shares in VCTs. Subscribers for shares in VCTs between 6 April 2004 and 5 April 2006 were entitled to income tax relief at 40% rather than 30% and the shares had to be held for at least three years rather than five years. Prior to 6 April 2004, subscribers for shares in VCTs were entitled to income tax relief at 20% and could also obtain capital gains deferral relief. Capital gains deferred by pre-6 April 2004 subscriptions are not affected by the subsequent changes in tax reliefs.

Octopus IHT AIM VCT PLC has been fully approved as a VCT by HMRC. In order to maintain its approval the Company must comply with certain requirements on a continuing basis. Within three years from the date of provisional approval at least 70% of the Company's investments must comprise "qualifying holdings" of which at least 30% must be in eligible ordinary shares. A "qualifying holding" consists of up to £1 million invested in any one year in new shares or securities in an unquoted Company (including companies listed on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed £15 million at the time of investment. The definition of a qualifying trade excludes certain activities such as property investment and development, financial services and asset leasing. The gross assets limit has been reduced to £7 million for investments made using funds subscribed after 5 April 2006. The Company has continued its compliance with these requirements.

Financial Calendar

The Company's financial calendar is as follows:

May 2009	–	Annual General Meeting
May 2009	–	2008 final dividend paid
July 2009	–	Six-monthly results to 31 May 2009 published
February/March 2010	–	Final dividend and preliminary results for year to 30 November 2009 announced
March 2010	–	Annual report and financial statements published

Shareholder Information (continued)

Share Price

The Company's mid-market share price as at 20 March 2009 stands at 54p. The Company's share price is published daily in the Financial Times and its FTSE classification is "Investment Companies" "VCTs".

Annual and Interim Reports

Previously published Annual Reports and Interim Reports are available for viewing on the Investment Manager's website at www.octopusinvestments.com under the 'Services' section. The result of any poll on a resolution put before shareholders will also be found there.

Details of Advisers

Board of Directors
Keith Richard Mullins (Chairman)
Christopher Holdsworth Hunt
Andrew Paul Raynor FCA

Secretary and Registered office
Celia L Whitten FCIS
8 Angel Court
London
EC2R 7HP
Registered in England No: 05528235

Investment Manager
Octopus Investments Limited
8 Angel Court
London
EC2R 7HP

Custodians
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18 King William Street
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Solicitors
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Farringdon Place
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WC2N 6RH

VCT Status Adviser
PricewaterhouseCoopers LLP
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London
WC2N 6RH

Stockbroker
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34 Lisbon Street
Leeds
LS1 4LX

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

Details of Directors

The Board comprises three Directors all of whom are independent of the Investment Manager. The Directors operate in a non-executive capacity and are responsible for overseeing the investment strategy of the Company. The Board has wide experience of investment in both smaller growing companies and larger quoted companies.

Keith Richard Mullins *Chairman* (51)
Keith Mullins joined SG Warburg's investment management division in 1978. The division later developed into Mercury Asset Management and subsequently became Merrill Lynch Investment Managers upon its acquisition by Merrill Lynch in 1998. He therefore has many years experience as a specialist UK equity fund manager: during this time he was responsible for establishing and managing the team specialising in small and medium sized pension fund portfolios, and from 2000 he was head of pension fund asset allocation. He left as a managing director of Merrill Lynch Investment Managers in 2001. Keith Mullins became a Director of the Company on 14 September 2005.

Christopher Holdsworth Hunt (66)
Christopher Holdsworth Hunt, MSI, was a co-founder and previous managing director of KBC Peel Hunt Limited, a stockbroker specialising in corporate broking to small and medium sized companies and a subsidiary of the KBC Bank NV. He was head of corporate finance and responsible for overseeing numerous flotation's and secondary fund-raisings, especially of AIM companies. Prior to founding Peel Hunt in 1989 he was a director of Morgan Grenfell Securities, having previously been a managing partner of Pinchin Denny & Co. He is a former member and deputy Chairman of the Stock Exchange Domestic Equities Rules Committee. In addition he is Chairman of the Melchior Japan Investment Trust PLC and a number of private companies. Christopher Holdsworth Hunt became a Director of the Company on 14 September 2005.

Andrew Paul Raynor (51)
Andrew Raynor, FCA, joined Tenon Group PLC ("Tenon") in 2001 after its acquisition of the independent partnership formerly known as BDO Stoy Hayward – East Midlands. Following the acquisition of this business by Tenon, he became finance director and, in a subsequent Board reorganisation, chief executive in 2003. Prior to joining Tenon, he spent almost twenty years with BDO Stoy Hayward – East Midlands, where he established the corporate finance department and held overall responsibility for business development, before becoming managing partner. Andrew Raynor became a Director on the Company on 14 September 2005.

The Investment Manager

Personal Service

At Octopus, we have a dual focus on managing your investments and keeping you informed throughout the investment process. We are committed to providing our investors with regular and open communication. Our updates are designed to keep you involved about the progress of your investment.

During this time of economic upheaval, we consider it particularly important to be in contact with our investors. We are working hard to manage your money in the current climate. We share your goal to make money from your investment, as our money is invested alongside yours. If you have any questions about this report, or if it would help to speak to one of the fund managers, please do not hesitate to contact us on 0800 316 2347.

With effect from 1 August 2008, the management of the Company was novated to Octopus Investments Limited simultaneously with the move of Andrew Buchanan and Kate Tidbury to Octopus.

Octopus Investments Limited was established in 2000 and has a strong commitment to both smaller companies and to VCTs. Currently it manages 15 VCTs, including this Company, and manages over £200 million in the VCT sector. Octopus has over 100 employees and has been voted as “Best VCT Provider of the Year” by the financial adviser community for the last three years.

The AIM investment team of Octopus Investments Limited comprises:

Andrew Buchanan
Andrew originally joined Barclays Bank in 1973 to manage investment portfolios. After gaining an MBA from London Business School, he spent time with Mercury Asset Management and Hoare Govett, before joining Rutherford Asset Management in 1993. He established Beacon Investment Trust in 1994, the first fund to specialise in investment in AIM. He joined Close Brothers when it purchased Rutherford and left to join Octopus in 2008. He has been involved in the management of this Company since its launch in 2006 as well as other AIM VCTs and IHT portfolios.

David Crawford
David joined the AIM team of Octopus in 2006 from Hermes, having previously worked at M&G. He is responsible for the management of the CF Octopus Partner Fund (Absolute Return), which has a small company section to its portfolio.

Edward Griffiths
Edward is a portfolio manager at Octopus involved particularly in the management of AIM portfolios for private individuals. He joined Octopus in 2004 having previously worked at Schroder’s and State Street.

Richard Power
Richard started his career at Duncan Lawrie, where he managed a successful small companies fund. He subsequently joined Close Brothers to manage a smaller companies investment trust before moving to Octopus to head up the AIM team in 2004. He is involved in the management of AIM portfolios, AIM VCTs and the CF Octopus Partner Fund (UK Smaller Companies).

Paul Stevens
Paul joined Octopus in 2005 as a member of the AIM investment team and has been involved in the management of AIM portfolios since then.

Kate Tidbury
Kate has had an extensive career which has included periods as an investment analyst with Sheppards and Chase and Panmure Gordon and then as an Investment Manager specialising in ethical and smaller companies with the Co-operative Bank and Colonial First State Investments. She joined the AIM team at Close Brothers in 2000 where she was involved in the management of this Company since its launch in 2006 as well as other AIM VCTs and IHT portfolios. She joined Octopus in 2008.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 30 November 2008.

The Company's independent auditor is required by law to report on whether the information given in the Directors' Report (including the business review) is consistent with the financial statements. The auditor's opinion is included in their report on pages 30 and 31.

Principal Activity and Status

The Company is a Venture Capital Trust and its principal activity is to invest in a diversified portfolio of AIM-listed companies in order to generate capital growth over the long-term as well as an attractive tax-free dividend stream. The Company has been granted full approval as a venture capital trust by HMRC. In order to maintain approved status, the Company must comply on a continuing basis with the provisions of s274 of the Income Tax Act 2007; in particular, the Company is required at all times to hold at least 70% of its investments (as defined in the legislation) in VCT qualifying holdings, of which at least 30% must comprise eligible ordinary shares. For this purpose, a "VCT qualifying holding" consists of up to £1 million invested in any one year in new shares or securities of a UK unquoted company (which may be quoted on AIM) which is carrying on a qualifying trade, and whose gross assets at the time of investment do not exceed a prescribed limit. The definition of "qualifying trade" excludes certain activities such as property investment and development, financial services and asset leasing.

The Company's share capital comprises 'A' and 'B' Ordinary shares. Currently 'A' Ordinary shares represent 29.22% of the total share capital and 'B' Ordinary shares represent 70.78% of the total share capital. The 'A' Ordinary shares are designed to appeal to traditional AIM VCT shareholders whilst the 'B' Ordinary shares offer investors (subject to tax legislation at the time) the ability to structure the investment for inheritance tax advantage.

Both 'A' and 'B' Ordinary shares currently rank *pari passu* for dividend and voting rights, save in respect of specific resolutions impacting their class, such as in the case of a reconstruction. Each A and 'B' Ordinary share is currently entitled to one vote.

Over the next few weeks, the third anniversary from the closing of the original Offer of Subscription, 'B' Ordinary shareholders may choose to convert all (but not part) of their shareholding into 'A' Ordinary shares. For the remaining 'B' Ordinary shareholders (following approval by 'B' Ordinary shareholders of the Distribution in Specie at a general meeting, scheduled 6 May, the same day as the Company's AGM) it is intended that the Distribution in Specie will occur within five months of this anniversary of the first allotment of 'B' Ordinary shares.

There are no restrictions on the transfer of securities or on voting rights known to the Company.

The Company has been approved by HMRC as a Venture Capital Trust in accordance with Part 6 of the Income Taxes Act 2007. In the opinion of the Directors, the Company has conducted its affairs so as to enable it to continue to obtain such approval. Approval for the year ended 30 November 2008 is subject to review should there be any subsequent enquiry under corporation tax self assessment.

Under current tax legislation, shares in the Company provide tax free capital growth and income distribution, in addition to the income tax relief some investors would have obtained when they invested at the time of the initial fundraising.

To allow the Company to distribute realised capital gains and purchase its own shares, following the creation of the Special distributable reserve on cancellation of the company's share premium account, Investment company status was revoked on 15 July 2008. The accounts have been drawn up to include a statutory Profit and Loss Account in accordance with Schedule 4 of the Companies Act 1985 and Financial Reporting Standard 3 (Reporting Financial Performance). The Directors are required by the Articles of Association to propose an ordinary resolution at the Company's Annual General Meeting in 2010 that the Company should continue as a venture capital trust for a further five year period and at each fifth subsequent Annual General Meeting thereafter. If any such resolution is not passed, the Directors shall within four months convene a general meeting to consider the proposals for the reorganisation or winding-up of the Company.

Review of Business Activities

The Directors are required by s417 of the Companies Act 2006 to include a business review to shareholders. The business review is set out below but also includes the Chairman's Statement on pages 3 and 4 and the Investment Manager's Review on pages 5 to 11.

The purpose of this review is to provide information about the main trends and factors likely to effect the future development, performance and position of the Company.

Directors' Report (continued)

Performance and Key Performance Indicators (KPIs)

As a VCT, the Company's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of unquoted UK companies which meet the relevant criteria for venture capital trusts. The Board has a number of performance measures to assess the Company's success in meeting its objectives. Performance, measured by the change in NAV per share and total return per share, is also measured against the FTSE AIM Index and the FTSE All-Share Index. This is shown in the graph on page 25 of the Directors' Remuneration Report. These indices have been adopted as an informal benchmark. Investment performance, cash returned to shareholders and share price are also measured against the Company's peer group of the other AIM VCTs. The Chairman's Statement, on pages 3 and 4, includes a review of the Company's activities and future prospects; further details are also provided within the Investment Manager's Review on pages 5 to 11. Further details of the Company's risk management policies are provided in note 16 to the financial statements. The total expense ratio for the Company for the year to 30 November 2008 was 2.8% (2007: 3.0%). Total running costs are capped at 3.5% of net assets.

Results and Dividend

	Year ended 30 November 2008 £'000	**Year ended 30 November 2007 £'000**
Net (loss)/profit attributable to shareholders	(6,901)	362
Appropriations:		
Final dividend proposed 1p per 'A' Ordinary & 'B' Ordinary share (2007 – 1p per 'A' Ordinary & 'B' Ordinary share)	(250)	(250)

The record and payment date of the proposed final dividends will, if approved by shareholders, be announced on the London Stock Exchange RNS service after HMRC approval.

Objective and Investment Policy

The objective of the Company is to invest in a broad range of AIM or PLUS quoted companies in order to generate income and long term capital growth. Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value. Start-up companies will usually be avoided.

The Company's investment policy has been designed to enable the Company to comply with the VCT qualifying conditions. The Directors intend that the long-term disposition of the Company's assets will be not less than 80% in a portfolio of AIM-quoted investments. Once its qualifying target has been reached, the Company intends that approximately 20% of its funds will be invested in non qualifying investments comprising gilts, floating rate securities and short term money market deposits with, or issued, by major companies and institutions with a minimum Moody's long term debt rating of 'A'. A proportion of the 20% could be invested in an authorised UK smaller company Fund managed by Octopus Investments Limited. This 20% could provide a reserve of liquidity which should maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buy-backs.

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. In order to qualify as an investment in a VCT qualifying holding, at no time during the year must the Company's holdings in any one company (other than another VCT) exceed 15% by value of its investments. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. However, shareholders should be aware that the Company's VCT qualifying investments are held with a view to long-term capital growth as well as income and will often have limited marketability; as a result it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available. Investments will normally be made using the Company's equity shareholders' funds and it is not intended that the Company will take on any long-term borrowings.

No material changes may be made to the Company's investment policy described above without the prior approval of shareholders by the passing of an ordinary resolution. The Directors will continually monitor the investment process and ensure compliance with the investment policy.

Directors' Report (continued)

Principal Risks, Risk Management and Regulatory Environment

The Board carries out a regular review of the risk environment in which the Company operates. The main areas of risk identified by the Board are as follows:

VCT qualifying status risk: the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment. The Investment Manager keeps the Company's VCT qualifying status under continual review and reports to the Board regularly throughout the year. The Board has also retained PricewaterhouseCoopers LLP to undertake an independent VCT status monitoring role.

Investment risk: the majority of the Company's investments are in AIM or PLUS companies which are VCT qualifying holdings, which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies. The Directors and the Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out rigorous due diligence procedures and by maintaining a wide spread of holdings in terms of financing stage, industry sector and geographical location. The Board reviews the investment portfolio with the Manager on a regular basis.

Financial risk: by its nature, as a VCT, the Company is exposed to market price risk, credit risk, liquidity risk, fair value and cash flow interest rate risks. All of the Company's income and expenditure is denominated in sterling and hence the Company has no foreign currency risk. The Company is financed through equity and does not have any borrowings. The Company does not use derivative financial instruments.

Inheritance tax relief risk: the prospectus detailed the anticipated tax reliefs in respect of the 'B' Ordinary shares; however, there is no guarantee that this will be available at the time of the Distribution in Specie.

Credit risk: Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

Regulatory risk: the Company is required to comply with the Companies Acts, the rules of the UK Listing Authority and United Kingdom Accounting Standards. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

Internal control risk: the Board reviews annually the system of internal controls, both financial and non-financial, operated by the Company and the Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Competitive Risk: retention of key personnel is vital to the success of the Company. Incentives to the Manager's key staff are continuously monitored.

Due to the nature of the Company, environmental, social and employee issues do not apply and therefore no disclosures in respect of these have been included in the Directors' report.

Further details of the Company's risk management policies are provided in note 16 to the financial statements.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies appropriately the principles detailed in the 'Turnbull' guidance. Details of the Company's internal controls are contained in the Corporate Governance section on pages 26 to 28.

The adverse conditions prevailing in the UK economy at present are likely to lead to a reduction in corporate activity over the next 12 months. The Manager will take a highly selective approach to new investment and will pursue several exit opportunities where discussions are already in progress. It can be expected that some of our portfolio companies will find the immediate future challenging but we are confident in the strength of our balance sheet and look forward to achieving good returns for shareholders in the future.

Directors' Report (continued)

Directors

The Directors of the Company during the period and their interests (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued ordinary shares of 0.01p are shown in the table below:

	Ordinary shares of 0.01p each 30 November 2008		**Ordinary shares of 0.01p each 30 November 2007**	
	'A' Ordinary shares	'B' Ordinary shares	'A' Ordinary shares	'B' Ordinary shares
Keith Richard Mullins	–	50,000	–	50,000
Christopher Holdsworth Hunt	–	51,500	–	51,500
Andrew Paul Raynor	20,700	–	20,700	–

All of the Directors' shares were held beneficially. There have been no changes in the Directors' share interests between 30 November 2008 and the date of this report.

Andrew Raynor retires by rotation, and being eligible, offers himself for re-election. The Board has considered provision A.7.2 of the Combined Code 2006 and believes that he continues to be effective and demonstrates commitment to his role. They, therefore, recommend his re-election at the forthcoming Annual General Meeting.

Brief biographical notes on the Directors are given on page 15.

Directors' and officers' Liability Insurance

The Company has, as permitted by s232-236 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Management

As noted above in The Investment Manager, the investment management of the Company changed from Close Investments Limited to Octopus Investments Limited on 1 August 2008

Octopus Investments Limited ('the Manager') acts as Investment Manager to the Company. The principal terms of the Company's management agreement with Octopus are set out in Notes 3 and 19 to the financial statements. The Manager also provides secretarial, administrative and custodian services to the Company.

As required by the Listing Rules, the Directors confirm that in their opinion the continuing appointment of Octopus as Investment Manager is in the best interest of the shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of the investment portfolio and the efficient and effective service provided by Octopus to the Company.

The Company has established a performance incentive scheme whereby the Investment Manager is entitled to an annual performance related incentive fee in the event that certain performance criteria are met, commencing at the end of the 2008 financial year. No performance fee was payable at 30 November 2008.

Share Issues

There were no share issues during the period.

Share Buy-Backs

During the year, the Company purchased 115,250 shares for a weighted average price of 60p per share (2007: Nil) for total consideration of £68,675. These shares are now held in Treasury. They were repurchased in accordance with the Company's share buy-back facility in an attempt to assist the marketability of the shares and prevent the shares trading at a wide discount to the NAV.

Directors' Report (continued)

Share Capital, Rights Attaching to the Shares and Restrictions on Voting and Transfer

The Company's authorised share capital is £55,000 divided into 550,000,000 shares of 0.01p each, of which as at 30 November 2008, 24,980,111 shares were in issue (as at that date 115,250 of the issued shares were held by the Company as treasury shares). Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the 'A' Ordinary and 'B' Ordinary shares confer on their holders (other than the Company in respect of any treasury shares) the following principal rights:

(a) *Dividends*
Until a Reconstruction (as set out in the Company's Articles): the 'A' Ordinary shares and the 'B' Ordinary shares shall rank *pari passu* for dividends paid out of profits resolved to be distributed and paid as dividend.

After a Reconstruction the holders of the 'A' Ordinary shares shall be entitled to receive profits resolved to be distributed and paid as dividend out of the income derived from the assets attributable to the 'A' Ordinary shares net of the expenses and liabilities attributed to such assets in accordance with Article 3.9; and the holders of the 'B' Ordinary shares shall be entitled to receive profits resolved to be distributed and paid as dividend out of the net income derived from the assets attributable to the 'B' Ordinary shares net of the expenses and liabilities attributed to such assets in accordance with Article 3.9. (In the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by the Company;

(b) *Rights as to Capital*
Until a Reconstruction (as set out in the Company's Articles): the 'A' Ordinary shares and the 'B' Ordinary shares shall rank pari passu on a winding up or on a return of capital or of other assets.

After a Reconstruction, the holders of the 'A' Ordinary shares shall be entitled to the surplus assets attributable to the 'A' Ordinary shares after payment of such proportion of the Company's liabilities, including the fees and expenses of a liquidation or other return of capital, as the directors or liquidator shall reasonably attribute to the assets attributable to the 'A' Ordinary shares; the holders of the 'B' Ordinary shares shall be entitled to the surplus assets attributable to the 'B' Ordinary shares after payment of such proportion of the Company's liabilities, including the fees and expenses of a Reconstruction, a liquidation or other return of capital, as the directors or liquidator shall reasonably attribute to the assets attributable to the 'B' Ordinary shares; and

(c) *Voting Rights*
The 'A' Ordinary shares and the 'B' Ordinary shares shall rank *pari passu* as to rights to receive notice of, to attend and to vote at any general meeting of the Company, save in relation to a resolution or special resolution to effect, implement or approve a Reconstruction. The holders of the 'A' Ordinary shares and the holders of the 'B' Ordinary shares shall be entitled to notice of any general meeting at which such a resolution or special resolution is to be proposed, but only the holders of the 'B' Ordinary shares shall have the right to vote upon such a resolution or special resolution. On a show of hands every eligible member present or represented and voting has one vote and on a poll every member present or represented and voting has one vote for every share of which that member is the holder; the appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll. These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by Company requiring information about interests in its shares), the Company can until the default ceases suspend the right to attend and speak and vote at a general meeting and if the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares. Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in company law (principally the Companies Act 2006 and, so far as still applicable, the Companies Act 1985).

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in the Company's Articles of Association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so

Directors' Report (continued)

required). The Directors may also refuse to register an Ordinary share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in the Company's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

Appointment and Replacement of Directors

A person may be appointed as a director of the Company by the shareholders in general meeting by ordinary resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors: No person, other than a director retiring by rotation or otherwise, shall be appointed or reappointed a director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's Articles of Association. Each director who is appointed by the Directors (and who has not been elected as a director of the Company by the members at a general meeting held in the interval since his appointment as a director of the Company) is to be subject to election as a director of the Company by the members at the first Annual General Meeting of the Company following his appointment. At each Annual General Meeting of the Company one third of the Directors for the time being, or if their number is not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election. The Companies Act allows shareholders in general meeting by ordinary resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any director before the expiration of his or her period of office, but without prejudice to any claim for damages which the director may have for breach of any contract of service between him or her and the Company. A person also ceases to be a director if he or she resigns in writing, ceases to be a director by virtue of any provision of the Companies Act, becomes prohibited by law from being a director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in the Company's Articles of Association.

International Financial Reporting Standards

As the Company is not part of a group it is not mandatory for it to apply International Financial Reporting Standards. The Company does not anticipate that it will voluntarily adopt the International Financial Reporting Standards.

Creditor Payment Policy

The Company's payment policy for the forthcoming financial year is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms. The Company does not follow any code or standard with regard to creditor payment practice. At 30 November 2008 there were no trade creditors (2007: £nil).

Going Concern

After making enquiries, the Directors believe that it is appropriate to continue to apply the going concern basis in preparing the financial statements. This is appropriate as cash reserves and current asset investments are significantly greater than the average annual running costs of the Fund.

Substantial Shareholdings

As at the date of this report, no disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

Annual General Meeting

Notice convening the 2009 Annual General Meeting of the Company and a form of proxy in relation to the meeting can each be found at the end of this document.

Independent Auditor

PKF (UK) LLP offers themselves for reappointment as auditor. A resolution to re-appoint PKF (UK) LLP as auditor and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

Directors' Report (continued)

Directors' Authority to Allot Shares, to Disapply Pre-emption Rights

The authority proposed under Resolution 6 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer to potential shareholders an opportunity to invest in the Company in a tax efficient manner without the Company having to incur substantial costs. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with the Company's investment policy and may be used, in part, to purchase ordinary shares in the market. Resolution 6 renews the Directors' authority to allot ordinary shares. This would enable the Directors until April 2010, to allot up to 2,463,406 ordinary shares of 0.01p (representing approximately 10% of the Company's current issued share capital).

Resolution 7 renews and extends the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This resolution would authorise the Directors, until the date falling 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next Annual General Meeting of the Company, to issue ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issuing shares out of Treasury up to a maximum of 2,463,406 ordinary shares of 0.01p (representing approximately 10% of the Company's current issued share capital). This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders as a whole.

Directors' Authority to Make Market Purchase of its Own Shares

The authority proposed under Resolution 8 is required so that the Directors may make purchases of up to approximately 10% of the Company's issued share capital and Resolution 8 seeks renewal of such authority until the next Annual General Meeting (or the expiry of 15 months, if earlier). The price paid for shares will not be less than the nominal value nor more than the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force as at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in Treasury for future re-sale in appropriate market conditions.

By Order of the Board

Celia L Whitten, FCIS
Company Secretary

20 March 2009

Directors' Remuneration Report

Introduction

This report is submitted in accordance with Schedule 7a of the Companies Act 1985. An ordinary resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The Company's auditors, PKF (UK) LLP, are required to give their opinion on certain information included in this report; this comprises the Directors' emoluments section below only. Their report on these and other matters is set out on pages 30 and 31.

Consideration by the Directors of matters relating to Directors' Remuneration

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect. The Board has not sought advice or services from any person in respect of its consideration of Directors' remuneration during the year (although the Directors expect from time to time to review the fees against those paid to the Boards of directors of other VCTs).

Statement of the Company's policy on Directors' Remuneration

The Board consists entirely of non-executive directors, who meet at least four times a year and on other occasions as necessary, to deal with the important aspects of the Company's affairs. Directors are appointed with the expectation that they will serve for, at least, a period of three years. All Directors retire at the first General Meeting after election and thereafter one third of all Directors are subject to retirement by rotation at subsequent Annual General Meetings. Re-election will be recommended by the Board but dependent upon shareholder vote.

Each Director received a letter of appointment. A Director may resign by notice in writing to the Board at any time. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

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. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairman of the Board to be paid higher fees than the other Directors in recognition of his more onerous role. The policy is to review these rates from time to time, although such review will not necessarily result in any changes.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. No other remuneration or compensation was paid or payable by the Company during the year to any of the current Directors.

Company performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the investment management agreement, as referred to in the Directors' Report on pages 17 to 23. The graph below compares the share price, NAV and total return (NAV plus dividends) of the Company over the period from 30 November 2007 to 30 November 2008 with the total return from notional investments in the FTSE AIM Index and FTSE All-Share index over the same period. These indices are considered to be the most appropriate broad equity market indices for comparative purposes. However, the Directors wish to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the VCT rules.

Directors' Remuneration Report (continued)

The total expense ratio for the Company for the year to 30 November 2008 was 2.8% (2007: 3.0%). Total running costs are capped at 3.5% of net assets.

Directors' Emoluments (information subject to audit)

Annual rate of Directors' fees, exclusive of Employers' National Insurance	**Year ended 30 November 2008**	**Year ended 30 November 2007**
Keith Richard Mullins	£16,000	£16,000
Christopher Holdsworth Hunt	£13,000	£13,000
Andrew Paul Raynor	£13,000	£13,000
Total	£42,000	£42,000

The Directors do not receive any other form of emoluments in addition to the Directors' fees.

By Order of the Board

Celia L Whitten, FCIS
Company Secretary

20 March 2009

Corporate Governance

The Board of Octopus IHT AIM VCT PLC has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code) by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates the Combined Code), will provide better information to shareholders.

The Company is committed to maintaining high standards in corporate governance. The Directors consider that the Company has, throughout the year under review, complied with the provisions set out in section 1 of the 2006 Combined Code on Corporate Governance with the exceptions set out in the Compliance Statement on page 28.

Board of Directors

The Company has a Board of three non-executive Directors, all of whom are considered to be independent. The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board. The Board has a formal schedule of matters specifically reserved for its decision which include:

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price; and
- Monitoring shareholder profiles and considering shareholder communications.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda and has no involvement in the day to day business of the Company. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All of the Directors have access to the advice and services of the Company Secretary, who has administrative responsibility for the meetings of the Board and its committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties. As all of the Directors are non-executive, it is not considered appropriate to identify a member of the Board as the senior non-executive Director of the Company.

The Company's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

During the year the following were held:

4 full Board meetings	**2 Audit Committee meetings**
All Directors attended all meetings	All Members attended

Additional meetings were held as required to address specific issues including considering recommendations from the Investment Manager and approval of documentation to shareholders. A brief biographical summary of each Director is given on page 15.

The Company's Articles of Association require that one third of Directors should retire by rotation each year and seek re-election at the Annual General Meeting and that Directors appointed by the Board should seek re-appointment at the next Annual General Meeting. All Directors are required to submit themselves for re-election at least every three years. This practice was followed during the year under review.

Corporate Governance (continued)

The Board has appointed one committee to make recommendations to the Board in a specific area:

Audit Committee:

The Audit Committee, chaired by Andrew Raynor, consists of the three independent Directors. The Audit Committee believes Andrew Raynor possesses appropriate and relevant financial experience as per the requirements of the Combined Code. The Board considers that the members of the Committee are independent and have collectively the skills and experience required to discharge their duties effectively.

The Audit Committee's terms of reference include the following roles and responsibilities:

- reviewing and making recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- reviewing and making recommendations to the Board in relation to both Close Brothers internal controls and Octopus Investments' internal controls (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that the Investment Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to propriety of financial reporting or other matters.

The Committee reviews its terms of reference and its effectiveness annually and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets twice per year and has direct access to PKF (UK) LLP, the Company's external auditor.

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board.

During the year ended 30 November 2008, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's financial statements, including identification of key risks and confirmation of auditor independence;
- reviewing Close Brothers and Octopus' statement of internal controls and compliance procedures in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of Close Brothers and Octopus's compliance procedures;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft annual financial and interim results statement prior to Board approval; and
- reviewing the external auditor's detailed reports to the Committee on the annual financial statements.

Internal Control

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal controls, under Turnbull guidance is designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board regularly reviews financial results and investment performance with its Investment Managers.

The Board delegates the identification of appropriate opportunities and the investment of funds to Octopus. The Board regularly reviews reports upon the investments made and on the status of existing investments.

Corporate Governance (continued)

Octopus is engaged to carry out the accounting function and all quoted investments are held in CREST.

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying; evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the internal control systems. As part of this process an annual review of the internal control systems is carried out in accordance with the Financial Reporting Council guidelines for internal control. The Board does not consider it necessary to maintain a separate internal audit function.

Financial Risk Management Objectives and Policies

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in note 16 to the Financial Statements.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the AGM. In addition to the formal business of the AGM, the Board is available to answer any questions shareholders may have.

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 8 Angel Court, London EC2R 7HP. Alternatively, the team at Octopus is happy to answer any questions you may have and can be contacted on 0800 316 2347.

Compliance Statement

The Listing Rules require the Board to report on compliance with the forty-eight Combined Code provisions throughout the accounting year. 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 to 30 November 2008 with the provisions set out in Section 1 of the Combined Code.

1. 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.

2. Due to the size of the Board and the nature of the Company's business, a formal performance evaluation process for the Board, its committees, the individual Directors and the Chairman has not been put in place this year or a formal evaluation undertaken. Specific performance issues will be dealt with as they arise.

3. The Company does not have a chief executive officer or senior independent director. The Board does not consider this necessary for the size of the Company.

4. The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for a venture capital trust.

5. The Company does not have a separate Nomination Committee, appointments are dealt with by the full Board as and when appropriate.

6. The non-executive Directors do not have service contracts, whereas the recommendation is for fixed term renewable contracts.

7. 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.

8. The Company does not have a remuneration committee as it does not have any executive Directors.

Directors' Responsibility Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. They are also responsible for ensuring that the annual report includes information required by the Listing Rules of the Financial Services Authority.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that disclose with reasonable accuracy at any time the financial position of the Company and 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 confirm that to the best of their knowledge the financial statements for the year ended 30 November 2008 comply with the requirements set out above and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgement, have been used in their preparation. They also confirm that the annual report includes a fair review of the development and performance of the business together with a description of the principal risks and uncertainties faced by the Company.

Under applicable law and regulations, the Directors are responsible for preparing a Directors' Report (including Business Review), Directors' Remuneration Report and Corporate Governance Statement which comply with that law and those regulations.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Manager is responsible for the maintenance and integrity of the corporate and financial information included on the Investment Manager's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions. The work carried out by PKF (UK) LLP as independent auditor of the Company does not involve consideration of the maintenance and integrity of the website and accordingly they accept no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website.

The Directors confirm to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the annual report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

Brief biographical notes on the Directors are given on page 15.

On Behalf of the Board

Keith Richard Mullins
Chairman
20 March 2009

Independent Auditors' Report to the Members of Octopus IHT AIM VCT PLC

We have audited the financial statements of Octopus IHT AIM VCT PLC for the year ended 30 November 2008 which comprise the Income Statement, the Balance sheet, the Reconciliation of movements in shareholders funds, the Cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' remuneration report that is described as having been 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 auditors' 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 ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of Directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements. The information in the Directors' report includes that specific information presented in the Chairman's Statement and Investment Managers Review that is cross referenced from the business review section of the Directors' report.

In addition we report to you if, in our opinion, 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 and other transactions is not disclosed.

We review whether the Corporate Governance statement reflects the Company's compliance with the nine provisions of the 2006 Combined 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 other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, Investment Manager's review, Shareholder Information, Director's report, Corporate Governance statement and the unaudited part of the Director's Remuneration Report. 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 International Standards on Auditing (UK and Ireland) 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 part of the Directors' remuneration report to be audited. It also includes an assessment of the significant estimates and judgments 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 we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' remuneration report to be audited 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 part of the Directors' remuneration report to be audited.

Independent Auditors' Report (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 November 2008 and of its loss for the year then ended;
- the financial statements and the part of the Directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

PKF (UK) LLP
Registered Auditors
London, UK

20 March 2009

Income Statement

	Notes	Revenue £'000	Capital £'000	Total £'000
		Year to 30 November 2008		
Loss on disposal of fixed asset investments	10	–	(252)	(252)
Loss on disposal of current asset investments	11	–	(459)	(459)
Loss on valuation of fixed asset investments	10	–	(5,904)	(5,904)
Loss on valuation of current asset investments	11	–	(399)	(399)
Investment Income	2	564	–	564
Investment management fees	3	(103)	(310)	(413)
VAT management fee rebate	3	26	79	105
Other expenses	4	(134)	–	(134)
Profit/(loss) on ordinary activities before tax		353	(7,245)	(6,892)
Taxation on profit/(loss) on ordinary activities	6	(59)	50	(9)
Profit/(loss) on ordinary activities after tax		294	(7,195)	(6,901)
Earnings per share – basic and diluted	8	1.2p	(28.8)p	(27.6)p

- the 'Total' column of this statement represents the Statutory Profit and Loss account of the Company; the supplementary revenue return and capital return columns have been prepared in accordance with the AITC Statement of Recommended Practice

- all revenue and capital items in the above statement derive from continuing operations

- the accompanying notes are an integral part of the financial statements

- the Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds

The Company has no recognised gains or losses other than the results for the year as set out above. Accordingly a statement of total recognised gains or losses is not required.

Other than revaluation movements arising on investments held at fair value through profit and loss, there were no differences between the profit/(loss) as stated above and at historical cost.

Income Statement (continued)

		Year to 30 November 2007		
	Notes	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	–	154	154
Loss on disposal of current asset investments	11	–	(16)	(16)
Loss on valuation of fixed asset investments		–	(48)	(48)
Gain on valuation of current asset investments		–	140	140
Investment Income	2	858	–	858
Investment management fees	3	(144)	(432)	(576)
Other expenses	4	(138)	–	(138)
Profit/(loss) on ordinary activities before tax		576	(202)	374
Taxation on profit/(loss) on ordinary activities	6	(97)	85	(12)
Profit/(loss) on ordinary activities after tax		479	(117)	362
Earnings per share – basic and diluted	8	1.9p	(0.5)p	1.4p

- the 'Total' column of this statement represents the Statutory Profit and Loss account of the Company; the supplementary revenue return and capital return columns have been prepared in accordance with the AITC Statement of Recommended Practice

- all revenue and capital items in the above statement derive from continuing operations

- the accompanying notes are an integral part of the financial statements

- the Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds

The Company has no recognised gains or losses other than the results for the year as set out above. Accordingly a statement of total recognised gains or losses is not required.

Other than revaluation movements arising on investments held at fair value through profit and loss, there were no differences between the profit/(loss) as stated above and at historical cost.

Balance Sheet

	Notes	As at 30 November 2008 £'000	As at 30 November 2008 £'000	As at 30 November 2007 £'000	As at 30 November 2007 £'000
Fixed asset investments	10		**10,340**		9,833
Current assets:					
Investments	11	**5,049**		12,698	
Debtors	12	**293**		123	
Cash at bank		**427**		1,754	
		5,769		14,575	
Creditors: amounts falling due within one year	13	**(60)**		(890)	
Net current assets			**5,709**		13,685
Net assets			**16,049**		23,518
Called up equity share capital	14	**3**		3	
Special distributable reserve	15	**22,771**		23,604	
Capital reserve – realised	15	**59**		(418)	
– unrealised	15	**(6,884)**		80	
Own shares held in Treasury	15	**(69)**			
Revenue reserve	15	**169**		249	
Total equity shareholders' funds			**16,049**		23,518
Net asset value per share	9		**64.6p**		94.2p

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

The statements were approved by the Directors and authorised for issue on 20 March 2009 and are signed on their behalf by:

Keith Richard Mullins
Chairman

20 March 2009

Reconciliation of Movements in Shareholders' Funds

	Year to 30 November 2008 £'000	Year to 30 November 2007 £'000
Shareholders' funds at start of year	**23,518**	23,675
(Loss)/profit on ordinary activities after tax	**(6,901)**	362
Cancellation of own shares	**(69)**	(19)
Dividends paid	**(499)**	(500)
Shareholders' funds at end of year	**16,049**	23,518

Cash Flow Statement

	Year to 30 November 2008 £'000	Year to 30 November 2007 £'000
Net Cash (outflow)/inflow from operating activities	**(4)**	118
Return on investments and servicing of finance		
Interest paid	**–**	(1)
Taxation: UK Corporation tax paid	**(15)**	(29)
Capital expenditure and financial investment		
Purchase of investments	**(9,581)**	(5,786)
Disposal of investments	**9,709**	6,420
Settlement creditor	**(810)**	–
Net cash (outflow)/inflow from investing activities	**(682)**	634
Equity dividends paid		
Revenue dividends paid	**(499)**	(500)
Net cash (outflow)/inflow before financing	**(1,200)**	222
Financing		
Purchase of own shares	**(69)**	(19)
Over payment of shares purchased	**(58)**	–
Net cash (outflow)/inflow from financing	**(127)**	(19)
(Decrease)/increase in cash	**(1,327)**	203

Reconciliation of Net Cash Flow to Movement in Liquid Resources

	Notes	Year to 30 November 2008 £'000	Year to 30 November 2007 £'000
(Decrease)/increase in cash at bank		**(1,327)**	203
Movement in cash equivalent securities	11	**(7,648)**	(5,877)
Opening net liquid resources		**14,451**	20,125
Net liquid resources at 30 November		**5,476**	14,451

Liquid Resources at 30 November comprised:

	As at 30 November 2008 £'000	As at 30 November 2007 £'000
Cash at Bank	**427**	1,754
Floating Rate Notes	**5,049**	8,956
Open Ended Investment Companies	**–**	3,741
Net liquid resources at 30 November	**5,476**	14,451

Reconciliation of (loss)/profit before Taxation to Cash Flow from Operating Activities

	Year to 30 November 2008 £'000	Year to 30 November 2007 £'000
(Loss)/profit on ordinary activities before tax	**(6,892)**	374
Net capital return before tax	**7,245**	202
Investment management fees charged to capital	**(231)**	(432)
(Increase)/decrease in debtors	**(112)**	16
Decrease in creditors	**(14)**	(42)
(Outflow)/inflow from operating activities	**(4)**	118

Notes to the Financial Statements

1. Principal Accounting policies

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice (UK GAAP). Where presentational guidance set out in the Statement of Recommended Practice (SORP) "Financial Statements of Investment Trust Companies", revised December 2005, is consistent with the requirements of UK GAAP, the Directors have sought to prepare the financial statements on a consistent basis compliant with the recommendations of the SORP.

The principal accounting policies have remained unchanged from those set out in the Company's 2007 annual report and financial statements. A summary of the principal accounting policies is set out below.

The accounts have been drawn up to include a statutory Profit and Loss account in accordance with Schedule 4 of the Companies Act 1985. Investment company status was revoked on 15 July 2008.

Investments

Purchases and sales of investments are recognised in the financial statements at the date of the transaction (trade date).

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them has to be provided internally on that basis to the Board. Accordingly as permitted by FRS 26, the investments will be designated as fair value through profit and loss ("FVTPL") on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. The Company's investments are measured at subsequent reporting dates at fair value.

In the case of investments quoted on a recognised stock exchange, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending upon convention of the exchange on which the investment is quoted. This is consistent with the International Private Equity and Venture Capital (IPEVC) guidelines. For the avoidance of doubt, the Company does not hold any unquoted investments.

Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve unrealised.

In preparation of the valuations of assets the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the performance of the investee companies.

Current asset investments

Current asset investments comprise Floating Rate Notes ("FRN") and Open Ended Investment Companies ("OEICs") and are designated as FVTPL. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve unrealised as appropriate. FRNs and OEICs are classified as current asset investments as they are investments held for the short term and comparative classification in the Balance Sheet has been restated accordingly.

The current asset investments are all invested with the Company's cash manager and are readily convertible into cash at the choice of the Company. The current asset investments are held for trading, are actively managed and the performance is evaluated on a fair value basis in accordance with a documented investment strategy. Information about them has to be provided internally on that basis to the Board.

Income

Investment income includes interest earned on bank balances and money market securities and includes income tax withheld at source. Dividend income is shown net of any related tax credit.

Dividends receivable are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on debt and money market securities are recognised on a time apportionment basis so as to reflect the effective yield, provided there is no reasonable doubt that payment will be received in due course.

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue with the exception of the investment management fee, which has been charged 25% to the revenue account and 75% to the realised

Notes to the Financial Statements (continued)

capital reserve to reflect, in the Directors' opinion, the expected long term split of returns in the form of income and capital gains respectively from the investment portfolio.

Revenue and capital
The revenue column of the Income Statement includes all income and revenue expenses of the Company. The capital column includes realised and unrealised gains and losses on investments. Gains and losses arising from changes in fair value are considered to be realised only to the extent that they are readily convertible to cash in full at the balance sheet date.

Taxation
Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the "marginal" basis as recommended in the SORP.

Deferred tax is recognised on an undiscounted basis in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing can be deducted.

Cash and liquid resources
Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities, investment grade bonds and investments in money market managed funds.

Loans and receivables
The Company's loans and receivables are initially recognised at fair value and subsequently measured at amortised cost.

Financial instruments
The Company's principal financial assets are its investments and the policies in relation to those assets are set out above. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Dividends
Dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established. This liability is established when the dividends proposed by the Board are approved by the shareholders.

2. Income

	30 November 2008 £'000	**30 November 2007 £'000**
Income on money market securities and bank balances	452	777
Dividends received (fixed asset investments)	77	25
Management Fee rebates	35	56
	564	858

Notes to the Financial Statements (continued)

3. Investment management fees

	30 November 2008			30 November 2007		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	103	310	413	144	432	576
VAT rebate	(26)	(79)	(105)	–	–	–
	77	231	308	144	432	576

For the purposes of the revenue and capital columns in the Income Statement, the management fee (including VAT) has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long term return in the form of income and capital gains respectively from the Company's investment portfolio.

Octopus provides investment management and accounting and administration services to the Company under a management agreement which runs for a period of five years with effect from 6 October 2005 and may be terminated at any time thereafter by not less than twelve months' notice given by either party. No compensation is payable in the event of terminating the agreement by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided, or the required notice period was given. The basis upon which the management fee is calculated is disclosed within note 19 to the financial statements.

The Chancellor of the Exchequer announced in his budget statement on 12 March 2008 that the Finance Act 2008 would contain draft legislation exempting VCTs from VAT on management fees with effect from 1 October 2008. This legislation was passed in July 2008 and as such all VCTs have been made exempt from VAT on management fees from this date, thus VAT has not been included on management fees for this year and has been rebated for previous years.

4. Other expenses

	30 November 2008 £'000	30 November 2007 £'000
Directors' remuneration	42	42
Fees payable to the Company's auditor for the audit of the financial statements*	22	18
Fees payable to the Company's auditor – other services	3	2
Bank charges and safe custody fees	6	(3)
Legal and professional expenses	12	32
Other administration expenses	49	47
	134	138

*Please note all 2007 audit fees were payable to Deloitte & Touche LLP. All fees relating to the Company's auditor in 2008 were paid wholly to PKF LLP.

The total expense ratio for the Company for the year to 30 November 2008 was 2.8% (2007: 3.0%). Total running costs are capped at 3.5%.

5. Directors' remuneration

	30 November 2008 £'000	30 November 2007 £'000
Directors' emoluments		
Keith Richard Mullins	16	16
Christopher Holdsworth Hunt	13	13
Andrew Paul Raynor	13	13
	42	42

None of the Directors received any other remuneration or benefit from the Company during the year. The Company has no employees other than non-executive Directors. The average number of non-executive Directors in the year was three (2007: three).

Notes to the Financial Statements (continued)

6. Tax on ordinary activities

The corporation tax charge for the year was £nil (2007: £nil).

Factors affecting the tax charge for the current year:
The current tax charge for the year differs from the standard rate of corporation tax in the UK of 20.7% (2007: 20%). The differences are explained below.

Current tax reconciliation:

	30 November 2008 £'000	30 November 2007 £'000
(Loss)/profit on ordinary activities before tax	(6,892)	374
Current tax at 20.7% (2007: 20%)	(1,427)	75
Income not liable to tax	(16)	(18)
Expenses not deductible for tax purposes	1,452	(45)
Total current tax charge	9	12

Approved venture capital trusts are exempt from tax on capital gains within the Company. Since the Directors intend that the Company will continue to conduct its affairs so as to maintain its approval as a venture capital trust, no current deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments.

7. Dividends

	30 November 2008 £'000	30 November 2007 £'000
Recognised as distributions in the financial statements for the year		
Previous year's final dividend	250	250
Current year's interim dividend	249	250
	499	500

	30 November 2008 £'000	30 November 2007 £'000
Paid and proposed in respect of the year		
Interim dividend paid – 1p per share (2007: 1p per share)	249	250
Final dividend 1p per share (2007: 1p per share)	250	250
	499	500

The final dividend of 1p per share for the year ended 30 November 2008, subject to shareholder approval at the Annual General Meeting, will be paid once HMRC approval has been obtained.

8. Earnings per share

The earnings per share is based on (loss)/profit after tax of (£6,897,000) (2007: £374,000) and on 24,967,724 (2007: 25,053,501) shares, being the weighted average number of shares in issue during the year.

There are no potentially dilutive capital instruments in issue and, as such, the basic and diluted earnings per share are identical.

9. Net asset value per share

The calculation of net asset value per share as at 30 November 2008 is based on net assets of £16,049,000 (2007: £23,518,000) divided by 24,864,861 (2007: 24,980,111) ordinary shares in issue at that date (excluding treasury shares).

Notes to the Financial Statements (continued)

10. Fixed asset investments

	AIM-quoted investments Year ended 30 November 2007 £'000	Year ended 30 November 2006 £'000
Book cost as at 30 November	10,196	4,082
Revaluation to 30 November	(363)	(314)
Valuation at 30 November	9,833	3,768

	30 November 2008 £'000	30 November 2007 £'000
Opening valuation at 1 December	**9,833**	**3,768**
Purchases at cost	7,097	6,378
Disposal proceeds	(434)	(419)
(Loss)/profit on realisation of investments – current year	(252)	154
Revaluation in year	(5,904)	(48)
Closing valuation at 30 November	**10,340**	**9,833**
Book cost at 30 November:		
– Ordinary shares	16,787	10,196
Revaluation to 30 November:		
– Ordinary shares	(6,447)	(363)
Valuation at 30 November	**10,340**	**9,833**

Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review on pages 5 to 11.

All investments are designated as fair value through profit or loss from the time of acquisition, and all capital gains or losses on investments so designated. Given the nature of the Company's venture capital investments, the changes in fair value of such investments recognised in these financial statements are not considered to be readily convertible to cash in full at the balance sheet date and accordingly these gains are treated as unrealised.

At 30 November 2008 and 30 November 2007 there were no commitments in respect of investments approved by the manager but not yet completed.

Notes to the Financial Statements (continued)

11. Current asset investments

Current asset investments at 30 November 2008 and at 30 November 2007 comprised Open Ended Investment Company ("OEICs") and Floating Rate Notes ("FRNs")*.

	Year ended 30 November 2007 £'000	Year ended 30 November 2006 £'000
Book cost at 30 November		
– FRNs	9,005	15,022
– OEICs	3,250	3,250
	12,255	18,272
Revaluation to 30 November:		
– FRNs	(49)	(9)
– OEICs	491	311
	442	302
Valuation as at 30 November	12,697	18,574

	30 November 2008 £'000	30 November 2007 £'000
Opening valuation at 1 December	**12,697**	**18,574**
Purchases at Cost:		
– FRNs	2,484	–
– OEICs	–	–
	2,484	–
Disposal proceeds:		
– FRNs	(5,991)	(6,001)
– OEICs	(3,283)	–
	(9,274)	(6,001)
Profit/(loss) in year on realisation of investments:		
– FRNs	(2)	(16)
– OEICs	(457)	–
	(459)	(16)
Revaluation in year:		
– FRNs	(399)	(40)
– OEICs	–	180
	(399)	140
Closing valuation as at 30 November	**5,049**	**12,697**
Book cost at 30 November:		
– FRNs	5,486	9,005
– OEICs	–	3,250
	5,486	12,255
Revaluation to 30 November:		
– FRNs	(437)	(49)
– OEICs	–	491
	(437)	442
Closing valuation as at 30 November	**5,049**	**12,697**

* FRNs represent money held pending investment and can be accessed with 5 workings days notice. FRNs were classified as fixed asset investments in the prior year but are classified as current asset investments in the current year.

Notes to the Financial Statements (continued)

12. Debtors

	30 November 2008 £'000	30 November 2007 £'000
Other debtors	198	–
Prepayments and accrued income	95	123
	293	123

13. Creditors: amounts falling due within one year

	30 November 2008 £'000	30 November 2007 £'000
Other creditors	(60)	(890)
	(60)	(890)

14. Share capital

	30 November 2008 £	30 November 2007 £
Authorised:		
275,000,000 'A' Ordinary shares of 0.01p each	27,500	27,500
275,000,000 'B' Ordinary shares of 0.01p each	27,500	27,500
	55,000	55,000
	£	£
Allotted and fully paid up:		
7,299,461 'A' Ordinary shares of 0.01p (2007: 7,299,461)	730	730
17,680,650 'B' Ordinary shares of 0.01p (2007: 17,680,650)	1,768	1,768
	2,498	2,498

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set on page 18. The Company is not subject to any externally imposed capital requirements.

The Company did not issue any shares in the year (2007: nil).

The Company repurchased the following shares; these are currently held in Treasury:
- 29 August 2008: 15,250 'A' Ordinary shares at a price of 0.70p per share.
- 31 October 2008: 100,000 'B' Ordinary shares at a price of 0.59p per share.

The total nominal value of the shares repurchased was £12 representing 0.46% of the issued share capital.

Notes to the Financial Statements (continued)

15. Reserves

	Special distributable reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Own shares held in treasury £'000	Revenue reserve £'000
As at 30 November 2007	23,604	(418)	80	–	249
Repurchase of own shares	–	–	–	(69)	–
Profit on ordinary activities after tax	–	–	–	–	294
Capitalisation of management fees	–	(181)	–	–	–
Prior period gains/losses on disposal	–	661	(661)	–	–
Transfer between reserves	(833)	833	–	–	–
Gains/losses on revaluation	–	(711)	(6,303)	–	–
Dividends paid	–	(125)	–	–	(374)
Balance as at 30 November 2008	22,771	59	(6,884)	(69)	169

When the Company revalues its investments during the period, any gains or losses arising are credited/charged to the Income Statement. Unrealised gains/losses are then transferred to the capital reserve – unrealised. When an investment is sold any balance held on the capital reserve unrealised is transferred to the capital reserve – realised as a movement in reserves. The purpose of the special distributable reserve was to create a reserve which will be capable of being used by the Company to pay dividends and for the purpose of making repurchases of its own shares in the market with a view to narrowing the discount at which the Company's shares trade to net asset value.

A transfer of £833,000 was made between the Special distributable reserve and the capital reserve realised to account for the realised losses on disposal and the capitalisation of management fees.

16. Financial instruments and risk management

The Company's financial instruments comprise equity investments, FRNs, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT qualifying unquoted and AIM-quoted securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

Fixed and current asset investments (see note 10 and 11) are valued at fair value. For quoted investments this is either bid price or the latest traded price, depending on the convention of the exchange on which the investment is quoted. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of the assets held at the year end is equal to their book value.

In carrying on its investment activities, the Company is exposed to various types of risk associated with the financial instruments and markets in which it invests. The most significant types of financial risk facing the Company are price risk, interest rate risk, credit risk and liquidity risk. The Company's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

Market risk
The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 18. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance statement on pages 26 to 28, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in smaller companies, by their nature, usually involve a higher degree of risk than investments in larger companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the balance sheet date are set out on pages 6.

95.9% (30 November 2007: 95.8%) by value of the Company's net assets comprises equity securities listed on the London Stock Exchange or quoted on AIM. A 30% increase in the bid price of these securities as at 30 November 2008 would have increased net assets and the total return for the year by £4,617,000 (30 November 2007: £2,253,000); a corresponding fall would have reduced net assets and the total return for the year by the same amount.

Notes to the Financial Statements (continued)

Interest rate risk
Some of the Company's financial assets are interest-bearing. As a result, the Company is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Floating rate
The Company's floating rate investments comprise cash held on interest-bearing deposit accounts and, where appropriate, within interest bearing money market securities. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 3.0% at 30 November 2008 (30 November 2007: 5.75%). The amounts held in floating rate investments at the balance sheet date were as follows:

	30 November 2008 £000	30 November 2007 £000
Floating rate notes	5,049	8,956
Open Ended Investment Companies	–	3,741
Cash on deposit	427	1,754
	5,476	14,451

A 1% increase in the base rate would increase income receivable from these investments and the total return for the year by £54,760 (30 November 2007: £144,500).

Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 30 November 2008 the Company's financial assets exposed to credit risk comprised the following:

	30 November 2008 £000	30 November 2007 £000
Investments in floating rate instruments	5,049	8,956
Cash on deposit	427	1,754
Open Ended Investment Companies	–	3,741
Accrued dividends and interest receivable	82	101
	5,558	14,552

Credit risk relating to listed money market securities is mitigated by investing in money market instruments issued by major companies and institutions with a minimum Moody's long term debt rating of 'A'.

Those assets of the Company which are traded on recognised stock exchanges are held on the Company's behalf by third party custodians (BNP Paribas in the case of listed money market securities and Capita Registrars Limited in the case of quoted equity securities). Bankruptcy or insolvency of a custodian could cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

Credit risk arising on the sale of investments is considered to be small due to the short settlement and the contracted agreements in place with the settlement lawyers.

The Company's interest-bearing deposit and current accounts are maintained with Royal Bank of Scotland and Bank of Scotland.

Other than cash or liquid money market funds, there were no significant concentrations of credit risk to counterparties at 30 November 2008 or 30 November 2007.

Liquidity risk
The Company's financial assets include investments in AIM-quoted companies, which by their nature; involve a higher degree of risk than investments on the main market. As a result, the Company may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

Notes to the Financial Statements (continued)

The Company's listed money market securities are considered to be readily realisable as they are of high credit quality as outlined above.

The Company's liquidity risk is managed on a continuing basis by the Investment Manager in accordance with policies and procedures laid down by the Board. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 30 November 2008 these investments were valued at £5,476,000 (30 November 2007 £14,451,000).

17. Post balance sheet events

The following events occurred between the balance sheet date and the signing of these financial statements:

- 30 January 2009 the Company purchased 30,550 'A' Ordinary shares at a price of 54p per share. These shares are held in Treasury.
- 6 February 2009 the Company purchased 50,250 'B' Ordinary shares at a price of 54.5p per share. These shares are held in Treasury.
- 27 February 2009 the Company purchased 150,000 'B' Ordinary shares at a price of 53.0p per share. These shares are held in Treasury.

The following investments have been completed since 30 November 2008:

- 1 January 2009, invested £200,000 in Lombard Medical plc.
- 7 January 2009, Fishworks appointed administrators, investment written down to nil.
- 27 February 2009, invested £550,000 in Praesepe plc.
- 27 February 2009, invested £550,000 in Managed Support Services plc.

18. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments as at 30 November 2008 (2007: £nil).

19. 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 1 August to 30 November 2008, the Company incurred management fees of £112,000 (2007: £nil) payable to Octopus. At the period end there was £9,000 (2007: £nil) outstanding to Octopus.

Prior to 1 August 2008, Close acted as the Investment Manager of the Company. During the period 1 December 2007 to 31 July 2008, the Company incurred management fees of £333,000 (including VAT at the applicable rate at that time) payable to Close (2007: £576,000). At the period end there was £nil outstanding to Close (2007: amount due from Close of £18,000).

During the year, the VCT held an investment in the Close Special Situations Fund. This fund held an investment in Tenon Group PLC, a company of which Andrew Raynor is Chief Executive. As at 30 November 2008, Octopus IHT AIM VCT PLC held nil units in the Close Special Situations Fund (2007: 3,412,432 units). The following transactions occurred between Close Special Situation Fund and Octopus IHT AIM VCT PLC:

- 29 April 2008 the Company sold 341,243 units.
- 16 June 2008 the Company sold 325,000 units.
- 25 July 2008 the Company sold 486,982 units.
- 1 August 2008 the Company sold 2,232,600 units.
- 5 August 2008 the company sold 26,607 units.

Buybacks of shares for cancellation during the year were transacted through Winterflood Securities Limited, a subsidiary of Close Brothers Group plc, the ultimate parent company of the Investment Manager, Close Investments Limited for the period to 31 July 2008. A total of 115,250 (2007: 20,400) 'A' Ordinary shares were purchased at a weighted average price of 60 pence per share.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Octopus IHT AIM VCT PLC will be held at 8 Angel Court, London EC2R 7HP on Wednesday, 6 May 2009 at 11.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year to 30 November 2008 and the Directors' and Auditor's reports thereon.

2. To approve a final dividend of 1.0p pence per share for 'A' Ordinary and 'B' Ordinary share.

3. To approve the Directors' Remuneration Report.

4. To re-elect Andrew Raynor as a director.

5. To re-appoint PKF (UK) LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, pass Resolution 6 as an Ordinary Resolution and Resolutions 7 and 8, as Special Resolutions:-

6. **AUTHORITY TO ALLOT RELEVANT SECURITIES**
   THAT the Directors be generally and unconditionally authorised in accordance with s80 of the Companies Act 1985 to allot relevant securities (within the meaning of S80(2) of the said Act) up to an aggregate number of 2,463,406 'A' ordinary shares of 0.01p in the capital of the Company (representing approximately 10% of the share capital in issue at the date of this notice) this authority to expire at the earlier of the conclusion of the Company's Annual General Meeting next following the passing of this resolution and the expiry of 15 months from the passing of this resolution (unless previously revoked, varied or extended by the Company in general meeting but so that such authority allows the Company to make offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority).

7. **EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES**
   TO empower the Directors pursuant to s95(1) of the Companies Act 1985 to allot or make offers or agreements to allot equity securities (as defined in s94(2) of the said Act) for cash pursuant to the authority referred to in resolution 6 as if s89(1) of the said Act did not apply to any such allotments and so that:

   (a) reference to allotment in this Resolution shall be construed in accordance with s94 of the said Act; and

   (b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

   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 Annual General Meeting (continued)

8. **AUTHORITY TO MAKE MARKET PURCHASES**

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of s163(3) of the Companies Act 2006 of 'A' ordinary shares of 10p each in the Company ("'A' ordinary shares") provided that:

(a) the maximum number of ordinary shares so authorised to be purchased shall not exceed 10% of the current issued ordinary share capital of the Company as at the date of this notice;

(b) the minimum price which may be paid for an ordinary share shall be 0.01p;

(c) the maximum price, exclusive of expenses, which may be paid for an ordinary share is an amount equal to the higher of (a)105% of the average of the middle market quotations for an ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased and (b) the amount stipulated by Article 5(1) of the Buy-back and Stabilisation Regulations 2003;

(d) the authority conferred comes to an end at the conclusion of the next Annual General Meeting of the Company or upon the expiry of 15 months from the passing of this resolution, whichever is the earlier; and

(e) the Company may enter into a contract to purchase its ordinary shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

By Order of the Board

8 Angel Court
London
EC2R 7HP

Celia L Whitten FCIS
Secretary

20 March 2009

Notice of Annual General Meeting (continued)

NOTES:

1. Holders of ordinary shares, or their duly appointed representatives, are entitled to attend and vote at the AGM. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. An Ordinary shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be an Ordinary shareholder. More than one proxy can be appointed in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. The box on the Proxy Form must also be ticked to indicate that the proxy instruction is one of multiple instructions being given. All Proxy Forms must be signed and, to be effective, must be lodged with the company's registrar so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time.

2. The return of a completed Proxy Form will not prevent an Ordinary shareholder attending the AGM and voting in person if he/she wishes to do so.

3. Any person to whom this Notice is sent who is a person nominated under Section 146 of the CA 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

4. Only shareholders whose names appear on the register of members of the Company as at 48 hours before the time of the meeting shall be entitled to attend the AGM either in person or by proxy and the number of ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the AGM.

5. As at 20 March 2009 being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 24,779,861 ordinary shares of 0.01p, carrying one vote each. 230,800 ordinary shares of 0.01p are held in Treasury. Therefore the total voting rights in the Company as at 20 March 2009 is 24,634,061.

6. In order to facilitate voting by corporate representatives at the AGM, arrangements will be put in place at the AGM so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of appointment letter if the Chairman is being appointed as described in (i) above.

7. In Accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's Register of Members at 6.00 p.m. on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's Register of Members at 6.00 p.m. on the day two days before the date of any adjournment shall be entitled to attend and vote at the meeting.

8. A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 48 hours before the time the Annual General Meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the Annual General Meeting.

9. Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the ordinary shares of the Company kept in accordance with s325 of the Companies Act 2006 will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the Annual General Meeting, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.

Proxy Form

Form of Proxy for use at the Annual General Meeting of

Octopus IHT AIM VCT PLC to be held at 11.00 a.m. on Wednesday 6 May 2009

I/We ....
(BLOCK CAPITALS PLEASE)

of ....

the undersigned, being (a) member/member(s) of Octopus IHT AIM VCT PLC, hereby appoint the Chairman of the Meeting or,

Name of Proxy……………………………………………......... Number of shares ....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11.00 a.m. on Wednesday, 6 May 2009 at the Company's offices at **8 Angel Court, London EC2R 7HP** and at any adjournment thereof.

I/We wish my/our proxy to vote as shown below in respect of the resolutions set out in the Notice of the Meeting.

Please indicate by ticking the box if this proxy appointment is one of multiple appointments being made*

For the appointment of one or more proxy, please refer to explanatory note 4 (below). ☐

Resolution number		FOR	AGAINST	WITHHELD
1.	To receive, consider and adopt the financial statements for the year ended 30 November 2008	☐	☐	☐
2.	To approve a final dividend of 1.0p pence per share	☐	☐	☐
3.	To approve the Directors' Remuneration Report	☐	☐	☐
4.	To re-elect Andrew Raynor as a director	☐	☐	☐
5.	To re-appoint PKF UK LLP as auditor and authorise the Directors to agree their remuneration	☐	☐	☐
6.	To authorise the Directors to allot shares under s80 of the Companies Act 1985 (Ordinary Resolution)	☐	☐	☐
7.	To disapply s89(1) of the Companies Act 1985 and allot shares on a non rights issue basis (Special Resolution)	☐	☐	☐
8.	To authorise the Directors to make market purchases of its own shares (Special Resolution)	☐	☐	☐

Signed:.. Dated: 2009

NOTES

1. To be valid, the proxy form must be received by the Registrars of Octopus IHT AIM VCT PLC at, **Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** no later than 48 hours before the commencement of the meeting. If delivering by Courier please use the full address of Capita set out in the Notice.
2. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
3. Every holder has the right to appoint some other person(s) of their choice, who need not be an Ordinary shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for an Ordinary shareholder, the full voting entitlement for that designated account.)
4. To appoint more than one proxy, you may photocopy this form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
5. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6.00 p.m. on the day which is two days before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. The address on the envelope containing this notice is how your address appears on the Register of Members. If this information is incorrect please ring the Registrar's helpline on 0871 664 0300 (Calls cost 10p per minute plus network extras) to request a change of address form.
9. The completion and return of this form will not preclude a member from attending the meeting and voting in person.

PLEASE USE THE REPLY PAID ENVELOPE PROVIDED

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