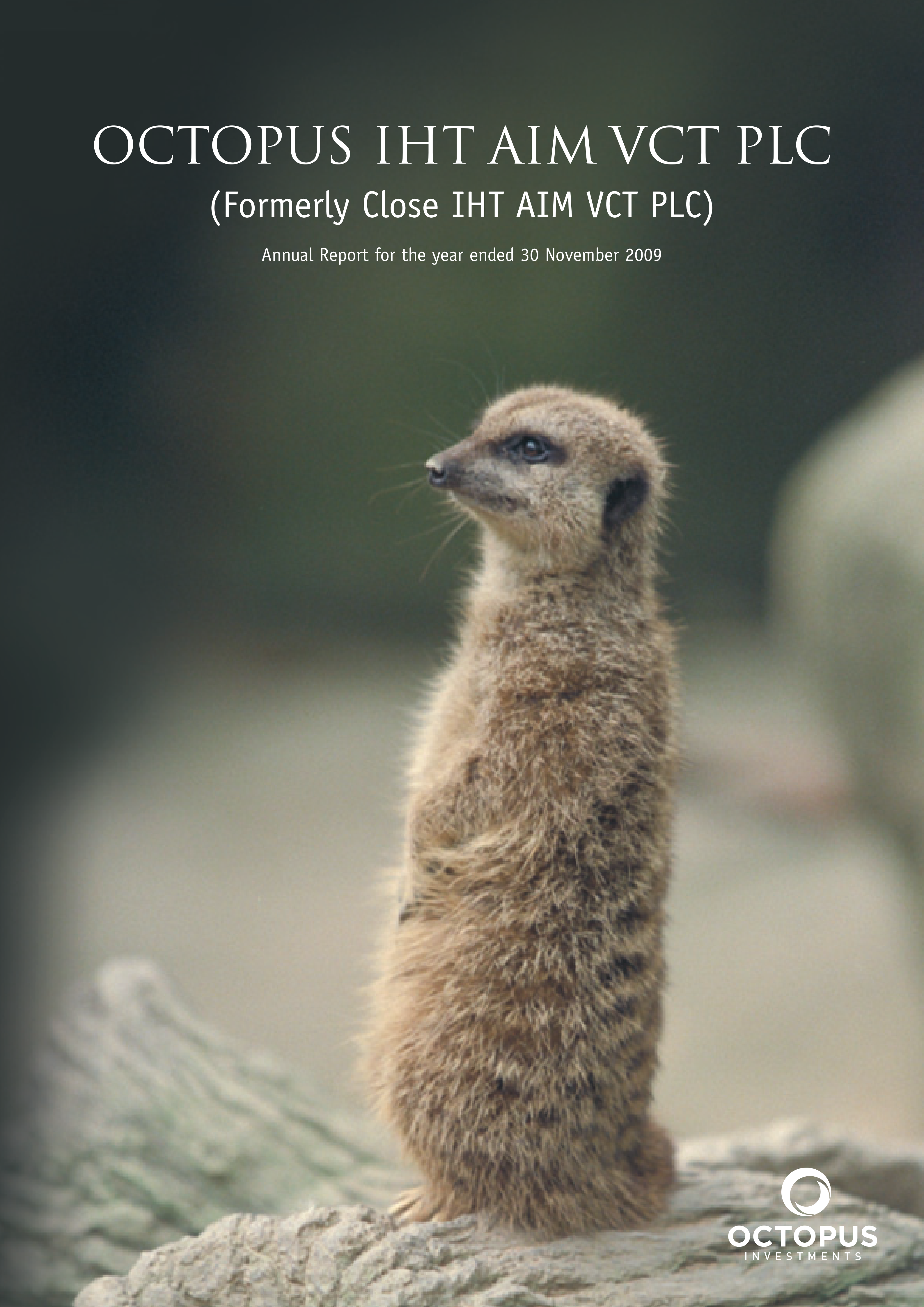
OCTOPUS IHT AIM VCT PLC

(Formerly Close IHT AIM VCT PLC)

Annual Report for the year ended 30 November 2009



OCTOPUS INVESTMENTS

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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.

Financial Summary

	Year to 30 November 2009	Year to 30 November 2008
Net assets (£'000s)	**10,783**	16,049
Net profit/(loss) after tax (£'000s)	**1,484**	(6,901)
Net asset value per share	**69.5p**	64.6p
Dividend per share – paid in year	**2.0p**	2.0p
Cumulative dividends since paid launch	**7.4p**	6.4p

Since the year end a dividend of 1.0 pence per A Ordinary share has been declared and will be paid subject to HMRC approval

Shareholder Value since Launch

	A 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 paid during the period to 30 November 2009	2.0
Total dividends	7.4
Net asset value at 30 November 2009	69.5
Total cumulative return at 30 November 2009	76.9

* 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 your Company's fourth report and accounts. They cover a dramatic period, the year to 30 November 2009, in which banks have been nationalised, the Bank of England has bought huge amounts of government debt, and new issues on AIM have been notably scarce. It has not been an easy period for investors in general, particularly those investing in smaller companies. However, as the extent of co-ordinated international government action became clearer, markets recovered and we all have to hope that the low point of prices, reached in March last year, is now a distant memory. As a consequence the net asset value (NAV) of your Company's shares ended the year at 69.5p per share.

Dividend

The Directors have declared a dividend of 1.0 pence per A Ordinary share which will be recognised in the 2010 accounts. This dividend is subject to HMRC approval and will be paid to shareholders once approval is obtained.

Performance

Dividends of 2.0 pence in total have been paid in the year to 30 November 2009 and they need to be added back to the year end NAV to provide a figure comparable to the movement in indices. The adjusted NAV shows a rise of 10.7%, against a rise in the FTSE AIM All Share Index of 62.4% in the same period. The disparity between these two numbers is largely explained by the high weighting of resources and financial stocks in the AIM index, almost all of which do not qualify for investment by VCTs and which account for a significant movement in the index. Of course it is also true that the NAV did not fall last year by anything like the decline in the AIM index, for the same reason, which only emphasises the poor nature of the comparison. Nevertheless, while the rise in NAV is welcome, there is clearly more potential to be realised.

Portfolio Activity

In my report with the interim results, I commented on the absence of many attractive VCT qualifying issues of shares and there being little opportunity to trade in existing holdings. That situation persisted during the second half of the year under review, although having passed the important threshold of 70% investment in qualifying holdings, there has been scope for some trading in the second half which the managers have taken. There has also been the beginning of acquisition activity, so for example, the offer from Chime for your Company's holding in Essentially was accepted, as was the cash offer for Claimar Care. A few holdings have been sold completely and a number have been partially sold to realise profits. At all times your Company has remained above the 70% threshold.

VAT Rebate

In last year's accounts I remarked that your Company was hoping to benefit from a rebate of VAT and had accrued £140,000 in anticipation of a rebate. I am pleased to report that during the year a rebate was received together with interest, which after costs amounted to just under £200,000. The additional £60,000 or so has enhanced the NAV.

Future Strategy

During the summer, the Distribution in Specie for B shareholders whereby B Ordinary shareholders had the option either to convert their shares to A Ordinary shares or exit the Fund through the Distribution, full terms of which were set out in the original prospectus, was completed. This left 16.3 million shares in issue and a NAV of £10.8 million at the year end. I draw your attention to note 7 in the financial statements for details on the funds distributed. In January 2010, an announcement was released to the London Stock Exchange that, following the Distribution in Specie, your Board is proposing to merge with the Octopus Second AIM VCT PLC, which has also carried out a Distribution in Specie in the summer and is in consequence, as is the case with your Company, now smaller than it was originally a few years ago. In order to be able to continue to buy in shares, while simultaneously maintaining a portfolio capable of growth and continued recovery in NAV, your Board thinks that it would be best to merge and to create a VCT of a size not dissimilar to that at flotation. Mergers, which maintain VCT status, are allowed by HMRC and it is expected that a circular will be published in a few weeks. Shareholders will be kept up to date as matters progress and there is no action that they need to take until then.

To further ensure that the Company can look forward to a successful long-term future as an AIM VCT and to have the ability to conduct top up share offers to raise further cash resources, it is important that the Company's life extends beyond the five year minimum holding period that applies to investors who wish to obtain upfront income tax relief by participating in a top up share offer. Therefore, a resolution will be proposed at the Annual General Meeting to extend the life of the Company until 2016, and the Board anticipates that it will put a similar resolution to shareholders at subsequent Annual General Meetings to preserve the ability of the Company to conduct top ups in future years.

Chairman's Statement (continued)

Outlook

While the world is quite different in many important respects from this time a year ago, it is still beset with substantial difficulties, both economic and financial. However, small companies have in the main shown remarkable resilience, continuing to trade and taking measures to remain profitable. It has of course not been easy and many share prices have fallen reflecting the difficulties they have faced. However, the Managers believe that many, particularly some of those that have hurt the performance of the NAV, have realistic plans for recovery, and that in due course shareholders' patience will be rewarded.

Keith Richard Mullins
Chairman

29 March 2010

Investment Manager's Review

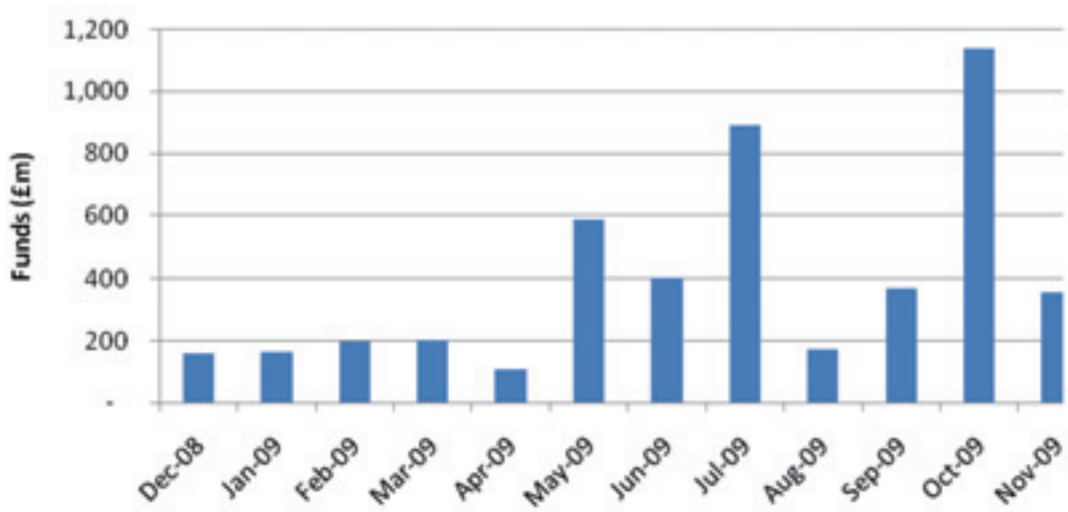
The Alternative Investment Market

The year under review has ended on a much firmer note than it started. There was, by the end of 2009, a better balance between buyers and sellers, and signs that the new issue market was reviving. However, fundraisings did occur throughout the year and the portfolio was able to make new investments as existing AIM companies raised additional capital. We were also able to begin to make a number of changes to the portfolio, having passed the 70% threshold, so profits were taken and some holdings disposed of completely.

In the year to 30 November 2009, £4,738m was raised on AIM and the number of companies listed on the market fell from 1,549 to 1,293. Although the reduction in the number of companies on the market may seem a step backwards, in fact it was necessary progress as recessionary conditions weeded out weak companies and many very tiny companies for whom the listing was of questionable value for the foreseeable future.

In the months since the end of the year under review, there have been a few new issues attempting to float, but we have not yet participated in any of them. However, we would hope that the trickle of flotations will increase and that we will participate in the future.

Funds raised on AIM: December 2008 - November 2009



Performance

The Chairman has commented on the disparity between the rise in NAV and the AIM index, which remains a far from perfect comparator for the portfolio. However, it is worth noting that the fall in the index in 2008 of around 60% was largely attributable to the fall in the valuation of resource sector stocks and the rise in 2009 by a similar amount has also been attributable to the same sector, which continues to account for around 30% of AIM's capitalisation. It remains the case that VCTs are prohibited by their regulations from investing in such companies. The result of this is that whilst the portfolio outperformed the index in 2008, it has underperformed in 2009.

That is disappointing. Particular causes of poorer performance than we would have liked can be identified in Hasgrove and CBG Group, which were fundraisings by existing AIM companies. Both investments were relatively large within the portfolio and both companies have issued profit warnings since the shares were purchased. However, we do believe that substantial remedial measures have been taken by both companies and, in fact, CBG Group has recently issued a further statement causing the share price to recover slightly as it suggested profits would at least meet market expectations.

Performance has also suffered this year as small companies have been derated and we only expect them to recover their historic rating premium to larger companies once there is more certainty about the general trends in the economy and more widely as they display their historically greater rate of growth. However, we will encourage managements to improve their own companies' trading performances and we will continue to alter the portfolio to try to improve on recent performance.

Investment Manager's Review (continued)

Portfolio Activity

The year under review started with two parallel portfolios for the two classes of shares, which were then in existence: the 'A' and the 'B' shares. As a result of the Distribution in Specie which occurred in the summer, whereby B Ordinary shareholders had the option either to convert their shares to A Ordinary shares or exit the Fund, see note 7 in the financial statements for details of funds distributed, we made a number of changes to the 'B' share portfolio once the assets of the Company had been apportioned between the two sets of investors. However, those changes did not affect the 'B' shareholders who converted to 'A' shares. The resulting enlarged 'A' portfolio continued, throughout this process, to be managed as a VCT portfolio. During the second half of the year, we have taken advantage of specific high prices to realise profits and to sell some holdings where we believed that no recovery of value was in sight. For example, the entire holding in Neuropharm Group was sold in September and we have taken profits in Animalcare, Advanced Computer Software and IS Pharma.

Since the interim report, when the Chairman described new investments in Praesepe and Managed Support Services, we have added Innovision Research & Technology and Clarity Commerce Solutions as new holdings. Innovision Research and Technology is presently a loss-making mobile telephone application developer with interesting relationships with both mobile telephone manufacturers and networks which will enable contactless payment for products and services using a mobile telephone. Potentially it stands to be a British worldbeater, with the concept already being pioneered in the UK by Barclaycard. Clarity is a software provider to a range of international hospitality and entertainment industries. Since the year end we have made a further investment in SnackTime, a vending machine operator in predominantly commercial premises.

Also in the second half of the year we saw two companies taken over: Claimar Care Group and Essentially. Claimar Care Group was sold for cash, unfortunately at a loss, and Essentially was acquired by Chime Communications plc for shares. The portfolio continues to hold the Chime shares and to date that has been a worthwhile investment. Since the year end the entire holding in Research Now has also been disposed of via a scheme of arrangement. It was bid for by a large US competitor, and the management felt that the best opportunity for the Company was no longer as an independent entity. The holding was sold at a £0.2m profit.

The table below shows the investee companies that were disposed of in total during the year:

Realisation	**Investment date**	**Cost of investment (£'000)**	**Proceeds of investment (£'000)**	**Total gain/(loss) (£'000)**
B Global plc	April 2007	135	39	(96)
Claimar Care Group plc	March 2007	335	123	(212)
Neuropharm Group plc	March 2007	268	65	(203)
Optimisa plc	October 2007	511	58	(453)

Despite the loss of investments to acquirers, the portfolio has remained comfortably above the important 70% threshold for VCT qualifying status and that also gives us scope for trading shares in order to enhance the return to shareholders. We will continue to do so, though we would hope that future take-overs of holdings will be profitable and we will continue to try to argue for a fair price for our investments in such circumstances.

Investment Manager's Review (continued)

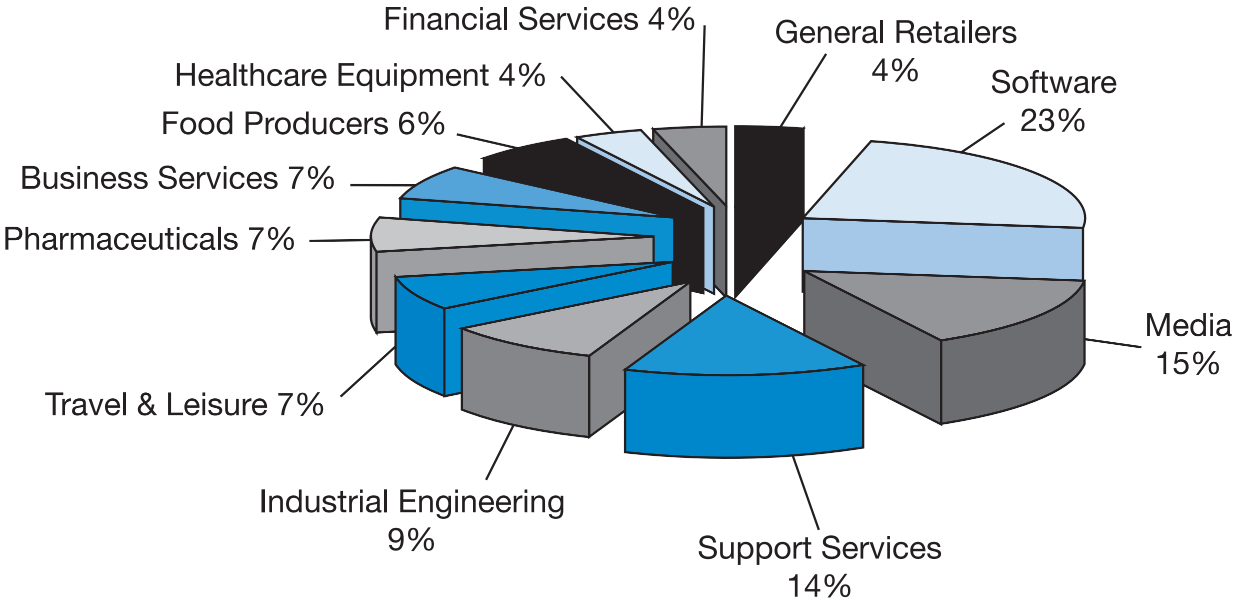
Investment Portfolio

AIM-quoted qualifying Investments	Sector	Cost as at 30 November 2009	Cumulative change in fair value	Fair Value at 30 November 2009	Movement in year	% equity held by IHT AIM VCT Plc	% equity held by all funds managed by Octopus
Advanced Comp Soft Plc	Software	384	389	773	389	0.60	3.00
Research Now Plc	Media	375	143	518	237	0.80	3.90
IS Pharma Plc	Pharmaceuticals	505	88	593	153	2.10	7.50
Melorio Plc	Support services	409	110	519	262	1.00	6.20
Animalcare Group Plc	Food producers	293	211	504	140	2.70	10.10
Brulines Plc	Support services	439	36	475	34	1.30	7.60
Chime Communications Plc	Media	440	(67)	373	119	0.30	0.70
Pressure Technologies Plc	Industrial engineering	238	127	365	11	1.40	10.70
Managed Support Services Plc	Building services	367	(34)	333	(34)	2.80	11.40
Tasty Plc	Travel & leisure	334	(22)	312	–	2.90	4.40
Vertu Motors Plc	General retailers	502	(192)	310	194	0.40	3.50
Craneware Plc	Software	118	185	303	112	0.40	1.50
Praesepe Plc	Travel & leisure	367	(73)	294	(73)	1.70	7.80
Clarity Commerce Solutions Plc	Software	310	(39)	271	(39)	2.00	8.60
CBG Group Plc	Financial services	637	(372)	265	(425)	3.40	17.60
Mount Engineering Plc	Industrial engineering	360	(98)	262	(36)	2.20	8.10
Bond International Software Plc	Software	244	–	244	–	0.90	6.00
IDOX Plc	Software	158	74	232	42	0.60	3.10
Hasgrove Plc	Media	436	(228)	208	(251)	2.00	9.70
Colliers CRE Plc	Building services	195	–	195	–	0.70	3.20
Omega Diagnostics Plc	Healthcare equipment	101	71	172	71	2.40	19.20
Lombard Medical Technologies Plc	Healthcare equipment	384	(218)	166	20	1.80	6.10
Plastics Capital Plc	Chemicals	357	(211)	146	4	1.30	17.60
Innovision Research & Technology Plc	Software	121	19	140	19	0.73	6.98
Optare Plc	Industrial engineering	568	(454)	114	(114)	0.80	2.50
Telephonetics Plc	Software	305	(213)	92	(23)	1.40	7.40
Adept Telecom Plc	Telecommunications	501	(422)	79	25	1.70	4.40
Work Group Plc	Support services	473	(408)	65	6	2.10	6.20
Hexagon Human Capital Plc	Support services	422	(366)	56	(115)	1.20	13.60
Jelf group Plc	Financial services	122	(76)	46	(41)	0.20	1.20
Twenty Plc	Media	501	(457)	44	(6)	4.50	15.40
Clerkenwell Ventures Plc	Financial services	63	(38)	25	(38)	1.40	6.80
Individual Restaurant Company Plc	Restaurants & bars	147	(129)	18	(19)	0.20	1.10
FishWorks Plc	Travel & leisure	184	(184)	–	(38)	2.70	6.80
Total qualifying AIM listed investments		**11,360**	**(2,848)**	**8,512**	**586**		
Total non-qualifying AIM listed investments		86	34	120	56		
Total fixed asset investments		**11,446**	**(2,814)**	**8,632**	**642**		
Floating rate notes		1,842	(4)	1,838	111		
Total investments		**13,288**	**(2,818)**	**10,470**	**753**		
Cash at bank				**186**			
Debtors less creditors				127			
Total investments				**10,783**			

Investment Manager's Review (continued)

Sector Analysis

The graph below shows the sectors the Fund is invested in, and their respective proportions:



Top 10 Holdings

Listed below are the ten largest investments by value as at 30 November 2009

Advanced Computer Software plc

Advanced Computer Software plc 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:	£384,000
Valuation:	£773,000
Equity held:	0.6%
Last audited accounts:	February 2009 (14 months)
Profit before tax:	£1.1 million
Net assets:	£25.4 million

Research Now plc

Research Now plc operates specialist online research panels in the UK, Europe, the US and Asia. It was acquired by E-Rewards in December 2009.

Initial investment date:	December 2007
Cost:	£375,000
Valuation:	£518,000
Equity held:	0.8%
Last audited accounts:	February 2009
Profit before tax:	£5.7 million
Net assets:	£24.8 million

Investment Manager's Review (continued)

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:	£505,000
Valuation:	£593,000
Equity held:	2.1%
Last audited accounts:	March 2009
Profit before tax:	£2.0 million
Net assets:	£25.6 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:	£409,000
Valuation:	£519,000
Equity held:	1.0%
Last audited accounts:	March 2009
Profit before tax:	£7.6 million
Net assets:	£42.7 million

Animalcare Group plc

Animalcare Group plc manufactures and distributes veterinary medicines whilst identifying chips and other products for pets and livestock.

Initial investment date:	December 2007
Cost:	£293,000
Valuation:	£504,000
Equity held:	2.7%
Last audited accounts:	June 2009
Profit before tax:	£1.5 million
Net assets:	£15.4 million

Brulines (Holdings) plc

Brulines (Holdings) plc designs and sells fluid monitoring systems to pubs and bars. The company is the market leader in its field and manages information from over 22,000 licensed premises, over one in three pubs in the UK. The system allows the landlord to reconcile the amount of beer being dispensed against what is being delivered.

Initial investment date:	October 2006
Cost:	£439,000
Valuation:	£475,000
Equity held:	1.3%
Last audited accounts:	March 2009
Profit before tax:	£4.6 million
Net assets:	£20.1 million

Investment Manager's Review (continued)

Chime Communications plc

Chime Communications plc provide public relations, advertising, market research and direct marketing, design and event management consultancy.

Initial investment date: April 2008
Cost: £440,000
Valuation: £373,000
Equity held: 0.3%
Last audited accounts: December 2008
Profit before interest & tax: £16.3 million
Net assets: £88.5 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: £238,000
Valuation: £365,000
Equity held: 1.4%
Last audited accounts: October 2009
Profit before interest & tax: £5.1 million
Net assets: £14.1 million

Managed Support Services plc

Managed Support Services plc perform maintenance and installation of heating and cooling equipment. They are looking to make other acquisitions in the building services space.

Initial investment date: February 2009
Cost: £367,339
Valuation: £333,000
Equity held: 2.8%
Last audited accounts: March 2009
Profit before tax: £0.1 million loss
Net assets: £12.1 million

Tasty plc

Tasty plc is an operator of oriental and pizza restaurants.

Initial investment date: September 2008
Cost: £334,000
Valuation: £312,000
Equity held: 2.9%
Last audited accounts: December 2008
Profit before tax: £1.6 million loss
Net assets: £9.4 million

Investment Manager's Review (continued)

Outlook

The market is in a much more sober frame of mind after its bounce from the lows in the middle of 2009. So far in 2010 none of the major indices have made any progress, and, although AIM is up this is largely down to another revival in the resource stocks. Macro-economic issues are likely to remain a concern for some time, with worries over the state of government deficits highlighting the fact that there is a long way for recovery to go. In the UK, we have the added drawback of being in an election year which will probably hinder market progress in the first half of 2010.

However, despite all of this caution, we believe that it would be wrong to take too pessimistic a view of the outlook for your portfolio. Individual companies are making good progress, and those such as Advanced Computer Software and Vertu Motors are showing themselves adept at using the prevailing value available in their markets to make earnings enhancing acquisitions. We have seen the beginnings of bid activity around the portfolio which is a sure sign of value, and many of the recent trading statements have indicated that trading is in line with expectations or better. Even though the pace of recovery in the economy is expected to remain slow, small companies traditionally do well when the economy is expanding. We also expect to be able to make some investments at good prices using the cash from recent sales now that fundraisings are back on the agenda.

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

29 March 2010

Shareholder Information

The Company

Octopus IHT AIM VCT PLC (the "Company" or the "Fund") is a Venture Capital Trust (VCT) 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 followed the traditional AIM VCT structure. The 'B' Ordinary shares, originally structured to assist shareholders with Inheritance Tax requirements were either converted into 'A' Ordinary shares during the year or cancelled following a Distribution in Specie, full details of this were the subject of a circular to shareholders dated 21 April 2009.

Venture Capital Trusts

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 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 2010	–	Annual General Meeting
July 2010	–	Six-monthly results to 31 May 2009 published
February/March 2011	–	Results for year to 30 November 2010 announced
March 2011	–	Annual Report and financial statements published

Share Price

The Company's mid-market share price as at 29 March 2010 stands at 62.0p. 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 'Services, Investor Services, Venture Capital Trusts, Octopus IHT AIM VCT'. All other statutory information 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
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Registered in England No: 05528235

Investment Manager
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Custodians
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Registrar
Capita Registrars Limited
Northern House
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Fenay Bridge
Huddersfield
HD8 0GA
0871 664 0300
(Calls cost 10 pence per minute plus network extras. Lines are open Monday – Friday 8.30am – 5.30pm)

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* (52)
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 (67)
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 (52)
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 20 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.

Octopus Investments Limited was established in 2000 and has a strong commitment to both smaller companies and to VCTs. Octopus also acts as Manager of 16 other listed investment companies and has a total of approximately £1.4 billion under management.

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 2009.

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 29 and 30.

Principal Activity and Status

The Company is a VCT 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 VCT 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 has been approved by HMRC as a VCT in accordance with Part 6 of the Income Tax 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 2009 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 16 July 2008. 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 VCT 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 to 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 affect the future development, performance and position of the Company.

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 VCTs. The Board has a number of performance measures to assess the Company's success in meeting its objectives. Performance, measured by the NAV return and total return per share, is also measured against the FTSE AIM Index and the FTSE All-Share Index. This is shown in the graphs on page 23 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 to 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 2009 was 3.0% based upon average net assets throughout the year (2008: 2.8%). Total running costs are capped at 3.5% of net assets.

Directors' Report (continued)

Results and Dividend

	Year ended 30 November 2009 £'000	Year ended 30 November 2008 £'000
Net (loss)/profit attributable to shareholders	1,484	(6,901)
Appropriations: Final dividend proposed nil per 'A' Ordinary share (2008 – 1p per 'A' Ordinary & 'B' Ordinary share)	–	(250)

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.

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

Directors' Report (continued)

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.

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 Act, 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 by the Investment Manager.

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 24 to 27.

Directors

The Directors of the Company during the year 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 2009	**Ordinary shares of 0.01p each 30 November 2008**	
	'A' 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 2009 and the date of this report.

In addition to the shares held in the VCT, Keith Mullins also holds shares in Adept Telecom plc, an investee Company of the VCT.

Keith Mullins retires by rotation, and being eligible, offers himself for re-election. The Board has considered provision A.7.2 of the Combined Code 2008 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 14.

Directors' and Officers' Liability Insurance

The Company has, as permitted by s236 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.

Directors' Report (continued)

Management

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 2009.

Share Issues

During the year 8,984,075 (2008: nil) A Ordinary shares were issued as a result of B Ordinary shareholders converting their B Ordinary shares into A Ordinary shares on a 1 for 1 basis.

Share Buy-Backs

During the year, the Company purchased 659,644 shares for a weighted average price of 60p per share (2008: 115,250 shares for a weighted average price of 60p per share) for total consideration of £397,760. 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. During the year, 17,680,650 B Ordinary shares were cancelled.

Appointment and Replacement of Directors

A person may be appointed as a Director of the Company by the shareholders in a 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 a 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 2009 there were no trade creditors (2008: £nil).

Directors' Report (continued)

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 2010 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 re-appointment 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.

So far as each of the Directors at the time the report is approved are aware:

(a) there is no relevant information of which the auditors are unaware; and

(b) they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

The authority proposed under Resolution 5 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 A Ordinary shares. This would enable the Directors, until May 2011, to allot up to 1,628,354 A Ordinary shares of 0.01p (representing approximately 10% of the Company's current issued share capital).

Resolution 6 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 1,628,354 A 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 7 is required so that the Directors may make purchases of up to approximately 10% of the Company's issued share capital and Resolution 7 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.

Directors' Report (continued)

To extend the life of the Company

The continuation vote proposed under Resolution 8 is explained in full in the Chairman's Statement on page 3

By Order of the Board

Celia L Whitten, FCIS
Company Secretary

29 March 2010

Directors' Remuneration Report

Introduction

This report is submitted in accordance with s421 of the Companies Act 2006, in respect of the year ended 30 November 2009. 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 29 and 30.

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.

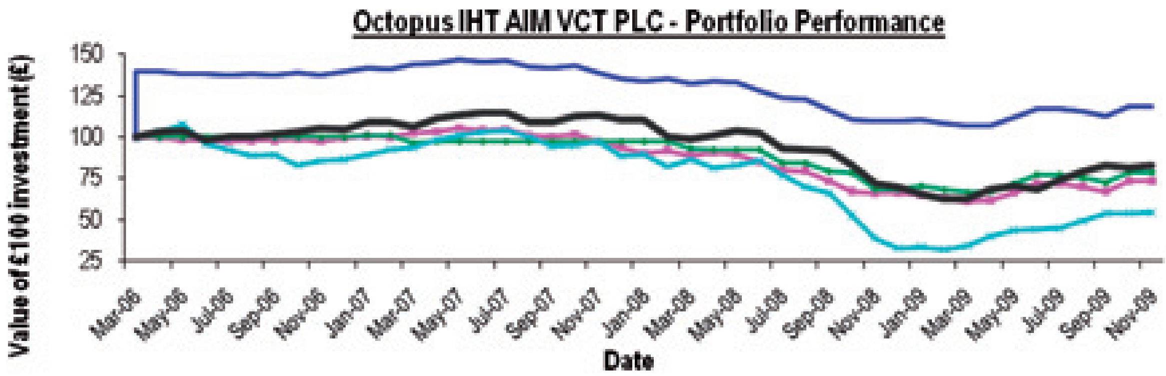
The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairman of the Board 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 16 to 21. The graph overleaf compares the share price, NAV and total return (NAV plus cumulative dividends plus 40% upfront tax relief) of the Company over the period from 1 March 2006 to 30 November 2009 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)



- NAV return (net of dividends and up-front tax relief), based on notional investment of £100 on 1 March 2006 and the reinvestment of all income
- Total return (NAV + cumulative dividends + 40% up-front tax relief), based on notional investment of £100 on 1 March 2006 and the reinvestment of all income
- Total Shareholder return (Share price plus cumulative dividends) based on notional investment of £100 on 1 March 2006
- FTSE AIM index return, based on notional investment of £100 on 1 March 2006 and the reinvestment of all income
- FTSE All-Share index return, based on notional investment of £100 on 1 March 2006 and the reinvestment of all income

The total expense ratio for the Company for the year to 30 November 2009 was 3.0% based upon average net assets throughout the year (2008: 2.8%). 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 2009**	**Year ended 30 November 2008**
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

29 March 2010

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 the 2008 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 the 2008 Combined Code on Corporate Governance with the exceptions set out in the Compliance Statement on page 27.

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

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

The Company's issued share capital as at 30 November 2009 was £1,628 divided into 16,283,536 shares of 0.01p each, of which, 774,894 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 shares confer on their holders (other than the Company in respect of any Treasury shares) the following principal rights:

(a) *Dividends*
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. In the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in a 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*
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.

(c) *Voting Rights*
All 'A' Ordinary shares shall rank *pari passu* with each other as to rights to receive notice of, to attend and to vote at any general meeting of the Company. The holders of the 'A' Ordinary shares shall be entitled to notice of any general meeting at which such a Resolution or special Resolution is to be proposed. 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 the 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.

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 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

Corporate Governance (continued)

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.

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 NAV 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:

Five full Board meetings

All Directors attended all meetings

Two Audit Committee meetings

All members attended with the exception of Christopher Holdsworth Hunt who was unable to attend one of the meetings.

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 14.

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.

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

Corporate Governance (continued)

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 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 2009, 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 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 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.

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.

Corporate Governance (continued)

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 Annual General Meeting. In addition to the formal business of the Annual General Meeting, 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 48 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 2009 with the provisions set out in the 2008 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 VCT.

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.

By Order of the Board

Celia L Whitten, FCIS
Company Secretary

29 March 2010

Statement of Directors' Responsibility

The Directors are responsible for preparing the Directors' Report, the Directors' Remuneration 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). Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company'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 Directors confirm, to the best of their knowledge, that:

- the financial statements, which have been prepared in accordance with UK Generally Accepted Accounting Practice, and the 2003 Statement of Recommended Practice, 'Financial Statements of Investments Trust Companies', revised in 2005, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report, comprising the Chairman's Statement, Investment Manager's Review, Investment Portfolio and Directors' 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.

On Behalf of the Board

Keith Richard Mullins
Chairman

29 March 2010

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 2009 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 reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the Audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- The information given in the Corporate Governance Statement in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook issued by the Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) and is consistent with the financial statements.

Independent Auditors' Report (continued)

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 28, in relation to going concern; and
- the part of the Corporate Governance statement relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.

Timothy Drew (Senior statutory auditor)
for and on behalf of

PKF (UK) LLP

PKF (UK) LLP
Statutory Auditors
London, UK

29 March 2010

Income Statement

	Notes	Year to 30 November 2009 Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	–	903	903
Gain on disposal of current asset investments	11	–	68	68
Gain on valuation of fixed asset investments	10	–	642	642
Gain on valuation of current asset investments	11	–	111	111
Investment Income	2	195	–	195
Investment management fees	3	(65)	(196)	(261)
VAT management fee rebate	3	12	37	49
Other expenses	4	(218)	–	(218)
(Loss)/profit on ordinary activities before tax		(76)	1,565	1,489
Taxation on (loss)/profit on ordinary activities	6	(5)	–	(5)
(Loss)/profit on ordinary activities after tax		(81)	1,565	1,484
Earnings per share – basic and diluted	8	(0.4)p	7.8p	7.4p

- 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
- on 29 May 2009, 8,141,325 B shares exited the Fund through a Distribution in Specie, the remaining B shares were converted into A Ordinary shares on a 1 for 1 basis.

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 (loss)/profit as stated above and at historical cost.

Income Statement (continued)

	Notes	Year to 30 November 2008 Revenue £'000	 Capital £'000	 Total £'000
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.

Balance Sheet

	Notes	As at 30 November 2009 £'000	As at 30 November 2009 £'000	As at 30 November 2008 £'000	As at 30 November 2008 £'000
Fixed asset investments	10		**8,632**		10,340
Current assets:					
Investments	11	**1,838**		5,049	
Debtors	12	**249**		293	
Cash at bank		**186**		427	
		2,273		5,769	
Creditors: amounts falling due within one year	13	**(122)**		(60)	
Net current assets			**2,151**		5,709
Net assets			**10,783**		16,049
Called up equity share capital	14	**2**		3	
Special distributable reserve	15	**14,364**		22,771	
Capital reserve – realised	15	**(305)**		59	
– unrealised	15	**(2,814)**		(6,884)	
Own shares held in Treasury	15	**(467)**		(69)	
Revenue reserve	15	**3**		169	
Total equity shareholders' funds			**10,783**		16,049
Net asset value per share - basic and diluted	9		**69.5p**		64.6p

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

The statements were approved by the Directors and authorised for issue on 29 March 2010 and are signed on their behalf by:

Keith Richard Mullins
Chairman

Reconciliation of Movements in Shareholders' Funds

	Notes	Year to 30 November 2009 £'000	Year to 30 November 2008 £'000
Shareholders' funds at start of year		**16,049**	23,518
(Loss)/profit on ordinary activities after tax		**1,484**	(6,901)
Distribution in Specie	7	**(5,644)**	–
Cancellation of own shares		**(703)**	(69)
Dividends paid		**(403)**	(499)
Shareholders' funds at end of year		**10,783**	16,049

Cash Flow Statement

	Year to 30 November 2009 £'000	Year to 30 November 2008 £'000
Net Cash (outflow)/inflow from operating activities	**(125)**	(4)
Taxation: UK Corporation tax paid	**(9)**	(15)
Financial investment		
Purchase of investments	**(2,865)**	(7,096)
Disposal of investments	**1,846**	434
Settlement creditor	**–**	(810)
Management of liquid resources		
Purchase of current asset investments	**(2,340)**	(2,484)
Sale of current asset investments	**4,607**	9,274
Net cash inflow/(outflow) from investing activities	**1,114**	(701)
Equity dividends paid		
Distribution in Specie	**(249)**	–
Other dividends paid	**(403)**	(499)
Net cash inflow/(outflow) before financing	**462**	(1,200)
Financing		
Purchase of own shares	**(703)**	(69)
Overpayment of shares purchased	**–**	(58)
Net cash (outflow)/inflow from financing	**(703)**	(127)
(Decrease)/increase in cash	**(241)**	(1,327)

Reconciliation of Net Cash Flow to Movement in Liquid Resources

	Notes	Year to 30 November 2009 £'000	Year to 30 November 2008 £'000
Decrease in cash at bank		**(241)**	(1,327)
Movement in cash equivalent securities	11	**(3,211)**	(7,648)
Opening net liquid resources		**5,476**	14,451
Net liquid resources at 30 November		**2,024**	5,476

Liquid Resources at 30 November comprised:

	As at 30 November 2009 £'000	As at 30 November 2008 £'000
Cash at Bank	**176**	427
Money market cash funds	**10**	–
Floating Rate Notes	**1,838**	5,049
Net liquid resources at 30 November	**2,024**	5,476

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

	Year to 30 November 2009 £'000	Year to 30 November 2008 £'000
Profit/(Loss) on ordinary activities before tax	**1,489**	(6,892)
Net capital return before tax	**(1,565)**	7,245
Investment management fees charged to capital	**(159)**	(231)
Decrease/(increase) in debtors	**44**	(112)
Increase/(decrease) in creditors	**66**	(14)
(Outflow)/Inflow from operating activities	**(125)**	(4)

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), and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies', (revised December 2005).

The principal accounting policies have remained unchanged from those set out in the Company's 2008 annual report and financial statements. A summary of the principal accounting policies is set out below.

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 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 are classified as current asset investments as they are investments held for the short term.

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 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

Notes to the Financial Statements (continued)

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.

Upon disposal of investments, gains relating to the assets are transferred from the unrealised reserve to the realised reserve. Included in current year income are gains relating to the transfer of assets out of the Fund as a result of the Distribution in Specie.

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.

Financing strategy and capital structure

FRS 29 'Financial Instruments: Disclosures' comprises disclosures relating to financial instruments.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. The Company currently has no borrowings nor does it anticipate that it will drawdown any borrowing facilities in the future to fund the acquisition of investments.

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 2009 £'000	**30 November 2008 £'000**
Income on money market securities and bank balances	87	452
Dividends received (fixed asset investments)	99	77
Management fee rebates	–	35
Interest received relating to VAT rebate	9	–
	195	564

Notes to the Financial Statements (continued)

3. Investment management fees

	30 November 2009			30 November 2008		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	65	196	261	103	310	413
VAT rebate	(12)	(37)	(49)	(26)	(79)	(105)
	53	159	212	77	231	308

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 12 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.

As a result, the Company received a VAT rebate totalling £189,263 during the year relating to the principal amount of VAT previously suffered on management fees. A further £9,000 was received in interest payments. £140,000 of this had been accrued in the year ending 30 November 2008 with the excess being recognised in the accounts to 30 November 2009.

4. Other expenses

	30 November 2009 £'000	30 November 2008 £'000
Directors' remuneration	42	42
Fees payable to the Company's auditor for the audit of the financial statements	22	22
Fees payable to the Company's auditor – Other services	–	3
Bank charges and safe custody fees	(3)	6
Legal and professional expenses	69	12
Other administration expenses	88	49
	218	134

The total expense ratio for the Company for the year to 30 November 2009 was 3.0% based upon average net assets throughout the year (2008: 2.8%). Total running costs are capped at 3.5%.

5. Directors' remuneration

	30 November 2009 £'000	30 November 2008 £'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 (2008: three).

Notes to the Financial Statements (continued)

6. Tax on ordinary activities

The corporation tax charge for the year was £5,000 (2008: £9,000).

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 21% (2008: 20.7%). The differences are explained below.

Current tax reconciliation:

	30 November 2009 £'000	30 November 2008 £'000
Profit/(loss) on ordinary activities before tax	1,489	(6,892)
Current tax at 21% (2007: 20.7%)	312	(1,427)
Income not liable to tax	244	(16)
Expenses not deductible for tax purposes	68	1,452
Adjustment in respect of prior years	5	–
Total current tax charge	5	9

Approved VCTs 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 VCT, no current deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments.

As at 30 November 2009, there is an unrecognised deferred tax asset of £68,000 (2008: nil) in respect of surplus management expenses.

7. Dividends

	30 November 2009 £'000	30 November 2008 £'000
Recognised as distributions in the financial statements for the year		
Previous year's final dividend	246	250
Distribution in Specie	5,644	–
Current year's interim dividend	157	249
	6,047	499

	30 November 2009 £'000	30 November 2008 £'000
Paid and proposed in respect of the year		
Interim dividend paid – 1p per share (2008: 1p per share)	157	249
Distribution in specie	5,644	–
Final dividend nil (2008: 1p per share)	–	250
	5,801	499

During the year to 30 November 2009 a Distribution in Specie resulted in the above outflow of net assets, paid to those shareholders who chose to leave the Fund.

Notes to the Financial Statements (continued)

Amounts paid in relation to the distribution in specie were as follows:

	£'000
Fixed asset investments	4,272
Current asset investments	1,123
Cash and Cash equivalents	249
Total distribution in specie	5,644

8. Earnings Per Share – basic and diluted

The earnings per share is based on 20,051,665 (2008: 24,967,724) shares, being the weighted average number of A and B Ordinary 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 – basic and diluted

The calculation of NAV per share as at 30 November 2009 is based on 15,508,642 A Ordinary (2008: 24,864,861 A and B Ordinary) shares in issue at that date (excluding Treasury shares).

10. Fixed asset investments

	AIM-quoted investments	
	Year ended 30 November 2008 £'000	Year ended 30 November 2007 £'000
Book cost as at 30 November	16,787	10,196
Revaluation to 30 November	(6,447)	(363)
Valuation at 30 November	10,340	9,833

	30 November 2009 £'000	30 November 2008 £'000
Opening valuation at 1 December	**10,340**	**9,833**
Purchases at cost	2,865	7,097
Disposal proceeds	(1,846)	(434)
Disposals relating to Distribution in Specie	(4,272)	-
Profit/(loss) on realisation of investments – current year	477	(252)
Profit on realisation of investments – current year in relation to Distribution in Specie	426	-
Revaluation in year	642	(5,904)
Closing valuation at 30 November	**8,632**	**10,340**
Book cost at 30 November:		
– Ordinary shares	11,446	16,787
Revaluation to 30 November:		
– Ordinary shares	(2,814)	(6,447)
Valuation at 30 November	**8,632**	**10,340**

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

Transaction costs on the purchase and disposal of investments of £11,000 were incurred in the year.

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.

Notes to the Financial Statements (continued)

At 30 November 2009 and 30 November 2008 there were no commitments in respect of investments approved by the Manager but not yet completed.

11. Current asset investments

Current asset investments at 30 November 2009 and at 30 November 2008 comprised floating rate notes (FRNs*) and money market funds (MMFs).

	Year ended 30 November 2008 £'000	Year ended 30 November 2007 £'000
Book cost at 30 November:		
FRNs	5,486	9,005
Open Ended Investment Companies (OEICs)	–	3,250
	5,486	12,255
Revaluation to 30 November:		
FRNs	(437)	(49)
OEICs	–	491
	(437)	442
Valuation as at 30 November	5,049	12,697

	30 November 2009 £'000	30 November 2008 £'000
Opening valuation at 1 December	**5,049**	**12,697**
Purchases at Cost:		
FRNs	–	2,484
MMFs	2,340	–
	2,340	2,484
Disposal proceeds:		
FRNs	(2,277)	(5,991)
MMFs	(2,330)	–
OEICs	–	(3,283)
Disposals relating to Distribution in Specie	(1,123)	–
	(5,730)	(9,274)
Profit/(loss) in year on realisation of investments:		
FRNs – general	36	(2)
– payment of Distribution in Specie	32	–
OEICs	–	(457)
	68	(459)
Revaluation in year:		
FRNs	111	(399)
	111	(399)
Closing valuation as at 30 November	**1,838**	**5,049**
Book cost at 30 November:		
FRNs	1,842	5,486
	1,842	5,486
Revaluation to 30 November:		
FRNs	(4)	(437)
	(4)	(437)
Closing valuation as at 30 November	**1,838**	**5,049**

* FRNs represent money held pending investment and can be accessed with 5 workings days notice.

Notes to the Financial Statements (continued)

12. Debtors

	30 November 2009 £'000	30 November 2008 £'000
Other debtors	199	198
Prepayments and accrued income	50	95
	249	293

13. Creditors: amounts falling due within one year

	30 November 2009 £'000	30 November 2008 £'000
Accruals and other creditors	122	60
	122	60

14. Share capital

	30 November 2009 £	30 November 2008 £
Authorised:		
283,984,075 'A' Ordinary shares of 0.01p each	28,398	28,398
275,000,000 'B' Ordinary shares of 0.01p each	–	26,602
	28,398	55,000

	£	£
Allotted and fully paid up:		
16,283,536 'A' Ordinary shares of 0.01p (2008: 7,299,461)	1,628	730
Nil 'B' Ordinary shares of 0.01p (2008: 17,680,650)	–	1,768
	1,628	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 17. The Company is not subject to any externally imposed capital requirements.

During the year 8,984,075 (2008: nil) A Ordinary shares were issued as a result of B Ordinary shareholders converting their B Ordinary shares into A Ordinary shares on a 1 for 1 basis. The remaining 8,141,325 B Ordinary shares, that related to those shareholders who chose to exit the Fund as a result of the distribution in specie, were cancelled during the year.

The Company repurchased the following 'B' Ordinary shares during the year to be cancelled:
- 6 February 2009: 50,250 'B' Ordinary shares at a price of 54.5p per share
- 27 February 2009: 150,000 'B' Ordinary shares at a price of 53.0p per share
- 3 April 2009: 90,000 'B' Ordinary shares at a price of 53.6p per share
- 17 April 2009: 265,000 'B' Ordinary shares at a price of 55.5p per share

The Company repurchased the following 'A' Ordinary shares during the year to be held in Treasury:
- 30 January 2009: 30,550 'A' Ordinary shares at a price of 54.0p per share
- 27 March 2009: 5,000 'A' Ordinary shares at a price of 53.5p per share
- 17 April 2009: 10,350 'A' Ordinary shares at a price of 55.5p per share
- 8 May 2009: 30,313 'A' Ordinary shares at a price of 52.5p per share
- 19 June 2009: 16,000 'A' Ordinary shares at a price of 52.5p per share
- 10 July 2009: 144,000 'A' Ordinary shares at a price of 61.5p per share
- 7 August 2009: 150,000 'A' Ordinary shares at a price of 60.0p per share
- 25 September 2009: 105,275 'A' Ordinary shares at a price of 61.0p per share
- 30 October 2009: 65,375 'A' Ordinary shares at a price of 63.5p per share
- 16 November 2009: 102,781 'A' Ordinary shares at a price of 62.5p per share

The total nominal value of the shares repurchased was £66 representing 4.06% 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 2008	22,771	59	(6,884)	(69)	169
Repurchase of own shares	(305)	–	–	(398)	–
Profit on ordinary activities after tax	–	–	–	–	(81)
Capitalisation of management fees	–	(159)	–	–	–
Prior period gains/losses on disposal	–	(1,076)	1,076	–	–
Distribution in specie	(5,644)	–	–	–	–
Transfer between reserves	(2,458)	106	2,352	–	–
Gains/losses on disposal of investments	–	971	–	–	–
Gains/losses on revaluation	–	111	642	–	–
Dividends paid	–	(317)	–	–	(85)
Balance as at 30 November 2009	14,364	(305)	(2,814)	(467)	3

*These reserves are considered distributable to shareholders.

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. This reserve is also used to transfer capital losses realised.

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 notes 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 17. 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 24 to 27, 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 page 7.

Notes to the Financial Statements (continued)

97.1% (30 November 2008: 95.9%) 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 2009 would have increased net assets and the total return for the year by £3,138,000 (30 November 2008: £4,617,000); a corresponding fall would have reduced net assets and the total return for the year by the same amount.

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 0.5% at 30 November 2009 (30 November 2008: 3.0%). The amounts held in floating rate investments at the balance sheet date were as follows:

Assets at fair value through profit and loss

	30 November 2009 £000	30 November 2008 £000
Current investments	1,838	5,049
Cash at bank	186	427
	2,024	5,476

A 1% increase in the base rate would increase income receivable from these investments and the total return for the year by £20,240 (30 November 2008: £54,760)

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 2009 the Company's financial assets exposed to credit risk comprised the following:

Assets at fair value through profit and loss

	30 November 2009 £000	30 November 2008 £000
Current investments	1,838	5,049
Cash at bank	186	427
Loans and receivables		
Accrued dividends and interest receivable	44	82
	2,068	5,558

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 Charles Stanley 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 HSBC.

Notes to the Financial Statements (continued)

Other than cash or liquid money market funds, there were no significant concentrations of credit risk to counterparties at 30 November 2009 or 30 November 2008.

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.

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 2009 these investments were valued at £2,024,000 (30 November 2008: £5,476,000).

17. Post balance sheet events

Since the year end, the Company has made partial disposals in Advanced Computer Software, Animalcare Group and Brulines, and fully disposed of its holding in Research Now. Furthermore, non-qualifying investments of £190,400 and £104,000 were made into Snacktime and RWS Holdings.

The Directors declared an interim dividend post year end. This will be paid subject to HMRC approval.

18. Contingencies, Guarantees and Financial Commitments

There were no contingencies, guarantees or financial commitments as at 30 November 2009 (2008: £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 year 1 December 2008 to 30 November 2009, the Company incurred management fees of £260,000 (2008: £112,000) payable to Octopus. At the year end there was £54,000 (2008: £9,000) outstanding to Octopus.

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, 12 May 2010 at 11.30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year to 30 November 2009 and the Directors' and Auditor's reports thereon.

2. To approve the Directors' Remuneration Report.

3. To re-elect Keith Mullins as a Director.

4. 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 5 as an Ordinary Resolution and Resolutions 6 and 7, as Special Resolutions:

5. **AUTHORITY TO ALLOT RELEVANT SECURITIES**
THAT the Directors be and are generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £163 (representing approximately 10% of the A Ordinary share capital in issue at today's date) such authority to expire at the later 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 the relevant Resolution (unless previously revoked, varied or extended by the Company in a 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).

6. **EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES**
TO empower the Directors pursuant to s571 of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority referred to in Resolution 6 as if s561(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 s560(2) 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)

7. **AUTHORITY TO MAKE MARKET PURCHASES**
THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of s693(4) of the Act) of A Ordinary shares of 0.01p each in the Company ('Ordinary shares') provided that:

(a) the maximum number of A Ordinary shares so authorised to be purchased shall not exceed 5% of the present issued A Ordinary share capital of the Company;

(b) the minimum price which may be paid for an A 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 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;

(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 later; and

(e) that the Company may enter into a contract to purchase its A 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.

8. **CONTINUATION OF THE COMPANY AS A VCT**
THAT the Company continue in being as a Venture Capital Trust until 2016.

By Order of the Board

8 Angel Court
London
EC2R 7HP

Celia L Whitten FCIS
Secretary

29 March 2010

Notice of Annual General Meeting (continued)

NOTES:

(a) A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.

(b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, **Capita Registrars, PXS, 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.

(c) Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the A Ordinary shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday 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, as well as on the Investment Manager's website www.octopusinvestments.com.

Perivan Financial Print 217591

Proxy Form

Octopus IHT AIM VCT plc

Annual General Meeting – 12 May 2010 at 11.30 a.m.

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

of [address] ....

being a member of Octopus IHT AIM VCT plc, hereby appoint the Chairman of the meeting or,

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

as my/our proxy and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 12 May 2010, notice of which was sent to shareholders with the Directors' Report and the accounts for the year ended 30 November 2009, and at any adjournment thereof. The proxy will vote as indicated below in respect of the Resolutions set out in the notice of 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 2009	☐	☐	☐
2.	To approve the Directors' Remuneration Report	☐	☐	☐
3.	To re-elect Keith Mullins as a Director	☐	☐	☐
4.	To re-appoint PKF UK LLP as auditor and authorise the Directors to agree their remuneration	☐	☐	☐
5.	To authorise the Directors to allot shares under s551 of the Companies Act 2006 (Ordinary Resolution)	☐	☐	☐
6.	To disapply s561 of the Companies Act 2006 and allot shares on a non-rights issue basis (Special Resolution)	☐	☐	☐
7.	To authorise the Directors to make market purchases of its own shares (Special Resolution)	☐	☐	☐
8.	To continue the Company as a Venture Capital Trust until 2016	☐	☐	☐

Signed: .... Dated: 2010

NOTES

1. To be valid, the proxy form must be received by the Registrars of Octopus IHT AIM VCT plc at, **Capita Registrars, PXS, 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 a 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 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 a shareholder, the full voting entitlement for that designated account.)
4. To appoint more than one proxy, you may photocopy this form. Please indicate 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, lines are open 8.30 a.m.-5.30 p.m. Monday-Friday) 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

Octopus Investments
8 Angel Court
London
EC2R 7HP

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E-mail: info@octopusinvestments.com