
OCTOPUS

AIM VCT PLC

FINANCIAL HEADLINES

21.2% Total return for the year to 28 February 2011

94.4p Net Asset Value at 28 February 2011

2.50p Final dividend proposed

CONTENTS

1	Shareholder Information and Contact Details
3	About Octopus AIMVCT plc
5	Financial Summary
7	Chairman's Statement
10	Investment Manager's Review
19	The Investment Manager
20	Details of Directors
21	Directors' Report
29	Directors' Remuneration Report
31	Corporate Governance
36	Statement of Directors' Responsibilities
37	Independent Auditor's Report
39	Income Statement
40	Balance Sheet
41	Reconciliation of Movements in Shareholders' Funds
42	Cash Flow Statement
44	Notes to the Financial Statements
60	Directors and Advisers

SHAREHOLDER INFORMATION AND CONTACT DETAILS

Financial Calendar

The Company's financial calendar is as follows:

14 July 2011	Annual General Meeting
5 August 2011	2011 Final dividend paid
October 2011	Half-yearly results to 31 August 2011 published
May/June 2012	Annual results for year to 28 February 2012 announced; Annual Report and financial statements published

Dividends

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, by calling 0871 664 0300 (calls cost 10p per minute plus network extras), or by writing to them at:

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Share Price

The Company's share price can be found on various financial websites, such as www.londonstockexchange.com, by typing the following TIDM/EPIC code in the 'Quotes search':

	Ordinary shares
TIDM/EPIC code	OOA
Latest share price (26 May 2011)	82.75p per share

Buying and Selling Shares

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

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

Matrix is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has brought in shares. Matrix can be contacted as follows:

Chris Lloyd
0203 206 7176 chris.lloyd@matrixgroup.co.uk
Paul Nolan
0203 206 7177 paul.nolan@matrixgroup.co.uk

SHAREHOLDER INFORMATION AND CONTACT DETAILS (continued)

Notification of Change of Address

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

Other Information for Shareholders

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

Warning to Shareholders

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

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

If you are in any doubt about the veracity of an unsolicited phone call, please call either the Company or the Registrar at the numbers provided on page 60.

ABOUT OCTOPUS AIM VCT PLC

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

The Investment Manager is Octopus Investments Limited (“Octopus” or “Manager”). The Company was launched as Close AIMVCT PLC in spring of 1998 and raised £10.1 million from private investors through an issue of Ordinary shares.

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

The C Shares were merged and converted into Ordinary shares on 31 May 2004 at a conversion ratio determined by a price mechanism related to the respective net assets per share of both the Ordinary shares and C shares at 29 February 2004 (which resulted in C Shareholders receiving 1.0765 Ordinary shares for each C share held).

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

On 31 May 2008, the Ordinary shares converted into D shares at a conversion ratio of 0.5448 D shares for each Ordinary share. All of the D shares were then redesignated into New Ordinary shares which is now the only share class.

With effect from 1 August 2008, the management of the Company was novated to Octopus Investments Limited.

On 4 August 2010 the share capital was restructured and each existing Ordinary share of 50 pence was subdivided into one Ordinary share of 1 pence and one Deferred share of 49 pence. The Deferred shares had no economic value and were bought back by the

Company for an aggregate amount of 1 pence and cancelled.

On 12 August 2010 the Company acquired the assets and liabilities of Octopus Phoenix VCT plc (“the merger”). Both companies were managed by Octopus Investments Limited. The merger took place on 12 August 2010 following shareholder approval at the EGM held on 2 August 2010. The total running costs of the combined Company (compared to the running costs separately) have been reduced and the fixed costs have been spread over a larger asset base. The Company issued 7,935,637 shares to previous shareholders of Octopus Phoenix VCT plc as a result.

In addition to the merger, on the same date your Company announced a fundraising to raise up to £10 million. The Offer was fully subscribed and closed on 19 April 2011.

On 31 August 2010, the Company changed its Registered Office from 8 Angel Court, London, EC2R 7HP to 20 Old Bailey, London, EC4M 7AN.

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

ABOUT OCTOPUS AIM VCT PLC (continued)

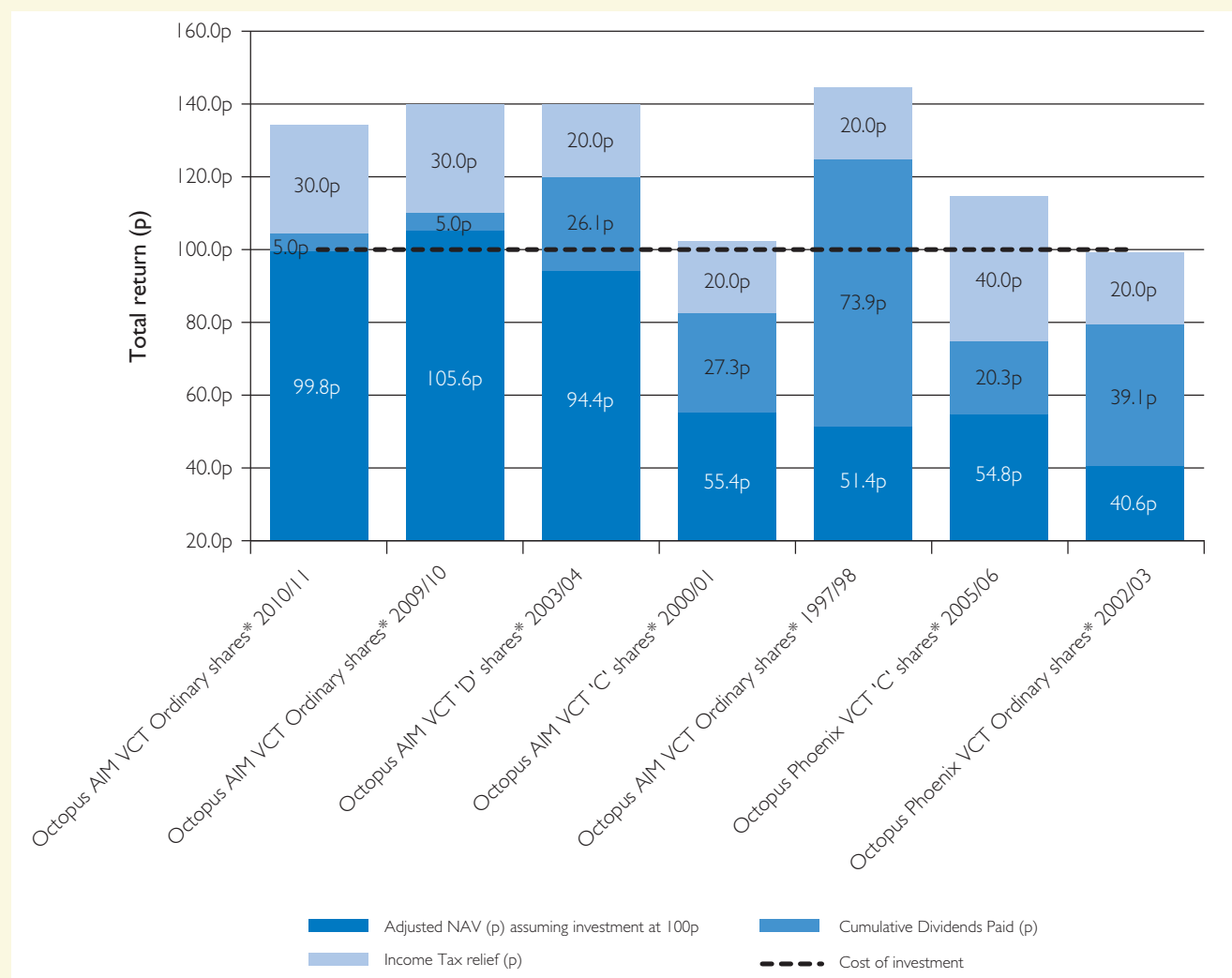
VCTs between 6 April 2004 and 5 April 2006 were entitled to income tax relief at 40% rather than 30% and the shares had to be held for at least three years rather than five years. Prior to 6 April 2004, subscribers for shares in VCTs were entitled to income tax relief at 20% and could also obtain capital gains deferral relief. Capital gains deferred by pre-6 April 2004 subscriptions are not affected by the subsequent changes in tax reliefs.

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

FINANCIAL SUMMARY

	Year to 28 February 2011	Year to 28 February 2010
Net assets (£'000)	38,940	23,644
Net profit/(loss) after tax (£'000)	6,056	6,551
Net asset value per share ("NAV")	94.4p	82.0p
Final proposed dividend	2.5p	–

The graph below depicts the Net Asset Value (NAV) per share and the dividends that have been paid since the launch of Octopus AIMVCT plc for the different share classes. The figures in the graph below represent a NAV, rebased to assume investment at 100p, and adjusted in accordance with the relevant conversion factors. Investment has been assumed at the first allotment of each tax year:



* Following the merger of Octopus AIMVCT and Octopus Phoenix VCT and various share re-organisations, there is now only one share class, Ordinary shares. For Ordinary shares (pre May 2008), 'C' shares and 'D' shares together with Octopus Phoenix VCT Ordinary shares and 'C' shares, the figures above represent a NAV, rebased to assume investment at 100p, and adjusted in accordance with the relevant conversion factors. Investment has been assumed at the first allotment of each tax year.

FINANCIAL SUMMARY

(continued)

The table below shows the Net Asset Value (NAV) per share and lists the dividends that have been paid since the launch of Octopus AIMVCT plc and the different share classes that have been issued:

Dividends paid in the period ended	Ordinary shares 2010/11	D shares 2003/04	C shares 2000/01	Ordinary shares 1997/98	Phoenix 'C' shares 2005/06	Phoenix Ordinary shares 2002/03
28 February 1999	–	–	–	1.88	–	–
29 February 2000	–	–	–	3.13	–	–
28 February 2001	–	–	–	37.25	–	–
28 February 2002	–	–	2.55	6.50	–	–
28 February 2003	–	–	1.50	3.50	–	–
29 February 2004	–	–	0.50	0.50	–	0.15
28 February 2005	–	0.50	0.50	0.50	–	6.50
28 February 2006	–	2.25	2.31	2.15	–	1.00
28 February 2007	–	3.30	4.52	4.20	1.00	3.35
31 August 2007	–	2.50	2.69	2.50	3.00	6.00
29 February 2008	–	2.50	2.69	2.50	3.00	6.00
31 August 2008	–	2.50	2.69	2.50	2.00	5.00
28 February 2009	–	2.50*	1.47*	1.36*	3.00	5.00
31 August 2009	–	2.50*	1.47*	1.36*	1.35	1.00
28 February 2010	–	2.50*	1.47*	1.36*	1.35*	1.00
31 August 2010	–	–*	–*	–*	2.70*	2.00
28 February 2011	5.00	5.00*	2.93*	2.72*	2.90*	2.15
Cumulative dividends paid	5.00	26.05	27.29	73.91	20.31	39.15
NAV as at 28 February 2011**	94.40	94.40	55.35	51.43	54.81	40.58
NAV plus cumulative dividends paid***	99.40	120.45	82.65	125.34	75.12	79.72

* Notional dividends adjusting for conversion of Phoenix 'C' shares into Phoenix Ordinary shares, and relevant AIMVCT shares into AIMVCT Ordinary shares.

** NAV adjusted for conversion of relevant shares into AIMVCT Ordinary shares at the date of each conversion. Phoenix Ordinary shares adjusted as at the date of the merger.

*** NAV plus cumulative dividends based on NAV adjusting for conversion, showing the notional return to shareholders based on their original investment share class.

CHAIRMAN'S STATEMENT

Introduction

It is a pleasure to be able to report on a good year for your Company in spite of the uncertain economic conditions which have prevailed. The Net Asset Value (NAV) of your shares increased by 21.2%, (after adding back 5.0 pence of dividends) and the share price by 15.6%. The merger with Octopus Phoenix VCT plc was successfully accomplished, resulting in a reduction in costs for the combined business and the Top Up issue of £10 million of new shares has now been fully subscribed.

On 12 August 2010, following approval from shareholders at the Extraordinary General Meeting on 4 August 2010, shareholders of Octopus Phoenix VCT had their shares converted into Octopus AIMVCT shares on a relative net asset value basis. 7,935,637 Ordinary shares of your Company were issued at a total value of £6,656,000. On the same day, Octopus Phoenix VCT was placed into members' voluntary liquidation.

Since the year end the Chancellor in his budget has reversed some of the restrictions on the ability of Venture Capital Trusts to invest imposed by his predecessors. This should have the effect of reviving interest in investment in the very smallest of companies which would then be able to call on more capital to help them to grow. However although this is good news, the changes proposed by the Chancellor do not come into effect until next year and so will not provide an immediate uplift in the pipeline of interesting new investee companies which has been running rather weakly in the year under review. Meanwhile your managers still expect to have opportunities to make investments into companies already on AIM at attractive prices because of the continuing reticence of the banks to lend. This should mean that the £15 million of the Fund which was in liquid assets when the fundraising was completed in April will reduce over the current year.

The Budget

With effect from 6 April 2012, pending state aid approval, the gross asset limit for investee companies for VCTs is to be raised from £7 million to £15 million and the number of employees is to be raised from 50 to 250.

Performance

The increase of 21.2%, which comprised the change in the NAV after adding back dividends, may be compared with an increase of 34.0% in the previous year but a reduction of 44.0% in the year before that. Thus the long process of recovery from the low point of share prices at the end of 2008 has continued. The AIM index which rose in the year by 39% cannot be considered an appropriate bench mark as it contains a high weighting of stocks such as resource stocks in which VCTs are unable to invest. The Smaller Companies Index ex investment trusts provides a better comparison as it comprises mostly domestic UK companies and few oil and resource stocks. It rose by 14% over the year. We have examined the Company's performance against that of a Peer Group which shows that the Company came second over a one year period and first over a three year period. The merger referred to above has resulted, as expected, in a reduction in costs from 3.2% to 2.6% of total assets. The manager's review on page 10 covers the progress made in many investments and the potential for this to be realised in share prices when the appetite for small companies returns more strongly.

Changes in issued share capital

The merger with Octopus Phoenix VCT plc resulted in the issue of 7,935,637 shares, and the Top up issued a further 5,437,448 shares during the year. Your Board agreed to cancel 2,957,576 shares held in Treasury which had been acquired pursuant to the policy of maintaining at around 10% the discount to the NAV of the market price of your company's shares. As the prospect of being able to re-issue these shares with an accompanying tax break appears to be as remote as ever, there is no useful purpose to be served in

CHAIRMAN'S STATEMENT (continued)

keeping them in Treasury. At the year end there were 41,247,611 shares in issue compared with 31,856,029 at the end of the previous year.

Your Board has considered seeking powers from shareholders to introduce a scheme for the reinvestment of dividends by shareholders in the company's shares but are uncertain as to the likely appetite for such a scheme. Perhaps shareholders might like to comment on this at the Annual General Meeting. In the meantime a motion to authorise the Board to implement such a scheme will be put to the AGM to enable it to happen.

Your Board have appointed Matrix Corporate Capital LLP as corporate brokers to the Company.

Portfolio

Purchases and sales during the year amounted to £6,112,000 and £7,572,000 respectively. These are all dealt with in detail in the Manager's Review.

Substantial sales as a result of takeovers were Melorio, Innovision, Mount Engineering and Focus Solutions at useful profits and the opportunity was taken to take some profits in Brooks MacDonald, Immunodiagnostics and Mears which remain significant investments. New qualifying investments were made in EKF Diagnostics, Brady, Breedon Aggregates, Omega Diagnostics, Woodspeen, Managed Support Services, Tasty, Strategic Thought, IS Pharma and Corac.

Dividend

It is your Board's policy to maintain an annual dividend of not less than 5.0 pence per share. In March 2010 it was announced that the Company had to suspend this dividend policy temporarily for reasons I set out in my Statement last year. Following an Extraordinary General Meeting in July 2010, and the court order granted on 15 September 2010, the Board has been able to resume this policy and make up for such suspension. In October 2010 the Board announced the payment of 2.5 pence per share and this was followed by another 2.5 pence per share payment in January 2011. It intends to recommend the payment of a final dividend of 2.5 pence per share, payable in

July. It is expected that future dividends will be paid twice yearly in July and January.

Share capital

Following the approval by shareholders at the EGM held on 1 July 2010 and the resulting court order on 15 September 2010, the Company divided all Ordinary shares of 50p into one Ordinary share of 1p and one Deferred share of 49p. The Deferred shares were then bought back for an aggregate amount of 1p and cancelled as issued. This restructuring resulted in a simplification of the share capital of the Company, whilst also creating capital redemption reserves.

VCT qualifying status

As at 28 February 2011 84.1% of the portfolio (as measured by HMRC rules) was invested in qualifying investments, significantly in excess of the required 70% minimum level. The new money raised under the offer has to be invested within 3 years.

Risks and uncertainties

As required by the Listing Rules under which your Company operates, your Board has to comment on the potential risks and uncertainties which could have a material impact on the Company's performance. A risk derives from the need to maintain compliance with HMRC regulations requiring 70% of your Company's assets to be invested in qualifying holdings. Other risks include the current challenging economic conditions which impact particularly on smaller companies in which your Company invests and this could have an adverse effect on their share prices.

Annual General Meeting

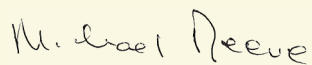
The Annual General meeting will be held on Thursday 14 July 2011. I very much hope to see many shareholders at that meeting. After the formal business has been conducted our Investment managers will make a presentation.

At the Annual General meeting a resolution will be proposed to extend the life of the Company until 2018 in order to preserve the ability of the Company to conduct Top Ups in future years.

Outlook

Commentators and newspapers continue to reiterate their concerns about the major issues facing the world and about the difficulty politicians will have finding and implementing solutions. These remain substantially the same as they have been over the past year – the sustainability of recovery, inflationary pressures, the fragile condition of public finances in many countries, and the long term effects of the measures being taken. These difficulties have been complicated more recently by a sharply higher oil price, itself reflecting political turmoil in the Middle East and North Africa.

In view of the difficult economic conditions which prevail it is perhaps surprising that on the whole the results from the majority of companies in the portfolio have been positive and have demonstrated an improving trend. At present, the UK economy does seem set to grow again this year and this augurs well for the future progress of the NAV. On the other hand in spite of a perceived reluctance of banks to lend hitherto this has not resulted in as many investment opportunities as our managers expected. Perhaps this may now change in which case our substantial liquid resources will be able to be put to good use.



Michael Reeve

Chairman

26 May 2011

INVESTMENT MANAGER'S REVIEW

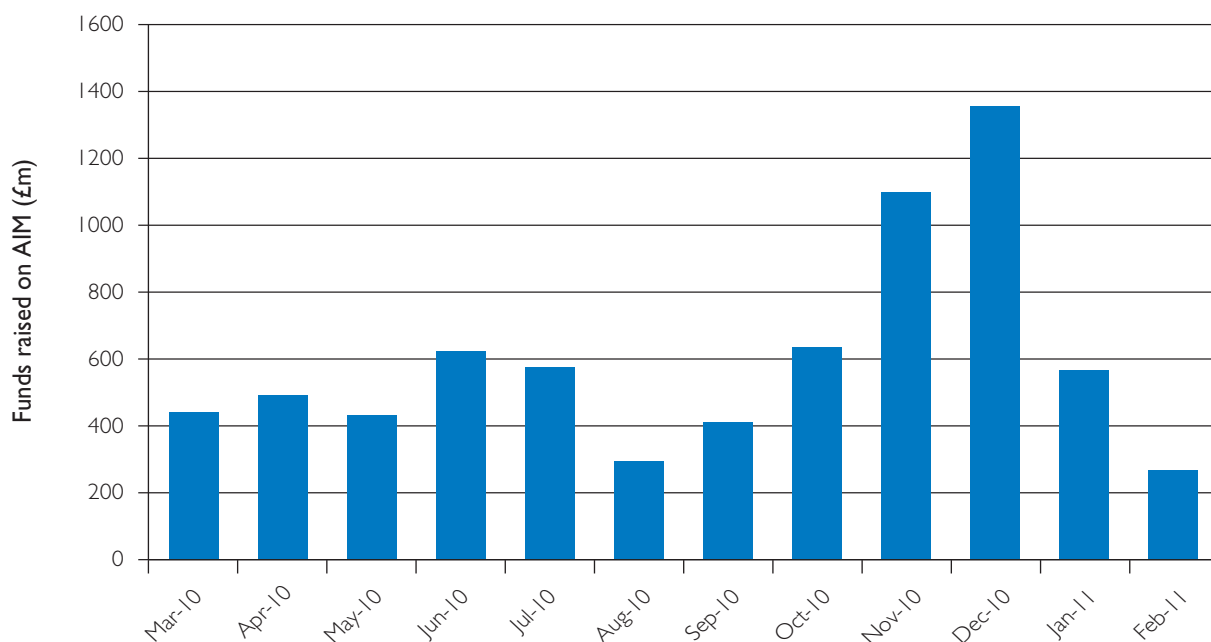
The Alternative Investment Market

The year to February 2011 started on a positive note as far as company results were concerned, with many reporting both good results and reasonable prospects. However, this was not reflected in the performance of either the AIM or the Smaller Companies Index in the first half of the year, as both suffered from fears about the effect that government spending cuts would have on domestically orientated shares and struggled to make any meaningful progress. It was only following further good trading results in the September reporting period, reinforced by analysts upgrading their profit estimates in many cases, that share prices began to react positively. As a result, the last four months of 2010 saw a good performance from AIM as the index rose, fuelled by renewed enthusiasm for resource stocks, which continue to have a disproportionate impact on the index. Over the year under review, AIM rose by 39%. The small cap index (excluding investment trusts) showed a much more modest gain of 14% over the period under review,

with nearly all of this being achieved in the second six months. Your Company benefitted from this recovery in share prices in the second half. AIM received a poor press for most of the year, which was not merited by the trading performance of many smaller companies. However, as sentiment improved progressively, so flotations and other fund raisings increased in value and in frequency. In the twelve months to 28 February 2011, AIM raised £7.1 billion of new capital.

Somewhat against expectations the rate of flotations has dropped at the start of 2011 as fear rather than optimism has again influenced investor sentiment. While conversations with advisers would suggest that there is a pipeline of potential new companies contemplating AIM listings, many of whom we would expect to be VCT qualifying, there is little actual evidence at present. That has had implications for your portfolio with the result that the majority of VCT qualifying opportunities that we are seeing continue to be secondary fundraisings for existing AIM companies.

Funds raised in AIM during the year ended 28 February 2011 (source: London Stock Exchange)



Performance

In the year to 28 February 2011, the AIM index rose by 39%. Significant contributions to this movement came from the resources sector which produced a total return of 72% for the calendar year (source: Dimson and Marsh, RBS HGSC Index 2011), and together with the oil sector, these two accounted for 40% of AIM's value at the period end and had a significant influence on the index's movement. Since VCTs are substantially precluded from investing in these sectors, comparisons are not really relevant. We continue to regard the FTSE Small-cap ex investment trusts index as more meaningful as a comparison, despite the fact that a VCT cannot invest in any of that index's constituents. In the year to 28 February 2011 this index rose by 14% and in the same period the NAV of your Company rose from 82p to 94.4p. During the year, dividends totalling 5.0 pence were paid to shareholders, and if these are added back, the increase in NAV was 21.2% for the year. Phoenix shareholders will have had a different performance. The performance since inception of all the old classes of shares is shown on page 5 so that shareholders can see what the NAV returns would have been as well as details of all dividends paid.

There were some disappointments in the portfolio, which dragged performance in the year. Those that performed below expectations include Cohort, CBG, Hasgrove, Bond International Software, Colliers International and Optare. We believe that the management of these companies are working to improve the present situation and that their share prices will recover in an acceptable length of time.

The portfolio benefitted from a number of takeover bids over the year, which all contributed positively to performance even though some of them did not realise an overall profit for the fund. In all, nine holdings disappeared as a result of takeover bids or corporate actions. Good performance was seen in the share price rises of some of the larger holdings, notably Brooks Macdonald, Craneware, Immunodiagnostics and

Animalcare as well as some early gains in the share prices of more recent investments such as EKF Diagnostics, Breedon Aggregates and Brady. Some share prices also began to recover as they reported improved trading, examples would be Cello, Staffline, IDOX and Plastics Capital. However, holdings such as Vertu Motors, Advanced Computer Software and Zetar failed to make any headway in share price terms despite reporting better than expected figures and upgrades to forecasts. This shows that although conditions for smaller company shares have improved, there is still some way to go in restoring appetite for risk where concerns about the consumer or government cuts persist.

Portfolio Activity

It was a much busier year for both investments and realisations. The former was exclusively into secondary issues in existing AIM companies, with just under £5 million invested in qualifying investments out of total investments made of £6.1 million. Of the eleven qualifying investments made during the year, six were made in the second half. This contrasts with total disposals of £7.57 million which was higher than expected as a result of a continuing flow of bid activity among smaller companies.

In the second half of your Company's financial year there were new investments made in Woodspeen Training, Brady, Corac, Managed Support Services and Omega Diagnostics, as well as a further investment into IS Pharma. In total these investments amounted to £2,813,000. Some of the investment in Brady is not qualifying for VCT purposes. We also purchased non-qualifying holdings in Goals Soccer Centres, RWS, Chime and SQS Software amounting to £960,000. All these holdings are currently showing a profit.

During the year we realised profits totalling £0.44m in Brooks MacDonald, which continues to perform well and is the largest holding in the portfolio. We also realised £0.1 million of profit from the non-qualifying holding in Immunodiagnostics where the share price

INVESTMENT MANAGER'S REVIEW (continued)

has consolidated after a steep rise on the back of strong sales of Vitamin D test kits. During the second half, we sold Freshwater prior to the company delisting, Baydonhill and Maxima, two small Phoenix holdings and Ashley House, a small non-qualifying holding where the business has been squeezed by NHS reforms. During the year we also sold the entire holding in Pressure Technologies at a very small profit. The company had not found the opportunity to make acquisitions outside its fairly narrow area of activity, and we think that there will be better opportunities to invest for growth elsewhere.

The overriding feature of the year has been the steady loss of holdings to take-overs. A number were lost in the first half: Portrait Software, Innovision WIN and Melorio for example. In the second half we also lost Clapham House, Focus Solutions, Spice Holdings and Mount Engineering to take-overs, with a recommended bid for System C now going through its final stages. This process has continued into the current financial year with IS Pharma announcing its merger with Sinclair Pharma, a fully listed company, which will move to AIM as part of the deal. The management of Individual Restaurant Company has announced an offer for the company and a Marwyn fund has announced an all share offer for Praesepe.

We had thought that, with an improvement in sentiment towards smaller companies, the number of fund raisings and flotations would continue to recover in 2011. That has not been the case thus far and as a result we have been reluctant to sell small holdings inherited through the merger with Phoenix AIMVCT, particularly where we see scope for share prices to recover from here. As a result the portfolio currently contains more holdings that we would like, but we will continue to rationalise the portfolio without endangering the VCT status of the Company as new investment opportunities arise.

Outlook

The news from your portfolio companies has continued to be positive since the year end and once again the March results reporting season has been encouraging. While the number of opportunities to invest our cash balances in new qualifying holdings has currently declined as investors worry about the impact of Middle Eastern political turbulence, the Japanese earthquake, a high oil price and associated higher raw material costs and inflation, we are optimistic that later in the year conditions will improve. There are no immediate signs that the banks want to increase their lending to small companies and the balance seems to have swung in favour of equity fundraisings, many of which have turned out surprisingly successful in terms of the sums raised. We would therefore hope for good opportunities to invest a portion of the £15 million which is currently sitting in liquid funds as the year progresses.

Our prime source of information about the direction, health and prospects of the economy derives, as you might expect, from conversations with the management teams of the companies making up your portfolio, as well as other companies in which we are invested. That provides our knowledge of the state of both corporate and personal demand, the raw material price pressures and all the other evidence we have about labour availability and wage rates, for example. We are well aware of the tendency of managements to remain optimistic for too long and to fail to recognise turning points in economic trends. However, when they are themselves part of the evidence of a turning point, the message can be very powerful: as it was this time last year. There have been recent reminders of the difficulties companies and the UK economy face – for example, the initial GDP growth rate for the fourth quarter of 2010 being negative, and the divergence of views over the reliability of trends in the first half of the current year, given the unusually high number of Bank Holidays in a short period of time. Most predictions would seem

to point to weak growth, which would indicate that interest rates will remain low.

We are not complacent about the severity of many problems ahead, nor of their magnitude. However, we are also well aware of the momentum in the economy, of the confidence of many of the managements we meet, particularly those with long term contracts from corporate customers and those with interesting opportunities. So while we remain on the look out for signs of increasing economic difficulty as it affects individual companies in your portfolio, our fundamental belief is that smaller

company shares remain undervalued and relatively unappreciated by investors. It is also true that many of the holdings in your portfolio are continuing to mature, and this is why we feel optimistic that the NAV can continue to rise.

The AIM team

Octopus Investments Limited
26 May 2011

Investment Portfolio

Investments	Sector	Cost as at 28 February 2011 (£'000)	Cumulative change in fair value (£'000)	Fair value as at 28 February 2011 (£'000)	Movement in year (£'000)	% equity held by AIMVCT	% equity held by all funds managed by Octopus
Brooks MacDonald Group plc	General financial	800	1,347	2,147	825	1.90%	2.70%
EKF Diagnostics plc	Healthcare equipment	931	426	1,357	426	3.29%	8.94%
Breedon Aggregates Limited	Construction	901	450	1,351	450	1.36%	2.26%
Advanced Computer Software plc	Software	596	514	1,110	(56)	0.86%	2.29%
Mattioli Woods plc	General financial	523	575	1,098	170	2.25%	2.67%
Immunodiagnostic Systems plc	Healthcare equipment	528	506	1,034	150	0.45%	2.73%
Brady plc	Software	741	239	980	239	2.34%	4.52%
Animalcare Group plc	Food producers	303	558	861	258	2.70%	8.37%
Idox plc	Software	362	483	845	362	1.40%	2.70%
Craneware plc	Software	183	616	799	292	0.52%	1.48%
Mears Group plc	Support services	155	587	742	62	0.28%	0.33%
Vertu Motors plc	General retailers	1,265	(545)	720	(178)	1.34%	3.73%
Staffline Recruitment plc	Support services	333	380	713	380	1.67%	14.00%
Cello Group plc	Media	895	(187)	708	303	1.97%	9.95%
Netcall plc	Telecommunications	436	257	693	257	2.91%	5.05%
Omega Diagnostics plc	Healthcare equipment	673	8	681	(25)	5.71%	13.14%
Woodspeen plc	Support services	350	292	642	292	5.51%	9.45%
Access Intelligence	Support services	675	(75)	600	(75)	2.92%	9.12%
Zetar plc	Food producers	587	(6)	581	(52)	2.19%	3.60%
Matchtech Group plc	Support services	346	211	557	4	1.11%	10.56%
IS Pharma plc	Healthcare equipment	771	(244)	527	83	1.16%	4.32%
Clarity Commerce plc	Software	767	(270)	497	(100)	3.95%	8.26%
Strategic Thought Group plc	Software	584	(134)	450	65	3.90%	7.02%
Bond International plc	Software	354	83	437	(104)	2.25%	3.49%
RWS Holdings plc	Support services	367	70	437	42	0.30%	4.21%
Managed Support Services plc	Support services	600	(171)	429	(171)	4.09%	9.83%

INVESTMENT MANAGER'S REVIEW (continued)

Investments	Sector	Cost as at 28 February 2011 (£'000)	Cumulative change in fair value (£'000)	Fair value as at 28 February 2011 (£'000)	Movement in year (£'000)	% equity held by AIM VCT	% equity held by all funds managed by Octopus
System C Healthcare plc	Software	376	53	429	4	0.82%	0.82%
Altitude Group plc	Media	600	(183)	417	325	4.36%	5.09%
Hargreaves Service plc	Support services	210	202	412	120	0.16%	2.95%
Chime Communications plc	Media	320	55	375	55	0.20%	0.69%
Corac plc	Industrial engineering	348	12	360	12	0.94%	1.62%
Praesepe plc	Travel & leisure	550	(193)	357	(124)	1.27%	3.89%
SnackTime plc	Food & drug retailers	531	(195)	336	(153)	2.06%	7.34%
Plastics Capital plc	Chemicals	400	(80)	320	188	1.45%	16.49%
SQS Software plc	Software	291	15	306	15	0.48%	3.54%
Brulines (Holdings) plc	Support services	359	(62)	297	(66)	1.06%	4.70%
Tasty plc	Travel & leisure	369	(72)	297	48	2.58%	5.74%
Goals Soccer Centres plc	Travel & leisure	205	57	262	57	0.41%	2.16%
Colliers Cre plc	Real estate	873	(624)	249	(187)	1.19%	3.11%
Datong Electronics plc	Electronic equipment	500	(258)	242	51	2.85%	3.39%
Hasgrove plc	Media	250	(18)	232	(18)	2.10%	12.67%
Cohort plc	Aerospace & defence	300	(73)	227	(73)	0.86%	4.32%
Quadnetics Group plc	Support services	344	(162)	182	29	0.62%	0.68%
Autoclenz Holdings plc	Support services	181	–	181	–	4.57%	11.61%
Work Group plc	Support services	943	(773)	170	(6)	4.09%	6.15%
Adept Telecom plc	Telecommunications	600	(437)	163	81	2.03%	4.33%
Daisy Group plc	Telecommunications	201	(38)	163	(3)	0.06%	0.07%
Jelf Group plc	Financial	186	(37)	149	35	0.28%	0.65%
Inditherm plc	Chemicals	204	(68)	136	(68)	6.42%	6.42%
Silverdell plc	Support services	80	40	120	40	0.66%	10.32%
Tanfield Group plc	Industrial engineering	226	(125)	101	26	0.32%	1.97%
InterQuest plc	Support services	76	17	93	17	0.44%	5.24%
CBG Group plc	Non-life insurance	161	(72)	89	(72)	2.69%	17.26%
Augean plc	Support services	72	–	72	–	0.28%	3.71%
Dods Group plc	Media	203	(140)	63	(2)	0.53%	0.56%
Twenty plc	Media	500	(444)	56	19	4.38%	14.68%
Optare plc	Industrial engineering	550	(504)	46	(60)	0.48%	1.49%
Northern Bear plc	Support services	68	(27)	41	(26)	1.65%	6.64%
Individual Restaurant Group plc	Travel & leisure	969	(934)	35	(20)	0.61%	1.06%
Vitesse Media plc	Media	32	(9)	23	(8)	1.56%	4.91%
Adventis Group plc	Media	165	(146)	19	(72)	1.34%	1.34%
Media Square plc	Media	478	(462)	16	(19)	0.73%	0.97%
Synarbor plc	Support services	15	–	15	–	0.82%	0.82%
Bright Futures plc	Support services	2	–	2	–	0.90%	0.90%
Total fixed asset investments		27,764	285	28,049	4,045		
Money market funds		10,655	–	10,655	–		
Total fixed asset investments and money market funds		38,419	285	38,704			
Cash at bank				475			
Debtors less creditors				(239)			
Total net assets				38,940			

INVESTMENT MANAGER'S REVIEW (continued)

Top 10 Holdings

Listed below are the ten largest investments, valued at bid price, as at 28 February 2011:

Brooks MacDonald Group plc

Brooks MacDonald is a provider of asset management and financial consulting services with a particular emphasis on the pensions market.

Initial investment date:	March 2005
Cost:	£800,000
Valuation:	£2,147,000
Equity held:	1.90%
Last audited accounts:	30 June 2010
Profit before tax:	£5.7 million
Net assets:	£12.4 million



Further information can be found at
www.brooksmacdonald.com

EKF Diagnostics plc

EKF designs, develops, manufactures and distributes diagnostic instruments and reagents focussed on the diabetes, anaemia and chronic kidney disease markets. It has operations in Germany, Poland and Russia.

Initial investment date:	July 2010
Cost:	£931,000
Valuation:	£1,357,000
Equity held:	3.29%
Last audited accounts:	31 December 2009
Loss before tax:	(£0.3) million
Net assets:	£5.6 million



Further information can be found at
www.ekf-diagnostic.com

Breedon Aggregates Limited (formerly Marwyn Materials)

Breedon Aggregates supplies a diverse range of products to the construction and building sectors from a number of quarries and other sites in the Midlands and Scotland, having been acquired by Marwyn Materials in September 2010.

Initial investment date:	August 2010
Cost:	£901,000
Valuation:	£1,351,000
Equity held:	1.36%
Last audited accounts:	31 December 2009
Loss before tax:	(£0.8) million
Net assets:	£11.9 million



Further information can be found at
www.breedonaggregates.com

INVESTMENT MANAGER'S REVIEW (continued)

Advanced Computer Software plc

Advanced Computer Software plc provides software to the Healthcare Sector and other commercial markets.

Initial investment date:	July 2008
Cost:	£596,000
Valuation:	£1,110,000
Equity held:	0.86%
Last audited accounts:	28 February 2010
Profit before tax:	£4.2 million
Net assets:	£78.5 million



Further information can be found at
www.advcomputersoftware.co.uk

Mattioli Woods plc

Mattioli Woods plc is a provider of pensions consultancy and administration services

Initial investment date:	November 2005
Cost:	£523,000
Valuation:	£1,098,000
Equity held:	2.25%
Last audited accounts:	31 May 2010
Profit before tax:	£4.3 million
Net assets:	£19.0 million



Further information can be found at
www.mattioli-woods.com

Immunodiagnostic Systems plc (non-qualifying)

Immunodiagnostic Systems Holdings plc (IDS) manufactures and distributes medical diagnostic products. The Company is also involved in research and development projects and has a particular specialism in vitamin D testing.

Initial investment date:	May 2009
Cost:	£528,000
Valuation:	£1,034,000
Equity held:	0.45%
Last audited accounts:	31 March 2010
Profit before tax:	£11.0 million
Net assets:	£61.0 million



Further information can be found at
www.idsplc.com

Brady plc

Brady designs and sells software for the global commodity trading industry, including producers, traders, banks and investors.

Initial investment date:	December 2010
Cost:	£741,000
Valuation:	£980,000
Equity held:	2.34%
Last audited accounts:	31 December 2010
Profit before tax:	£6.6 million
Net assets:	£22.6 million



Further information can be found at
www.bradypc.com

INVESTMENT MANAGER'S REVIEW (continued)

Animalcare Group plc

Animalcare Group plc manufactures and distributes veterinary medicines for pets and livestock.

Initial investment date:	December 2007
Cost:	£303,000
Valuation:	£861,000
Equity held:	2.70%
Last audited accounts:	June 2010
Loss before tax:	(£0.6) million
Net assets:	£14.1 million



Further information can be found at
www.animalcaregroup.co.uk

Idox plc

Idox is a leading developer and supplier of software services to local government for core functions relating to land, people and property, and also to the private sector for the management of engineering drawings.

Initial investment date:	May 2007
Cost:	£362,000
Valuation:	£845,000
Equity held:	1.40%
Last audited accounts:	31 October 2010
Profit before tax:	£4.9 million
Net assets:	£31.0 million



Further information can be found at
www.idoxgroup.com

Craneware plc

Craneware plc is engaged in the development, licensing and post contract support of computer software for the US healthcare industry.

Initial investment date:	September 2007
Cost:	£183,000
Valuation:	£799,000
Equity held:	0.52%
Last audited accounts:	30 June 2010
Profit before tax:	\$7.3 million
Net assets:	\$22.1 million

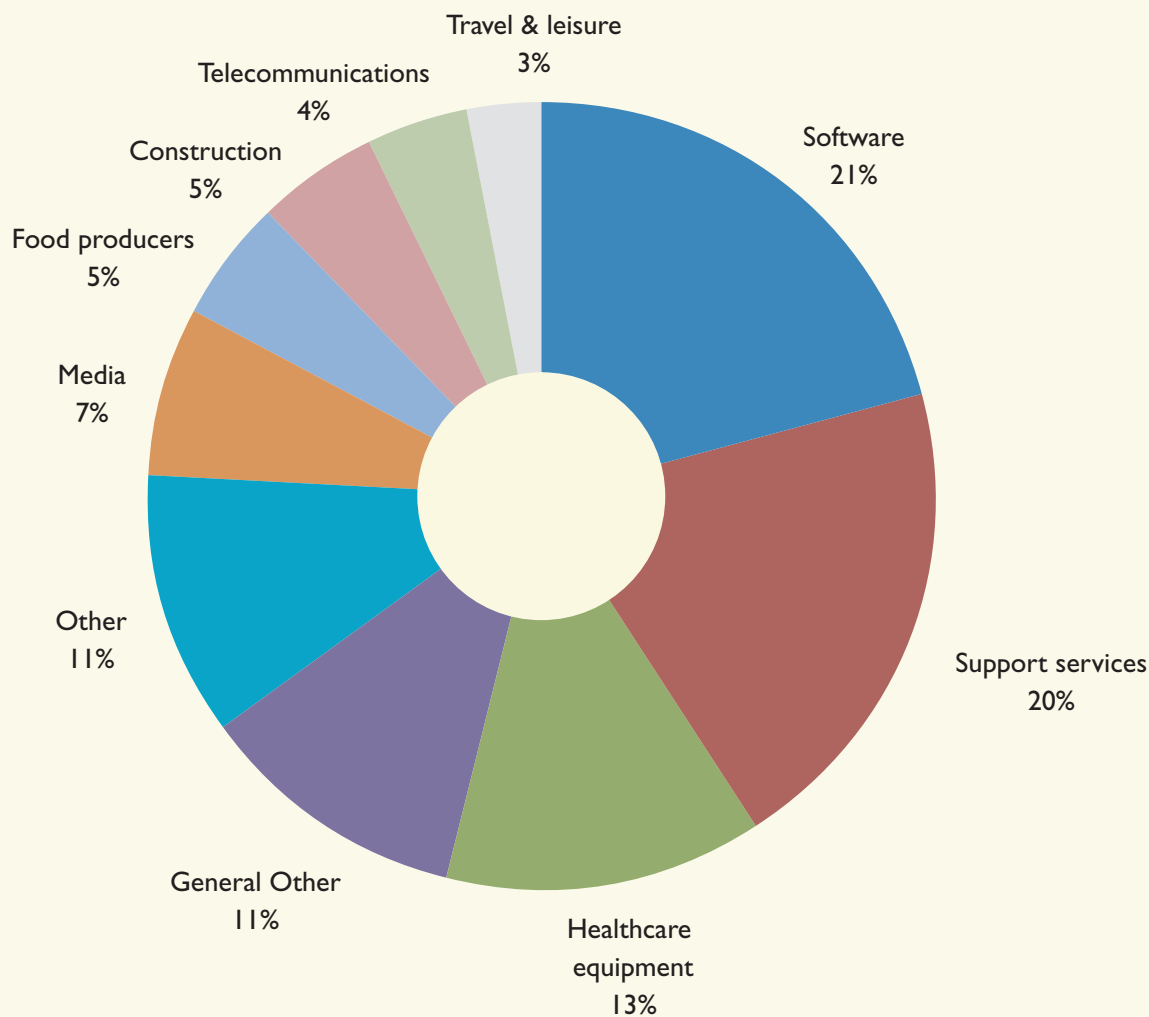


Further information can be found at
www.craneware.com

INVESTMENT MANAGER'S REVIEW (continued)

Sector Analysis

The graph below shows the sectors the Fund is invested in by value as at 28 February 2011:



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.

We share your goal to make money from your investment. 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 2295.

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 £2 billion of funds under management.

The AIM investment team of Octopus Investments Limited comprises:

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 as well as other AIM VCTs and IHT portfolios. She joined Octopus in 2008.

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 1998 as well as other AIMVCT portfolios.

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 UK Microcap Growth Fund.

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.

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.

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.

Michael Reeve MBE MA FCA Chairman (74)

Michael Reeve is a chartered accountant and was formerly a director of Charterhouse Bank from 1971-74, a managing director of Copleys Bank 1974-80, a director of Rea Brothers 1977-80 and managing director of Greyhound Bank 1981-87. He was the chairman of Finsbury Growth & Income Trust PLC from 1991-2008. He is currently a director of a number of unquoted companies. Michael Reeve became director and chairman in 1998.

Roger Smith BSc (Hons) (72)

Roger Smith is chairman of a family owned investment company with a wide range of interests and investments. He was deputy chairman of Tricentrol plc, and chairman of European Motor Holdings PLC from 1992 to 2007. He is chairman of the Central Finance Board of the Methodist Church. Roger Smith became a director in 1998.

Stephen Hazell-Smith (57)

Stephen Hazell-Smith was the Managing Director of Close Investment Limited until September 2001, having previously founded Rutherford Asset Management in 1993. Prior to this he gained experience of investment in smaller companies at GT Investment Management where he was responsible for launching its first UK Equity Fund. He also worked at Mercury Asset Management from 1989 to 1992 and was the chairman of PLUS Markets Group PLC between the years of 2005 and 2010. Prior to the merger in 2010 he was chairman of Octopus Phoenix VCT PLC. Stephen Hazell-Smith became a director in 1998.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 28 February 2011.

This report has been prepared by the Directors in accordance with the requirements of s415 of the Companies Act 2006. 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 37 and 38.

Principal Activity and Status

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

The Company's share capital comprises Ordinary shares. The rights and restrictions on share capital are set out in the corporate governance section on page 31.

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

The Company has been approved by HMRC as a 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.

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 a Special Distributable Reserve on cancellation of the Company's share premium account in relation to Ordinary and D shares, investment company status was revoked on 3 March 2000. On 4 August 2010 the share capital was restructured and each existing Ordinary share of 50 pence was subdivided into one Ordinary share of 1 pence and one Deferred share of 49 pence. The Deferred shares had no economic value and were bought back by the Company for an aggregate amount of 1 pence and cancelled. This restructuring resulted in a simplification of the share capital of the Company, whilst also creating capital redemption reserves. There remains a share Premium account in relation to shares issued to acquire the assets and liabilities of Octopus Phoenix VCT plc and as a result of the Top up Offer. The Directors are required by the Articles of Association to propose an Ordinary Resolution at each Annual General Meeting that the Company should continue as a Venture Capital Trust for a further six year period. 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.

Merger with Octopus Phoenix VCT plc

In August 2010, shareholders of the Company and Octopus Phoenix VCT plc ("Phoenix") were sent proposals outlining a merger of the two Octopus VCTs to be implemented by Phoenix being placed

DIRECTORS' REPORT (continued)

into members' voluntary liquidation and its assets and liabilities being purchased by the Company.

The merger was approved by shareholders of both companies at extraordinary general meetings held on 4 August 2010. The merger was effected by issuing Ordinary shares of the Company to the then shareholders of Phoenix at a ratio of 0.42972672. This meant that for every share held by shareholders of Phoenix, they received 0.42972672 shares in AIM. Any fraction of shares arising from the calculations was rounded down to the nearest whole share.

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 7 to 9 and the Investment Manager's Review on pages 10 to 18.

The purpose of this review is to provide shareholders with a snapshot summary setting out the business objectives of the Company, the Board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators used to measure performance.

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

Shares issued

- 22 March 2011: 1,921,283 Ordinary shares at a price of 96.10p
- 30 March 2011: 1,114,877 Ordinary shares at a price of 96.51p
- 5 April 2011: 1,924,332 Ordinary shares at a price of 95.87p
- 19 April 2011: 56,933 Ordinary shares at a price of 96.61p

Shares bought back for cancellation

- 4 March 2011: 53,224 Ordinary shares at a price of 84.25p

- 24 March 2011: 53,189 Ordinary shares at a price of 81.75p
- 21 April 2011: 90,277 Ordinary shares at a price of 82.00p

Investments bought/sold

- 3 March 2011: 6,502 shares in Brooks Macdonald were disposed for £70,080, realising a profit of £60,977
- 27 April 2011: 500 shares in Brooks Macdonald were bought for £5,954

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 AIM or PLUS quoted 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 change in NAV per share, total return per share and Company share price, is also measured against the FTSE All-Share Index and the FTSE Small-Cap ex investment trusts Index. This is shown in the graph on page 30 in 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 7 to 9 includes a review of the Company's activities and future prospects; further details are also provided within the Investment Manager's Review on pages 10 to 18. Further details of the Company's risk management policies are provided on page 24 and note 17 to the financial statements.

The total expense ratio for the Company for the year to 28 February 2011 was 2.6 per cent (2010: 3.2 per cent).

Results and Dividend

	Year ended 28 February 2011 £'000	Year ended 28 February 2010 £'000
Net profit attributable to shareholders	6,056	6,551
Appropriations:		
Interim dividend paid: 5.00 pence per Ordinary share (2010: 2.50 pence per Ordinary share)	1,933	734
Final dividend proposed: 2.50 pence per Ordinary share (2010: nil per Ordinary share)	1,060	–

On 26 March 2010 a regulatory announcement was made by the Company informing shareholders that, as a result of the Company not having sufficient distributable reserves, the Company would suspend its share buyback policy. The announcement also stated that certain share buybacks had been effected and dividends paid without the Company having the necessary distributable reserves as required by the Companies Act 2006.

An Extraordinary General Meeting was held on 1 July 2010 at which resolutions were carried to remedy the share buybacks already effected and dividends already paid, and to place the Company into a position to allow it to pay dividends and to resume its share buyback policy. An Order of the High Court of Justice dated 15 September 2010 provided the necessary approval and an advertisement was subsequently placed in The Times newspaper. The buyback policy was reinstated with 1,023,927 shares bought to the year end and dividend payments resumed on 30 September 2010.

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 it to comply with the VCT regulations. The Board intends that the long-term disposition of the Company's assets will be not less than 80 per cent in a portfolio of qualifying AIM or PLUS quoted investments. Investments may also be taken in unquoted companies where the management view an initial public offering (IPO) on AIM or PLUS as being a short to medium term objective. Once its qualifying target has been reached, the Company intends that approximately 20 per cent. of its funds will be invested in non-qualifying investments generally 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 per cent could be invested in an authorised UK smaller company fund managed by Octopus or directly in equities or bonds. This 20 per cent. 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 across a range of 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 qualifying holdings in any one company exceed 15 per cent 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 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 significant proportion of total

DIRECTORS' REPORT (continued)

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.

The Company's Articles permit borrowings of amounts up to 10 per cent of the sum equal to the aggregate of the amount paid up on the allotted or issued share capital of the Company and the amount standing to the credit of the capital and revenue reserves of the Company (whether or not distributable) after adding thereto or deducting therefrom any balance to the credit or debit of the profit and loss account.

Dividends and Returns

The Company has historically had three classes of shares since its inception in 1998, which have over time been amalgamated into one class of share. The total dividends and adjusted NAVs across the historic classes of shares and the amalgamated share class are shown in the table on page 6.

Principal Risks, Risk Management and Regulatory Environment

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

VCT qualifying status risk: the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

The Investment Manager keeps the Company's VCT qualifying status under continual review and reports to the Board regularly throughout the year. The Board has

also retained PricewaterhouseCoopers LLP to undertake an independent VCT status monitoring role.

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

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

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.

Reputational: inadequate or failed controls might result in breaches of regulation or loss of shareholder trust.

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 current investments, cash and accrued income represent the maximum credit risk exposure at the balance sheet date.

Competitive Risk: retention of key personnel within Octopus is vital to the success of the Company.

Incentives to the Manager's key staff are continuously monitored.

Internal control risk: the Board reviews annually the system of internal controls, 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.

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.

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 rigorously the principles detailed in the 'Turnbull' guidance. Details of the Company's internal controls are contained in the Corporate Governance section on pages 34 and 35.

Further details of the Company's risk management policies are provided in note 17 to the financial statements.

Directors

The Directors of the Company during the period and their interests (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 1p (2010: 50p) are shown in the table below:

	28 February 2011	28 February 2010
Michael Reeve	6,959	6,959
Stephen Hazell-Smith	90,100	79,142
Roger Smith	20,000	—

All of the Directors' shares were held beneficially.

All Directors will retire, and being eligible, offer themselves for re-election. The Board has considered provision A.7.2 of the Combined Code 2008 and believes that they continue to be effective and

demonstrate commitment to their roles. They, therefore, recommend each Director's re-election at the forthcoming Annual General Meeting.

Brief biographical notes on the Directors are given on page 20.

Directors' and Officers' Liability Insurance

The Company has maintained directors' and officers' liability insurance cover on behalf of the Directors and Company Secretary. The Company's Articles of Association, provide, subject to provisions of UK legislation, an indemnity for directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as directors, in which they are acquitted or judgement is given in their favour by the Court.

Whistleblowing

The Board has considered the arrangements implemented by the Investment Manager in accordance with the Combined Code's recommendations, to encourage staff of the Manager or Secretary of the Company to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow on action where necessary, to take place within the organisation.

Management

The principal terms of the Company's management agreement with Octopus are set out in Note 21 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.

DIRECTORS' REPORT (continued)

It should be noted that there is no formal Management Engagement Committee as matters of this nature are dealt with by the independent Non-Executive Directors.

Share Issues

The shares issued during the year totalled 13,373,085 Ordinary shares of 1p each. Since the year end a further 5,017,425 have been issued and the issued share capital now stands at 46,158,623 ordinary shares of 1p each.

Share Buy-Backs

During the year the Company purchased 1,023,927 shares to be cancelled. These shares were bought back at a weighted average price of 78.2p.

The shares were repurchased in accordance with the Company's re-instated 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.

Appointment and Replacement of Directors

A person may be appointed as a Director of the Company by the shareholders in general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors. No person, other than a Director retiring by rotation or otherwise, shall be appointed or reappointed a director at any general meeting unless he is recommended by the Directors or, not less than 7 nor more than 21 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director of the Company by the members at a general meeting held in the interval since his appointment as a Director of the Company) is to be subject to election as a Director of the Company by the members at the first Annual General Meeting of the Company following his appointment. At each

Annual General Meeting of the Company one third of the Directors for the time being, or if their number is not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election. The Companies Act allows shareholders in general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and the Company. A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in the Company's Articles of Association.

Powers of the Directors

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders.

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 28 February 2011 there were trade creditors of £nil (2010: £nil).

Environmental Policy

The Company always makes full efforts to conduct its business in a manner that is responsible to the environment. This responsibility is always maintained in investment decisions where possible.

Going Concern

The Company's business activities and the factors likely to affect its future performance and position are set out in the Chairman's Statement and Investment Manager's Review on pages 7 to 18. Further details on the management of financial risk may be found in note 17 to the Financial Statements.

The Board receives regular reports from the Manager and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The assets of the Company consist mainly of securities which are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

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

The Notice convening the 2011 Annual General Meeting of the Company and a form of proxy in relation to the meeting can be found at the end of this document.

Independent Auditor

PKF (UK) LLP offer themselves for reappointment as auditor. A Resolution to re-appoint PKF (UK) LLP 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 and to Disapply Pre-emption Rights

The authority proposed under Resolution 8 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 8 renews the Directors' authority to allot Ordinary shares. This would enable the Directors until July 2012, to allot up to 4,615,862 Ordinary shares of 1p (representing approximately 10% of the Company's current issued share capital). Any shares allotted under this authority would be issued at prices at or above NAV.

Resolution 9 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,

DIRECTORS' REPORT (continued)

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 4,615,862 Ordinary shares of 1p (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 10 is required so that the Directors may make purchases of up to approximately 10% of the Company's issued share capital and Resolution 10 seeks renewal of such authority until the next Annual General Meeting (or the expiry of 15 months, if earlier). The price paid for shares will not be less than the nominal value nor more than the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force as at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in Treasury for future re-sale in appropriate market conditions.

By order of the Board



Celia L Whitten FCIS

Company Secretary

26 May 2011

DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with s420-422 of the Companies Act 2006, in respect of the year ended 28 February 2011. An Ordinary Resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The Company's auditor, PKF (UK) LLP, is required to give their opinion on certain information included in this report; this only comprises the Directors' emoluments section below. Their report on these and other matters is set out on pages 37 and 38.

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.

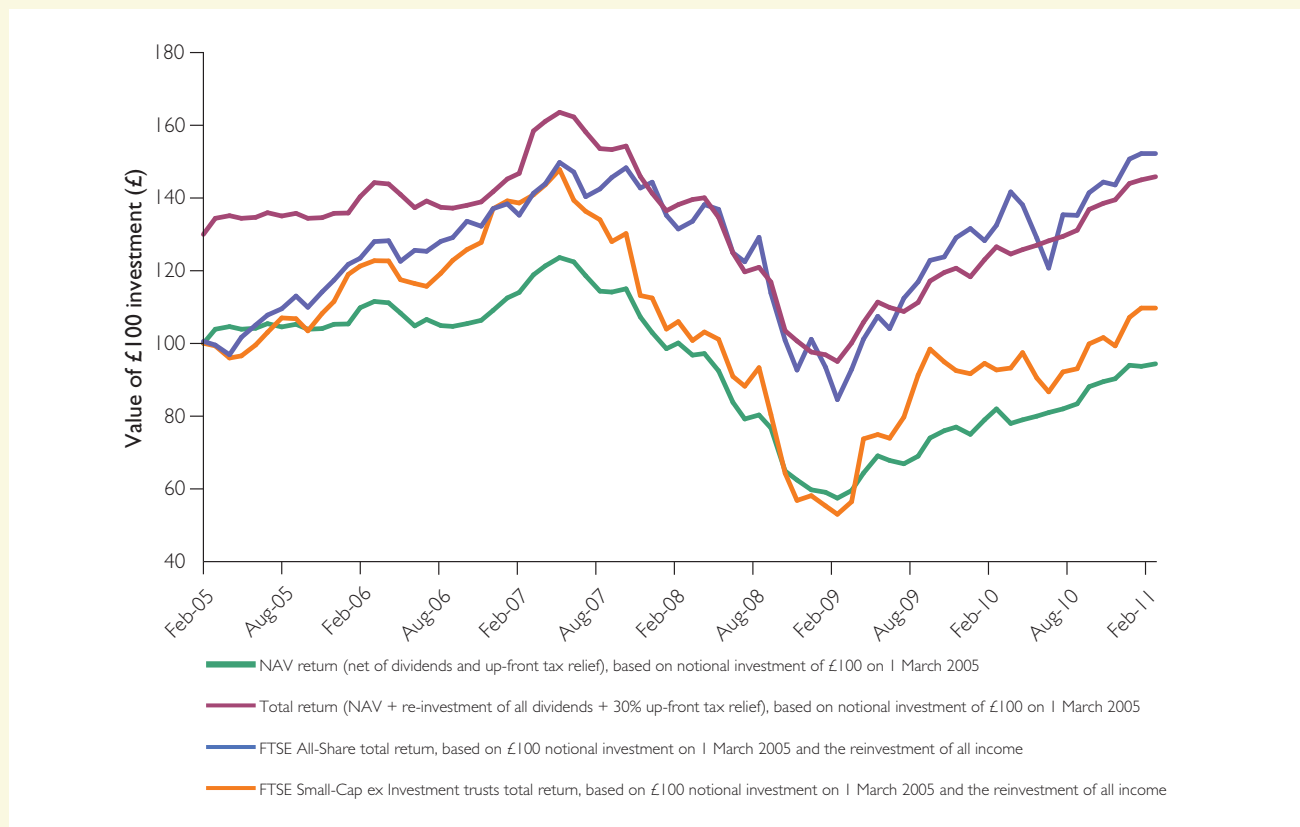
The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in 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. The graph overleaf compares the share price of the Company over the period from February 2005 to February 2011 with the total return from notional investments in the FTSE All-Share Index and FTSE Small-Cap ex-investment trusts index over the same period. The Directors consider these to be the most appropriate benchmarks but would remind investors that approximately 30 per cent of the FTSE AIM All-share Index is attributable to resources or property sector stocks which venture capital trusts cannot invest in. Investors should be reminded that shares in venture capital trusts generally continue to trade at a discount to the net asset value of the Company.

DIRECTORS' REMUNERATION REPORT (continued)

Octopus AIMVCT PLC – Portfolio Performance



Directors' Emoluments (information subject to audit)

Annual rate of Directors' fees, exclusive of Employers' National Insurance

	Year ended 28 February 2011 £	Year ended 28 February 2010 £
Michael Reeve	24,450	24,450
Stephen Hazell-Smith	18,340	18,340
Roger Smith	18,340	18,340
Total	61,130	61,130

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
26 May 2011

CORPORATE GOVERNANCE

The Board of Octopus AIMVCT 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 35.

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

The Company's Ordinary share capital as at 28 February 2011 is 41,247,611 Ordinary shares of 1p each. Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the Ordinary shares confer on their holders the following principal rights:

(a) Dividends

The Ordinary shares shall be entitled to receive all dividends and other distributions payable to holders of Ordinary shares.

(b) Rights as to Capital

The capital and assets of the Company shall on a winding up or on a return of capital be divided amongst the holders of the Ordinary shares pro rata according to their holdings of Ordinary shares; and

(c) Voting Rights

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

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

CORPORATE GOVERNANCE

(continued)

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 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. The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board. The Board has a formal schedule of matters specifically reserved for its decision which include:

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;

- approval of the appropriate dividend to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value and the share price; and
- monitoring shareholder profiles and considering shareholder communications.

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

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

	Full Board meetings held	No. of meetings attended	Audit Committee meetings held	Audit Committee meetings attended
Michael Reeve	5	5	2	2
Stephen Hazell-Smith	5	5	2	2
Roger Smith	5	5	2	2

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 20.

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. In accordance with the Combined Code 2008, all Directors are offering themselves for re-election due to their length of service.

	Date of Original Appointment	Due date for Re-election/election
Michael Reeve	02/02/1998	AGM 2011
Stephen Hazell-Smith	02/02/1998	AGM 2011
Roger Smith	02/02/1998	AGM 2011

Michael Reeve, Stephen Hazell-Smith and Roger Smith have all been Directors of the Company for more than nine years and, in accordance with the recommendations of the AIC code, are subject to annual re-election. The Board does not have a policy of limiting the tenure of any Director as the Board does not consider that a Director's length of service reduces his ability to act independently of the Manager.

The Board have discussed their ability to remain independent and consider that this does remain the case due to their non-involvement in the day to day running of the Company.

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

Audit Committee:

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

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

- reviewing and making recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- reviewing and making recommendations to the Board in relation to Octopus Investments Limited's internal controls (including internal financial control) and risk management systems;

CORPORATE GOVERNANCE

(continued)

- 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 28 February 2011, 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 Investments Limited's 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 Controls

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 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 Manager.

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.

Internal control systems include the production and review of monthly bank and management accounts. All outflows made from the VCT's accounts require the authority of two signatories from Octopus, the Manager who is subject to regular review by the Octopus Compliance Department.

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 17 to the Financial Statements and on page 24 of the Director's Report.

Relations with Shareholders

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

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 20 Old Bailey, London, EC4M 7AN. Alternatively, the team at Octopus is happy to answer any questions you may have and can be contacted on 0800 316 2295.

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 28 February 2011 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. The 2010 AGM was not held within 20 day working days of the Notice of Meeting being sent out as required under the Combined Code.
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 given the size of the Company and as such the whole board deal with any matters of this nature.

By Order of the Board



Celia L Whitten FCIS

Company Secretary

26 May 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

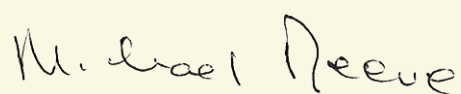
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may 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, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report, included within 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.

The names and functions of all the directors are stated on page 32.

On Behalf of the Board



Michael Reeve

Chairman
26 May 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS AIMVCT PLC

We have audited the financial statements of Octopus AIMVCT Plc for the year ended 28 February 2011 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, 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 of the financial statements

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 28 February 2011 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;
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS AIMVCT PLC (continued)

Financial Services Authority (information about internal control and risk management systems in relation to financial reporting processes and about share capital structures) is consistent with the financial statements.

- 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.

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 27 in relation to going concern; and

Timothy Drew

(Senior statutory auditor)

for and on behalf of PKF (UK) LLP

Statutory auditor

London, UK

26 May 2011

INCOME STATEMENT

	Notes	Year to 28 February 2011			Year to 28 February 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	11	–	2,611	2,611	–	1,852	1,852
Gain on disposal of current asset investments	12	–	–	–	–	37	37
Gain on valuation of fixed asset investments	11	–	4,045	4,045	–	4,326	4,326
Investment Income	2	301	–	301	389	–	389
Investment management fees	3	(139)	(418)	(557)	(112)	(338)	(450)
Management fee VAT rebate	3	–	–	–	145	435	580
Merger costs	6	(134)	–	(134)	–	–	–
Other expenses	4	(210)	–	(210)	(183)	–	(183)
(Loss)/profit on ordinary activities before tax		(182)	6,238	6,056	239	6,312	6,551
Taxation on profit on ordinary activities	7	–	–	–	–	–	–
(Loss)/profit on ordinary activities after tax		(182)	6,238	6,056	239	6,312	6,551
Return per share – basic and diluted	9	(0.5)p	17.7p	17.2p	0.8p	21.3p	22.1p

- 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 of the Company up to 11 August 2010 and thereafter reflects that of the enlarged entity. This includes the assets and liabilities of Octopus Phoenix VCT plc that were transferred to the Company on 12 August 2010. No restatement has been made for the comparable periods.
- 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 account, there were no differences between the profit as stated above and at historical cost.

BALANCE SHEET

	Notes	As at 28 February 2011 £'000	As at 28 February 2010 £'000
Fixed asset investments*	11	28,049	16,944
Current assets:			
Investments*	12	10,655	6,732
Debtors	13	19	27
Cash at bank		475	153
		11,149	6,912
Creditors: amounts falling due within one year	14	(258)	(212)
Net current assets		10,891	6,700
Net assets		38,940	23,644
Called up equity share capital	15	412	15,928
Shares to be issued	15	352	–
Share premium	16	11,317	1,490
Special distributable reserve	16	25,194	16,358
Capital redemption reserve	16	15,710	10,483
Capital reserve realised	16	(14,465)	(13,478)
Capital reserve unrealised	16	285	(5,007)
Own shares held in treasury	16	–	(2,447)
Revenue reserve	16	135	317
Total equity shareholders' funds		38,940	23,644
Net asset value per share – basic and diluted	10	94.4p	82.0p

*Held at fair value through profit and loss

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

The statements were approved by the Directors and authorised for issue on 26 May 2011 and are signed on their behalf by:



Michael Reeve

Chairman

Company number: 03477519

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Notes	Year to 28 February 2011 £'000	Year to 28 February 2010 £'000
Shareholders' funds at start of period		23,644	19,443
Profit for the period		6,056	6,551
Shares issued upon acquisition of assets and liabilities from Octopus Phoenix VCT plc	16	6,656	–
Stamp duty on shares issued	16	(29)	–
Shares purchased and held in Treasury		–	(811)
Share capital bought back		(801)	(54)
Issue of shares		4,995	–
Shares to be issued		352	–
Dividends paid	8	(1,933)	(1,485)
Shareholders' funds at end of period		38,940	23,644

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

CASH FLOW STATEMENT

	Notes	Year to 28 February 2011 £'000	Year to 28 February 2010 £'000
Net Cash (outflow)/inflow from operating activities		(546)	813
Taxation		–	–
Financial investment:			
Purchase of fixed asset investments	11	(6,112)	(2,784)
Sales of fixed asset investments	11	7,572	4,839
Management of liquid resources:			
Purchase of current asset investments	12	(27,479)	(9,797)
Sales of current asset investments	12	23,556	9,265
Net cash (outflow)/inflow from investing activities		(3,009)	2,336
Equity dividends paid		(1,933)	(1,485)
Financing			
Cash received on acquisition of net assets of Octopus Phoenix VCT plc		747	–
Stamp duty on shares issued to acquire net assets of Octopus Phoenix VCT plc		(29)	–
Proceeds from issue of shares	15	4,995	–
Shares to be issued	15	352	–
Purchase of own shares	15	(801)	(865)
		3,331	(2,350)
Increase/(decrease) in cash		322	(14)

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

RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Notes	Year to 28 February 2011 £'000	Year to 28 February 2010 £'000
Profit on ordinary activities before tax		6,056	6,551
Decrease in debtors	13	8	458
Increase in creditors	14	46	19
Gain on disposal of fixed asset investments	11	(2,611)	(1,852)
Gain on disposal of current asset investments	12	–	(37)
Gain on valuation of fixed asset investments	11	(4,045)	(4,326)
(Outflow)/inflow from operating activities		(546)	813

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year to 28 February 2011 £'000	Year to 28 February 2010 £'000
Increase/(decrease) in cash at bank	322	(14)
Movement in cash equivalent securities	3,923	569
Opening cash funds	6,885	6,330
Net funds at 28 February	11,130	6,885

Liquid Resources at 28 February comprised:

	As at 28 February 2011 £'000	As at 28 February 2010 £'000
Cash at Bank	475	153
Money market cash funds	10,655	6,732
Net liquid resources at 28 February	11,130	6,885

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

NOTES TO THE FINANCIAL STATEMENTS

I. Principal Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for the measurement at fair value 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 and Venture Capital Trusts' (revised 2009).

The results for the year to 28 February 2011 reflect the activities the Ordinary shares for the whole period. In addition, these results include the transfer of the assets and liabilities of Octopus Phoenix VCT plc to the Company, with effect from 12 August 2010. Results for the current year are reported for the one share class of the enlarged VCT now in issue, namely Ordinary Shares.

The principal accounting policies have remained unchanged from those set out in the Company's 2010 Annual Report and financial statements. A summary of the principal accounting policies is set out below.

The Company presents its income statement in a three column format to give shareholders additional detail of the performance of the Company, split between items of a revenue or capital nature.

The preparation of the financial statements requires Management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments.

The Company has designated all fixed asset investments as being held at fair value through profit and loss; therefore all gains and losses arising from investments held are attributable to financial assets held at fair value through profit and loss. Accordingly, all interest income, fee income, expenses and investment gains and losses are attributable to assets designated as being at fair value through profit or loss.

Current asset investments comprising money market funds are held for trading and are therefore automatically classified as fair value through profit or loss.

Quoted investments are valued in accordance with the bid-price on the relevant date.

Although the Company believes that the assumptions concerning the business environment and estimate of future cash flows are appropriate, changes in estimates and assumptions could require changes in the stated values. This could lead to additional changes in fair value in the future.

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.

I. Principal Accounting Policies (continued)

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. In the case of unquoted investments, fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. This is consistent with International Private Equity and Venture Capital valuation guidelines.

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 money market funds 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 appropriate capital reserve.

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 changes in fair value are considered to be realised only to the extent that they are readily convertible to cash in full at the balance sheet date.

Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

I. Principal Accounting Policies (continued)

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 differences 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) 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, using the effective interest method.

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.

The Company does not have any externally imposed capital requirements.

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 for interim dividends when they are paid, and for final dividends when they are approved by the shareholders.

2. Income

	28 February 2011 £'000	28 February 2010 £'000
Interest receivable on bank balances and bonds	1	15
Dividend income (including from money market securities)	291	241
Loan interest received	9	–
Interest received relating to VAT rebate	–	133
	301	389

3. Investment management fees

	28 February 2011			28 February 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	139	418	557	112	338	450
Management fee VAT rebate	–	–	–	(145)	(435)	(580)
	139	418	557	(33)	(97)	(130)

For the purposes of the revenue and capital columns in the Income Statement, the management fee (including VAT where applicable) 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.

4. Other expenses

	28 February 2011 £'000	28 February 2010 £'000
Directors' remuneration	60	60
Fees payable to the Company's auditor for the audit of the financial statements	25	22
Other expenses	125	101
	210	183

The total expense ratio for the Company for the year to 28 February 2011 was 2.6 per cent (2010: 3.2 per cent).

5. Directors' remuneration

	28 February 2011 £'000	28 February 2010 £'000
Directors' emoluments		
Michael Reeve	24	24
Roger Smith	18	18
Stephen Hazell-Smith	18	18
	60	60

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Directors' remuneration (continued)

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 (2010: three).

6. Merger costs

At the time of the consolidation of Octopus AIMVCT plc and Octopus PhoenixVCT plc, the prospectus estimated that total costs to combine the Company with Octopus PhoenixVCT plc would be £199,000. The actual costs were £208,000. £52,000 of this was borne by Octopus PhoenixVCT plc, while £156,000 was borne by the Company due to the relatively higher total net assets of the Company. The total stamp duty on the issue of shares was £29,000 (£7,000 of this was borne by Octopus PhoenixVCT when determining its assets and liabilities at the date of the merger). The cash payment of the total £29,000 was borne by the Company. £134,000 is disclosed as merger costs in the Income Statement as the stamp duty went to the share premium account. Further details of the merger can be found in note 18.

7. Tax on ordinary activities

The corporation tax charge for the year was £nil (2010: £nil).

Factors affecting the tax charge for the current year:

The current tax charge for the year differs from the small companies rate of corporation tax in the UK of 21% (2010: 21.0%). The differences are explained below.

Current tax reconciliation:

	28 February 2011 £'000	28 February 2010 £'000
Profit/(loss) on ordinary activities before tax	6,056	6,551
Current tax at 21% (2010: 21%)	1,272	1,376
Income not liable to tax	(50)	(50)
Expenses not deductible for tax purposes	37	(1,306)
Losses not subject to tax	(1,401)	–
Excess management expenses	142	(20)
Total current tax charge	–	–

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

8. Dividends

	28 February 2011 £'000	28 February 2010 £'000
Recognised as distributions in the financial statements for the year		
Previous year's final dividend	–	632
Current year's interim dividend	1,933	853
	1,933	1,485
Paid and proposed in respect of the year		
Interim dividend – 5.0p per share (2010: 2.5p per share)	1,933	705
Final dividend proposed: 2.5p per share (2010: nil per share)	1,060	–
	2,993	705

9. Return per share – basic and diluted

The return per share is based on profit after tax of £6,056,000 (2010: £6,551,000), and 35,243,827 Ordinary shares (2010: 29,646,204), being the weighted average number of shares in issue during the year.

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

10. Net asset value per share – basic and diluted

The calculation of net asset value per share as at 28 February 2011 is based on net assets of £38,940,000 (2010: £23,644,000) divided by 41,247,611 (2010: 28,824,452) Ordinary shares in issue at that date (excluding Treasury shares).

11. Fixed asset investments

Effective from 1 January 2009 the Company adopted the amendment to FRS 29 regarding financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: quoted prices in active markets for identical assets and liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held is the current bid price. These instruments are included in level 1 and comprise AIM listed investments classified as held at fair value through profit or loss.

Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Company holds no such investment in the current or prior year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Fixed asset investments (continued)

Level 3: the fair value of financial instruments that are not traded in an active market (for example investments in unquoted companies) is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between these classifications in the period (2010: none). The change in fair value for the current and previous year is recognised through the profit and loss account.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the year to 28 February 2011 are summarised below and in note 12.

	Level 1: Quoted prices £'000	Level 3: Unquoted loan investments £'000	Total investments £'000
Valuation and net book amount:			
Book cost at 1 March 2010	21,951	–	21,951
Opening unrealised loss at 1 March 2010	(5,007)	–	(5,007)
Valuation at 1 March 2010	16,944	–	16,944
Movement in the year:			
Purchases at cost	6,112	–	6,112
Assets acquired from Octopus Phoenix VCT plc	5,609	300	5,909
Proceeds from the sale of investments	(7,572)	–	(7,572)
Gain on realisation of investments	2,611	–	2,611
Change in fair value in year	4,045	–	4,045
Closing fair value at 28 February 2011	27,749	300	28,049
Closing cost at 28 February 2011	27,464	300	27,764
Closing unrealised gain at 28 February 2011	285	–	285
Valuation at 28 February 2011	27,749	300	28,049

Level 1 valuations are valued in accordance with the bid-price on the relevant date. Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review.

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied either to reflect impairment of financial assets held at the price of recent investment, or to adjust earnings multiples.

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.

11. Fixed asset investments (continued)

When the Company revalues the investments still held during the period, any gains or losses arising are credited / charged 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.

At 28 February 2011 and 28 February 2010 there were no commitments in respect of investments approved by the manager but not yet completed.

Transaction costs on purchases and disposals for the year were £18,000 and £23,000 respectively.

12. Current asset investments at fair value through profit and loss

Current asset investments represent level 1 investments as described in note 11 above. All current asset investments relate to money market funds*.

	£'000	£'000
Valuation and net book amount:		
Book cost at 1 March 2010	6,732	
Opening unrealised gain/(loss) as at 1 March 2010	–	
Valuation as at 1 March 2010		6,732
Movement in year:		
Purchases at cost	27,479	
Disposal proceeds	(23,556)	
Profit/(loss) in year on realisation of investments	–	
Revaluation in year	–	
Closing valuation as at 28 February 2011		10,655
Book cost at 28 February 2011		10,655
Closing unrealised gain/(loss) as at 28 February 2011		–
Closing valuation as at 28 February 2011		10,655

*Money market funds represent money held pending investment and can be accessed with 1 working day notice.

Transaction costs on purchases and disposals for the year were £nil (2010: £nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Debtors

	28 February 2011 £'000	28 February 2010 £'000
Prepayments and accrued income	19	27
	19	27

14. Creditors: amounts falling due within one year

	28 February 2011 £'000	28 February 2010 £'000
Accruals	210	171
Other creditors	48	41
	258	212

15. Share Capital

	28 February 2011 £'000	28 February 2010 £'000
Authorised:		
70,000,000 Ordinary shares of 1.0p (2010: 50.0p)	700	35,000
Allotted and fully paid up:		
41,247,611 Ordinary shares of 1.0p (2010: 31,856,029 shares of 50.0p)	412	15,928

The value of shares to be issued at 28 February 2011 amounted to £352,000 (2010: £nil). This represented 366,285 Ordinary shares at 96.10 pence per share.

During the year, Ordinary shares were re-designated from 50p shares to 1p shares.

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 23. The Company is not subject to any externally imposed capital requirements.

In the year to 28 February 2011, 7,935,637 Ordinary shares were issued to acquire the assets and liabilities of Octopus Phoenix VCT plc.

15. Share Capital (continued)

During the year the Company repurchased the following shares to be cancelled:

Date	Number of shares	Price per share	Total value of shares
11 March 2010	78,648	74.0p	58,200
6 October 2010	220,331	72.5p	159,740
15 October 2010	254,711	79.0p	201,222
29 October 2010	125,558	79.5p	99,819
12 November 2010	49,895	80.0p	39,916
3 December 2010	83,200	79.5p	66,144
7 December 2010	10,000	79.5p	7,950
23 December 2010	82,530	81.87p	67,567
28 January 2011	119,054	84.5p	100,601
Totals	1,023,927		801,159

The total nominal value of the shares repurchased for cancellation was £49,776 representing 12.1% of the issued share capital.

The Company issued the following shares during the year to 28 February 2011:

- 1 April 2010: 194,484 Ordinary shares at a price of 89.40p
- 5 April 2010: 11,354 Ordinary shares at a price of 89.40p
- 6 October 2010: 461,387 Ordinary shares at a price of 94.59p
- 10 November 2010: 760,281 Ordinary shares at a price of 95.45p
- 9 December 2010: 1,334,682 Ordinary shares at a price of 96.20p
- 7 January 2011: 1,707,082 Ordinary shares at a price of 100.00p
- 11 February 2011: 968,178 Ordinary shares at a price of 98.84p

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Reserves

	Share capital £'000	Share Premium £'000	Special distributable reserve* £'000	Capital redemption reserve £'000	Capital reserve realised* £'000	Capital reserve unrealised* £'000	Own shares held in treasury £'000	Revenue reserve* £'000
As at 1 March 2010	15,928	1,490	16,358	10,483	(13,478)	(5,007)	(2,447)	317
Repurchase of own shares	(50)	–	(801)	50	–	–	–	–
Share capital reorganisation	(14,222)	–	–	14,222	–	–	–	–
Shares issued	154	4,841	–	–	–	–	–	–
Cancellation of capital redemption reserve	–	(1,561)	12,084	(10,523)	–	–	–	–
Shares issued to acquire the assets and liabilities of Octopus Phoenix VCT plc	80	6,576	–	–	–	–	–	–
Stamp duty on shares issued to acquire the net assets of Octopus Phoenix VCT plc	–	(29)	–	–	–	–	–	–
Cancellation of Treasury shares	(1,478)	–	(2,447)	1,478	–	–	2,447	–
Loss on ordinary activities after tax	–	–	–	–	–	–	–	(182)
Management fees allocated as capital expenditure	–	–	–	–	(418)	–	–	–
Current year gains on disposal	–	–	–	–	2,611	–	–	–
Prior period holding (losses)/gains now crystallised	–	–	–	–	(1,247)	1,247	–	–
Current period gains on fair value of investments	–	–	–	–	–	4,045	–	–
Dividends paid	–	–	–	–	(1,933)	–	–	–
Balance as at 28 February 2011	412	11,317	25,194	15,710	(14,465)	285	–	135

*These reserves are considered distributable to shareholders

16. Reserves (continued)

Following the approval by shareholders at the EGM held on 1 July 2010, the Company divided all Ordinary shares of 50p into one Ordinary share of 1p and one Deferred share of 49p. The Deferred shares were then bought back for an aggregate amount of 1p and cancelled as issued. This restructuring resulted in a simplification of the share capital of the Company, whilst also creating capital redemption reserves.

In the year to 28 February 2010 it was brought to the attention of the Directors that during the financial years 2008/2009 and 2009/2010, share repurchases of 2,052,423 shares for a consideration of £1,460,991 in total, were not carried out in a manner consistent with the requirements of the Companies Act 2006. This led to the temporary suspension of share buybacks and dividends. However following the court order obtained on 15 September 2010, sufficient distributable reserves were created by cancelling the share premium account and the capital redemption reserve.

When the Company revalues its investments during the period, any gains or losses arising are credited/charged to the Income Statement. Changes in fair value of investments held are then transferred to capital reserves 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.

17. Financial Instruments and Risk Management

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

Fixed and current asset investments (see note 11 and 12) are valued at fair value. For quoted investments this is bid price. 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.

Fair value methods and assumptions

Where investments are in quoted stocks, fair value is set as market price, discounted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Financial Instruments and Risk Management (continued)

Market risk

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective. 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, 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 in the investment managers review.

72.0% (28 February 2010: 71.7%) by value of the Company's net assets comprises equity securities listed on the London Stock Exchange or quoted on AIM. A 10% increase in the bid price of these securities as at 28 February 2011 would have increased net assets and the total return for the year by £2,804,900 (2010: £1,694,000); 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.

Fixed rate

The table below summarises weighted average effective interest rates for the fixed interest-bearing financial instruments:

	As at 28 February 2011			As at 28 February 2010		
	Total fixed rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which fixed rate is in years	Total fixed rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed in years
Fixed-interest investments	300	6.0%	3.5	–	–	–

17. Financial Instruments and Risk Management (continued)

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 28 February 2011 (2010: 0.5%). The amounts held in floating rate investments at the balance sheet date were as follows:

	28 February 2011 £'000	28 February 2010 £'000
Current asset investments	10,655	6,732
Cash at bank	475	153
	11,130	6,885

A 1% increase in the base rate would increase income receivable from these investments and the total return for the year by £111,300 (2010: £68,850).

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 28 February 2011 the Company's financial assets exposed to credit risk comprised the following:

	28 February 2011 £'000	28 February 2010 £'000
Current investments	10,655	6,732
Cash at bank	475	153
Accrued dividends and interest receivable	14	24
	11,144	6,909

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. 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 BlackRock.

Other than cash or liquid money market funds, there were no significant concentrations of credit risk to counterparties at 28 February 2011 or 28 February 2010.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Financial Instruments and Risk Management (continued)

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 28 February 2011 these investments were valued at £11,130,000, (28 February 2010: £6,885,000).

18. The transfer of assets and liabilities of Octopus Phoenix VCT plc ('Merger')

On 12 August 2010, following approval from shareholders at the Extraordinary General Meeting on 4 August 2010, shareholders of Octopus Phoenix VCT had their shares converted into Octopus AIMVCT shares on a relative net asset value basis. 7,935,637 Octopus AIMVCT Ordinary shares were issued from this process, at a total value of £6,656,000. Subsequently and on the same day, Octopus Phoenix VCT was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under section 110 of the insolvency act 1986.

The net asset values (NAV) of each fund used for the purposes of conversion at the calculation date of 11 August 2010 were:

Company	NAV per share (p)	Conversion ratio applied
Octopus AIMVCT plc	83.82304434	1.00000000
Octopus Phoenix VCT plc	36.02100217	0.42972672

For further details see notes 11, 15 and 16.

19. Post balance sheet events

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

Shares issued:

- 22 March 2011: 1,921,283 Ordinary shares at a price of 96.10p
- 30 March 2011: 1,114,877 Ordinary shares at a price of 96.51p
- 5 April 2011: 1,924,332 Ordinary shares at a price of 95.87p
- 19 April 2011: 56,933 Ordinary shares at a price of 96.61p

Shares bought back for cancellation:

- 4 March 2011: 53,224 Ordinary shares at a price of 84.25p
- 24 March 2011: 53,189 Ordinary shares at a price of 81.75p
- 21 April 2011: 90,277 Ordinary shares at a price of 82.00p

Investments bought/sold:

- 3 March 2011: 6,502 shares in Brooks Macdonald were disposed for £70,080, realising a profit of £60,977
- 27 April 2011: 500 shares in Brooks Macdonald were bought for £5,954

20. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments as at 28 February 2011 (2010: none).

21. Related party transactions

Octopus Investments has been employed as Investment Manager throughout the year. Octopus AIMVCT plc has paid Octopus Investments £557,000 (2010: £450,000) in management fees during the year. At 28 February 2011, £155,000 was outstanding (2010: £119,000). The management fee is payable quarterly in arrears and is based on 2.0% of the NAV calculated at bi-annual intervals as at 28 February or 31 August as the case may be.

DIRECTORS AND ADVISERS

Board of Directors

Michael Reeve (Chairman)
Stephen Hazell-Smith
Roger Smith

Company Number

Registered in England No: 03477519

Secretary and Registered Office

Celia L Whitten FCIS
20 Old Bailey
London
EC4M 7AN

Investment and Administration Manager

Octopus Investments Limited
20 Old Bailey
London
EC4M 7AN
Tel: 0800 316 2295
www.octopusinvestments.com

Independent Auditor

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

Taxation Advisor

PricewaterhouseCoopers UK
1 Embankment Place
London
WC2N 6RH

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Registrar

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
(Calls cost 10p per minute plus network extras)
www.capitaregistrars.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Octopus AIMVCT plc ("the Company") will be held at 20 Old Bailey, London, EC4M 7AN on 14 July 2011 at 11.00 a.m. for the purposes of considering and if thought fit, passing the following resolutions of which resolutions 1 to 8, 11 and 12 will be proposed as ordinary resolutions and resolutions 9 and 10 will be proposed as special resolutions:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the period to 28 February 2011 and the Directors' and Auditor's Reports thereon.
2. To approve a final dividend of 2.5 pence per share.
3. To approve the Directors' Remuneration Report.
4. To re-elect Michael Reeve as a Director.
5. To re-elect Roger Smith as a Director.
6. To re-elect Stephen Hazell-Smith as a Director.
7. To re-appoint PKF (UK) LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

8. AUTHORITY TO ALLOT RELEVANT SECURITIES

That the Directors be generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to allot shares up to a maximum of 4,615,862 shares (representing approximately 10% of the Ordinary share capital in issue at today's date) this 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 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).

9. EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES

To empower the Directors pursuant to s571(1) 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 s560(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(1) 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 next Annual General Meeting of the Company 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)

10. 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 Companies Act 2006 of Ordinary shares of 1p each in the Company ("Ordinary shares") provided that:

- (a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 10% of the present issued Ordinary share capital of the Company;
- (b) the minimum price which may be paid for an Ordinary share shall be 1p;
- (c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to 105 per cent 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 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.

11. DIVIDEND REINVESTMENT SCHEME

THAT pursuant to Clause 143 of the Articles of Association of the Company the Directors be authorised to offer the holders of Ordinary shares the right to elect to receive an allotment of Ordinary shares credited as fully paid in lieu of any dividend proposed to be paid or declared hereafter.

12. To continue the Company as a Venture Capital Trust until 2017.

By Order of the Board



Celia L Whitten

FCIS Secretary
26 May 2011

20 Old Bailey
London
EC4M 7AN

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) As an alternative to returning a hard-copy proxy form by post, you can appoint a proxy by sending it by fax to Octopus Investments Limited on 020 7657 3338. For the proxy appointment to be valid, your appointment must be received by Octopus Investments Limited in such time as it can be transmitted to the registrars of the Company so as to be received no later than 48 hours before the time appointed for the meeting or any adjourned meeting, or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. Capita Registrars will not be liable for any proxy forms rendered illegible by means of fax transmission.
- (d) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person") should note that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.
- (e) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.
- (f) Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.
- (g) Under sections 338 and 338A Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:
- (i) To give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or
 - (ii) To include the business to be dealt with at the meeting any matters (other than a proposed resolution) which may be properly included in the business.
- A resolution may properly be moved or a matter may properly be included in the business unless:
- (i) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the company's constitution or otherwise);
 - (ii) It is defamatory of any person; or
 - (iii) It is frivolous or vexatious.
- Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.
- (h) A copy of the Notice of Annual General Meeting and the information required by Section 311A Companies Act 2006 is included on the Company's website, www.octopusinvestments.com under Products/Venture Capital Trusts.
- (i) Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the 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.

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PROXY FORM

OCTOPUS AIM VCT PLC

Annual General Meeting 14 July 2011 at 11.00am.

I/We.....

(BLOCK CAPITALS PLEASE)

of

being a member of Octopus 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 14 July 2011, notice of which was sent to shareholders with the Directors' Report and the accounts for the year to 28 February 2011, 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 more than one proxy, please refer to the explanatory note 4 overleaf.

RESOLUTION NUMBER	FOR	AGAINST	WITHHELD
ORDINARY BUSINESS			
1. To receive, consider and adopt the financial statements for the year ended 28 February 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve a final dividend of 2.5 pence per share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To re-elect Michael Reeve as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To re-elect Stephen Hazell-Smith as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. To re-elect Roger Smith as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. To re-appoint PKF (UK) LLP as auditor of the Company and to authorise the Directors to determine their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL BUSINESS			
8. To authorise the Directors to allot shares under s551 of the Companies Act 2006 (Ordinary Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To disapply s561 of the Companies Act 2006 and allot shares on a non-rights issue basis (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To authorise the Directors to make market purchases of its own shares (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. To authorise the Directors to offer the holders of Ordinary shares the right to elect to receive an allotment of Ordinary shares credited as fully paid in lieu of any dividend proposed to be paid or declared hereafter.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. That the Company continue in being as a Venture Capital Trust until 2017.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed: Dated: 2011

If you are unable to attend the AGM and wish to pass on any comments to the Board, please use the box below:

NOTES

1. To be valid, the proxy form must be received by the Registrars of Octopus AIMVCT 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 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

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