
PHOENIX VCT

INTERIM REPORT AND ACCOUNTS
FOR THE SIX MONTHS ENDED 30 APRIL 2008



OCTOPUS
INVESTMENTS

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About Phoenix VCT plc

Phoenix VCT plc (“Phoenix” or “Company”) 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 in November 2002 and raised over £11.3 million (£10.8 million net of expenses) through an offer for subscription.

Phoenix raised more money in 2005 in the form of a ‘C’ Share issue (i.e. the issue for subscription of a new class of share referred to as ‘C’ shares). In total, Phoenix raised £5.1 million (£5.0 million net of expenses) by the closing date of the offer on 30 June 2005.

Financial Highlights

	Ord Shares Six months to 30 April 2008	Ord Shares Six months to 30 April 2007	Ord Shares Year to 31 October 2007
Net assets ('000)	£8,412	£13,456	£11,945
Net (loss)/profit before tax ('000)	£(2,715)	£2,352	£1,202
Net asset value per share ("NAV")	75.9p	122.4p	106.0p
Dividend per share	5.0p	6.0p	12.0p
Cumulative dividends since launch – paid and declared	28.0p	17.0p	23.0p
	'C' Shares Six months to 30 April 2008	'C' Shares Six months to 30 April 2007	'C' Shares Year to 31 October 2007
Net asset ('000)	£4,954	£6,584	£6,183
Net (loss)/profit before tax ('000)	£(1,051)	£967	£489
Net asset value per share ("NAV")	89.0p	122.6p	110.8p
Dividend per share	2.0p	3.0p	6.0p
Cumulative dividends since launch – paid and declared	9.0p	4.0p	7.0p

Chairman's Statement

I am pleased to present the interim results for the six months to 30 April 2008. As you will be aware, it has been a particularly turbulent period for stock markets, particularly small companies, which has had a negative impact on the NAV of both the Ordinary and 'C' Share portfolios.

Ordinary Share Results Review

In the six months to 30 April 2008, the total return (being NAV plus dividends paid to shareholders) per Ordinary share decreased 19.6% from 123.0p to 98.9p. Despite declining stock markets, the Manager was successful in crystallising gains of £505,000 following cash bids for both BBI (Holdings) plc and Tissue Science Laboratories plc and the sale of the holdings in AssetCo plc and SectorGuard plc during the period. As a result, the Board has declared an interim dividend of 5.0p per Ordinary share to be paid on 29 August 2008 to shareholders on the register on 1 August 2008. This will take cumulative dividends to 28.0p per Ordinary share since the Company's launch.

The table below shows the movement in NAV of the Ordinary shares and lists the dividends that have been paid since the launch of the Company:

Period Ended	NAV	Dividend paid in period	NAV + cumulative dividends
31 October 2003	100.7p	–	100.7p
30 April 2004	111.7p	0.15p	111.9p
31 October 2004	110.9p	–	111.1p
30 April 2005	118.2p	2.50p	120.9p
31 October 2005	97.9p	4.00p	104.6p
30 April 2006	104.6p	–	111.3p
31 October 2006	103.8p	1.00p	111.5p
30 April 2007	122.4p	3.35p	133.4p
31 October 2007	106.0p	6.00p	123.0p
30 April 2008	75.9p	6.00p	98.9p

'C' Share Results Review

In respect of the 'C' share portfolio, the total return decreased 16.4% from 114.8p to 96.0p. As with the Ordinary share portfolio, the Manager was successful in crystallising gains of £90,000 following the cash bid for BBI (Holdings) plc and sale of SectorGuard plc. As a result the Board has declared an interim dividend of 2.0p per 'C' share to be paid on 29 August 2008 to shareholders on the register on 1 August 2008. This will take cumulative dividends to 9.0p per 'C' share since launch in February 2005.

Chairman's Statement (continued)

The table below shows the movement in NAV of the 'C' shares and lists the dividends that have been paid since the launch of the Company:

Period Ended	NAV	Dividend paid in period	NAV + cumulative dividends
30 April 2005	94.9p	–	94.9p
31 October 2005	94.2p	–	94.2p
30 April 2006	100.1p	–	100.1p
31 October 2006	105.1p	–	105.1p
30 April 2007	122.6p	1.0p	123.6p
31 October 2007	110.8p	3.0p	114.8p
30 April 2008	89.0p	3.0p	96.0p

Share Price

The mid-market share price of both the Phoenix Ordinary shares and the Phoenix 'C' shares currently stands at 73.0p. The discount to NAV is primarily due to the low level of secondary market activity in Phoenix shares, which is a common feature of the VCT market. We will continue to strive to maintain a narrow discount to NAV through the provision of growth and regular dividends.

VCT Status

PricewaterhouseCoopers LLP provides the Board and Investment Manager with advice on the ongoing compliance with Her Majesty's Revenue & Customs ("HMRC") rules and regulations concerning VCTs. The Board has been advised that Phoenix VCT plc is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT.

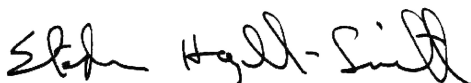
A key requirement was for 70% of the portfolio (for each of the Ordinary shares and 'C' shares) to be invested in qualifying investments by the end of the third accounting period following that in which new share capital was subscribed, and that minimum level maintained thereafter. As at 30 April 2008, over 99% of the Ordinary share proceeds raised at launch were invested in VCT qualifying investments, and 84% of the 'C' share proceeds raised from its launch in February 2005, as measured by HMRC qualification rules. However, it should be noted that this differs from the fact that by value 77% of the Ordinary share net assets and 71% of the 'C' share net assets are in AIM listed investments with the remainder in cash and money market securities. The Board does not anticipate any issues maintaining the required investment level.

Outlook

The weakness in stock markets which we reported on in the last annual report and accounts has continued as feared. There has been a de-rating of company valuations across all of the UK equity markets during the period under review on anticipation of the UK economy entering recession, and this is not likely to be reversed whilst the economic outlook remains so gloomy.

Chairman's Statement (continued)

Whilst the current economic outlook remains of concern to the Board and the Manager, both the Ordinary and 'C' Share portfolios are focused on established profitable companies which should not need to rely on access to further funding. Furthermore, a large percentage of the investments are engaged in business activities that have demonstrated robust pricing power and will not be reliant on the ebb and flow of the wider economy. With this in mind, the Manager remains confident about the longer term prospects of the underlying holdings within the portfolios and is committed to the provision of regular payments of tax-free dividends, as has been demonstrated to date.

A handwritten signature in black ink, appearing to read 'Stephen Hazell-Smith', written in a cursive style.

Stephen Hazell-Smith
Chairman
20 June 2008

Investment Manager's Review

Personal Service

At Octopus, we pride ourselves not only on our team's track record but also on our personalised customer service. We believe in open communication and our regular updates are designed to keep you involved and informed.

If you have any questions about this review, or if it would help to speak to one of the fund managers, please do not hesitate to contact us on 020 7710 2800.

The Alternative Investment Market (AIM)

The success of AIM in attracting a diverse range of growing companies and investors from around the globe has meant that the number of companies listed on AIM has increased from 753 companies in December 2003, when Phoenix was making its initial investments, to 1,675 in April 2008. The number of new VCT qualifying investment opportunities has certainly slowed during the last six months due to poor investor sentiment, however with banks likely to be more stringent on lending criteria going forward, we believe AIM, and in particular VCTs, will play a significant role in providing access to capital for growing companies.

Set out on the next page is a list of all of the holdings in both portfolios and a review of the Ordinary share and 'C' share portfolios, including details of the investments completed during the period.

Investment Portfolio

AIM-listed Qualifying Investments	Cost of Investment		Valuation as at 30 April 2008	
	Ord Shares £'000	'C' Shares £'000	Ord Shares £'000	'C' Shares £'000
Cello Group plc	500	–	565	–
Tanfield Group plc	53	77	468	344
CBG Group plc	381	216	437	248
Hasgrove plc	400	200	433	217
Staffline Recruitment Group plc	300	–	431	–
Melorio plc	–	275	–	322
Pressure Technologies plc	165	105	305	194
Fountains plc	240	–	275	–
Zetar plc	158	–	269	–
Brooks Macdonald Group plc	156	–	268	–
Vertu Motors plc	400	200	240	120
Hexagon Human Capital plc	315	157	238	119
Augean plc	500	–	211	–
Cohort plc	135	340	204	442
Northern Bear plc	299	149	190	95
Jelf Group plc	77	51	185	123
AutoClenz Holdings plc	425	169	170	68
Bond International Software plc	60	–	168	–
Inditherm plc	400	100	156	65
Concateno plc	–	85	–	152
Debts.co.uk plc	400	200	145	72
Clarity Commerce plc	407	203	138	69
Brulines (Holdings) plc	123	111	130	117
Cantono plc	420	220	126	66
Access Intelligence plc	500	150	125	63
Optimisa plc	143	247	106	182
Interquest plc	–	75	–	105
Vitesse Media plc	–	100	–	100
Media Square plc	251	–	94	–
Invu plc	100	100	77	77
MyHome International plc	385	285	75	55
Synabor plc	500	–	70	–
Strategic Thought Group plc	194	68	58	20
Media Surface plc	–	125	–	46
Invocas Group plc	80	50	37	23
Real Good Food Co plc	500	–	35	–
Vision Media Group plc	419	125	21	16
Top Ten Holdings plc	200	–	19	–
Baydonhill plc	200	–	8	–
Bright Futures Group plc	125	–	–	–
Total qualifying investments	9,910	4,183	6,476	3,517
Non-qualifying investments	24	12	29	17
Total AIM-listed investments	9,934	4,195	6,505	3,534
Fixed income securities	1,686	1,346	1,698	1,301
Total investments	11,620	1,541	8,203	4,835
Net current assets	–	–	209	119
Total net assets	–	–	8,412	4,954

Investment Manager's Review (continued)

Review of Ordinary Share Portfolio

As at 30 April 2008, the Ordinary share portfolio comprised investments in 35 AIM-quoted companies, accounting for 77% by value of the Ordinary share portfolio net assets. During the period, four holdings were disposed of, crystallising a net profit of over £505,000. BBI (Holdings) plc, which attracted a cash bid from Inverness Medical, realised a gain of £554,500 and the sale of AssetCo plc generated a gain of £92,600. A cash bid for Tissue Science Laboratories plc was also received, however this was below our original purchase price in March 2005 resulting in a realised loss of £64,000. The decision was also taken to dispose of SectorGuard plc, resulting in a realised loss of £78,600. The company had failed to make significant progress over the last three years in what is a very competitive sector. Follow on investments were completed into two existing holdings; MyHome International plc (£299,992) to support an acquisition, and Clarity Commerce plc (£40,293) following a reorganisation of the Board and future strategy of the Group.

A summary of these realisations is shown below:

Ordinary share realisations	Initial investment date	Cost of	Proceeds of	Total
		investment realised	investment	gain/(loss)
		£'000	£'000	£'000
BBI (Holdings) plc	27 April 2004	191	746	555
AssetCo plc	12 December 2003	95	188	93
Tissue Science Laboratories plc	22 March 2005	161	97	(64)
SectorGuard plc	10 August 2005	200	121	(79)
		647	1,152	505

Review of 'C' share Portfolio

As at 30 April 2008, the 'C' share portfolio comprised investments in 27 AIM-quoted companies, accounting for 71% by value of the 'C' share portfolio net assets. During the period, two holdings were disposed of crystallising a profit of over £89,900. BBI (Holdings) plc, which attracted a cash bid from Inverness Medical, realised a gain of £118,500. This was offset to a degree by the decision to dispose of SectorGuard plc, which realised a loss of £28,600. Follow on investments were completed into two existing holdings; MyHome International plc (£199,994) to support an acquisition, and Clarity Commerce plc (£20,147) following a reorganisation of the Board and future strategy of the Group. The C Share portfolio completed one new investment during the period into Vitesse Media plc, the details of which are listed below.

Investment Manager's Review (continued)

A summary of these realisations is shown below:

'C' share realisations	Initial investment date	Cost of investment realised	Proceeds of investment	Total gain/(loss)
		£'000	£'000	£'000
BBI (Holdings) plc	9 December 2005	115	234	119
SectorGuard plc	10 August 2005	100	71	(29)
		215	305	90

New Investments

Vitesse Media plc

Investment date:	8 November 2007
Cost:	£100,000 ('C' share portfolio only)
Valuation:	£100,000 ('C' share portfolio only)

Vitesse Media is an online, print publishing & events company specialising in growing businesses offering award-winning publications, web sites, research and events. Its flagship titles include Growth Company Investor, SmallBusiness.co.uk, GrowthBusiness.co.uk, What Investment, M&A magazine and the recently acquired Information Age. Reported turnover for the six months to 31 July 2007 was £2.4 million, generating a gross profit of £1.6 million. The outlook for the company has been enhanced by recent acquisitions giving the business further critical mass.

If you have any questions on any aspect of your investment, please call one of the team on 020 7710 2800.



Simon Rogerson
Chief Executive

Profit and Loss Account

	Six months to 30 April 2008			Six months to 30 April 2007			Year to 31 October 2007		
	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000
Gain on disposal of fixed asset investments	139	42	181	907	193	1,100	1,459	409	1,868
Gain/(loss) on disposal of current asset investments	1	-	1	3	-	3	(2)	(21)	(23)
(Loss)/gain on valuation of fixed asset investments	(2,714)	(1,024)	(3,738)	1,850	971	2,821	48	179	227
Gain/(loss) on valuation of current asset investments	5	(1)	4	(2)	(24)	(26)	6	(18)	(12)
Other income	76	46	122	49	88	137	165	182	347
Investment management fees	(141)	(70)	(211)	(131)	(64)	(195)	(266)	(131)	(397)
Other expenses	(80)	(44)	(124)	(324)	(197)	(521)	(208)	(111)	(319)
(Loss)/profit on ordinary activities before taxation	(2,714)	(1,051)	(3,765)	2,352	967	3,319	1,202	489	1,691
Taxation on profit on ordinary activities	-	-	-	-	-	-	-	-	-
(Loss)/profit on ordinary activities after taxation	(2,714)	(1,051)	(3,765)	2,352	967	3,319	1,202	489	1,691
(Loss)/earnings per share	(24.2)p(18.8)p			21.8p	18.4p		11.1p	9.2p	

Note of Historical Cost Profits and Losses

	Six months to 30 April 2008			Six months to 30 April 2007			Year to 31 October 2007		
	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000
(Loss)/profit on ordinary activities before taxation	(2,714)	(1,051)	(3,765)	2,352	967	3,319	1,202	489	1,691
Loss/(gain) on valuation of investments	2,709	1,025	3,734	(1,848)	(947)	(2,795)	(54)	(161)	(215)
Realisation of prior years' net unrealised gains on investment	368	27	395	362	137	499	674	314	988
Historical cost profit on ordinary activities before taxation	363	1	364	866	157	1,023	1,822	642	2,464
Historical cost profit on ordinary activities after taxation	363	1	364	866	157	1,023	1,822	642	2,464

Balance Sheet

	As at 30 April 2008			As at 30 April 2007			As at 31 October 2007		
	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000
Fixed asset investments	6,505	3,534	10,039	11,097	3,957	15,054	9,891	4,499	14,390
Current assets:									
Investments	1,698	1,302	3,000	2,050	2,681	4,731	1,596	1,083	2,679
Debtors	130	79	209	77	95	172	65	91	156
Cash	115	52	167	504	50	554	482	533	1,015
	1,943	1,433	3,376	2,631	2,826	5,457	2,143	1,707	3,850
Creditors: amounts falling due within one year	(36)	(13)	(49)	(272)	(199)	(471)	(89)	(23)	(112)
Net current assets	1,907	1,420	3,327	2,359	2,627	4,986	2,054	1,684	3,738
Total assets less current liabilities	8,412	4,954	13,366	13,456	6,584	20,040	11,945	6,183	18,128
Capital and reserves:									
Share capital	1,108	556	1,664	1,099	537	1,636	1,127	558	1,685
Share premium	1,138	-	1,138	757	4,596	5,353	-	-	-
Special distributable reserve	8,369	4,801	13,170	8,628	-	8,628	9,646	4,813	14,459
Capital redemption reserve	126	14	140	96	12	108	108	12	120
Revaluation reserve	(3,421)	(685)	(4,106)	2,125	1,410	3,535	(343)	367	24
Profit and loss account	1,092	268	1,360	751	29	780	1,407	433	1,840
Shareholders' funds	8,412	4,954	13,366	13,456	6,584	20,040	11,945	6,183	18,128
Net asset value per share	75.9p	89.0p		122.4p	122.6p		106.0p	110.8p	

Cash Flow Statement

	Six months to 30 April 2008			Six months to 30 April 2007			Year to 31 October 2007		
	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000
Net cash outflow from operating activities	(257)	(68)	(325)	(72)	(15)	(87)	(141)	(113)	(254)
Financial investment:									
Purchase of listed securities	(340)	(320)	(660)	(1,398)	(737)	(2,135)	(3,395)	(2,717)	(6,112)
Sale of listed securities	1,152	305	1,457	2,416	610	3,026	4,367	1,472	5,839
Net cash inflow/ (outflow) from financial investment	555	(83)	472	946	(142)	804	831	(1,358)	(527)
Management of liquid resources:									
(Increase)/decrease in money market securities	(102)	(219)	(321)	(1,633)	(492)	(2,125)	(1,179)	1,106	(73)
Dividends paid	(678)	(167)	(845)	(362)	(52)	(414)	(1,024)	(213)	(1,237)
Financing:									
Issue of own shares	-	-	-	481	179	660	918	428	1,346
Purchase of own shares	(142)	(12)	(154)	(218)	-	(218)	(335)	-	(335)
Share issue expenses	-	-	-	(9)	(6)	(15)	(28)	(16)	(44)
Decrease in cash resources	(367)	(481)	(848)	(795)	(513)	(1,308)	(817)	(53)	(870)

Reconciliation of Net Cash Flow to Movement in Liquid Resources

	Six months to 30 April 2008			Six months to 30 April 2007			Year to 31 October 2007		
	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000
Decrease in cash resources	(367)	(481)	(848)	(795)	(513)	(1,308)	(817)	(53)	(870)
Movement in liquid resources	102	219	321	1,633	492	2,125	1,179	(1,106)	73
Opening net liquid resources	2,078	1,616	3,694	1,716	2,775	4,491	1,716	2,775	4,491
Net cash at end of period	1,813	1,354	3,167	2,554	2,754	5,308	2,078	1,616	3,694

Reconciliation of Operating Profit to Cash Flow from Operating Activities

	Six months to 30 April 2008			Six months to 30 April 2007			Year to 31 October 2007		
	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000	Ord Shares £'000	'C' Shares £'000	Total £'000
(Loss)/profit on ordinary activities before tax	(2,714)	(1,051)	(3,765)	2,352	967	3,319	1,202	489	1,691
Loss/(gains) on valuation of fixed asset investments	2,714	1,024	3,738	(1,848)	(947)	(2,795)	(48)	(179)	(227)
Gain on disposal of fixed asset investments	(139)	(43)	(182)	(910)	(193)	(1,103)	(1,458)	(409)	(1,867)
(Increase)/decrease in debtors	(65)	12	(53)	78	64	142	90	68	158
(Decrease)/increase in creditors	(53)	(10)	(63)	256	94	350	73	(82)	(9)
Net cash outflow from operating activities	(257)	(68)	(325)	(72)	(15)	(87)	(141)	(113)	(254)

Reconciliation of Movements in Shareholders' Funds

	Ord Shares £'000	'C' Shares £'000	Total £'000
Equity shareholders' funds as at 1 November 2007	11,945	6,183	18,128
Loss on ordinary activities after tax	(2,714)	(1,051)	(3,765)
Net proceeds of share issue	–	–	–
Shares purchased for cancellation	(142)	(12)	(154)
Dividends recognised in period	(677)	(166)	(843)
Equity shareholders funds at 30 April 2008	8,412	4,954	13,366

	Ord Shares £'000	'C' Shares £'000	Total £'000
Equity shareholders' funds as at 1 November 2006	11,211	5,495	16,706
Profit on ordinary activities after tax	2,352	967	3,319
Net proceeds of share issue	473	174	647
Shares purchased for cancellation	(218)	–	(218)
Dividends recognised in period	(362)	(52)	(414)
Equity shareholders funds at 30 April 2007	13,456	6,584	20,040

	Ord Shares £'000	'C' Shares £'000	Total £'000
Equity shareholders' funds as at 1 November 2006	11,211	5,495	16,706
Profit on ordinary activities after tax	1,202	489	1,691
Net proceeds of share issue	891	412	1,303
Shares purchased for cancellation	(335)	–	(335)
Dividends recognised in period	(1,024)	(213)	(1,237)
Equity shareholders funds at 31 October 2007	11,945	6,183	18,128

Notes to the Interim Financial Statements

1. Basis of preparation

The interim financial information has been prepared in accordance with applicable accounting standards and under the historical cost convention except for the revaluation of investments. The principal accounting policies of the Company have remained unchanged from those set out in its 2007 annual report and financial statements. The half-yearly report has not been reviewed by the Company's auditor.

2. Publication of non-statutory accounts

The unaudited interim results for the six months ended 30 April 2008 and the six months ended 30 April 2007 do not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 and have not been delivered to the Registrar of Companies.

3. Earnings per share

Ordinary Share

The (loss)/earnings per share is based on a (loss)/profit from ordinary activities after tax of £(2,714,000) and on 11,218,789 shares, being the weighted-average number of shares in issue during the period (30 April 2007: £2,352,000 and 10,809,884 shares and 31 October 2007: £1,202,000 and 10,806,191 shares).

'C' Share

The (loss)/earnings per share is based on a (loss)/profit from ordinary activities after tax of £(1,051,000) and on 5,578,265 shares, being the weighted-average number of shares in issue during the period (30 April 2007: £967,000 and 5,248,048 shares and 31 October 2007: £489,000 and 5,322,479 shares).

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

4. Net asset value per share

The calculation of net asset value per Ordinary share is based on the net assets at 30 April 2008 and on 11,082,865 shares being the number of shares in issue at the same date (30 April 2007: 10,994,037 and 31 October 2007: 11,266,960).

The calculation of net asset value per 'C' share is based on the net assets at 30 April 2008 and on 5,563,836 shares being the number of shares in issue at the same date (30 April 2007: 5,370,745 and 31 October 2007: 5,579,429).

5. Dividends

The interim dividend of 5.0p per Ordinary share and 2.0p per 'C' share for the six months ending 30 April 2008 will be paid on 29 August 2008 to shareholders on the register at the close of business on 1 August 2008.

6. **Directors' Responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors confirm that to the best of their knowledge the half-yearly financial report has been prepared in accordance with the Disclosure and Transparency rules and in accordance with applicable accounting standards, and includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements.

7. **Principal Risks**

The Company's assets consist of equity, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a Venture Capital Trust, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail under the Note 18 in the Company's Annual Report and Accounts for the year ended 31 October 2007. The Company's principal risks and uncertainties have not changed materially since the date of that report.

8. **Related Parties**

Matt Cooper, a non-executive Director of Phoenix VCT plc, is a Director of Octopus. Phoenix VCT plc has employed Octopus throughout the year as Investment Manager. Under the management agreement, the Manager receives a fee of 2.0% per annum of the net assets of the Company. This is described in more detail under Note 19 "Related Party Transactions" within the Company's Annual Report and Accounts for the year ended 31 October 2007. During the period, Phoenix VCT plc has paid Octopus £141,000 (2007: £131,000) in management fees in respect of the Ordinary Share portfolio and £70,000 (2007: £64,000) in management fees in respect of the 'C' Share portfolio.

9. Copies of this statement are being sent to all shareholders. Copies are also available from the registered office of the Company at 8 Angel Court, London, EC2R 7HP.

