

**UNICORN
AIM VCT PLC**

Annual Report and Accounts
for the year ended 30 September 2008

Investment Objective

The objective of the Company is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maximising the stream of dividend distributions to Shareholders from the income and capital gains generated by the portfolio.

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this at least 70% of the Company's total assets are to be invested in qualifying investments of which 30% by value must be in ordinary shares carrying no preferential rights to dividends or return of capital and no rights to redemption.

Venture Capital Trust Status

The Company has satisfied the requirements for approval as a Venture Capital Trust (VCT) under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to conduct the business of the Company so as to maintain compliance with that section.

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Investment Policy

In order to achieve the Company's Investment Objective, the Board has agreed an Investment Policy which requires the Investment Manager to identify and invest in a diversified portfolio, predominantly of VCT qualifying companies quoted on AIM, that displays a majority of the following characteristics:

- experienced and well-motivated management;
- products and services supplying growing markets;
- sound operational and financial controls; and
- good cash generation to finance development allied with a progressive dividend policy.

Asset allocation and risk diversification policies, including maximum exposures, are to an extent governed by prevailing VCT legislation. Specific conditions for HMRC approval of VCTs include the requirement that at no time must any single holding represent more than 15% (by value) of the Company's investments.

The Investment Manager is responsible for managing sector and stock specific risk and the Board does not impose formal limits in respect of such exposures. However, in order to maintain compliance with HMRC rules and to ensure that an appropriate spread of investment risk is achieved, the Board receives and reviews comprehensive reports from the Investment Manager and the Administrator on a regular basis. When the Investment Manager proposes to make an investment in an unquoted company the prior approval of the Board is required.

Where capital is available for investment while awaiting suitable VCT qualifying opportunities, or in excess of the 70% VCT qualification, it may be invested in collective investment funds in non-qualifying shares and securities in smaller listed UK companies.

To date the Company has operated without recourse to borrowing. The Board may however consider the possibility of introducing modest levels of gearing up to a maximum of 20% of net assets, should circumstances suggest that such action is in the interests of shareholders.

Key Data

Ordinary Share Fund (listed on 5 November 2001)

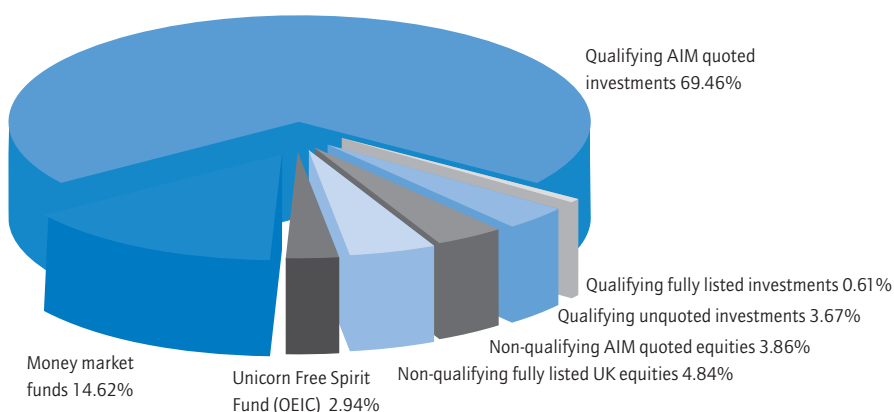
Initial net asset value per share
Initial net assets

94.5 pence
£33,088,657

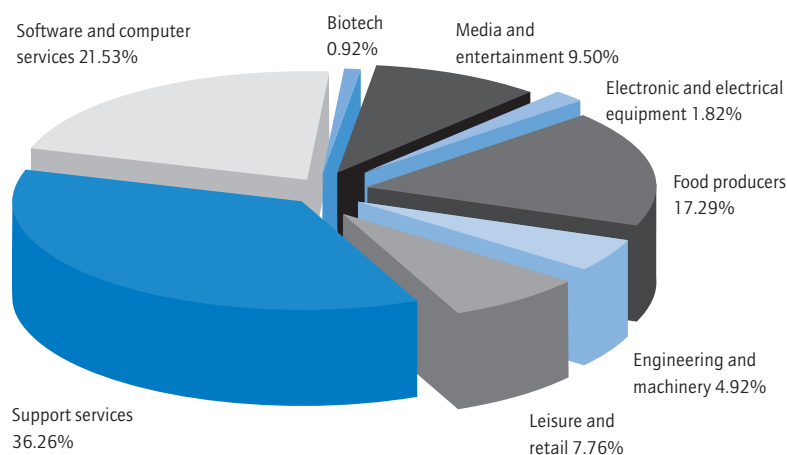
	30 September 2008	30 September 2007	30 September 2006
Net assets	£19,154,000	£27,270,000	£31,581,000
Net asset value per share	61.83 pence	89.55 pence	99.18 pence
Dividends per share	0 pence	12.55 pence	10.00 pence
Cumulative dividends paid since launch	39.00 pence	39.00 pence	26.45 pence
Total return to shareholders since launch per share	100.83 pence	128.55 pence	125.63 pence
Total return since launch*	6.7%	36.0%	32.9%
Total return of FTSE All-Share Index since launch	20.3%	61.5%	44.4%
Total return of FTSE AIM Index since launch	(22.8)%	36.7%	22.9%

* based on initial net asset value per share.

Allocation of investments by asset class



Allocation of qualifying investments by market sector



S2 Share Fund (listed on 5 February 2004)

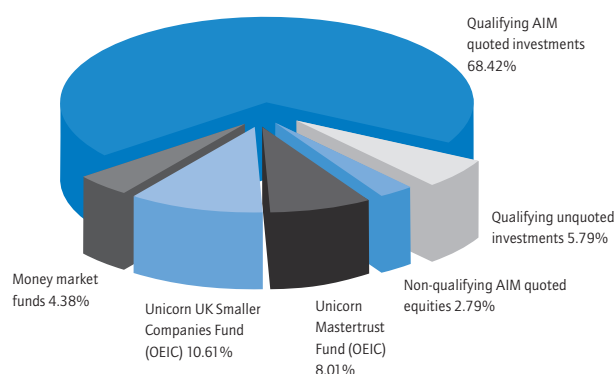
Initial net asset value per share
Initial net assets

94.5 pence
£14,896,332

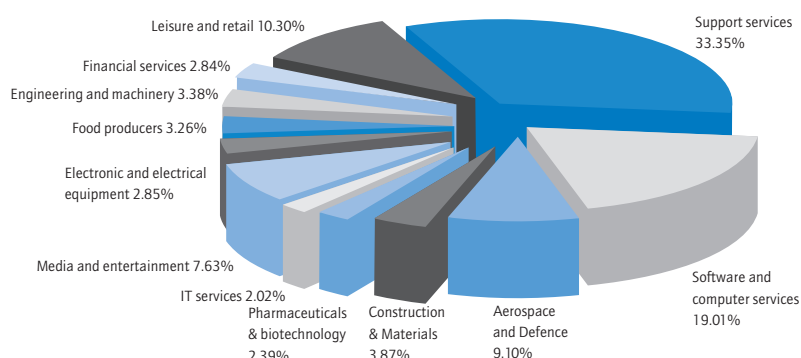
	30 September 2008	30 September 2007	30 September 2006
Net assets	£11,121,000	£16,825,000	£18,840,873
Net asset value per share	75.32 pence	113.84 pence	120.27 pence
Dividends per share	5.00 pence	10.00 pence	1.00 pence
Cumulative dividends paid since launch	16.75 pence	11.75 pence	1.75 pence
Total return to shareholders since launch per share	92.07 pence	125.59 pence	122.02 pence
Total return since launch*	(2.6)%	32.9%	29.1%
Total return of FTSE All-Share Index since launch	25.1%	67.9%	52.3%
Total return of FTSE AIM Index since launch	(24.8)%	33.1%	14.8%

* based on initial net asset value per share.

Allocation of investments by asset class



Allocation of qualifying investments by market sector



S3 Share Fund (listed on 11 April 2007)

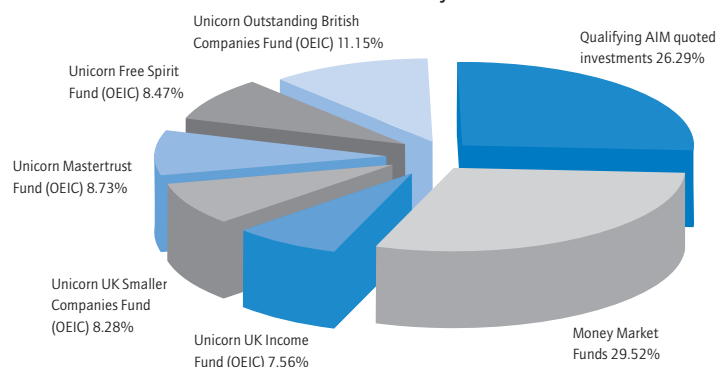
Initial net asset value per share
Initial net assets

94.5 pence
£4,958,036

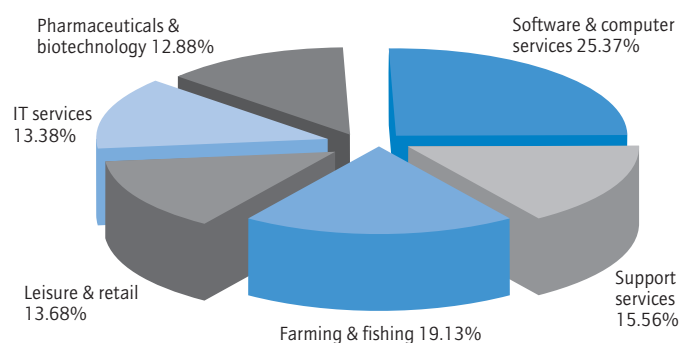
	30 September 2008	30 September 2007
Net assets	£3,848,000	£4,575,000
Net asset value per share	77.62 pence	92.28 pence
Dividends per share	0.00 pence	0.00 pence
Cumulative dividends paid since launch	0.00 pence	0.00 pence
Total return to shareholders since launch per share	77.62 pence	92.28 pence
Total return since launch*	(17.9)%	(2.3)%
Total return of FTSE All-Share Index since launch	(24.1)%	1.9%
Total return of FTSE AIM Index since launch	(44.9)%	(2.4)%

* based on initial net asset value per share.

Allocation of investments by asset class



Allocation of investments by asset class



Chairman's Statement

The portfolios are well diversified and the majority of investments are in companies which remain profitable and cash generative.

During the twelve month period to 30 September 2008 equity markets have been thrown into turmoil. The well publicised and increasingly severe crisis in the global financial system has triggered a widespread collapse in investor & consumer confidence, which in turn has left developed economies around the world facing the prospect of recession. In the year under review, the FTSE100 Index has fallen by over 24%, whilst the FTSE AIM AllShare Index almost halved in value.

Understandably, the assets of the Company have suffered accordingly. As I remarked upon in my statement for the Half-Yearly Report, the technical requirements of AIM based VCTs are such that the Investment Manager does not have total flexibility to reposition portfolios. Because of the rules imposed by HMRC, the portfolios are predominantly comprised of investments in small, illiquid AIM quoted companies which tend to suffer disproportionately in times of fear and uncertainty. Given these constraints and despite serious setbacks from a number of investee companies, all three Funds have weathered the storm significantly better than the FTSE AIM AllShare Index.

As at 30 September 2008, the Net Asset Values (NAV) at bid prices for the Ordinary Share Fund, the Series 2 (S2) Share Fund and the Series 3 (S3) Share Fund were 61.8 pence, 75.3 pence and 77.6 pence per share respectively.

The NAVs quoted above reflect an upward adjustment for reclaim of VAT from HMRC. The Company is in the process of confirming this amount with HMRC and expects to receive proceeds in the near future.

In previous years, the Board has sought to maximise the stream of tax free dividend distributions to Shareholders whilst maintaining the NAV in each Fund at around 100 pence per share. Largely because of the extremely difficult market conditions experienced in recent months the NAVs across the Funds are currently considerably below this level. However, given that both the Ordinary Share Fund and the S2 Share Fund have sufficient capital reserves available, the Board proposes a dividend of 3.0 pence per share to holders of Ordinary Shares and of 2.0 pence per share to holders of Series 2 Shares in respect of the year ended 30 September 2008. In both cases, dividends will be paid from net realised capital profits. The Board is also proposing a dividend for Series 3 Shareholders of 1.0 pence per share payable from income.

Following the closure of a small top-up Share Offer in April 2008, a total of 953,533 new Ordinary Shares and 220,765 new S2 Shares were issued. The Board would like to take this opportunity to welcome new Shareholders to the Company.

During the period 426,346 Ordinary Shares and 234,827 Series 2 Shares were bought back for cancellation at an average price of 62.6 pence per share and 78.75 pence per share respectively. To date, across all Funds, shareholders have received a total of £15.5m in dividends and £5.8m through share buy-backs.

As previously announced on 26 September 2008, Peter Webb, the former chief executive of the Company's Investment Manager, Unicorn Asset Management, resigned from the Board of the Company. The Board would like to express their appreciation to Mr. Webb for his services to the Company since its inception in 2001.

Unsurprisingly, given the uncertain state of the market over the past twelve months, the flow of VCT qualifying investment opportunities has been weaker and in some cases of lower quality than in previous years. As a result, there have been relatively few changes to the established portfolios. The Ordinary Share Fund made six new investments in VCT qualifying companies and participated in one secondary fundraising. The level of cash held in the Ordinary Share Fund had increased substantially by the financial year end following two successful realisations and a number of partial disposals. Total proceeds from realisations and disposals amounted to £3.78m whilst the total cost of purchases was £1.17m. The S2 Share Fund introduced eight new businesses to its VCT qualifying portfolio costing a total of £1.44m. Partial disposal of existing investments raised £2.14m. The S3 Share Fund commenced its investment phase and was able to participate in six opportunities which qualified for VCT status under new HMRC rules. The overall scale of investment in all three Funds was modest in comparison to previous years reflecting the Investment Manager's cautious approach.

At the financial year end the portfolios of the Ordinary and the S2 Share Funds respectively contained thirty-nine and thirty-seven VCT qualifying companies, whilst the S3 Share Fund portfolio comprised six qualifying investments.

The performance of all major equity markets around the world has been grim over the past twelve months. In the UK, the FTSE AIM AllShare Index fell by 44.4% with declines accelerating alarmingly in the final three months of the Company's financial year. For the time being, investors' appetite for risk has evaporated. This dramatic change in behaviour has been caused by the sudden and collective realisation that even the largest, most highly regarded and internationally diverse businesses can quickly find themselves insolvent if they are deprived of access to capital.

Although showing significant and painful declines, the NAVs in all three Funds performed significantly better than the FTSE AIM All-Share Index, thus reversing the experience of the previous year. As highlighted in last year's Annual Report, the AIM has developed significant concentration in a small number of sectors. Despite heavy falls, the Oil & Gas and Mining sectors still accounted for over 29% of the AIM AllShare by value as at the end of September 2008. It is worth repeating that your Company does not invest in businesses operating in these areas of the market since they tend to be early stage and unprofitable. In addition, under existing HMRC legislation they typically fail to achieve VCT qualifying status.

During the past twelve months a number of investee companies issued profit warnings. In the majority of cases, these setbacks were related to deteriorating economic conditions rather than being specifically caused by internal issues. Inevitably, given much slower economic growth, many companies reported results which failed to live up to expectations. In certain cases, the level of debt and the much reduced ability to refinance that debt has become a serious issue. In the case of Greatfleet, the company has been forced into administration and this investment has been written down to nil value. Another investee company, Synarbor has recently delisted its shares in order to cut costs and the decision has again been taken to mark the carrying value of this investment to zero. On a more positive note, a healthy proportion of the value in each Fund is held in businesses which are well managed, have modest levels of debt and which will undoubtedly survive the current malaise. A detailed report on the performance of the portfolios within each Fund is contained in the Investment Manager's Review on pages six to nine.

The portfolios are well diversified and the majority of investments are in companies which remain profitable and cash generative. Investor sentiment and market conditions will eventually improve, at which point the Board is confident that there are good prospects of recovering the ground lost in the past twelve months. In the meantime, the Investment Manager will continue to focus on preserving capital during this difficult period and to take advantage of investment opportunities that meet its criteria.

Peter Dicks

Chairman

24 November 2008



Investment Manager's Review

Investment policy

It is the aim of the Investment Manager to identify and invest in a diversified portfolio of companies that display a majority of the following characteristics:

- experienced and well-motivated management;
- products and services supplying growing markets;
- sound operational and financial controls; and
- good cash generation to finance development allied with a progressive dividend policy.

Performance

The NAV of the Ordinary Share Fund on a bid price basis as at 30 September 2008 was 61.8 pence per share, representing a decline of 31% over the previous year. Since shares were first allotted in November 2001 and taking into account total dividends paid of 39 pence per share, the initial NAV of the Ordinary Share Fund has increased by 6.7% on a total return basis.

The NAV of the S2 Share Fund on a bid price basis was 75.3 pence per share, which represents a decrease in total return for the year of 29.5% after adding back dividends paid. The total return on initial NAV is -2.6% which includes dividends paid to date of 16.75 pence per share.

The NAV of the S3 Share Fund on a bid price basis was 77.6 pence per share, representing a decline of 15.9%.

Investment strategy

The policy of investing in companies which have a demonstrable record of profitability and positive cash generation remains unchanged. The Ordinary Fund and the S2 Fund portfolios are now well diversified both by sector and by number of investments held. These two Funds remain comfortably above the threshold required to retain VCT qualifying status (whereby a minimum of 70% of combined assets must be invested in VCT qualifying holdings). The Investment Manager will continue to adopt a highly selective approach to new investment opportunities for all three Funds.

Alternative Investment Market (AIM) review

In the twelve month period under review, the Alternative Investment Market went from what had been a relatively controlled downward glide into a savage tailspin in the final three months of the year. By the end of September 2008 the FTSE AIM AllShare Index had fallen by 44.4% from its level a year earlier. The initial trigger for the decline was the emerging crisis in the US sub-prime mortgage market, which caused equity investors to seek out the perceived safety of larger capitalised companies. As a result, liquidity in the smaller end of the market

eroded causing further downward pressure on share prices. From June 2008 onwards the declines became progressively steeper, driven by rapid de-rating of the junior mining and oil exploration stocks quoted on AIM. As commented upon in last year's Annual Report, the FTSE AIM All-Share Index has been dominated by mining and resource stocks which together accounted for 32% of the Index by value as at 30 September 2007. As this unprecedented financial crisis deepened, a realisation dawned that demand for commodities generally including oil and metals could fall dramatically as developed economies entered a period of recession and the era of supernormal growth from emerging markets such as China might be over. In the three months to the end of September 2008 the FTSE AIM AllShare Index fell by 35.3%, compared to a fall in the FTSE AllShare Index of 13% over the same period. Given their very significant weighting, it is estimated that between them the Oil and Mining sectors accounted for almost 20 percentage points of the FTSE AIM AllShare's fall.

In this environment it is unsurprising that the flow of opportunities to invest in high quality businesses seeking an initial listing on AIM also dried up. Fortunately, the portfolios are well invested and the Company was comfortably above the minimum threshold required to maintain VCT status with over 81% of total assets held in qualifying investments as at the financial year end.

Qualifying investments

The Ordinary and the S2 Share Funds are well diversified with their portfolios containing thirty-nine and thirty-seven qualifying holdings respectively. However, in the year under review, many of the individual holdings in these portfolios suffered share price declines that were at least as steep as the falls experienced in the wider market. Performance in the Ordinary and the S2 Share Funds was also affected by a number of profit warnings from companies in the portfolio. At the smaller end of the quoted market, companies which fail to meet expectations inevitably get hit hard. In addition, share price declines tend to be harsher during periods of uncertainty and fear. Unfortunately, a number of our investee companies generated earnings that were lower than originally anticipated, which, in general, reflects the fact that they have been operating in a rapidly deteriorating trading environment. The S3 Share Fund performed strongly relative to the other Funds, partly because it held significant levels of cash for most of the year as a result of being in early investment phase and partly because the new qualifying investments it has made have performed robustly.

In the Ordinary Share Fund, six of the companies which disappointed, as set out below, accounted for over 60% of the total negative contribution produced during the year:-

Maxima Holdings is an IT managed services and systems integration company, which has grown rapidly through a combination of both organic and acquisitive growth. Maxima Holdings floated on AIM in November 2004 and has since completed ten acquisitions. In that time turnover has grown from approximately £10m to over £45m per annum, whilst profits before tax have risen from £1m to £5.2m. Unfortunately, following the loss of a major client, the £5.2m of pre-tax profit delivered in the year to 31 May 2008 was lower than expected and the share price more than halved. The business remains profitable, is inherently cash generative and has manageable levels of debt. However, despite a modest but encouraging recovery in the share price in recent months, it may take an extended period of consistent performance before investor confidence is fully restored. Maxima is held in both the Ordinary and the S2 Share Fund.

Avingtrans is an engineering technology group with activities in the design, manufacture and supply of critical components to the medical, industrial and aerospace sectors. In the past twelve months a recovery plan has been initiated, which has seen the introduction of a new and substantial strategic investor, a change in management and a successful refinancing. Despite this significant progress, the share price has remained depressed reflecting concerns over the extent to which a general economic slowdown will impact the Group's recovery prospects.

Zetar is a confectionery and healthy snacking business, which has grown substantially in recent years. However, during the past year the group has had to absorb significant raw material input prices and energy prices, which have exerted pressure on margins. Despite this, the Board remains confident that pre-tax profits for the current financial year will be ahead of the £4.8m reported in the year to 30 April 2008. The level of net debt in the business remains a concern, but the recent reversal in energy and commodity prices if sustained, will help improve cashflow. Zetar is held in both the Ordinary and the S2 Share Fund.

Supporta provides back office support services and domiciliary care to the public and private sectors and is one of the Ordinary Share Fund's earliest investments having been introduced to the portfolio in January 2002. Profits have been realised in this investment at various points during the past five years, however it remains a significant holding in the Ordinary Share Fund. Supporta has experienced a second consecutive year of operational difficulties and as a result management is focused on exploring alternative methods of restoring shareholder value. Following an abortive takeover earlier in the year, the Board announced in September 2008 that it had received another preliminary approach for the Company.

Huveaux is a business to business media publishing group focused on political, education, learning and healthcare

publishing. In recent years, the company has grown rapidly through acquisition, however, a number of these acquisitions have failed to deliver shareholder value. In June 2008, the Board of Huveaux announced the disposal of the French Healthcare division and of their e-learning business, Epic. The £10m received from these disposals has been used to reduce the Group's bank debt. Further disposals of non-core businesses are anticipated and the Group is now focused on delivering shareholder value through organic growth.

Shieldtech came to AIM in July 2007 with the intention of pursuing a buy and build strategy focused on Homeland Security based products and services. The funding environment for small, acquisitive businesses like Shieldtech quickly deteriorated and the Group has been unable to secure the financing needed to fund acquisitions. In addition, the core business, Aegis, which specialises in the manufacture and supply of body armour systems to police forces, experienced delays to a number of significant expected orders. As a result of these delays and because the Group has built a central overhead designed to accommodate a much larger entity, Shieldtech delivered losses in the year to 30 June 2008. Unfortunately, a strategy based around growth through acquisition now looks unworkable. On a more positive note, the Board recently announced that sales in the current financial year ending 30 June 2009 will be substantially greater than those in the previous year and also that they expect a return to profitability.

Clearly, each of these companies have suffered major setbacks in the past twelve months. However, it is fair to say that in each case management have taken action to protect shareholder value. In time, there are grounds for optimism that each of these investments will recover lost ground. Unfortunately, two companies held in the Ordinary Share Fund were delisted during the year under review and the carrying value of both investments has had to be written down to zero. **Greatfleet**, a specialist recruitment business, was forced into administration, whilst **Synarbor**, another small recruitment company, delisted as it could no longer justify the cost associated with being a public company. A number of other companies held in both the Ordinary and the S2 Share Funds issued profit warnings during the past twelve months resulting in significant share price declines.

On a more positive note, the Ordinary Share Fund saw the successful completion of two takeover bids in the past year; **Tellings Golden Miller**, the coach operator, was acquired by Arriva, whilst **Xpertise Group**, an IT training business was bought by a leading, privately owned competitor for cash at a substantial premium to the prevailing share price. In total, these realisations generated cash proceeds of £1.7m and capital gains of £340k. The remaining holding in **Assetco** was sold from the

Investment Manager's Review

Ordinary Share Fund representing a total return on original investment of 92% and generating a capital gain of £111,000, whilst cash proceeds of £62,800 were received following the delisting of *Finsaga*. Partial disposals were also made in a small number of holdings in both the Ordinary and the S2 Share Funds.

In a particularly difficult year for smaller quoted companies, one company held in the Ordinary Share Fund deserves special mention. *Abcam* is a manufacturer and distributor of therapeutic antibodies which has successfully exploited web based technology to build a substantial business targeting the worldwide life science research market. The company was formed in 1998 and now generates annual sales of more than £30m from an online catalogue of over 44,000 products. The business is inherently high margin, cash generative with strong prospects for continued growth. In the past year, the company has invested significantly in expanding its manufacturing capability. The new facilities are now complete and production of commercial scale antibodies has commenced. In time, this initiative should further enhance margins as well as giving Abcam much greater control over the antibody market as a whole. During the past twelve months Abcam's share price has risen by 56%, outperforming the AIM AllShare Index by 100%.

New qualifying investments

The Series 3 Share Fund made new investments totalling £1.1m in six VCT qualifying companies during the year under review:

Animalcare recently raised £6.4m via a placing of new shares in order to part fund the acquisition of a business focused on developing products for the steadily growing companion animal market. The business offers a range of licensed veterinary pharmaceuticals, animal identification microchips and other veterinary supplies which it sells predominantly through the wholesale channel.

IS Pharma is a profitable, cash generative and fast growing hospital medicines business which targets the development and commercial exploitation of late-stage pharmaceuticals and medical devices in the specialist hospital medicines sector. In April 2008, the company successfully raised £10m to fund the acquisition of SEPI AG, a Swiss-based pharmaceutical company with a profitable portfolio of specialist hospital pharmaceutical products. The combined Group is now primarily focused in the areas of critical care, neurology and oncology and operates internationally through a strong network of distributors.

Keycom designs, develops, installs and delivers broadband based communications solutions and services to niche markets such as Universities, Hospitals and Army Campuses. Keycom has created a number of proprietary systems and applications which are designed to improve communications and facilitate access to

information at institutions located throughout the UK. Following two fundraisings during 2008, the proceeds of which were used to acquire two competitors, the enlarged Group is now a market leader in the delivery of value added communications services to students and key workers in the NHS.

Melorio is a vehicle created to consolidate the fragmented UK vocational training market. The initial focus will be on the construction, utilities, logistics and care sectors. Vocational training addresses the UK's skills deficit and helps fulfil the Government's policy commitment to create a fully qualified workforce. Melorio runs each of its businesses as autonomous divisions. Melorio's first acquisition was Construction Learning World (CLW), a leading provider of on-site assessment and training to the construction sector. CLW is a high growth and high margin business with 2006/7 EBITDA of £2.6m and sales of £7.5m. The market for CLW is being driven by government focus and increasing industry led regulation. It has seven contracts with Learning and Skills Councils and thirteen partnerships with further education colleges.

Snacktime is the UK's only national snack vending company. It claims to have a unique business model. Machines are sited in the staff rooms and point of sale areas of major UK retailers. Snacktime installs machines free of charge and there are no rental, maintenance, servicing or replenishment costs payable by the retailer. Machines are visited at least once a week by one of Snacktime's team of self-employed merchandisers. The business generates 75% of its revenues from the profit on branded product sales. The remaining 25% of revenues comes from marketing contributions made by Brand Partners such as PepsiCo, Mars and Walkers Crisps. Over 6,500 machines have been installed to date within established retail chains such as Argos, Currys and Matalan. The order book is continuing to expand, but once the initial growth phase has peaked the business should become significantly cash generative. The company raised £3m in December 2007 to help fund future growth.

Tracsis is a small, highly specialised provider of resource optimisation software used in the processing of labour scheduling by passenger rail and bus service operators. Contracts have been secured with rail and bus companies throughout the UK. Tracsis has developed a technology platform that is both scaleable and transferable to other industries and overseas markets. Tracsis joined AIM in November 2007 following a successful placing.

The S2 Fund also participated in each of these new investments with the exception of Animalcare, whilst the Ordinary Share Fund co-invested in Snacktime and Tracsis.

The Ordinary Share Fund and the S2 Share Fund co-invested in three other VCT qualifying opportunities during the year:-

Essentially is a leading independent sports marketing, media, management and services agency. In April, the Group raised £6m to help fund the acquisition of a successful and consistently profitable competitor which specialises in stadium perimeter advertising and which has exclusive arrangements with the owners of some of the biggest and most prestigious stadia in the UK. This acquisition has now been successfully integrated and Essentially Group recently announced Interim Results that demonstrated a significant advance in both turnover and profits before tax.

Optare manufactures buses and coaches which it sells into the UK public transport market. Following a reverse acquisition in July 2008, the enlarged Group has become an important competitor in the UK bus and coach industry and is firmly focused on developing the next generation of fuel efficient vehicles.

Praesepe is an operator of adult gaming centres in the UK. The intention is to grow the business through a series of acquisitions in what remains a highly fragmented market. The business is run by Nick Harding who previously created substantial shareholder value for investors in Talarius, which was a similar business that also expanded rapidly and successfully through acquisition and was then sold to a trade buyer at the end of 2006.

Non-qualifying portfolios

In all three Funds, the contribution to performance from the investment in sub-funds of the Unicorn Investment Funds OEIC was negative in line with wider equity market declines. In the Ordinary Share Fund, the investment in Unicorn Free Spirit Fund was substantially reduced, generating cash proceeds of £1,450,000. A total gain on disposal of £703,000 was recorded. In the S2 Share Fund, the remaining holding in the Unicorn Free Spirit Fund was sold, whilst investments in Unicorn Mastertrust Fund and Unicorn UK Smaller Companies Fund were significantly reduced. In aggregate the total capital gains on these disposals amounted to £421,000. There were no changes to the non-qualifying portfolio of the S3 Fund.

Prospects

As discussed, it has been a torrid year for equity markets. Many investors have discovered to their cost, that even the largest, highly regarded and internationally diverse businesses can be risky investment propositions. The disintegration and subsequent part-nationalisation of the UK banking sector provides stark testament to this fact.

Throughout the life of Unicorn AIM VCT, the Investment Manager has consistently highlighted the particular risks associated with investment in small, illiquid, AIM quoted companies, whilst also setting out a clear Investment Policy designed to mitigate this risk as far as possible. Inevitably, at the smaller end of the market and with a limited number of qualifying companies to choose from, there will always be individual investments which disappoint. On occasion, poor performance may well be a direct result of management mistakes and sometimes the investment decision making process may prove flawed. However, during the past twelve months there has been extraordinary upheaval in financial systems around the world which has fundamentally changed people's perception of risk. The dramatic decline in the value of AIM quoted companies is an example of this re-pricing of risk. It is important to note that throughout this period, your Company's Investment Policy has been consistently applied. The Investment Manager has always sought to generate satisfactory and sustainable returns over the long term rather than to speculate in an attempt to generate spectacular and unsustainable short term gains. The portfolios comprise a diverse range of predominantly profitable, well-capitalised businesses which offer good long term potential.

The current crisis is a painful reminder that when short term greed triumphs over long term prudence there is ultimately a heavy price to pay; even the biggest and supposedly safest of businesses can fail when risk control measures prove inadequate. There will now almost certainly need to be a prolonged period of readjustment before confidence and stability can return.



Investment Portfolio Summary

Ordinary Share Fund	Date of first investment	Book cost £'000	Valuation £'000	Valuation basis	Type of security	Market sector
Qualifying investments						
AIM quoted investments						
Glisten plc Manufacturer of chocolate confectionery, sugar based sweets and edible decorations.	Jun 2002	582	1,740	Bid price	Ordinary shares	Food producers
Maxima Holdings plc Implementation and support of enterprise software solutions.	Nov 2004	1,200	1,568	Bid price	Ordinary shares	Software and computer services
Abcam plc Online distributor of therapeutic antibodies for research purposes.	Oct 2005	466	1,332	Bid price	Ordinary shares	Support services
Supporta plc Provision of back office support and domiciliary care to the public and private sectors.	Jan 2002	1,432	945	Bid price	Ordinary shares	Support services
Mattioli Woods plc Consultants in the provision of pension and wealth management services.	Nov 2005	449	909	Bid price	Ordinary shares	Support services
Mears Group plc Social housing and domiciliary care.	May 2007	804	718	Bid price	Ordinary shares	Support services
Avingtrans plc Provision of precision engineering services.	Oct 2004	708	555	Bid price	Ordinary shares	Engineering and machinery
Huveaux plc Broadly based media group focusing upon political publishing, education and training.	Mar 2003	1,000	440	Bid price	Ordinary shares	Media and entertainment
Prologic plc Development and maintenance of software to meet the operational, reporting and business intelligence needs of fashion businesses.	Jul 2004	589	432	Bid price	Ordinary shares	Software and computer services
Zetar plc Niche manufacturer of chocolate confectionery.	Apr 2005	406	294	Bid price	Ordinary shares	Food producers
Hexagon Human Capital plc Recruitment	Feb 2007	429	247	Bid price	Ordinary shares	Support services
Hasgrove plc Marketing and communications.	Nov 2006	300	238	Bid price	Ordinary shares	Media
SnackTime plc Operator of vending machines.	Dec 2007	360	230	Bid price	Ordinary shares	Leisure & retail
Praesepe plc Adult gaming centres.	Jul 2008	253	230	Bid price	Ordinary shares	Leisure
Printing.com plc Franchised high street printing.	Aug 2004	213	209	Bid price	Ordinary shares	Media and entertainment
Datong Electronics plc Development of a range of advanced covert tracking and location system to government defence and security agencies.	Sep 2005	333	208	Bid price	Ordinary shares	Electronic and electrical equipment
Sanderson Group plc Implementation and support of proprietary enterprise software solutions.	Dec 2004	385	193	Bid price	Ordinary shares	Software and computer services
Augean plc Operation of hazardous waste landfill sites.	Dec 2004	350	181	Bid price	Ordinary shares	Support services
Fountains plc Environmental services and grounds maintenance to utility companies and local authorities.	Jul 2004	365	178	Bid price	Ordinary shares	Support services
Lees Foods plc Manufacturer of confectionary products and wafers.	Jun 2005	260	178	Bid price	Ordinary shares	Food producers
Tracsis plc Transport planning software.	Nov 2007	120	158	Bid price	Ordinary shares	Software and computer services
Pilat Media Global plc Development and support of scheduling software for digital TV.	Apr 2004	480	131	Bid price	Ordinary shares	Software and computer services
Shieldtech plc Homeland security products.	Jun 2007	650	130	Bid price	Ordinary shares	Support services

% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
5.2%	9.1%	30-Jun-08	73,763	2,706	28,230	5.2%	www.glisten.plc.uk
3.8%	8.2%	31-May-08	46,657	5,208	35,506	7.4%	www.maximaholdings.com
0.8%	7.0%	30-Jun-08	36,694	7,952	24,122	2.5%	www.abcam.com
4.1%	4.9%	31-Mar-08	50,763	(373)	28,901	8.6%	www.supportapl.com
2.0%	4.8%	31-May-08	10,828	3,509	14,027	6.3%	www.mattioli-woods.com
0.6%	3.8%	31-Dec-07	304,620	15,453	82,695	1.0%	www.mearsgroup.co.uk
6.7%	2.9%	31-May-08	41,247	1,694	16,168	9.4%	www.avingtrans.plc.uk
2.6%	2.3%	31-Dec-07	46,069	(570)	45,885	2.6%	www.huveauxplc.com
7.8%	2.3%	31-Mar-08	11,641	1,722	11,251	10.8%	www.prologic.net
1.8%	1.5%	30-Apr-08	111,230	4,752	40,301	3.4%	www.zetarplc.com
1.4%	1.3%	31-Mar-08	28,664	2,872	16,854	5.4%	www.hexagonhc.com
1.2%	1.2%	31-Dec-07	21,675	2,401	18,396	5.8%	www.hasgrove.com
3.6%	1.2%	31-Mar-08	3,808	123	4,129	17.8%	www.snacktimeuk.co.uk
0.7%	1.2%	31-Dec-07	N/A	(547)	4,035	2.0%	www.praesepeplc.com
1.6%	1.1%	31-Mar-08	13,479	2,421	7,158	2.4%	www.printing.com
1.9%	1.1%	31-Mar-08	10,717	1,960	11,360	5.6%	www.datong.co.uk
1.8%	1.0%	30-Sep-07	18,165	1,935	22,542	3.6%	www.sanderson.co.uk
0.5%	0.9%	31-Dec-07	26,302	(23,913)	83,382	1.8%	www.augeanplc.com
1.9%	0.9%	30-Sep-07	44,743	1,113	10,386	2.7%	www.fountainsplc.com
5.4%	0.9%	31-Dec-07	15,141	721	6,830	5.4%	www.leesofscotland.co.uk
1.6%	0.8%		N/A	N/A	N/A	9.9%	www.tracsis.com
1.5%	0.7%	31-Dec-07	18,430	1,283	18,394	1.5%	www.pilatmedia.com
4.9%	0.7%	30-Jun-07	N/A	(104)	(152)	15.2%	www.shieldtech.co.uk

Ordinary Share Fund	Date of first investment	Book cost £'000	Valuation £'000	Valuation basis	Type of security	Market sector
Dillistone Group plc Provider of software services to the executive recruitment industry.	Jun 2006	106	123	Bid price	Ordinary shares	Software and computer services
Essentially plc Sports Marketing and media services.	Apr 2008	152	118	Bid price	Ordinary shares	Media
Kiotech International plc Aquaculture products.	Nov 2006	351	117	Bid price	Ordinary shares	Biotech
Access Intelligence plc Subscription based sales and marketing support.	Dec 2004	490	86	Bid price	Ordinary shares	Media and entertainment
Optare plc Bus manufacturer.	Jul 2008	150	75	Bid price	Ordinary shares	Engineering and machinery
Cantono plc Managed IT Services.	Jul 2007	300	45	Bid price	Ordinary shares	IT services
Belgravium Technologies plc Development and supply of rugged, hand-held, battery powered, real time data capture devices used for stock control.	Sep 2005	117	25	Bid price	Ordinary shares	Electronic and electrical equipment
Strategic Retail plc Operation of retail outlets specialising in the home décor and furnishings market.	Sep 2004	426	21	Bid price	Ordinary shares	Leisure & retail
Assetco plc (formerly Asfare Group plc) Provision of ladders and ancillary equipment to the emergency services.	Dec 2003	0	0	Bid price	Ordinary shares	Engineering and machinery
		14,226	12,054			
Fully listed investments						
Microgen plc IT consultancy and managed services provider.	Dec 2003	181	105	Bid price	Ordinary shares	Computer and software
		181	105			
Unlisted investments						
Amber Taverns Limited Development of a chain of unbranded, managed, freehold public houses in the North of England.	Apr 2005	500	512	Discounted earnings	Ordinary and preference shares	Leisure and retail
Sanastro plc Specialist financial publisher.	Dec 2004	500	125	Cost less provision	Ordinary shares	Media and entertainment
Synarbor plc (formerly Public Recruitment Group plc) Public sector recruitment and services specialising in education, healthcare and social work.	Apr 2004	1,000	0	Full provision	Ordinary shares	Support services
Finsaga Limited (formerly Brightview plc) Marketing company focused on operating telephone response based promotions.	Aug 2004	88	0	Full provision	Ordinary shares	Telecoms
Greatfleet plc (in administration) Recruitment consultant specialising in legal and financial search and selection.	Feb 2004	310	0	Full provision	Ordinary shares	Support services
Centurion Electronics plc Design and distribution of in car audio-visual entertainment systems.	Dec 2002	575	0	Full provision	Ordinary shares	Electronic and electrical equipment
		2,973	637			
Total qualifying investments		17,380	12,796			
Non-qualifying investments						
Money market funds+	Dec 2002	2,537	2,537	Bid price	Participating shares	
Fully listed equities	N/A	355	840	Bid price	Ordinary shares	
Unicorn Free Spirit Fund (OEIC)	Dec 2001	332	511	Bid price	B shares	
AIM quoted equities	N/A	876	670	Bid price	Ordinary shares	
Total non-qualifying investments		4,100	4,558			
Total investments		21,480	17,354			
Other assets			1,920			
Current liabilities			(120)			
Net assets			19,154			

+ Disclosed within current investments under Current assets in the Balance Sheet.

% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
3.3%	0.6%	31-Dec-07	4,066	1,196	1,646	3.3%	www.dillistone.com
0.7%	0.6%	31-Dec-07	9,209	324	11,460	2.0%	www.essentiallygroup.com
4.7%	0.6%	31-Dec-07	5,352	464	7,128	13.3%	www.kiotech.com
4.5%	0.5%	30-Nov-07	4,068	(478)	7,686	10.4%	www.accessintelligence.com
0.5%	0.4%		N/A	N/A	N/A	1.5%	www.optare.com
1.0%	0.2%	31-May-07	N/A	N/A	N/A	3.4%	www.cantono.com
0.8%	0.1%	31-Dec-07	10,637	2,053	9,187	2.5%	www.belgravium.com
4.9%	0.1%	1-Mar-08	19,918	20	3,537	6.9%	www.strategicretail.co.uk
0.0%	0.0%	31-Mar-08	68,848	9,441	45,277	0.0%	www.assetco.co.uk
	62.9%						
0.3%	0.5%	31-Dec-07	33,271	4,229	61,020	1.6%	www.microgen.co.uk
	0.5%						
11.0%	2.7%	31-Jan-08	3,732	(1)	626	32.9%	www.ambertaverns.co.uk
6.4%	0.7%	30-Nov-07	4,432	(5)	6,931	12.7%	www.sanastro.co.uk
1.6%	0.0%	31-Dec-07	56,383	1,750	27,798	1.6%	www.publicrecruitmentgroup.com
0.5%	0.0%	30-Jun-07	17,937	(2,059)	7,498	0.7%	www.brightviewplc.com
1.3%	0.0%	30-Dec-06	11,437	530	2,184	3.4%	
0.2%	0.0%	30-Sep-07	4,609	(1,520)	(652)	0.2%	www.centurionsystems.co.uk
	3.4%						
	66.8%						
N/A	13.2%						
N/A	4.4%						
6.4%	2.7%						
N/A	3.5%						
	23.8%						
	90.6%						
	10.0%						
	(0.6)%						
	100.0%						

Ordinary Share Fund	Date of first investment	Book cost	Valuation	Valuation basis	Type of security	Market sector
		£'000	£'000			
5 Largest non-qualifying investments						
Mears Group plc*	Nov 2001	167	569	Bid price	Ordinary shares	
Unicorn Free Spirit Fund (OEIC)	Dec 2001	332	511	Bid price	B shares	
Clerkenwell Ventures plc	Sep 2007	600	432	Bid price	Ordinary shares	
Robert Walters plc	Jan 2002	187	270	Bid price	Ordinary shares	
Dillistone Group plc*	Jun 2006	134	137	Bid price	Ordinary shares	
* Listed on AIM						

S2 Share Fund	Date of first investment	Book cost	Valuation	Valuation basis	Type of security	Market sector
		£'000	£'000			
Qualifying investments						
AIM/Plus quoted investments						
Maxima Holdings plc Implementation and support of enterprise software solutions.	Nov 2004	800	962	Bid price	Ordinary shares	Software and computer services
Abcam plc Online distributor of therapeutic antibodies for research purposes.	Oct 2005	334	953	Bid price	Ordinary shares	Support services
Mattioli Woods plc Consultants in the provision of pension and wealth management services.	Nov 2005	396	801	Bid price	Ordinary shares	Support services
Cohort plc Provision of a wide range of technical services to clients in the defence and security sectors.	Feb 2006	507	743	Bid price	Ordinary shares	Aerospace and Defence
Driver Group plc Provision of specialist commercial, project planning and dispute resolution services to the construction industry.	Apr 2006	325	316	Bid price	Ordinary shares	Construction and Materials
Mears Group plc Social housing and domiciliary care.	May 2007	345	308	Bid price	Ordinary shares	Support services
Melorio plc NVQ training for construction industry.	Oct 2007	360	302	Bid price	Ordinary shares	Support services
Zetar plc Niche manufacturer of chocolate confectionery.	Apr 2005	366	266	Bid price	Ordinary shares	Food producers
Hasgrove plc Marketing and communications.	Nov 2006	300	237	Bid price	Ordinary shares	Media
Avingtrans plc Provision of precision engineering services.	Oct 2004	288	226	Bid price	Ordinary shares	Engineering and machinery
Datong Electronics plc Development of a range of advanced covert tracking and location systems to government defence and security agencies.	Sep 2005	333	208	Bid price	Ordinary shares	Electronic and electrical equipment
Sanderson Group plc Implementation and support of proprietary enterprise software solutions.	Dec 2004	385	192	Bid price	Ordinary shares	Software and computer services
SnackTime plc Operator of vending machines.	Dec 2007	288	184	Bid price	Ordinary shares	Leisure and retail
Invocas Group plc Scottish based personal and corporate debt solutions provider.	Mar 2006	344	177	Bid price	Ordinary shares	Financial services
Prologic plc Development and maintenance of software to meet the operational, reporting and business intelligence needs of fashion businesses.	Jul 2004	218	160	Bid price	Ordinary shares	Software and computer services
Tracsis plc Transport planning software.	Nov 2007	120	157	Bid price	Ordinary shares	Software and computer services
Hexagon Human Capital plc Recruitment	Feb 2007	253	146	Bid price	Ordinary shares	Support services
Praesepe plc Adult gaming centres.	Jul 2008	150	136	Bid price	Ordinary shares	Leisure
Keycom plc Designers and developers of communications strategies.	Apr 2008	120	135	Bid price	Ordinary shares	IT services
IS Pharma plc (formerly Maelor plc) Pharmaceuticals company.	Mar 2008	154	130	Bid price	Ordinary shares	Pharmaceutical & biotechnology

% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
N/A	3.0%						
6.4%	2.7%						
1.9%	2.3%						
N/A	1.4%						
N/A	0.7%						

% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
2.3%	8.7%	31-May-08	46,657	5,208	35,506	7.4%	www.maximaholdings.com
0.6%	8.6%	30-Jun-08	36,694	7,952	24,122	2.5%	www.abcam.com
1.7%	7.2%	31-May-08	10,828	3,509	14,027	6.3%	www.mattioli-woods.com
1.0%	6.7%	30-Apr-08	57,093	5,569	40,843	3.2%	www.cohortplc.com
1.7%	2.8%	30-Sep-07	12,684	1,114	5,421	3.9%	www.driver-group.com
0.1%	2.8%	31-Dec-07	304,620	15,453	82,695	1.0%	www.mearsgroup.co.uk
1.1%	2.7%	31-Mar-08	7,826	1,728	30,623	3.6%	www.melorio.com
1.6%	2.4%	30-Apr-07	94,900	4,984	31,794	3.4%	www.zetarplc.com
1.2%	2.1%	31-Dec-07	21,675	2,401	18,396	5.8%	www.hasgrove.com
2.7%	2.0%	31-May-08	41,247	1,694	16,168	9.4%	www.avingtrans.plc.uk
1.9%	1.9%	31-Mar-08	10,717	1,960	11,360	5.6%	www.datong.co.uk
1.8%	1.7%	30-Sep-07	18,165	1,935	22,542	3.6%	www.sanderson.co.uk
2.9%	1.7%	31-Mar-08	3,808	123	4,129	17.8%	www.snacktimeuk.co.uk
1.1%	1.6%	31-Mar-08	9,884	3,176	13,408	1.7%	www.invocas.com
2.9%	1.4%	31-Mar-08	11,641	1,722	11,251	10.8%	www.prologic.net
1.6%	1.4%		N/A	N/A	N/A	9.9%	www.tracsis.com
0.8%	1.3%	31-Mar-08	28,664	2,872	16,854	5.4%	www.hexagonhc.com
0.4%	1.2%	31-Dec-07	N/A	(547)	4,035	2.0%	www.praesepeplc.com
1.2%	1.2%	30-Sep-07	1,766	(2,396)	(123)	2.5%	www.keycom.co.uk
0.7%	1.2%	31-Mar-08	7,032	1,178	12,121	2.0%	www.acorus-therapeutics.com

S2 Share Fund	Date of first investment	Book cost	Valuation	Valuation basis	Type of security	Market sector
		£'000	£'000			
Essentially plc Sports Marketing and media services.	Apr 2008	152	118	Bid price	Ordinary shares	Media
Printing.com plc Franchised high street printing.	Aug 2004	108	106	Bid price	Ordinary shares	Media and entertainment
eg solutions plc Provision of proprietary workflow management tools designed to improve operational efficiencies.	Jun 2005	250	81	Bid price	Ordinary shares	Software and computer services
Augean plc Operation of hazardous waste landfill sites.	Dec 2004	150	77	Bid price	Ordinary shares	Support services
Shieldtech plc Homeland security products.	Jun 2007	350	70	Bid price	Ordinary shares	Support services
Fountains plc Environmental services and grounds maintenance to utility companies and local authorities.	Jul 2004	135	66	Bid price	Ordinary shares	Support services
Kiotech International plc Aquaculture products.	Nov 2006	195	65	Bid price	Ordinary shares	Biotech
Relax Group plc (formerly Debts.co.uk plc) Specialist advisors for personal debt solution management.	May 2006	400	55	Bid price	Ordinary shares	Financial services
Optare plc Bus manufacturer.	Jul 2008	100	50	Bid price	Ordinary shares	Engineering and machinery
Access Intelligence plc Subscription based sales and marketing support.	Dec 2004	210	37	Bid price	Ordinary shares	Media and entertainment
Cantono plc Managed IT Services.	Jul 2007	200	30	Bid price	Ordinary shares	IT services
Belgravium Technologies plc Development and supply of rugged, hand-held, battery powered, real time data capture devices used for stock control.	Sep 2005	117	25	Bid price	Ordinary shares	Electronic and electrical equipment
Strategic Retail plc Operation of retail outlets specialising in the home décor and furnishings market.	Sep 2004	174	9	Bid price	Ordinary shares	Leisure and retail
Unlisted investments		8,927	7,528			
Amber Taverns Limited Development of a chain of unbranded, managed, freehold public houses in the North of England.	Apr 2005	500	512	Discounted earnings	Ordinary and preference shares	Leisure and retail
Sanastro plc Specialist financial publisher.	Dec 2004	500	125	Cost less provision	Ordinary shares	Media and entertainment
The Debt Advisor Group plc (formerly Compass Finance Group plc) (in administration) Consumer financial solutions through mortgages, secured and unsecured loans.	Feb 2006	1,000	0	Full provision	Ordinary shares	Financial services
Finsaga Limited (formerly Brightview plc) Marketing company focused on operating telephone response based promotions.	Aug 2004	32	0	Full provision	Ordinary shares	Telecoms
		2,032	637			
Total qualifying investments		10,959	8,165			
Non-qualifying investments (also the five largest)						
Unicorn UK Smaller Companies Fund (OEIC)	Jun 2004	1,213	1,167	Bid price	B shares	
Unicorn Mastertrust Fund (OEIC)	Jun 2004	729	881	Bid price	B shares	
Money Market Funds+	Feb 2004	482	482	Bid price	Participating shares	
Clerkenwell Ventures plc	Sep 2007	398	286	Bid price	Ordinary shares	
Augean plc*	Sep 2004	26	19	Bid price	Ordinary shares	
Other investments		2	2	Bid price	Ordinary shares	
Total non-qualifying investments		2,850	2,837			
Total investments		13,809	11,002			
Other assets			221			
Current liabilities			(102)			
Net assets			11,121			

* Quoted on AIM

+ Disclosed within current investments under Current assets in the Balance Sheet

% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
0.7%	1.1%	31-Dec-07	9,209	324	11,460	2.0%	www.essentiallygroup.com
0.8%	1.0%	31-Mar-08	13,479	2,421	7,158	2.4%	www.printing.com
2.1%	0.7%	31-Jan-08	4,123	(815)	1,861	4.1%	www.eguk.co.uk
0.2%	0.7%	31-Dec-07	26,302	(23,913)	83,382	1.8%	www.augeanplc.com
2.7%	0.6%	30-Jun-07	N/A	(104)	(152)	15.2%	www.shieldtech.co.uk
0.7%	0.6%	30-Sep-07	44,743	1,113	10,386	2.7%	www.fountainsplc.com
2.6%	0.6%	31-Dec-07	5,352	464	7,128	13.3%	www.kiotech.com
0.7%	0.5%	31-Jul-07	11,598	3,420	13,427	0.7%	www.debts.co.uk
0.3%	0.4%		N/A	N/A	N/A	1.5%	www.optare.com
1.9%	0.3%	30-Nov-07	4,068	(478)	7,686	10.4%	www.accessintelligence.com
0.7%	0.3%	31-May-07	5,144	(8,924)	2,666	3.4%	www.cantono.com
0.8%	0.2%	31-Dec-07	10,637	2,053	9,187	2.5%	www.belgravium.com
2.0%	0.1%	1-Mar-08	19,918	20	3,537	6.9%	www.strategicrotail.co.uk
	67.7%						
11.0%	4.6%	31-Jan-08	3,732	(1)	626	32.9%	www.ambertaverns.co.uk
6.4%	1.1%	30-Nov-07	4,432	(5)	6,931	12.7%	www.sanastro.co.uk
2.9%	0.0%	In receivership				13.9%	
0.2%	0.0%	30-Jun-07	17,937	(2,059)	7,498	0.7%	www.brightviewplc.com
	5.7%						
	73.4%						
22.3%	10.5%						
16.7%	7.9%						
N/A	4.3%						
1.3%	2.6%						
N/A	0.2%						
N/A	0.0%						
	25.5%						
	98.9%						
	2.0%						
	(0.9)%						
	100.0%						

S3 Share Fund	Date of first investment	Book cost	Valuation	Valuation basis	Type of security	Market sector
		£'000	£'000			
Qualifying investments						
AIM/Plus quoted investments						
Tracsis plc Transport planning software	Nov 2007	220	256	Bid price	Ordinary shares	Software and computer services
Animalcare Group plc (formerly Ritchie plc) Manufacturer & supplier worldwide of livestock, healthcare & management products.	Dec 2007	200	193	Bid price	Ordinary shares	Farming and fishing
Melorio plc NVQ training for construction industry	Oct 2007	187	157	Bid price	Ordinary shares	Support services
SnackTime plc Operator of vending machines.	Dec 2007	216	138	Bid price	Ordinary shares	Leisure and retail
Keycom plc Designers and developers of communications strategies.	Apr 2008	120	135	Bid price	Ordinary shares	IT Services
IS Pharma plc (formerly Maelor plc) Pharmaceuticals company.	Mar 2008	154	130	Bid price	Ordinary shares	Pharmaceutical & biotechnology
Total qualifying investments		1,097	1,009			
Non-qualifying investments						
Money Market Funds+	Apr 2007	1,133	1,133	Bid price	Participating shares	
Unicorn Outstanding British Companies Fund (OEIC)	Jun 2007	497	428	Bid price	B shares	
Unicorn Mastertrust Fund (OEIC)	Jun 2007	498	335	Bid price	B shares	
Unicorn Free Spirit Fund (OEIC)	Jun 2007	496	325	Bid price	B shares	
Unicorn UK Smaller Companies Fund (OEIC)	Jun 2007	496	318	Bid price	B shares	
Unicorn UK Income Fund (OEIC)	Jun 2007	480	290	Bid price	B shares	
Total non-qualifying investments		3,600	2,829			
Total investments		4,697	3,838			
Other assets			73			
Current liabilities			(63)			
Net assets			3,848			
+ Disclosed within current investments under Current assets in the Balance Sheet						

% of equity held	% of net assets by value	Date of latest accounts	Turnover £'000	Profit/(loss) before tax £'000	Net assets/(liabilities) £'000	% of equity held by funds managed by Unicorn Asset Management Limited	Website address
2.6%	6.6%		N/A	N/A	N/A	9.9%	www.tracsis.com
1.8%	5.0%	30-Jun-08	11,755	1,113	14,645	8.3%	www.animalcaregroup.co.uk
0.6%	4.1%	31-Mar-08	7,826	1,728	30,623	3.6%	www.melorio.com
2.1%	3.6%	31-Mar-08	3,808	123	4,129	17.8%	www.snacktimeuk.co.uk
1.2%	3.5%	30-Sep-07	1,766	(2,396)	(123)	2.5%	www.keycom.co.uk
0.7%	3.4%	31-Mar-08	7,032	1,178	12,121	2.0%	www.acorus-therapeutics.com
	26.2%						
N/A	29.4%						
14.8%	11.1%						
6.3%	8.7%						
4.1%	8.5%						
6.1%	8.3%						
15.8%	7.5%						
	73.5%						
	99.7%						
	1.9%						
	(1.6)%						
	100.0%						



Board of Directors

Peter Dicks

Status: Independent, non-executive Chairman.

Age: 66.

Experience: Peter Dicks was a founder director, in 1973, of Abingworth plc, a successful venture capital company. He is currently a director of a number of quoted and unquoted companies, including Polar Capital Technology Trust plc, Graphite Enterprise Trust plc, Daniel Stewart Securities plc, Gartmore Fledging Trust plc, Private Equity Investor plc, Sportingbet plc, and Standard Microsystems Inc, a US-NASDAQ quoted company. In addition, he has been Chairman of Foresight VCT plc since its launch in October 1997 and was appointed to the Boards of Foresight 2 VCT plc, Foresight 3 VCT plc and Foresight 4 VCT plc during 2004.

Length of service as at 30 September 2008: Seven years

Last re-elected to the Board: January 2006. Standing for re-election at the forthcoming AGM.

Committee memberships: Management Engagement Committee (Chairman), Audit Committee, Nominations and Remuneration Committee.

Number of Board and Committee meetings attended 2007/08: 16/16

Remuneration 2007/08: £20,000.

Relevant relationships with the Investment Manager or other service providers: None.

Relevant relationships with investment Management or other service providers: None.

Relevant relationships with investee companies: Non-executive director and shareholder of Mears Group plc, shareholder in Keycom plc and Supporta plc.

Shareholding in the Company: 50,000 Ordinary Shares; 25,625 S2 Shares, 25,750 S3 Shares.

Jocelin Harris

Status: Independent, non-executive Director.

Age: 63.

Experience: Jocelin Harris is a qualified solicitor and is Chief Executive of Durrington Corporation Limited, which provides management and financial support services to small and developing businesses, where he has worked since 1986. Before this he was a director of a private bank in the City. He is currently non executive chairman or director of a number of private companies in the United Kingdom and the USA.

Length of service as at 30 September 2008: Two years, five months

Last re-elected to the Board: 18 January 2007.

Committee memberships: Audit Committee (Chairman), Management Engagement Committee, Nominations and Remuneration Committee.

Number of Board and Committee meetings attended 2007/08: 16/16

Remuneration 2007/08: £17,500.

Relevant relationships with the Investment Manager or other service providers: None

Relevant relationships with investee companies: Shareholder in Keycom plc, indirect shareholder in Mears Group plc.

Shareholding in the Company: Beneficial holder of 10,000 Ordinary Shares, 20,600 S3 Shares (held via nominee)

David Royds

Status: Independent, non-executive Director.

Age: 48.

Experience: David Royds is Chairman of Matrix Group Limited. He is also a director of a number of other companies involved in shipping, property development, direct marketing and database services.

Length of service as at 30 September 2008: Seven years

Last re-elected to the Board: January 2006. Standing for re-election at the forthcoming AGM

Committee memberships: Nominations and Remuneration Committee (Chairman), Audit Committee, Management Engagement Committee.

Number of Board and Committee meetings attended 2007/08: 16/16

Remuneration 2007/08: £15,000.

Relevant relationships with the Investment Manager or other service providers: Chairman of Matrix-Securities Limited (Promoter, Company Secretary and Administrator) and Matrix Registrars Limited (Receiving Agent), wholly owned subsidiaries of Matrix Group Limited of which David is a shareholder (27.1%). Matrix Group Limited is a Member of, and has an interest in, Matrix Corporate Capital LLP (corporate broker from 18 November 2008).

Relevant relationships with investee companies: None.

Shareholding in the Company: 20,000 Ordinary Shares; 25,562 S2 Shares, 25,750 S3 Shares.

Directors' Report

The Directors present the seventh Annual Report and Accounts of the Company for the year ended 30 September 2008.

Business review and principal activities

The principal activity of the Company during the year under review was investment in AIM quoted companies in the United Kingdom. Details of the principal investments made by the Company are given in the Investment Manager's Review and Investment Portfolio Summary on pages 10-19 of this Report. A review of the Company's business during the year including the key performance indicators of NAV per share, cumulative dividends paid and total return is contained in the Chairman's Statement on pages 4-5 and the Key Data on pages 2-3.

The Company has satisfied the requirements for approval as a Venture Capital Trust under section 274 of the Income Tax Act 2007 (ITA). It is the Directors' intention to continue to manage the Company's affairs in such a manner as to comply with section 274 of the ITA.

The Company revoked its status as an investment company as defined in section 266 of the Companies Act 1985 on 17 August 2004 to facilitate the ability to pay dividends from capital, in common with other VCTs.

Future developments

The Company will continue to pursue its investment objective as set out at the beginning of this Report, in line with its Investment Policy on page 1. Further information is outlined in the Chairman's Statement and Investment Manager's Review.

Share capital

Between 4 April and 28 April 2008 the Company issued 953,533 Ordinary Shares at 72p per share and 220,765 S2 Shares at 92p per share for total consideration of £889,648 before expenses, pursuant to the Top-up Offers launched on 25 February 2008. The Directors did not subscribe for any new shares under the Top-up Offers.

The Company did not issue any S3 Shares during the year under review.

The Company's application to the High Court to reduce the S3 Share Fund share premium account was approved by an Order of the Court on 19 December 2007 and registered at Companies House 21 December 2007. The cancellation of the share premium account has created a special reserve that can be used, amongst other things, to fund buybacks of the Company's shares.

The Board believes that it is in the best interests of the Company and its Shareholders to make occasional market purchases of its Shares, given the limited secondary market for VCT shares generally, and to seek both to enhance NAV and to reduce to a degree any prevailing discount to NAV in the current market price than might otherwise prevail. During the year under review the Company bought back 426,346 Ordinary Shares (being £4,263.46 nominal value or 1.40% of the opening issued share capital of that class) at a cost of £267,944 (net of expenses) and 234,827 S2 Shares (being £2,348.27 nominal value or 1.59% of the opening issued share capital of that class) at a cost of £197,700 (net of expenses). No S3 Shares were bought back during the year.

As at 30 September 2008 the issued share capital and number of shares in issue of the Company was as follows:

Share class	Issued share capital	Number of shares in issue	% of total share capital
Ordinary Shares	£309,803	30,980,344	61.10%
S2 Shares	£147,647	14,764,738	29.12%
S3 Shares	£49,580	4,958,036	9.78%
Total	£507,030	50,703,118	100.00%

Each shareholder has one vote on a show of hands, and on a poll one vote per share held, at a general meeting of the Company.

Results and dividend

The revenue return attributable to Ordinary Shareholders for the year was £180,000 after taxation, while the capital loss was £8,676,000. There were no dividends paid during the year. The Directors will be recommending a final dividend of 3.0 pence per share to Ordinary Shareholders, payable on 31 January 2009 to shareholders on the register on 9 January 2009.

The revenue return attributable to S2 Shareholders for the year was £12,000 after taxation, while the capital loss was £4,970,000. A final dividend of 5.00 pence per share in respect of the year ended 30 September 2007 was paid to S2 Fund Shareholders on 31 January 2008. The Directors will be recommending a final dividend of 2.0 pence per share to S2 Shareholders, payable on 31 January 2009 to shareholders on the register on 9 January 2009.

The revenue return attributable to S3 Shareholders for the year was £47,000 after taxation, while the capital loss was £774,000. There were no dividends paid during the year. The Directors will be recommending a final dividend of 1.0 pence per share to S3 Fund Shareholders payable on 31 January 2009 to Shareholders on the register on 9 January 2009.

Directors' Report

Directors and their interests

The names of the Directors appear below and brief biographical details on each of the Directors are given on page 20 of this Annual Report. Peter Webb resigned from the Board on 26 September 2008. In accordance with the Company's articles of association and the AIC Code of Corporate Governance, Peter Dicks and David Royds will retire by rotation and being eligible offer themselves for re-election at the forthcoming Annual General Meeting to be held on 15 January 2009.

The Directors' interests, including those of connected persons, in the issued capital of the Company as at 30 September 2008 were:

Director	30 September 2008			30 September 2007		
	Ordinary Shares	S2 Shares	S3 Shares	Ordinary Shares	S2 Shares	S3 Shares
Peter Dicks	50,000	25,625	25,750	50,000	25,625	25,750
Jocelin Harris*	10,000	–	20,600	10,000	–	20,600
David Royds	20,000	25,562	25,750	20,000	25,562	25,750
Peter Webb	102,750	20,500	30,900	102,750	20,500	30,900

*Beneficial holder of shares via nominee

There have been no changes in the Directors' interests since 30 September 2008. No options over the share capital of the Company have been granted to the Directors. No Director has a service contract with the Company. The Company does not have any employees.

Management

Unicorn Asset Management Limited was appointed as Investment Manager to the Company on 1 October 2001. Further information is available in Note 4 to the Accounts on page 40.

Matrix-Securities Limited was appointed as both Company Administrator and Company Secretary to the Company on 1 October 2001.

On 18 November 2008, the Company appointed Matrix Corporate Capital LLP as corporate broker.

VCT status monitoring

The Company has retained PricewaterhouseCoopers LLP (PWC) to advise on its compliance with the legislative requirements relating to VCTs. PWC review new investment proposals as appropriate and carry out regular reviews of the Company's investment portfolio.

Auditors

PKF (UK) LLP were re-appointed as auditors of the Company during the year and have expressed their willingness to continue in office. A resolution to re-appoint PKF (UK) LLP and to authorise the Directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

Auditors' right to information

So far as the Directors are aware, there is no relevant audit information of which the auditors are unaware. They have individually taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Principal risks and uncertainties

The Directors review the principal risks faced by the Company as part of the internal controls process (see the Corporate Governance Statement on page 29 for further information). The principal risks identified by the Directors are:

- Investment and strategic risk – Unsuitable investment strategy or stock selection could lead to poor returns to shareholders.
- Regulatory and tax risk – The Company is subject to relevant laws and regulations including Companies Acts 1985 and 2006, Income Tax Act 2007 and UK Listing Authority Rules. There is a risk that the Company may breach these rules and face public censure, suspension from the Official List and/or financial penalties. There is a risk that the Company may lose its VCT status under the Income Tax Act 2007 before shareholders have held their shares for the minimum period to retain their tax reliefs. Should the Company lose its VCT status, shareholders may lose any upfront income tax relief they received and be taxed on any future dividends paid and capital gain received if they dispose of their shares. Inappropriate accounting policies or failure to comply with accounting standards could lead to misreporting or breaches of regulations.
- Operational risk – The Company has no employees and is therefore reliant on third party service providers. Failure of the systems at third party service providers could lead to inaccurate reporting or monitoring. Inadequate controls may lead to the misappropriation or insecurity of assets.
- Financial Instruments risks - The main risks arising from the Company's financial instruments are due to fluctuations in the market price and interest rates, credit risk and liquidity risk. The Board regularly reviews and agrees policies for managing these risks and full details can be found in note 20 on pages 49-52.
- Economic risk – Economic recession, inflation or deflation and movements in interest rates could affect trading conditions for smaller companies and consequently the value of the Company's investments.

Environmental, social and community matters

The Directors consider that, as a VCT, the Company's business has a limited impact upon environmental, social and community matters, but takes into account such matters where relevant.

The Company has obtained shareholder authority to send or supply documents or information to shareholders in electronic form which, if introduced, could minimise the environmental impact the Company makes.

The Investment Manager considers, to a limited degree, environmental, social and community matters during due diligence before completing an investment, although these factors will not necessarily preclude an investment. The Investment Manager may only invest in line with the Company's investment policy and applicable laws and regulations, which limit the activities that VCT qualifying investments may undertake.

Substantial interests

As at 24 November 2008 the Company had not been notified of any beneficial interest exceeding 3% of the issued share capital.

Creditors' payment policy

The Company's policy is to pay all creditors' invoices within 30 days of the invoice date unless otherwise agreed. At 30 September 2008 the average credit period for trade creditors was 10 days (2007: 21 days).

Annual General Meeting

A notice for the Annual General Meeting of the Company to be held at 11.00 am on 15 January 2009 at One Vine Street, London W1J 0AH is set out on pages 54-59 of this Annual Report and a proxy form is included with Shareholders' copies of this Annual Report.

The notice of the meeting includes resolutions to re-appoint Peter Dicks and David Royds. Brief biographical details are published on page 20 of this Annual Report. The Board believes that both Directors bring valuable skill, experience and expertise to the Company and recommends to shareholders the resolutions relating to the re-election of the Directors.

In addition to the ordinary business, the following resolutions will be considered at the Annual General Meeting:

Resolution 7 – Authority to Allot Shares

Resolution 7 will authorise the Directors to allot relevant securities generally in accordance with section 80 of the Companies Act 1985 ("the Act") up to a nominal amount of £177,461, this being approximately 35 per cent of the issued share capital of the Company at the date hereof. Resolution 7 will be proposed as an ordinary resolution requiring the approval of more than 50% of the votes cast at the meeting.

Resolution 8 – Disapplication of Pre-emption Rights

Resolution 8 will sanction, in a limited manner, the

disapplication of section 89 of the Act in respect of the authorised but unissued share capital of the Company and will give the Directors power to (i) allot equity securities wholly for cash for the purposes of rights issues of Ordinary Shares and/or S2 Shares and/or S3 Shares up to an aggregate nominal amount of 10% of the issued Ordinary Share capital and/or the issued S2 Share capital and/or the issued S3 Share capital; (ii) allot equity securities wholly for cash for the purposes of any dividend investment scheme up to an aggregate nominal amount of 10% of the issued Ordinary Share capital and/or S2 Share capital and/or the S3 Share capital; (iii) allot equity securities with an aggregate nominal value of 10% of the issued Ordinary Share capital and/or the issued S2 Share Capital and/or the issued S3 Share capital where the proceeds may be used in whole or part to purchase Ordinary Shares or, as the case may be, S2 Shares or, as the case may be, S3 Shares in the market; and (iv) allot equity securities generally from time to time with an aggregate nominal value of 5% of the issued Ordinary Share capital and/or S2 Share capital and/or the S3 Share capital. The authority conferred by this resolution will expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2010 and the date which is fifteen months after the date on which this resolution is passed. This resolution will be proposed as a special resolution and will require the approval of 75% of the votes cast at the meeting.

Resolution 9 – Authority to purchase the Company's own shares

Resolution 9 will authorise the Company to purchase its own shares pursuant to section 166 of the Companies Act 1985. The authority is limited to a maximum number of 4,643,954 Ordinary Shares, 2,213,234 S2 Shares and 743,210 S3 Shares equal to approximately 14.99% of the issued share capital of each class and will expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2010 and the date which is fifteen months after the date on which this resolution is passed. The maximum price (exclusive of expenses) which may be paid for an Ordinary Share, an S2 Share or an S3 Share will be the amount equal to 105% of the average of the middle market quotations for the Company's shares of that class as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the purchase. The minimum price which may be paid is 1p per share, ie the nominal value of the shares.

As a consequence of the tax reliefs available to investors who subscribe for new VCT shares, market liquidity is restricted. The passing of this resolution will provide a continued mechanism to enable the Company to make purchases of its own shares should they trade at a discount to the NAV thus enhancing the

Directors' Report

NAV per share of the remaining outstanding Ordinary Shares, S2 Shares or S3 Shares (as the case may be).

Shareholders should note that the Directors will not exercise this authority unless to do so would result in an increase in net assets per share and would be in the interests of Shareholders generally. This resolution is proposed as a special resolution and will require the approval of 75% of the votes cast at the meeting.

Resolution 10 – Amendment to the Company's Articles of Association

Resolution 10 will authorise the amendment to article 97 of the Company's Articles of Association to increase the maximum directors' fees from £60,000 to £120,000 per annum. For the year ended 30 September 2008, directors' fees amounted to £52,500. Peter Webb had waived his fees as a director and, following his departure from the Company, the Directors believe it is necessary to increase the maximum amount that may be paid in fees in order to recruit a director with the skill and experience necessary to run the Company, which the current level of fees restricts. The Directors are not proposing to increase their fees for the forthcoming financial year.

Separate class meetings of the Ordinary Shareholders, S2 Shareholders and S3 Shareholders

The Annual General Meeting will be followed on 15 January 2009 by separate class meetings of the Ordinary Shareholders, S2 Shareholders and the S3 Shareholders and formal notices convening these meetings can be found on pages 57-59.

Shareholders of each class will be asked to approve the same single resolution, to be proposed as an extraordinary resolution (requiring the approval of 75% of the votes cast at the meeting), approving the passing of the Resolutions numbered 7–10 to be proposed at the Annual General Meeting and sanctioning any modification of the rights of Ordinary Shares and/or S2 Shares and/or S3 Shares resulting therefrom.

The Directors confirm to the best of their knowledge that:

- (a) the financial statements, prepared under the fair value rules of the Companies Act 1985, applicable accounting standards and the 2003 Statement of Recommended Practice "Financial Statements of Investment Trust Companies", revised December 2005, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- (b) the annual report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that they face.

By order of the Board

for Matrix-Securities Limited

Secretary

24 November 2008

Directors' Remuneration Report

This Report has been prepared by the Directors in accordance with the requirements of Schedule 7A of the Companies Act 1985. A resolution to approve the Report will be proposed at the Annual General Meeting to be held on 15 January 2009. The Company's auditors are required to give their opinion on the specified information provided on Directors' emoluments and this is explained further in their report to Shareholders on pages 34.

Remuneration Committee

The remuneration of individual directors is determined by the Nominations and Remuneration Committee. The Committee comprises three Directors, David Royds (Chairman), Peter Dicks and Jocelin Harris all of whom are independent from the Investment Manager. It meets at least once a year and makes recommendations to the Board within its terms of reference. Its duties include responsibility for reviewing the remuneration of the Directors and the appropriateness and relevance of the remuneration policy. The Committee has access to independent advice where it considers it appropriate. However, no such advice was taken during the year under review.

Remuneration policy

The remuneration policy is set by the Board. When considering the level of Directors' fees, the Nominations and Remuneration Committee is directed to take account of remuneration levels elsewhere in the Venture Capital Trust industry and other relevant information. It considers the levels and make-up of remuneration which are sufficient to attract, retain and motivate directors of the quality required to oversee the running of the Company successfully and reflect duties and responsibilities of the roles and the value of time spent in carrying these out. It is not considered appropriate at the current time to relate any portion of the fees paid to the Directors, who are all non-executive, to performance. However, under an Incentive Agreement dated 1 October 2001 the Company will pay an incentive fee to the Investment Manager of which Peter Webb is a shareholder, and to the Company's Promoter of which David Royds is a director and shareholder. For further information, please see Note 4 to the Accounts on page 40. The Directors do not have any plans to introduce any further incentive schemes at the present time and will seek Shareholder approval for any such schemes should they be proposed in the future. The Company's Articles of Association limit the total amount that can be paid to the Directors in fees to £60,000 per annum. A resolution to increase the total amount that can be paid to directors to £120,000 is included in the Notice of the Annual General Meeting. This will enable a Director with the necessary skill and experience to be appointed to the Board following Peter Webb's departure. It is intended that this policy will continue for the year ending 30 September 2009 and subsequent years.

Details of the Directors' remuneration are disclosed below and in the Notes to the Accounts. The Directors are not proposing to increase their fees for the current financial year.

Terms of appointment

The Articles of Association provide that Directors may be appointed either by an ordinary resolution of the Company or by the Board provided that a person appointed by the Board shall

be subject to re-election at the first Annual General Meeting following their appointment. All Directors are required to retire by rotation at the third Annual General Meeting following their last re-election. Directors retiring by rotation are then eligible for re-election.

All of the Directors are non-executive and none of the Directors has a service contract with the Company. All Directors receive a formal letter of appointment setting out the terms of their appointment, the powers and duties of Directors and the fees pertaining to the appointment. Appointment letters for new Directors contain an assessment of the anticipated time commitment of the appointment and Directors are asked to undertake that they will have sufficient time to meet what is expected of them and to disclose their other significant time commitments to the Board before appointment. A Director's appointment may be terminated on three months' notice being given by the Company and in certain other circumstances. No arrangements have been entered into between the Company and the Directors to entitle any of the Directors to compensation for loss of office. None of the Directors receive pension benefits from the Company and the Company has not granted any Director any options over the share capital of the Company.

Directors' emoluments (audited information)

The total emoluments in respect of qualifying services of each person who served as a Director during the year are as set out in the table below. The Company does not have any schemes in place to pay any of the Director's bonuses or benefits in addition to their Directors' fees.

	Total Directors' fees	
	30 Sept 2008	30 Sept 2007
	£	£
Peter Dicks	20,000	20,000
Jocelin Harris	17,500	17,500
David Royds	15,000	15,000
Peter Webb*	–	–

*resigned 26 September 2008

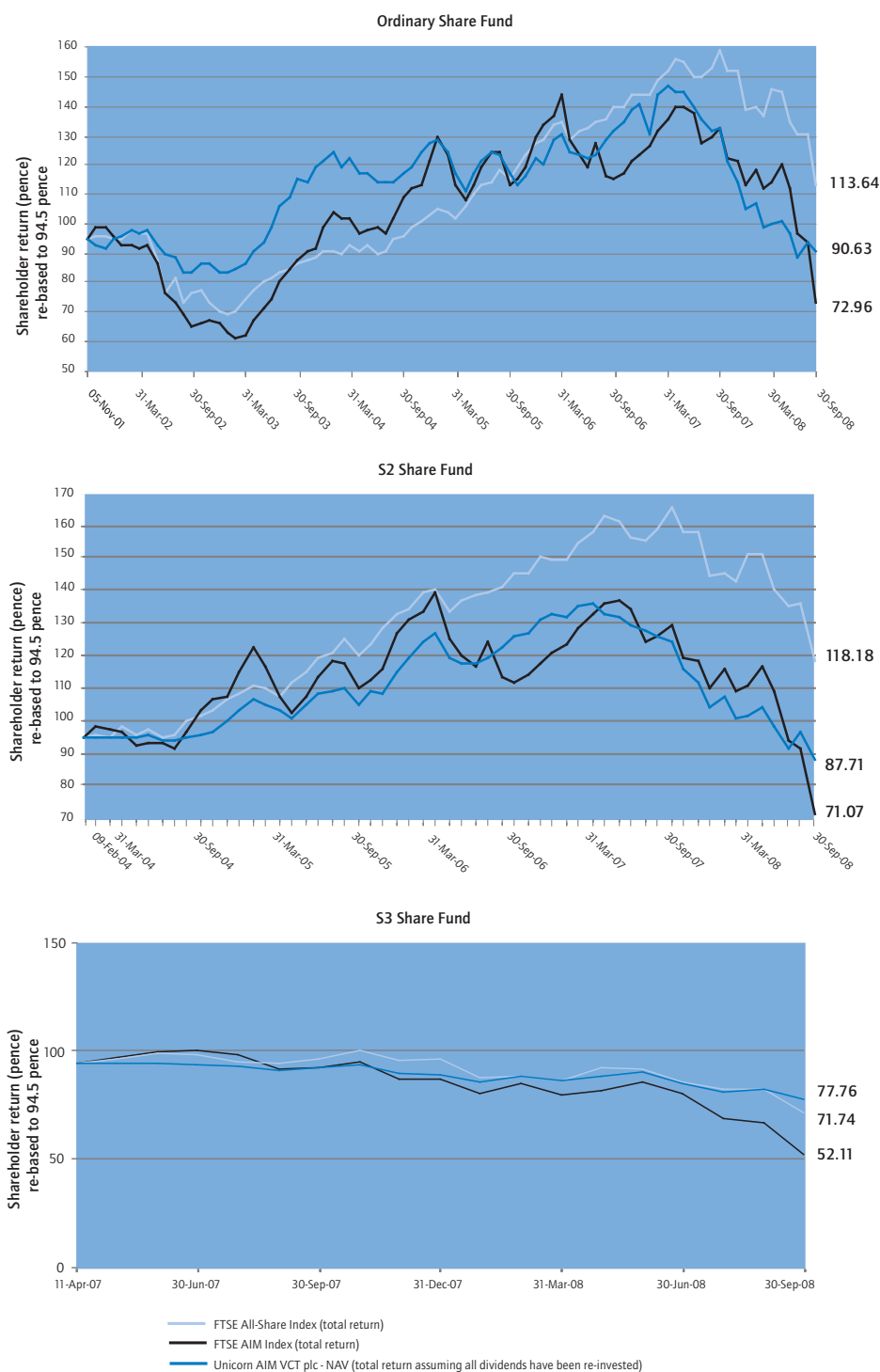
Peter Webb has waived his directors' fees. The Directors received no further emoluments in respect of their services and made no claims for expenses during the year. Aggregate fees in respect of qualifying services for all Directors amounted to £52,500 (2007: £52,500).

Total shareholder return

The following graphs chart the total cumulative shareholder return of the Company since the Ordinary Shares, S2 Shares and S3 Shares were first admitted to the Official List of the UK Listing Authority on 5 November 2001, 5 February 2004 and 11 April 2007 respectively (assuming all dividends are re-invested) compared to the total cumulative shareholder return of both the FTSE All-Share and the FTSE AIM Indices. These indices represent broad equity market indices against which investors can measure the performance of the Company and are appropriate indices against which to measure the Company's performance. The total shareholder return has been re-based to 94.5 pence which is equivalent to the opening NAV per share of each Fund. An explanation of the performance of the Company is given in the Chairman's Statement and the Investment Manager's Review.

Directors' Remuneration Report

Total cumulative shareholder return since launch compared to the total return of the FTSE All-Share and FTSE AIM indices



By order of the Board

for Matrix-Securities Limited

Secretary

24 November 2008

Corporate Governance Statement

The Directors of Unicorn AIM VCT plc have continued to adopt the Association of Investment Companies Code of Corporate Governance ("AIC Code") for the year ended 30 September 2008. The AIC Code addresses all principles set out in Section 1 of the Combined Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Financial Reporting Council (FRC) has confirmed that in complying with the AIC Code the Company will meet its obligations in relation to the Combined Code and paragraph 9.8.6 of the Listing Rules. The AIC Code can be found on the AIC's website, www.theaic.co.uk.

The Company believes that reporting against the principles of the AIC Code will provide more relevant information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of Section 1 of the Combined Code except where noted below. There are certain areas of the Combined Code that the AIC do not consider relevant to investment companies, and with which the Company does not specifically comply, for which the AIC Code provides dispensation. These areas are as follows:

- The role of the chief executive
- Executive directors' remuneration
- The need for an internal audit function

As an externally managed investment company, the Company does not employ a chief executive, nor any executive directors. The systems and procedures of the Investment Manager and the Administrator, the provision of VCT monitoring services by PricewaterhouseCoopers LLP, as well as the size of the Company's operations, gives the Board full confidence that an internal audit function is not necessary. The Company is therefore not reporting further in respect of these areas.

The Board has further considered the principles of the Combined Code and believes that the Company has complied with the provisions thereof for the year under review, except as outlined below.

The Board

The Board comprises three non-executive Directors and intends to appoint a fourth director to replace Peter Webb who resigned during the year. Each brings a range of relevant expertise, experience and judgement to the Board. Although it is a provision of the Combined Code, the Company has not formally appointed a Senior Independent Director as it does not believe that such an appointment is necessary when the Board is comprised solely of non-executive directors. This role is fulfilled, as appropriate, by the Chairman of the Audit Committee who Shareholders may contact if they have concerns which contact through the Chairman or Investment Manager has failed to resolve or for which such contact is inappropriate. The Directors believe that this structure is the most appropriate for the Company given its current size and the nature of its business, and the Company is in compliance with the AIC Code.

The Chairman's other significant time commitments are disclosed on page 20.

All the Directors are equally responsible under the law for the proper conduct of the Company's affairs. In addition, the Directors are responsible for ensuring that their policies and operations are in the best interests of all the Company's Shareholders and that the best interests of creditors and suppliers to the Company are properly considered.

At least four formal Board meetings are scheduled every year and other meetings are held as necessary. Matters specifically reserved for decision by the Board have been defined. These include compliance with the requirements of the Companies Act, the UK Listing Authority and the London Stock Exchange; changes relating to the Company's capital structure or its status as a plc; Board and Committee appointments as recommended by the Nominations and Remuneration Committee and terms of reference of committees; material contracts of the Company and contracts of the Company not in the ordinary course of business. The primary focus at each quarterly Board meeting is overall strategy and a review of investment performance, including but not limited to, asset allocation, investor relations, peer group information and issues affecting the investment industry as a whole. The Board, through the Investment Manager, monitors the level of the share price discount and, if necessary, takes action to reduce it. A procedure has been adopted for individual Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company. The Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring board procedures are followed. Both the appointment and removal of the Company Secretary is a matter for the Board as a whole. Where Directors have concerns which cannot be resolved about the running of the Company or a proposed action, they are asked to ensure that their concerns are recorded in the Board minutes. On resignation, a Director who has any such concerns should provide a written statement to the Chairman, for circulation to the Board. The Board has satisfied itself that each of its Committees has sufficient resources to undertake their duties.

All Directors are subject to election by Shareholders at the first Annual General Meeting following their appointment. Each Director retires by rotation at an Annual General Meeting if they have held office as a director at the two immediately preceding annual general meetings and did not retire at either of those meetings in accordance with the Articles of Association as follows:

	Date of appointment	Last retirement by rotation/ re-election	Next retirement by rotation/ re-election due
Peter Dicks	01-Oct 2001	AGM 20-Jan 2006	AGM 2009
Jocelin Harris	25-Apr 2006	AGM 18-Jan 2007	AGM 2010
David Royds	01-Oct 2001	AGM 20-Jan 2006	AGM 2009

Corporate Governance Statement

In terms of overall length of tenure, the AIC Code does not explicitly make recommendations. Some market practitioners feel that considerable length of service (which has generally been defined as a limit of 9 years) may lead to the compromise of a director's independence. Whilst the Company has not been in existence long enough for the Board to consider that this is an issue (having commenced trading in 2001), the overall matter of directors' independence is taken extremely seriously, as discussed below. If the matter becomes relevant in future years, the Board will consider length of tenure of directors at the appropriate time.

The Board has considered whether each Director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement and has concluded that all of the Directors are independent of the Investment Manager. Peter Dicks is a non-executive director and shareholder in Mears Group plc, one of the Company's investee companies. Peter Dicks is also a shareholder in two other investee companies, Keycom plc and Supporta plc. Jocelin Harris is a shareholder in Keycom plc, holding less than 1% of the issued share capital and holds shares in Mears Group plc through a pension fund. The Board considers that both Peter Dicks and Jocelin Harris remain independent of the Investment Manager as these relationships are not of a material size to their other business activities. David Royds is Chairman of the Administrator, Matrix-Securities Limited, which also provides administration and secretarial services to Unicorn AIM VCT II plc, which is managed by the Investment Manager. The Board considers that David Royds remains independent as this relationship is not of material size to the business of Matrix-Securities Limited. There are no other contracts or investments in which the Directors have declared an interest. Further details can be found in Note 22 of the Notes to the Accounts on page 52 on related party transactions.

The above conflicts, along with other potential conflicts, have been reviewed by the Board in accordance with the procedures under the Articles of Association (adopted on 23 July 2008 and in force from 1 October 2008) and applicable rules and regulations (including each Director's duty to promote the success of the Company). The articles allow the Directors not to disclose information relating to the conflict where to do so would amount to a breach of confidence. The Board places great emphasis on the requirement for the Directors to disclose their interests in investments (and potential investments) and has instigated a procedure whereby a Director declaring such an interest does not participate in any decisions relating to such investments. The Directors inform the Board of changes to their other appointments as necessary. The Board intends to review the authorisations given annually. Authorisation will be reviewed should there be a material change in an authorised conflict. Future conflicts of interest will be considered by the Board under the above procedures and will be reported upon accordingly.

The Board aims to include a balance of skills, experience, ages and length of service that the Directors believe to be appropriate to the management of the Company. The Board offers an induction procedure to all new directors and all directors may choose relevant training as and when required. The Chairman fully meets

the independence criteria as set out in the AIC Code. The Board does not believe that a formal system of performance evaluation of the Board and the Chairman is appropriate to the Company when it is comprised solely of non-executive directors. An informal review is made as part of the internal control process and, as recommended by the AIC Code, the independent directors monitor the continuing independence of the Chairman and inform him of their discussions.

Board members meet as required, without David Royds being present, as he exercises an executive function in respect of his position at the Administrator and has an interest in the Corporate Broker through Matrix Group Limited.

The Chairman and Board are involved at an early stage in the process of structuring the launch of any Offers that may be agreed by the Board.

Board Committees

The Audit Committee comprises three Directors, Jocelin Harris (Chairman), Peter Dicks and David Royds. It meets at least twice a year to review the internal financial and non-financial controls, accounting policies and contents of the Half-Yearly and Annual Reports to Shareholders. It has primary responsibility for making recommendations on the appointment and removal of the external auditors. The Company's external auditors are invited to attend meetings as appropriate. The Board is satisfied that Jocelin Harris has recent and relevant financial experience.

The Management Engagement Committee comprises three Directors, Peter Dicks (Chairman), Jocelin Harris and David Royds. The Committee meets annually to review the Company's contracts with its service providers and at other times as and when necessary. Service providers include the Investment Manager, auditors, VCT status adviser, solicitors, bankers and registrars. Particular emphasis is placed on reviewing the Manager, in terms of investment performance, quality of information provided to the Board and remuneration. The work of the Committee forms part of the Board's overall internal control procedures.

The Nominations and Remuneration Committee comprises three Directors, David Royds (Chairman), Peter Dicks and Jocelin Harris. The Committee meets at least once a year to review the remuneration of Directors and is also responsible for proposing candidates for appointment to the Board.

The Board members who comprise the above committees of the Board are all independent from the Investment Manager. All of the above Committees have written terms of reference, which deal with their responsibilities and duties. Shareholders may obtain copies of these by visiting the Company Secretary's web site, www.matrixgroup.co.uk. On 18 November 2008 the Board agreed that, as all of the Directors are independent of the Investment Manager, the functions of the Management Engagement Committee and Nominations and Remuneration Committee should be dealt with by the Board as a whole and the respective Committee duties will be included in the matters reserved for approval by the Board. This will be reported on further in the Annual Report for the year ending 30 September 2009.

The Investment Manager

Under the terms of the Company's Investment Management Agreement with Unicorn Asset Management Limited, the Investment Manager is empowered to give instructions in relation to the disposition of investments and other assets including subscribing, purchasing, selling and otherwise dealing in qualifying and non-qualifying investments and to enter into and perform contracts, agreements and other undertakings that are necessary to the carrying out of their duties under the Agreement in accordance with specific written arrangements laid down by the Board. The Board regularly reviews the performance of the Investment Manager and the terms of the investment services agreement and agrees policies with the Investment Manager covering key operational issues. The Board believes that the continued appointment of the Investment Manager remains in Shareholders' best interests. Their investment criteria remain appropriate, even in these difficult times for the markets in which the VCT invests, so that the Company can achieve its Investment Objective. For a summary of the performance of the three Funds please see the Investment Manager's Review and the Investment Portfolio Summary on pages 6-19 and the Key Data sheet on pages 2-3. Details of the management fee and incentive fee payable to the Investment Manager are set out in Note 4 to the accounts on page 40. The Board and the Investment Manager aim to operate in a supportive, co-operative and open environment.

Internal control

The Board acknowledges that it is responsible for the Company's system of internal control. Internal control systems are designed to manage the particular needs of the Company and the risks to which it is exposed and can by their nature only provide reasonable and not absolute assurance against material misstatement or loss.

The Directors are responsible for the internal control systems of the Company and for reviewing their effectiveness. These aim to ensure the maintenance of proper accounting records, the reliability of published financial information and the information used for business making decisions and that the assets of the Company are safeguarded.

The effectiveness of the Board and the Chairman is reviewed regularly as part of the internal control process led by the Audit Committee. The Board has therefore concluded that a formal system of performance evaluation is not appropriate to the Company, despite being a provision of the Combined Code, and will continue to keep this matter under review in succeeding years.

The Board has put in place procedures for identifying, evaluating and managing the significant risks faced by the Company. As part of this process an annual review of the control systems is carried out in accordance with the Turnbull guidelines for internal control. The review covers a consideration of the key business, operational, compliance and financial risks facing the Company. Each risk is considered with regard to: the controls exercised at Board level; reporting by service providers and controls relied upon by the Board; exceptions for consideration by the Board; responsibilities for each risk and its review period; and risk rating. Investment risk is managed to the Board's satisfaction by the Investment Manager, primarily through the medium of a balanced and diversified portfolio; this approach is described in

more detail in the Investment Manager's Review.

The Board has delegated contractually to third parties the management of the investment portfolio, the day to day accounting, company secretarial and administration requirements and the registration services, as discussed above. Each of these contracts was entered into after full and proper consideration by the Board. The annual review includes a consideration of the risks associated with the Company's contractual arrangements with third party suppliers. The Board monitors and evaluates the performance of each of the service providers.

This procedure for the review of control systems has been in place and operational throughout the period under review. The last review took place on 18 November 2008. The Board has identified no significant problems with the Company's internal control mechanisms that warrant disclosure in the Annual Report.

Directors' remuneration

The remuneration of the Directors is determined by the Nominations and Remuneration Committee, in accordance with the Company's Articles of Association. The Articles currently stipulate a maximum total Board remuneration of £60,000 per annum. The Board will be seeking shareholder approval to raise this ceiling to £120,000. For further details please see the section on Board Committees on page 28 and the Directors' Remuneration Report on pages 25-26.

Relations with Shareholders

Communication with Shareholders is given a high priority. All Shareholders receive a copy of the Annual and Half-Yearly Reports. The Board invites communications from Shareholders and there is an opportunity to question the Directors and the Chairmen of the Committees of the Board at the Annual General Meeting to which all Shareholders are invited.

The Board as a whole approves the contents of the Annual and Half-Yearly Reports, interim management statements, circulars, stock exchange announcements and other shareholder communications in order to ensure that they present a balanced and understandable assessment of the Company's position and prospects and the risks and rewards to which Shareholders are exposed through continuing to hold their shares.

The Company counts all proxy votes and indicates to Shareholders at each General Meeting the balance for and against each resolution and the number of abstentions, after it has been dealt with on a show of hands.

The Notice of the Annual General Meeting is included in this Annual Report and is sent to Shareholders at least 20 working days before the meeting.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Accountability and audit

The Statement of Directors' Responsibilities in respect of the accounts is set out on page 33 of this report.

The Report of the Auditors is set out on page 34 of this report.

Non-Statutory Analysis between the Ordinary Share Fund, S2 Share Fund and S3 Share Fund

Profit and Loss Accounts for the year ended 30 September 2008

	Notes	Ordinary Share Fund			S2 Share Fund		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net unrealised losses on investments		–	(8,751)	(8,751)	–	(4,714)	(4,714)
Net gains/(losses) on realisation of investments		–	4	4	–	(186)	(186)
Income	2	416	–	416	189	–	189
VAT recoverable	3	137	411	548	30	89	119
Investment management fees	4	(108)	(322)	(430)	(53)	(159)	(212)
Other expenses	5	(290)	–	(290)	(154)	–	(154)
(Loss)/profit on ordinary activities before taxation		155	(8,658)	(8,503)	12	(4,970)	(4,958)
Tax on ordinary activities	7	25	(18)	7	–	–	–
(Loss)/profit attributable to equity shareholders		180	(8,676)	(8,496)	12	(4,970)	(4,958)
(Loss)/profit per ordinary share (pence per share)	9	0.59p	(28.26)p	(27.67)p	0.08p	(33.73)p	(33.65)p
Average number of shares in issue				30,699,263			14,731,850

Balance Sheets as at 30 September 2008

	Notes	Ordinary Share Fund		S2 Share Fund	
		£'000	£'000	£'000	£'000
Non-current assets					
Investments at fair value	10		14,817		10,520
Current assets					
Debtors and prepayments			1,911		201
Current investments			2,537		482
Cash at bank			9		20
			4,457		703
Creditors: amounts falling due within one year			(120)		(102)
Net current assets			4,337		601
Net assets			19,154		11,121
Capital					
Called up share capital	16		310		148
Capital redemption reserve	16		50		12
Share premium account	16		640		200
Revaluation reserve	16		(2,036)		(1,707)
Special distributable reserve	16		15,656		11,172
Profit and Loss account	16		4,534		1,296
Equity shareholders' funds			19,154		11,121
Number of shares in issue:			30,980,344		14,764,738
Net asset value per 1p share:	17		61.83p		75.32p

Note: The adjustment above nets off the inter-fund debtor and creditor balances, so that the "Total of all Funds" Balance Sheet agrees to the Statutory Balance Sheet on page 36.

S3 Share Fund			Total of all Funds (per Statutory Profit and Loss Account)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	(744)	(744)	–	(14,209)	(14,209)
–	–	–	–	(182)	(182)
124	–	124	729	–	729
1	3	4	168	503	671
(11)	(33)	(44)	(172)	(514)	(686)
(60)	–	(60)	(504)	–	(504)
54	(774)	(720)	221	(14,402)	(14,181)
(7)	–	(7)	18	(18)	–
47	(774)	(727)	239	(14,420)	(14,181)
0.95p	(15.61)p	(14.66)p			
		4,958,036			

S3 Share Fund £'000		Adjustments (see note below) £'000	Total of all Funds (per Statutory Balance Sheet) £'000	
	2,705			28,042
54		(98)	2,068	
1,133			4,152	
19			48	
1,206		(98)	6,268	
(63)		98	(187)	
	1,143			6,081
	3,848	–		34,123
	50			508
	–			62
	–			840
	(860)			(4,603)
	4,568			31,396
	90			5,920
	3,848			34,123
	4,958,036			
	77.62p			

Non-Statutory Analysis between the Ordinary Share Fund, S2 Share Fund and S3 Share Fund

Reconciliation of Movements in Shareholders' Funds for the year ended 30 September 2008

	Notes	Ordinary Share Fund £'000	S2 Share Fund £'000	S3 Share Fund £'000	Total of all Funds (per Statutory Balance Sheet) £'000
As at 1 October 2007		27,270	16,825	4,575	48,670
Net share capital bought back in the year	16	(270)	(199)	–	(469)
Net share capital issued in the year		650	192	–	842
Loss for the year		(8,496)	(4,958)	(727)	(14,181)
Dividends paid	8	–	(739)	–	(739)
Closing shareholders' funds at 30 September 2008		19,154	11,121	3,848	34,123

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors 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.



Independent Auditors' Report to the Members of Unicorn AIM VCT plc

We have audited the financial statements of Unicorn AIM VCT plc for the year ended 30 September 2008 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds, the cash flow statement and the related notes. The financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the directors' remuneration report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information in the Directors' Report includes that specific information presented in the Chairman's Statement that is cross referenced from the Business Review and Principal Activities section of the Directors' Report.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or

form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Directors' Report, the Corporate Governance Statement, the unaudited part of the Directors' Remuneration Report and the Investment Manager's Review, including the review of the VCT qualifying investments and the Investment Portfolio Summary. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Opinion

In our opinion:

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

PKF (UK) LLP

Registered Auditors, London, UK

24 November 2008

Profit and Loss Account

for the year ended 30 September 2008

	Notes	30 September 2008			30 September 2007		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net unrealised (losses)/gains on investments	10	–	(14,209)	(14,209)	–	748	748
Net losses on realisation of investments	10	–	(182)	(182)	–	1,358	1,358
Income	2	729	–	729	746	–	746
VAT recoverable	3	168	503	671	–	–	–
Investment management fees	4	(172)	(514)	(686)	(263)	(788)	(1,051)
Other expenses	5	(504)	–	(504)	(516)	–	(516)
Profit/(loss) on ordinary activities before taxation		221	(14,402)	(14,181)	(33)	1,318	1,285
Tax on ordinary activities	7	18	(18)	–	–	–	–
Profit/(loss) on ordinary activities after taxation for the financial year		239	(14,420)	(14,181)	(33)	1,318	1,285
Earnings per share (basic and diluted):							
Ordinary Shares	9			(27.67)p			2.85p
S2 Shares	9			(33.65)P			3.32p
S3 Shares	9			(14.66)p			(3.02)p

The total column of this statement is the profit and loss account of the Company. All revenue and capital items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year. There were no other recognised gains or losses in the year.

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

The notes on pages 38 to 52 form part of these financial statements.

Balance Sheet

as at 30 September 2008

	Notes	30 September 2008 £'000	30 September 2007 £'000
Non-current assets			
Investments at fair value	10	28,042	44,637
Current assets			
Debtors and prepayments	12	2,068	1,298
Current investments	13	4,152	2,939
Cash at bank	19	48	108
		6,268	4,345
Creditors: amounts falling due within one year	14	(187)	(312)
Net current assets		6,081	4,033
Net assets		34,123	48,670
Capital			
Called up share capital	15	508	502
Capital redemption reserve	16	62	56
Share premium account	16	840	4,652
Revaluation reserve	16	(4,603)	9,835
Special distributable reserve	16	31,396	30,131
Profit and loss account	16	5,920	3,494
Equity shareholders' funds		34,123	48,670
Net asset value per share of 1 pence each:			
Ordinary Shares	17	61.83p	89.55p
S2 Shares	17	75.32p	113.84p
S3 Shares	17	77.62p	92.28p

The financial statements on pages 35 to 52 were approved and authorised for issue by the Board and were signed on its behalf on 24 November 2008 by:

Peter Dicks
Director

The notes on pages 38-52 form part of these financial statements.

Reconciliation of Movements in Shareholders' Funds

for the year ended 30 September 2008

	Notes	30 September 2008 £'000	30 September 2007 £'000
As at 1 October 2007		48,670	50,422
Net share capital bought back in the year		(469)	(2,290)
Net share capital subscribed in the year	16	842	4,692
(Loss)/profit for the year		(14,181)	1,285
Dividends paid	8	(739)	(5,439)
Closing Shareholders' funds at 30 September 2008		34,123	48,670

Cash Flow Statement

for the year ended 30 September 2008

	Notes	30 September 2008 £'000		30 September 2007 £'000	
Operating activities					
Dividends received		701		764	
Deposit and similar interest		12		24	
Investment management fees paid		(807)		(1,063)	
Other cash payments		(600)		(599)	
Net cash outflow from operating activities	18		(694)		(874)
Investing activities					
Purchase of investments	10	(3,710)		(6,797)	
Sale of investments	10	5,967		9,167	
			2,257		2,370
Equity dividends					
Payment of dividends	8		(739)		(5,439)
Net cash Inflow/(outflow) before financing and liquid resource management			824		(3,943)
Financing					
Issue of shares (net of expenses)		842		4,692	
Purchase of own shares		(513)		(2,290)	
			329		2,402
Management of liquid resources					
Increase in current investments	19		(1,213)		(1)
Net decrease in cash	19		(60)		(1,542)

The notes on pages 38-52 form part of these financial statements.

Notes to the Accounts

for the year ended 30 September 2008

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below:

a) Basis of accounting

The accounts have been prepared under UK Generally Accepted Accounting Practice (UK GAAP) and, to the extent that it does not conflict with the Companies Act 1985, the 2003 Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies', revised December 2005 ("SORP").

As a result of the Directors' decision to distribute capital profits by way of a dividend, the Company revoked its investment company status as defined under section 266 (3) of the Companies Act 1985, on 17th August 2004.

b) Presentation of the Profit and Loss Account

In order to better reflect the activities of a VCT and in accordance with the SORP, supplementary information which analyses the Profit and Loss Account between items of a revenue and capital nature has been presented alongside the Profit and Loss Account. The net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 274 Income Tax Act 2007.

c) Investments

Investments are accounted for on a trade date basis. All investments held by the Company are classified as "fair value through profit and loss". For investments actively traded in organised financial markets, fair value is determined by reference to Stock Exchange market quoted bid prices at the close of business on the balance sheet date.

Unquoted investments are valued by the Directors at fair value. Accordingly, in the absence of a market price, the Directors have valued unquoted investments in accordance with International Private Equity Venture Capital Valuation (IPEVCV) guidelines:

- (i) Investments which have been made in the last 12 months are at fair value which, unless another methodology gives a better indication of fair value, will be at cost.
- (ii) Investments in companies at an early stage of their development are also at fair value which, unless another methodology gives a better indication of fair value, will be at cost.
- (iii) Where investments have gone beyond the stage of their development in (ii) above, the shares may be valued by applying a suitable price-earnings ratio to that company's post-tax earnings (the ratio used being based on a comparable listed company or sector but discounted to reflect lack of marketability);
- (iv) Where a value is indicated by a material arms-length transaction by a third party in the shares of a company, this value will be used.

Unlisted investments will not normally be re-valued upwards for a period of at least twelve months from the date of acquisition. Where a company's underperformance against plan indicates a diminution in the value of the investment, provision against cost is made, as appropriate.

Where the value of an investment has become permanently impaired below cost, the loss is treated as a permanent impairment and as a realised loss, even though the investment is still held. The Board assess the portfolio for such investments, and after agreement with the Investment Manager, will agree the values that represent the extent to which an investment has become permanently impaired. This is based upon an assessment of objective evidence of that investment's prospects, to determine whether there is potential for the investment to recover in value.

d) Income

Dividends receivable on quoted equity shares are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares 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 non-equity shares 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. Fixed returns on debt securities are recognised on a time-apportioned basis so as to reflect the effective yield.

e) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of expenses incidental to the acquisition or disposal of an investment, which are charged to capital, and with the further exception that 75% of the fees payable to the Investment Manager are charged against capital. This is in line with the allocation followed by most other VCTs. IFA trail commission is expensed in the year it relates to.

Expenses that related to the Ordinary Share Fund, the S2 Share Fund and S3 Share Fund have been allocated to those funds respectively. Of other expenses which did not relate specifically to any fund, 56% have been attributed to the Ordinary Share Fund, 35% to the S2 Share Fund and 9% to the S3 Share Fund. These percentages represented the share of net assets of each Share Fund as at 30 September 2007.

f) Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Any tax relief obtained in respect of management fees allocated to capital is reflected in the capital column of the profit and loss account and a corresponding amount is charged to the revenue column of the profit and loss account. The tax relief is the amount by which corporation tax payable is reduced as a result of these capital expenses.

Deferred tax assets are recognised where it is more likely than not that there will be sufficient profits to recover against.

f) Liquid resources

Liquid resources are the current investments disclosed in note 13, regarded as available for investment, rather than to meet the Company's running expenses, as at the year-end.

g) Comparatives

The comparative figures are the audited figures from the annual accounts for the year ended 30 September 2007.

2 Income

	2008 £'000	2007 £'000
Interest receivable		
– from bank deposits	13	24
	13	24
Investment income receivable		
– from equities	426	407
– from loan stocks	–	40
– from money-market funds and Unicorn managed OEICs	290	275
	716	722
Total Income	729	746
Total income comprises		
Dividends	716	682
Interest	13	64
	729	746
Income from investments comprises		
Listed UK securities	40	14
Listed Overseas securities	220	261
Unlisted UK securities	456	407
Unlisted Overseas securities	–	40
	716	722

3 VAT recoverable

	Revenue 2008 £'000	Capital 2008 £'000	Total 2008 £'000	Revenue 2007 £'000	Capital 2007 £'000	Total 2007 £'000
VAT recoverable	168	503	671	–	–	–

VAT recoverable above is the likely amount of VAT recoverable from HMRC in respect of VAT charged upon management fees in past years. 25% of this amount has been credited to the Revenue return, while the balance of 75% has been credited to the Capital return. An additional £120,000 of further VAT incurred in respect of the current year has been set against the Investment Manager's fees in note 4 below. This income is not expected to recur in future years, other than in respect of any adjustments between the amounts recognised above and the amounts eventually received from HMRC.

Notes to the Accounts

for the year ended 30 September 2008

4 Investment Manager's fees

	Revenue 2008 £'000	Capital 2008 £'000	Total 2008 £'000	Revenue 2007 £'000	Capital 2007 £'000	Total 2007 £'000
Unicorn Asset Management Limited	172	514	686	263	788	1,051

Unicorn Asset Management Limited advises the Company on investments in qualifying and non-qualifying companies under an agreement dated 1 October 2001. The agreement was for an initial period of three years and thereafter until their appointment is terminated by not less than one year's notice in writing to expire at any time after the initial period.

Unicorn Asset Management Limited receives an annual management fee of 2% of the net asset value of the Company, excluding the value of the investments in the OEICs, which are also managed by Unicorn Asset Management Limited. The annual management fee is calculated and payable quarterly in advance together with any applicable VAT. Included in the above is VAT of £nil (30 September 2007: £157,000), as explained in note 3 above.

The management fee will be reduced where there is an excess of expenses over 3.5% of the closing net assets of the Company.

Under an Incentive Agreement dated 1 October 2001, the Investment Manager and the Promoter (Matrix-Securities Limited) will receive an annual performance related incentive, once a total return of 80 pence per share (of which 60 pence shall be in the form of dividends, whether from revenue or capital) has been achieved. The incentive fee is calculated as 20% of the amount by which the growth in net asset value in any accounting year on a cumulative basis exceeds the target returns, being the base rate of National Westminster Bank plc plus 2% averaged out over the same period. Of this fee, 85% will be paid to the Investment Manager, and 15% to the Promoter.

The incentive fee will be paid after deducting any incentive fees paid previously. The incentive fee cannot exceed 5% of the net asset value of the Company, but any amount unpaid can be carried forward to the next accounting period. Where the target return is not achieved, any shortfall is also carried forward, and an incentive fee will only be paid once previous and current target returns have been met.

5 Other expenses

	2008 £'000	2007 £'000
Directors' remuneration (including NIC)	57	57
IFA trail commission	97	156
Administration services	193	178
Broker's fees	11	14
Custody fees	13	12
Auditors' fees – audit	19	19
– taxation services (note)	3	4
– other services (note)	2	4
Tax monitoring fees	9	9
Professional fees	13	1
Registrar's fees	24	19
Printing	27	12
Sundry	36	31
	504	516

The Directors consider the auditors were best placed to provide the taxation and other services. The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

6 Directors' remuneration

	2008 £'000	2007 £'000
Directors' emoluments		
Peter Dicks	20	20
Jocelin Harris	18	18
David Royds	15	15
Peter Webb (resigned 26 September 2008)	–	–
	53	53
Employer's NIC	4	4
	57	57

No pension scheme contributions or retirement benefit contributions were paid. There are no share option contracts held by the Directors. Since all the Directors are non-executive, the other disclosures required by the Listing Rules are not applicable.

The Company has no employees other than Directors. Peter Webb only received emoluments from his employer, Unicorn Asset Management Limited.

7 Taxation on ordinary activities

a) Analysis of charge in the year

	2008 £	2007 £
Current tax charge for year	–	–

b) Factors affecting tax charge for the year

	2008 £'000	2007 £'000
(Loss)/profit on ordinary activities before tax	(14,181)	1,285
(Loss)/profit on ordinary activities multiplied by standard small company rate of corporation tax in the UK of 20.5% (2007: 19.5%)	(2,907)	251
Non-taxable UK dividend income	(87)	(79)
Non-taxable unrealised (losses)/gains	2,913	(146)
Non-taxable realised (losses)/gains	37	(265)
Transaction costs charged to capital	–	4
Taxable income not credited to revenue	(122)	–
Allowable expenses not charged to revenue	124	154
Disallowable expenses	2	–
Losses carried forward	22	81
Actual current tax credit – revenue	(18)	–
Taxable income credited to capital	18	–
Impact of allowable expenditure credited to capital reserve	–	(154)
Additional losses carried forward to future years	–	154
Current tax charge for year	–	–

Tax relief relating to investment management fees is allocated between Revenue and Capital in the same proportion as such fees.

There is no taxation in relation to capital gains or losses. Due to the Company's status as a Venture Capital Trust, and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

No deferred tax asset has been recognised on surplus management expenses carried forward. At present it is not envisaged that any tax will be recovered in the foreseeable future. The deferred tax amount not recognised is £1,252,000 (30 September 2007: £1,147,000).

Notes to the Accounts

for the year ended 30 September 2008

8 Dividends

	2008 Ordinary Fund £'000	2008 S2 Fund £'000	2008 S3 Fund £'000	2008 Total £'000	2007 Ordinary Fund £'000	2007 S2 Fund £'000	2007 S3 Fund £'000	2007 Total £'000
Amounts recognised as distributions to equity holders in the year:								
Ordinary Fund								
Interim dividend for the year ended 30 September 2007 of 7.5p per Ordinary paid on 27 February 2007	–	–	–	–	2,362	–	–	2,362
Interim dividend for the year ended 30 September 2007 of 5.05p per Ordinary paid on 5 September 2007	–	–	–	–	1,549	–	–	1,549
S2 Fund								
Final dividend for the year ended 30 September 2006 of 5p per S2 share paid on 29 January 2007	–	–	–	–	–	783	–	783
Interim dividend for the year ended 30 September 2007 of 5p per S2 share paid on 5 September 2007	–	–	–	–	–	745	–	745
Final dividend for the year ended 30 September 2007 of 5p per S2 share paid on 31 January 2008	–	739	–	739	–	–	–	–
	–	739	–	739	3,911	1,528	–	5,439

Any proposed final dividend is subject to approval by Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

Set out below are the total income dividends payable in respect of the financial year, which is the basis on which the requirements of Section 274 of the Income Tax Act 2007 are considered. Capital dividends are not reflected in this table.

	2008 £'000	2007 £'000
Ordinary Fund:		
Revenue available for distribution by way of dividends for the year	180	(52)
Proposed final dividend of nil pence for the year ended 30 September 2008 (2007: nil)	–	–
S2 Fund:		
Revenue available for distribution by way of dividends for the year	12	(20)
Proposed final dividend of nil pence per share for the year ended 30 September 2008 (2007: nil)	–	–
S3 Fund:		
Revenue available for distribution by way of dividends for the year	47	39
Proposed final dividend of 1 penny per share for the year ended 30 September 2008 (2007: nil)	50	–

9 Earnings and return per share

	2008 Ordinary Fund £'000	2008 S2 Fund £'000	2008 S3 Fund £'000	2008 Total £'000	2007 Ordinary Fund £'000	2007 S2 Fund £'000	2007 S3 Fund £'000	2007 Total £'000
Total earnings after taxation:	(8,496)	(4,958)	(727)	(14,181)	890	512	(117)	1,285
Basic earnings per share (note a)	(27.67)p	(33.65)p	(14.66)p		2.85p	3.32p	(3.02)p	
Net revenue/(loss) from ordinary activities after taxation	180	12	47		(52)	(20)	39	
Revenue return per share (note b)	0.59p	0.08p	0.95p		(0.17)p	(0.13)p	1.00p	
Net realised capital gains/(losses)	4	(186)	–		1,330	40	(12)	
Net unrealised capital (losses)/gains	(8,751)	(4,714)	(744)		124	740	(116)	
Capital element of VAT recoverable	411	89	3					
Capital expenses	(340)	(159)	(33)		(512)	(248)	(28)	
Total capital return	(8,676)	(4,970)	(774)		942	532	(156)	
Capital return per share (note c)	(28.26)p	(33.73)p	(15.61)p		3.02p	3.45p	(4.02)p	
Weighted average number of shares in issue in the year	30,699,263	14,731,850	4,958,036		31,171,332	15,425,839	3,879,970	

Notes

- a) Basic earnings per share is total earnings after taxation divided by the weighted average number of shares in issue.
b) Revenue return per share is net revenue after taxation divided by the weighted average number of shares in issue.
c) Capital return per share is total capital return divided by the weighted average number of shares in issue.

There are no instruments in place that will increase the number of shares in issue in future. Accordingly, the above figures currently represent both basic and diluted returns.

Notes to the Accounts

for the year ended 30 September 2008

10 Investments at fair value

Movements in investments during the year are summarised as follows:

	Fully Listed £'000	Traded on AIM/PLUS Market £'000	Unlisted ordinary shares £'000	Unlisted preference shares £'000	Unicorn OEIC funds £'000	Total £'000
Company						
Book cost at 30 September 2007	368	27,814	2,050	700	6,632	37,564
Unrealised gains/(losses) at 30 September 2007	348	7,091	(500)	–	2,896	9,835
Permanent impairment in value of investments	–	(2,012)	(750)	–	–	(2,762)
Valuation at 30 September 2007	716	32,893	800	700	9,528	44,637
Purchases at cost	–	3,710	–	–	–	3,710
Sale proceeds	–	(2,907)	–	–	(3,015)	(5,922)
Realised gains/(losses)	–	254	–	–	(428)	(174)
Reclassified	526	(2,531)	2,005	–	–	–
Permanent impairment in year	–	(5)	(423)	–	–	(428)
Unrealised losses	(297)	(9,846)	(1,808)	–	(1,830)	(13,781)
Closing valuation at 30 September 2008	945	21,568	574	700	4,255	28,042
Book cost at 30 September 2008	535	27,527	2,332	700	4,741	35,835
Unrealised gains/(losses) at 30 September 2008	410	(3,942)	(585)	–	(486)	(4,603)
Permanent impairment in value of investments	–	(2,017)	(1,173)	–	–	(3,190)
	945	21,568	574	700	4,255	28,042
Ordinary Share Fund						
Book cost at 30 September 2007	368	18,376	1,400	350	1,078	21,572
Unrealised gains/(losses) at 30 September 2007	348	4,819	(250)	–	1,347	6,264
Permanent impairment in value of investments	–	(912)	(750)	–	–	(1,662)
Valuation at 30 September 2007	716	22,283	400	350	2,425	26,174
Purchases at cost	–	1,169	–	–	–	1,169
Sale proceeds	–	(2,332)	–	–	(1,450)	(3,782)
Realised gains/(losses)	–	236	–	–	(229)	7
Reclassified	526	(1,499)	973	–	–	–
Permanent impairment in value of investments	–	(5)	(423)	–	–	(428)
Unrealised losses	(297)	(7,128)	(663)	–	(235)	(8,323)
Closing valuation at 30 September 2008	945	12,724	287	350	511	14,817
Book cost at 30 September 2008	535	17,076	650	350	332	18,943
Unrealised gains/(losses) at 30 September 2008	410	(3,435)	810	–	179	(2,036)
Permanent impairment in value of investments	–	(917)	(1,173)	–	–	(2,090)
	945	12,724	287	350	511	14,817

	Fully Listed £'000	Traded on AIM/PLUS Market £'000	Unlisted ordinary shares £'000	Unlisted preference shares £'000	Unicorn OEIC funds £'000	Total £'000
S2 Share Fund						
Book cost at 30 September 2007	–	9,438	650	350	3,087	13,525
Unrealised gains/(losses) at 30 September 2007	–	2,272	(250)	–	1,665	3,687
Permanent impairment in value of investments	–	(1,100)	–	–	–	(1,100)
Valuation at 30 September 2007	–	10,610	400	350	4,752	16,112
Purchases at cost	–	1,443	–	–	–	1,443
Sale proceeds	–	(575)	–	–	(1,565)	(2,140)
Realised gains/(losses)	–	18	–	–	(199)	(181)
Reclassified	–	(1,032)	1,032	–	–	–
Unrealised losses	–	(2,629)	(1,145)	–	(940)	(4,714)
Closing valuation at 30 September 2008	–	7,835	287	350	2,048	10,520
Book cost at 30 September 2008	–	9,353	1,682	350	1,942	13,327
Unrealised (losses)/gains at 30 September 2008	–	(418)	(1,395)	–	106	(1,707)
Permanent impairment in value of investments	–	(1,100)	–	–	–	(1,100)
	–	7,835	287	350	2,048	10,520
S3 Share Fund						
Book cost at 30 September 2007	–	–	–	–	2,467	2,467
Unrealised losses at 30 September 2007	–	–	–	–	(116)	(116)
Valuation at 30 September 2007	–	–	–	–	2,351	2,351
Purchases at cost	–	1,098	–	–	–	1,098
Unrealised losses	–	(89)	–	–	(655)	(744)
Closing valuation at 30 September 2008	–	1,009	–	–	1,696	2,705
Book cost at 30 September 2008	–	1,098	–	–	2,467	3,565
Unrealised (losses)/gains at 30 September 2008	–	(89)	–	–	(771)	(860)
	–	1,009	–	–	1,696	2,705

Transaction costs on the purchase and disposal of investments of £8,000 (Ordinary Share Fund £3,000; S2 Fund: £5,000; S3 Share Fund £nil) were incurred in the year. These are excluded from realised losses shown above of £174,000, but were included in arriving at losses on realisation of investments disclosed in the profit and loss account of £182,000.

Reconciliation of cash movements in investment transactions

Adding the movement in unsettled trades of £45,000 to sales proceeds above of £5,922,000 leaves sales proceeds of £5,967,000 as shown in the cash flow statement.

Notes to the Accounts

for the year ended 30 September 2008

11 Significant interests

At 30 September 2008 the Company held significant investments, amounting to 3% or more of the equity capital of an undertaking, in the following companies:

	Equity valuation (ordinary shares) £'000	Loan stock and preference shares valuation £'000	Total valuation £'000	Percentage of investee company's total equity
Amber Taverns Limited	324	700	1,024	22.0%
Sanastro plc	250	–	250	12.8%
Prologic plc	592	–	592	10.7%
Avingtrans plc	781	–	781	9.4%
Snacktime plc	552	–	552	8.6%
Shieldtech plc	200	–	200	7.6%
Kiotech plc	182	–	182	7.3%
Strategic Retail plc	30	–	30	6.9%
Access Intelligence plc	123	–	123	6.4%
Maxima Holdings plc	2,530	–	2,530	6.1%
Tracsis plc	571	–	571	5.8%
Lees Foods plc	178	–	178	5.6%
Glisten plc	1,740	–	1,740	5.2%
Supporta plc	945	–	945	4.1%
Datong Electronics plc	416	–	416	3.8%
Mattioli Woods plc	1,710	–	1,710	3.7%
Sanderson plc	385	–	385	3.6%
Zetar plc	560	–	560	3.4%
Dillistone Group plc	123	–	123	3.3%
Clerkenwell Ventures plc	718	–	718	3.2%

All of the above companies are incorporated in the United Kingdom.

The Company holds 28.5% of the B shares issued by Unicorn Smaller Companies Fund and 23.0% of the Unicorn Mastertrust Fund, 10.5% of the B shares issued by the Unicorn Free Spirit Fund, 14.8% of the B shares issued by the Unicorn Outstanding British Companies Fund and 15.8% of the Unicorn UK Income Fund at the year-end. Unicorn Smaller Companies Fund and Unicorn Mastertrust Fund, Unicorn Free Spirit Fund, Unicorn Outstanding British Companies Fund and Unicorn UK Income Fund are sub-funds of the Unicorn Investment Funds ICVC, managed by Unicorn Asset Management Limited.

As the overall shareholding in the Unicorn Investment Funds ICVC is less than 50% and the Company does not exert control over the individual sub funds, no consolidated accounts have been prepared.

It is considered that, as permitted by FRS9, "Associates and Joint Ventures", the above investments are held as part of an investment portfolio, and that, accordingly, their value to the Company lies in their marketable value as part of that portfolio. In view of this, it is not considered that any of the above represent investments in associated undertakings.

The percentage of equity held in the Company's investments by funds managed by Unicorn Asset Management Limited is disclosed in the Investment Portfolio Summary on pages 10-19 of this Report.

12 Debtors

	2008 £'000	2007 £'000
Amounts due within one year		
Other debtors	1,101	1,145
Prepayments and accrued income	967	153
	2,068	1,298

Included within prepayments and accrued income is the sum of £791,000 of VAT recoverable, being the estimated total as disclosed within note 3 above.

13 Current investments

These comprise investments in two Dublin based OEIC money market funds, managed by Royal Bank of Scotland and Blackrock Investment Management UK Limited. £4,151,000 (30 September 2007: £2,939,000) of this sum is subject to same day access while £1,000 (30 September 2007: £ nil) is subject to two day access. These sums are regarded as monies held pending investment.

14 Creditors: amounts falling due within one year

	2008 £'000	2007 £'000
Trade creditors	–	89
Other creditors	15	7
Accruals	172	216
	187	312

15 Called up share capital

	2008 £'000	2007 £'000
Authorised:		
Ordinary Shares of 1p each: 40,000,000	400	400
S2 Shares of 1p each: 25,000,000	250	250
S3 Shares of 1p each: 30,000,000	300	300
	950	950

	2008 £'000	2007 £'000
Issued:		
Ordinary Shares of 1p each: 30,980,344 (2007: 30,453,157)	310	304
S2 Shares of 1p each: 14,764,738 (2007: 14,778,800)	148	148
S3 Shares of 1p each: 4,958,036 (2007: 4,958,036)	50	50
	508	502

During the year the Company purchased 426,346 - £4,000 nominal value (2007: 1,389,015 - £14,000 nominal value) of its own Ordinary Shares for cash at the prevailing market price for a total cost of £270,000 (2007: £1,290,000), and 234,827 - £2,000 nominal value (2007: 886,724 - £9,000 nominal value) of its S2 Shares for cash at the prevailing market price for a total cost of £199,000 (2007: £1,000,000). In the year, the Company issued 953,533 Ordinary Shares of 1p each and 220,765 S2 Shares of 1p each in a series of allotments, arising from the Top-up Offers for Subscription of shares in the Company.

During the year, the Company did not allot any S3 Shares (2007: 4,958,036).

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for the year ended 30 September 2008

16 Reserves

	Called up share capital £'000	Capital redemption reserve £'000	Share premium account £'000	Revaluation reserve £'000	Special distributable reserve £'000	Profit and loss account £'000	Total £'000
Company							
At 30 September 2007	502	56	4,652	9,835	30,131	3,494	48,670
Shares issued/(bought back)	6	6	878	–	(469)	–	421
Expense of share issue	–	–	(48)	–	–	–	(48)
Write off to special reserve	–	–	–	–	(3,220)	3,220	–
Transfer to special distributable reserve	–	–	(4,642)	–	4,642	–	–
Realisation of previously unrealised depreciation	–	–	–	83	–	(83)	–
Net decrease in unrealised valuations in the year	–	–	–	(14,209)	–	–	(14,209)
Dividends paid	–	–	–	–	–	(739)	(739)
(Loss)/profit for the year	–	–	–	(312)	312	28	28
At 30 September 2008	508	62	840	(4,603)	31,396	5,920	34,123
Ordinary Share fund							
At 30 September 2007	304	46	–	6,264	18,383	2,273	27,270
Shares issued/(bought back)	6	4	677	–	(270)	–	417
Expense of share issue	–	–	(37)	–	–	–	(37)
Write off to special reserve	–	–	–	–	(2,769)	2,769	–
Realisation of previously unrealised appreciation	–	–	–	763	–	(763)	–
Net decrease in unrealised valuations in the year	–	–	–	(8,751)	–	–	(8,751)
Dividends paid	–	–	–	–	–	–	–
Profit for the year	–	–	–	(312)	312	255	255
At 30 September 2008	310	50	640	(2,036)	15,656	4,534	19,154
S2 Share fund							
At 30 September 2007	148	10	10	3,687	11,748	1,222	16,825
Shares issued/(bought back)	–	2	201	–	(199)	–	4
Expense of share issue	–	–	(11)	–	–	–	(11)
Write off to special reserve	–	–	–	–	(377)	377	–
Realisation of previously unrealised appreciation	–	–	–	(680)	–	680	–
Net decrease in unrealised valuations in the year	–	–	–	(4,714)	–	–	(4,714)
Dividends paid	–	–	–	–	–	(739)	(739)
Loss for the year	–	–	–	–	–	(244)	(244)
At 30 September 2008	148	12	200	(1,707)	11,172	1,296	11,121
S3 Share fund							
At 30 September 2007	50	–	4,642	(116)	–	(1)	4,575
Transfer to special distributable reserve	–	–	(4,642)	–	4,642	–	–
Write off to special reserve	–	–	–	–	(74)	74	–
Net decrease in unrealised valuations in the year	–	–	–	(744)	–	–	(744)
Profit for the year	–	–	–	–	–	17	17
At 30 September 2008	50	–	–	(860)	4,568	90	3,848

The cancellation of the Company's S3 Share Fund's share premium account (as approved by the Extraordinary General Meeting held on 15 February 2007 and by order of the Court on 19 December 2007) has provided the Company with a special distributable reserve for the S3 Fund. The purpose of the reserve for all three funds is to fund market purchases of each fund's shares, and to write off existing and future losses now that the Company has revoked investment company status and is now obliged to take into account capital losses in determining distributable reserves. The transfer of £3,220,000 to the profit and loss account from the special distributable reserve is the transfer of realised losses for the year, including capitalised management fees, tax relief and purchase transaction costs.

17 Net asset values

	2008 Ordinary Fund £'000	2008 S2 Fund £'000	2008 S3 Fund £'000	2007 Ordinary Fund £'000	2007 S2 Fund £'000	2007 S3 Fund £'000
Net Assets	19,154	11,121	3,848	27,270	16,825	4,575
Number of shares in issue	30,980,344	14,764,738	4,958,036	30,453,157	14,778,800	4,958,036
Net asset value per share	61.83p	75.32p	77.62p	89.55p	113.84p	92.28p

18 Reconciliation of (loss)/profit on ordinary activities before taxation to net cash outflow from operating activities

	2008 £'000	2007 £'000
(Loss)/profit on ordinary activities before taxation	(14,181)	1,285
Net losses/(gains) on realisation of investments	182	(1,379)
Net unrealised losses/(gains) on investments	14,209	(748)
Increase in debtors	(920)	(94)
Increase in creditors and accruals	16	62
Net cash outflow from operating activities	(694)	(874)

19 Analysis of changes in net funds

	Cash 2008 £'000	Liquid resources 2008 £'000	Total 2008 £'000
At 30 September 2007	108	2,939	3,047
Cash flows	(60)	1,213	1,153
At 30 September 2008	48	4,152	4,200

20 Financial instruments

The Company's financial instruments comprise:

- Equity and non-equity shares and fixed interest securities that are held in accordance with the Company's investment objective as set out in the Investment Manager's Review.
- Cash, liquid resources and short-term debtors and creditors that arise directly from the Company's operations.

The principal purpose of these financial instruments is to generate revenue and capital appreciation for the Company's operations. The Company has no gearing or other financial liabilities apart from short-term creditors.

It is, and has been throughout the period under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

Notes to the Accounts

for the year ended 30 September 2008

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 30 September 2008:

	2008 (Book Value) £'000	2008 (Fair Value) £'000	2007 (Book Value) £'000	2007 (Fair Value) £'000
Assets at fair value through profit and loss:				
Investment Portfolio	28,042	28,042	44,637	44,637
Current investments	4,152	4,152	2,939	2,939
Cash at bank	48	48	108	108
Loans and receivables				
Accrued income	156	156	138	138
Other debtors	1,894	1,894	1,145	1,145
Total financial assets	34,292	34,292	48,967	48,967
Other non-financial assets	18	18	15	15
Other creditors	(187)	(187)	(312)	(312)
	34,123	34,123	48,670	48,670

The investment portfolio principally consists of AIM quoted investments and collective OEIC investment funds managed by Unicorn Asset Management Limited, valued at their bid price which represents fair value. Current investments are Dublin based OEIC money market funds, discussed under credit risk management below.

The investment portfolio has a high concentration of risk towards small, UK based companies, nearly all of which are quoted on the £ denominated UK AIM market (63% of net assets), or within the OEIC funds managed by Unicorn Asset Management Limited (12% of net assets), unquoted investments (4% of net assets) and fully listed shares (3% of net assets).

No analysis of the maturity of the assets and liabilities of the Company above has been provided, as there are no assets and no liabilities of significance to these accounts that mature beyond one month.

Similarly, no analysis of credit risk is provided over and above the table above, on the grounds that they are not significant, other than for the current investments above, which are discussed within management of credit risk below.

The main risks arising from the Company's financial instruments are due to investment or market price risk, credit risk, interest rate risk and liquidity risk. There have been no changes in the nature of these risks that the Company has faced during the past year. The Board reviews and agrees policies for managing each of these risks, which are summarised below. There have been no changes in their objectives, policies or processes for managing risks during the past year.

Risk

Market Price Risk: Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the Company's investment objectives. These future prices are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future performance of the UK economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding market positions in the face of market movements, which was a maximum of £28,042,000 at the year-end.

Credit Risk: Failure by counter-parties to deliver securities which the Company has paid for, or pay for securities which the Company has delivered. The Company is exposed to credit risk through its debtors and holdings of current investments (money-market funds).

Liquidity risk: The investments in the equity and non-equity stocks of unlisted and AIM listed companies the Company and its OEIC holdings hold are thinly traded and as such the prices are more volatile than those of more widely traded securities. In addition, the ability of the Company to realise the investments at their carrying value may at times not be possible if there are no willing purchasers. The ability of the Company to purchase or sell investments is also constrained by the requirements set down for Venture Capital Trusts.

Interest Rate Risk: The value of the Company's equity and non-equity investments, OEIC money-market investments and its net revenue may be affected by interest rate movements. Investments in the portfolio are in relatively small businesses, which are relatively high risk investments sensitive to interest rate fluctuations. Due to the short time to maturity of some of the Company's fixed rate non equity investments, it may not be possible to re-invest in assets which provide the same rates as those currently held.

Currency risk: All assets and liabilities are denominated in sterling and therefore there is no currency risk.

Management of risk:

Market Price Risk: At formal meetings held at least quarterly, and throughout the year, the Board and the Manager manages the market price risk inherent in the Company's portfolio by maintaining an appropriate spread of equities, and by ensuring full and timely access to relevant information from the Investment Manager. The Board seeks to ensure that an appropriate proportion of the Company's portfolio is invested in cash and readily realisable securities, which are sufficient to meet any funding commitments that may arise. The Company does not use derivative instruments to hedge against market risk.

The five OEICS managed by Unicorn Asset Management Limited are well diversified across a number of holdings with just over half invested in larger companies, and as such, likely to be more representative of overall market risk. The Unicorn Free Spirit Fund's portfolio contains stocks where 60% by value is in AIM listed stocks, and 40% is in fully listed stocks with average market capitalisation of £86 million; the Unicorn UK Smaller Companies Fund contains 68% by value on AIM and 32% in fully listed stocks with average market capitalisation of £50 million; the Unicorn UK Income Fund contains 17% in AIM and 83% in fully listed stocks with average market capitalisation of £180 million; the Unicorn Mastertrust Fund contains 6% on AIM and 94% in fully listed stocks with average market capitalisation of £99 million while the Outstanding British Companies Fund contains 30% on AIM and 70% in fully listed stocks with average market capitalisation of £803 million.

Liquidity risk: Besides the maintenance of a spread of investments within the Investment portfolio, the Company maintains a satisfactory level of liquidity by holding adequate levels of cash in OEIC money market funds (disclosed in note 13) which are available on demand to meet future investments and running costs.

Credit Risk: All transactions are settled on the basis of delivery against payment. The Board manages credit risk in respect of the current investments and cash by ensuring a spread of such investments such that none exceed 15% of the Company's total investment assets. These money market funds are all triple A rated funds, which themselves hold a wide range of high credit grade instruments issued by many counter-parties and so credit risk is considered to be low. Exposure to these funds is monitored by the Board.

Interest Rate Risk: The Company's assets and liabilities include fixed interest non-equity stocks, the values of which are reviewed by the Board, as referred to above. As nearly all of the portfolio is non-interest bearing, the direct exposure to interest rate exposure is relatively insignificant, and mainly affects the return upon the Company's liquidity balances held in the OEIC money market funds. The impact of changes in interest rates upon the value of the portfolio is discussed in the sensitivity analysis below.

Financial net assets

The interest rate profile of the Company's financial net assets at 30 September 2008 was:

	Financial net assets on which no interest paid £'000	Fixed rate financial assets £'000	Variable rate financial assets £'000	Total £'000	Weighted average interest rate %	Average period to maturity (years)
Equity shares	23,088	–	–	23,088		
Unicorn OEICs	4,254	–	–	4,254		
Preference shares	–	700	–	700	8.00	2.0
Money market funds	–	–	4,152	4,152	5.36	
Cash	–	–	48	48		
Debtors/Creditors	1,881	–	–	1,881		
Total	29,223	700	4,200	34,123		

The interest rate profile of the Company's financial net assets at 30 September 2007 was:

	Financial net assets on which no interest paid £'000	Fixed rate financial assets £'000	Variable rate financial assets £'000	Total £'000	Weighted average interest rate %	Average period to maturity (years)
Equity shares	34,409	–	–	34,409		
Unicorn OEICs	9,528	–	–	9,528		
Preference shares	–	700	–	700	8.00	3.0
Money market funds	–	–	2,939	2,939	5.99	
Cash	–	–	108	108		
Debtors/Creditors	986	–	–	986		
Total	44,923	700	3,047	48,670		

Floating rate cash earns interest based on LIBOR rates.

The Company's investments in equity shares and similar instruments have been excluded from the interest rate risk profile as they have no maturity date and would thus distort the weighted average period information.

Notes to the Accounts

for the year ended 30 September 2008

Sensitivity analysis

The Board believes that the Company's assets are mainly exposed to market price risk, as the Company is required to hold most of its assets in the form of £ denominated investments in small companies. Most of these assets are, or will be, held in companies quoted on the AIM Market where the Company's investment objective is to achieve a return, partly from dividends, but mainly from capital growth from realisations. The table below shows the impact on profit and net assets if there were to be a 20% movement in overall share prices, which might in part be caused by changes in interest rate levels, but it is not considered possible to evaluate separately the impact of changes in interest rates upon the Company's portfolios of investments in small companies.

For this purpose the investments in the OEICS managed by Unicorn Asset Management are also included in this analysis. The Key Data disclosed at the front of this Annual Report gives shareholders further analysis in percentages of each Fund's investments by asset class and market sector, and page 51 contains information on segments of market capitalisation under "Management of risk". The sensitivity analysis below assumes that each of these sub categories produces a movement overall of 20%, and that the actual portfolio of shares and Unicorn managed OEICS held by the Company are perfectly correlated to this overall movement in share prices. However, shareholders should note that this level of correlation is unlikely to be the case in reality.

	2008 £ Profit and Net assets	2007 £ Profit and Net assets
If overall share prices fell by 20%, with all other variables held constant – decrease	(5,608,376)	(8,927,400)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(9.57)p	(17.19)p
Decrease in earnings, and net asset value, per S2 share (in pence)	(6.79)p	(10.58)p
Decrease in earnings, and net asset value, per S3 share (in pence)	(1.75)p	(1.54)p
If overall share prices increase by 20%, with all other variables held constant – increase	5,608,376	8,927,400
Increase in earnings, and net asset value, per Ordinary share (in pence)	9.57p	17.19p
Increase in earnings, and net asset value, per S2 share (in pence)	6.79p	10.58p
Increase in earnings, and net asset value, per S3 share (in pence)	1.75p	1.54p
If interest rates were 1% lower, with all other variables held constant – decrease	(33,005)	(23,658)
Decrease in earnings, and net asset value, per Ordinary share (in pence)	(0.07)p	(0.00)p
Decrease in earnings, and net asset value, per S2 share (in pence)	(0.03)p	(0.04)p
Decrease in earnings, and net asset value, per S3 share (in pence)	(0.18)p	(0.36)p
If interest rates were 1% higher, with all other variables held constant – increase	33,005	23,658
Increase in earnings, and net asset value, per Ordinary share (in pence)	0.07p	0.00p
Increase in earnings, and net asset value, per S2 share (in pence)	0.03p	0.04p
Increase in earnings, and net asset value, per S3 share (in pence)	0.18p	0.36p

21 Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to provide an adequate return to shareholders by allocating its capital to assets commensurately with the level of risk.

By its nature, the Company has an amount of capital, at least 70% of which (and usually more) must be, and remain, invested in the relatively high risk asset class of small UK companies quoted on the AIM market, within three years of that capital being subscribed. The Company accordingly has limited scope to manage its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. Subject to this overall constraint upon changing the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets if so required to maintain a level of liquidity to remain a going concern.

Although, as the Investment Policy states, the Board would consider levels of gearing, there are no borrowings that have been incurred to enhance returns to shareholders. The level of liabilities is small, and is principally related to amounts payable to entities supplying services to the Company. Thus, it currently regards the net assets of the Company as the Company's capital, as the management of these liabilities is not directly related to managing the return to shareholders. There has been no change in this approach from the previous year.

22 Related party transactions

Under the terms of the agreement dated 1 October 2001, the Company has appointed Unicorn Asset Management Limited (of which Peter Webb is a shareholder and was a director until 21 July 2008) to be the Investment Manager. The fee arrangements for these services and the fees payable are set out in note 4. Unicorn Asset Management also received a fee of £48,000 for acting as promoter to the Ordinary and S2 Funds (2007: £147,000 S3 fund). David Royds is a director and shareholder of Matrix-Securities Limited, who acted as Promoter to the Company for a fee of £nil (30 September 2007: £nil) and provides administration services to the Company for a fee of £193,000 (year ended 30 September 2007: £178,000), disclosed in note 5 to these accounts. £nil (2007: £42,000) was due to Matrix at the end of the year.

23 Segmental analysis

The operations of the Company are wholly in the United Kingdom.

Shareholder Information

The Company's Ordinary Shares (Code: UAV), S2 Shares (UAVB) and S3 Shares (UAV3) are listed on the London Stock Exchange. Shareholders can visit the London Stock Exchange website, www.londonstockexchange.com, for the latest news and share prices of the Company. The share prices are also quoted in the Financial Times.

Net asset value per share

The Company's NAV per share as at 31 October 2008 were 54.6 pence for the Ordinary Share Fund, 65.3 pence for the S2 Share Fund and 70.9 pence for the S3 Share Fund. The Company announces its unaudited NAV on a monthly basis.

Dividend

The Directors will be proposing final dividends for Ordinary, S2 and S3 Shareholders of 3.0, 2.0 and 1.0 pence per Share respectively at the Annual General Meeting to be held on 15 January 2009. The dividends will be paid on 30 January 2009 to Shareholders on the Register on 9 January 2009.

Shareholders who wish to have dividends paid directly into their bank account rather than sent by cheque to their registered address can complete a mandate for this purpose. Mandates can be obtained by telephoning the Company's Registrars, Capita Registrars on 0871 664 0300, (calls cost 10p per minute plus network extras - if calling from overseas please ring +44 208 639 3399) or by writing to them at Capita Registrars, Northern House, Woodsome Park, Fennay Bridge, Huddersfield, West Yorkshire HD8 0LA. Alternatively you may visit their website, www.capitaregistrars.com/shareholders.

Financial calendar

December 2008	Annual Report for the year ended 30 September 2008 to be circulated to Shareholders
9 January 2009	Record date for Ordinary, S2 and S3 Shareholders to be eligible for a final dividend
15 January 2009	Annual General Meeting
30 January 2009	Final dividends for the year ended 30 September 2008 to be paid to Ordinary, S2 and S3 Shareholders
May 2009	Preliminary announcement of Half-Yearly Results
June 2009	Half-Yearly Report for the six months ended 31 March 2009 to be circulated to Shareholders
30 September 2009	Year-end
December 2009	Preliminary announcement of final results for the year ended 30 September 2009

Annual General Meeting

The seventh Annual General Meeting (AGM) of the Company will be held on 15 January 2009 at 11.00 am at the offices of Matrix Group Limited, One Vine Street, London W1J 0AH. The Meeting will be followed by Separate Meetings of the Ordinary Shareholders, S2 Shareholders and S3 Shareholders. Please try to arrive 10 minutes before the AGM starts when tea and coffee will be served to Shareholders. A short presentation will be given by the Investment Manager and one of the investee companies following the AGM. The Notice of the meetings is included on pages 54-59 of this Annual Report and separate proxy forms have been included with Shareholders' copies of this Annual Report. Proxy forms should be completed in accordance with the instructions printed thereon and sent to the Company's Registrars, Capita Registrars at the address given on the Form, to arrive no later than 11.00 am on 13 January 2009.

Shareholders should note that the quorum for each of the three separate class meetings will be Shareholders of each class present in person or by proxy holding not less than one-third of the paid up share capital of the relevant class and that if a quorum is not present within half an hour from the time appointed for the meetings they may be adjourned to 11.10 am, 11.15 am and 11.20 am respectively on 16 January 2009 to be held at Matrix Group Limited, One Vine Street, London W1J 0AH, or as soon as possible thereafter as may be arranged, and at such adjourned meetings the Shareholders present in person or by proxy shall be a quorum regardless of the number of shares held.

Shareholder enquiries:

For general Shareholder enquiries, please contact Robert Brittain of Matrix-Securities Limited (the Company Secretary) on 020 3206 7000 or by e-mail on unicorn@matrixgroup.co.uk.

For enquiries concerning the performance of the Company, please contact the Investment Manager, Unicorn Asset Management Limited, on 020 7253 0889 or by e-mail on info@unicornam.com

Change of Address

To notify the Company of a change of address please contact the Company's Registrars at the address given above.

Information rights for beneficial owners of shares

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares, rather than to the Company's registrar, Capita Registrars, or to the Company directly.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE of the ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the seventh Annual General Meeting of Unicorn AIM VCT plc ("the Company") will be held at 11.00 am on 15 January 2009 at Matrix Group Limited, One Vine Street, London W1J 0AH for the purposes of considering and, if thought fit, passing the following resolutions of which resolutions 1-7 will be proposed as ordinary resolutions and resolutions 8 to 10 will be proposed as special resolutions:-

ORDINARY BUSINESS

1. To receive and adopt the report of the Directors and the audited accounts of the Company for the year ended 30 September 2008, together with the Auditors' report thereon.
2. To approve the Directors' Remuneration Report for the year ended 30 September 2008 as set out in the Annual Report and Accounts of the Company for the year ended 30 September 2008.
3. To re-appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP as Auditors and that their remuneration be fixed by the Directors.
4. To re-elect Peter Dicks as a Director of the Company.
5. To re-elect David Royds as a Director of the Company.
6. To declare final dividends for the year ended 30 September 2008 of 3.0 pence per ordinary share of 1p each ("Ordinary Shares"), 2.0 pence per series 2 shares of 1p each ("S2 Shares") and 1.0 pence per series 3 share of 1p each ("S3 Shares"), payable on 30 January 2009 to the holders of Ordinary Shares, S2 Shares and S3 Shares respectively on the register at close of business on 9 January 2009.
7. That (i) subject to the passing of the resolutions to be proposed at the separate meeting of the holders of ordinary shares of 1p each, the separate meeting of the holders of S2 Shares and the separate meeting of the holders of S3 Shares, convened for 11.10 am, 11.15 am and 11.20 am respectively on 15 January 2009 ("the Separate Meetings") and (ii) in substitution for any existing authorities pursuant to section 80 of the Companies Act 1985 ("the Act"):
 - (i) the Directors shall have unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities (as defined in section 80(2) of the Act) of the Company to such persons, at such time and generally on such terms and conditions as the Directors may determine provided that the authority hereby conferred shall expire on the fifth anniversary of the date of the passing of this resolution, unless previously renewed, varied or revoked by the Company in general meeting and the maximum nominal value of such relevant securities as aforesaid which may be allotted pursuant to such authority shall be £177,461; and
 - (ii) the Directors shall be entitled under the authority conferred by paragraph (i) of this resolution or under the renewal thereof to make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities as aforesaid to be allotted after the expiry of such authority and to allot relevant securities accordingly.

SPECIAL RESOLUTIONS

8. That (i) subject to the passing of the resolutions to be proposed at the Separate Meetings and (ii) in substitution for any existing authorities pursuant to section 95(1) of the Act, the Directors be and they are hereby empowered to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority conferred upon them by resolution 7 above as if section 89(1) of the Act did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:
 - (i) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued Ordinary Share capital and/or the issued S2 Share capital and/or the issued S3 Share capital of the Company in connection with a rights issue where the Ordinary Shares or, as the case may be, S2 Shares or, as the case may be, S3 Shares offered to all holders of shares in the relevant class are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares or, as the case may be, S2 Shares or, as the case may be, S3 Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or directions from any holders of equity securities to deal in some other manner with their respective entitlements, or the requirements of any recognised regulatory body or any stock exchange in any territory;
 - (ii) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued Ordinary Share capital and/or the issued S2 Share capital and/or the issued S3 Share capital of the Company in connection with any dividend investment or similar scheme as may be introduced by the Company from time to time;

- (iii) the allotment of equity securities with an aggregate nominal value of up to but not exceeding 10 per cent of the issued Ordinary Share capital and/or the issued S2 Share capital and/or the issued S3 Share capital of the Company where the proceeds of the allotment are to be used in whole or in part to purchase the Company's Ordinary Shares or, as the case may be, S2 Shares or, as the case may be, S3 Shares in the market; and
- (iv) the allotment (otherwise than pursuant to sub-paragraphs (i), (ii) and (iii) above) of equity securities with an aggregate nominal value of up to but not exceeding 5 per cent of the issued Ordinary Share capital and/or the issued S2 Share capital and/or the issued S3 Share capital of the Company from time to time

and provided further that the authority conferred by this resolution shall expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2010 or the date which is fifteen months after the date on which this resolution is passed (unless previously renewed, varied or revoked by the Company in general meeting), except that the Company may, before such expiry, make an offer or agreement which would or might require relevant securities as aforesaid to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

SPECIAL BUSINESS

9. That, subject to the passing of the resolutions to be proposed at the Separate Meetings, the Company be authorised to make one or more market purchases (within the meaning of section 166 of the Act (as defined in section 163(3) of the Act) of its Ordinary Shares, S2 Shares and S3 Shares provided that:-

- (1) the maximum aggregate number of Ordinary Shares, S2 Shares and S3 Shares hereby authorised to be purchased is 4,643,954, 2,213,234 and 743,210 respectively;
- (2) the minimum price which may be paid for such Ordinary Shares or, as the case may be, S2 Shares or, as the case may be, S3 Shares is 1p per share, the nominal amount thereof;
- (3) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share, an S2 Share or an S3 Share shall be an amount equal to 105 per cent of the average of the middle market prices as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Ordinary Share or, as the case may be, S2 Share or, as the case may be, S3 Share is purchased;
- (4) the authority hereby conferred shall (unless previously renewed or revoked) expire on the earlier of the conclusion of the Annual General Meeting of the Company to be held in 2010 or the date which is fifteen months after the date on which this resolution is passed; and
- (5) the Company may make a contract or contracts to purchase its own Ordinary Shares and/or S2 Shares and/or S3 Shares under this authority prior to the expiry of the authority which will or may be executed wholly or partly after the expiry of the authority, and may make a purchase of its own Ordinary Shares or, as the case may be, S2 Shares or, as the case may be, S3 Shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.

10. That, subject to the passing of the resolutions to be proposed at the Separate Meetings, article 97 of the articles of association of the Company be and hereby is amended so that "£60,000" in line 3 of article 97 is replaced with "£120,000".

BY ORDER OF THE BOARD

Matrix-Securities Limited
Secretary

Registered Office
One Vine Street
London W1J 0AH

24 November 2008



NOTICE of the ANNUAL GENERAL MEETING

NOTES:

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Capita Registrars, on 0871 664 0300 (calls cost 10p per minute plus network extras – if calling from overseas please dial +44 208 639 3399) to request additional copies of the proxy form.
- (ii) In accordance with section 325 of the Companies Act 2006 ("the 2006 Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the 2006 Act.
Persons nominated to receive information rights under section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these.
- (iii) To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited no less than 48 hours (excluding weekends) prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Capita Registrars, Proxy department, PO Box 25, Beckenham, Kent BR3 4BR.
- (iv) Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting.
- (v) As at 24 November 2008, the Company's issued share capital comprised 30,980,344 Ordinary Shares, 14,764,738 S2 Shares and 4,958,036 S3 Shares. Each share carries one vote at a general meeting of the Company and, therefore, the total voting rights in the Company as at 24 November 2008 was 50,703,118.
- (vi) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at midnight on 13 January 2009 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 13 January 2009 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (vii) The Register of Directors' Interests and Directors' appointment letters shall be available for inspection at the place of the Annual General Meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE of a MEETING of ORDINARY SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a separate meeting of the holders of ordinary shares of 1p each in the capital of Unicorn AIM VCT plc ("the Company") will be held at 11.10 am on 15 January 2009 (or as soon thereafter as the Annual General Meeting of the Company convened for 11.00 am on that day has been concluded or adjourned) at Matrix Group Limited, One Vine Street, London W1J 0AH for the following purpose of considering and, if thought fit, passing the following resolution which will be proposed as an extraordinary resolution:-

The holders of the ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") hereby sanction, approve and consent to:

- (1) the passing and carrying into effect, as ordinary and special resolutions of the Company, Resolutions 7 – 10 set out in the notice of the Annual General Meeting convened for 11.00 am on 15 January 2009 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and
- (2) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the Ordinary Shares which will, or may result from the passing and carrying into effect of the said Resolutions and notwithstanding that the passing and carrying into effect of such Resolutions may affect the rights and privileges attached to the Ordinary Shares.

BY ORDER OF THE BOARD

Matrix-Securities Limited
Secretary

Registered Office
One Vine Street
London W1J 0AH

24 November 2008

NOTES:

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Capita Registrars, on 0871 664 0300 (calls cost 10p per minute plus network extras – if calling from overseas please dial +44 208 639 3399) to request additional copies of the proxy form.
- (ii) In accordance with section 325 of the Companies Act 2006 ("the 2006 Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the 2006 Act.
Persons nominated to receive information rights under section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these.
- (iii) To be valid, the enclosed form of proxy for the meeting, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited no less than 48 hours (excluding weekends) prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Capita Registrars, Proxy department, PO Box 25, Beckenham, Kent BR3 4BR.
- (iv) Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting.
- (v) As at 24 November 2008, the issued Ordinary Share capital was 30,980,344 Ordinary Shares. Each ordinary share carries one vote at a general meeting of the holders of Ordinary Shares and, therefore, the total voting rights for the meeting as at 24 November 2008 was 30,980,344.
- (vi) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at midnight on 13 January 2009 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 13 January 2009 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (vii) The Register of Directors' Interests and Directors' appointment letters shall be available for inspection at the place of the meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.
- (viii) Notice is hereby given that the necessary quorum for the above meeting shall be Ordinary Shareholders present in person or by proxy holding not less than one third of the paid up Ordinary Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 11.10 am on 16 January 2009 to be held at Matrix Group Limited, One Vine Street, London W1J 0AH, or as soon as possible thereafter as may be arranged, and at such adjourned meeting the Ordinary Shareholders present in person or by proxy shall be a quorum regardless of the number of shares held.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE of a MEETING of SERIES 2 SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a separate meeting of the holders of series 2 shares of 1p each in the capital of Unicorn AIM VCT plc ("the Company") will be held at 11.15 am on 15 January 2009 (or as soon thereafter as the meeting of the holders of ordinary shares of 1p each in the Company convened for 11.10 am on that day has been concluded or adjourned) at Matrix Group Limited, One Vine Street, London W1J 0AH for the following purpose of considering and, if thought fit, passing the following resolution which will be proposed as an extraordinary resolution:-

The holders of the series 2 shares of 1p each in the capital of the Company ("S2 Shares") hereby sanction, approve and consent to:

- (1) the passing and carrying into effect, as ordinary and special resolutions of the Company, Resolutions 7 – 10 set out in the notice of the Annual General Meeting convened for 11.00 am on 15 January 2009 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and
- (2) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the S2 Shares which will, or may result from the passing and carrying into effect of the said Resolutions and notwithstanding that the passing and carrying into effect of such Resolutions may affect the rights and privileges attached to the S2 Shares.

BY ORDER OF THE BOARD

Matrix-Securities Limited
Secretary

Registered Office
One Vine Street
London W1J 0AH
24 November 2008

NOTES:

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Capita Registrars, on 0871 664 0300 (calls cost 10p per minute plus network extras – if calling from overseas please dial +44 208 639 3399) to request additional copies of the proxy form.
- (ii) In accordance with section 325 of the Companies Act 2006 ("the 2006 Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the 2006 Act.
Persons nominated to receive information rights under section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these.
- (iii) To be valid, the enclosed form of proxy for the meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited no less than 48 hours (excluding weekends) prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Capita Registrars, Proxy department, PO Box 25, Beckenham, Kent BR3 4BR.
- (iv) Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting.
- (v) As at 24 November 2008, the issued S2 Share capital was 14,764,738 S2 Shares. Each S2 Share carries one vote at a general meeting of the holders of S2 Shares and, therefore, the total voting rights for the meeting as at 24 November 2008 was 14,764,738.
- (vi) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at midnight on 13 January 2009 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 13 January 2009 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (vii) The Register of Directors' Interests and Directors' appointment letters shall be available for inspection at the place of the meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.
- (viii) Notice is hereby given that the necessary quorum for the above meeting shall be S2 Shareholders present in person or by proxy holding not less than one third of the paid up S2 Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 11.15 am on 16 January 2009 to be held at Matrix Group Limited, One Vine Street, London W1J 0AH, or as soon as possible thereafter as may be arranged, and at such adjourned meeting the S2 Shareholders present in person or by proxy shall be a quorum regardless of the number of shares held.

UNICORN AIM VCT PLC

(Registered in England and Wales No. 4266437)

NOTICE of a MEETING of SERIES 3 SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a separate meeting of the holders of series 3 shares of 1p each in the capital of Unicorn AIM VCT plc ("the Company") will be held at 11.20 am on 15 January 2009 (or as soon thereafter as the meeting of series 2 shares of 1p each in the Company convened for 11.15 am on that day has been concluded or adjourned) at Matrix Group Limited, One Vine Street, London W1J 0AH for the following purpose of considering and, if thought fit, passing the following resolution which will be proposed as an extraordinary resolution:-

The holders of the series 3 shares of 1p each in the capital of the Company ("S3 Shares") hereby sanction, approve and consent to:

- (1) the passing and carrying into effect, as ordinary and special resolutions of the Company, Resolutions 7 – 10 set out in the notice of the Annual General Meeting convened for 11.00 am on 15 January 2009 (a copy of which is produced to the meeting and signed by the Chairman for the purposes of identification); and
- (2) any effect on, variation, abrogation, dealing with and/or deemed variation or abrogation of the rights and privileges attached to the S3 Shares which will, or may result from the passing and carrying into effect of the said Resolutions and notwithstanding that the passing and carrying into effect of such Resolutions may affect the rights and privileges attached to the S3 Shares.

BY ORDER OF THE BOARD

Matrix-Securities Limited
Secretary

Registered Office
One Vine Street
London W1J 0AH

24 November 2008

NOTES:

- (i) A person entitled to receive notice of, attend and vote at the above meeting is entitled to appoint one or more proxies to attend and on a poll, vote in his place. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may copy the proxy form, clearly stating on each copy the shares to which the proxy relates, or alternatively contact the Company's registrars, Capita Registrars, on 0871 664 0300 (calls cost 10p per minute plus network extras – if calling from overseas please dial +44 208 639 3399) to request additional copies of the proxy form.
- (ii) In accordance with section 325 of the Companies Act 2006 ("the 2006 Act"), the right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the 2006 Act.
Persons nominated to receive information rights under section 146 of the 2006 Act who have been sent a copy of this notice of meeting are hereby informed, in accordance with section 149(2) of the 2006 Act, that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting. If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these.
- (iii) To be valid, the enclosed form of proxy for the meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof, must be deposited no less than 48 hours (excluding weekends) prior to the time fixed for the holding of the meeting or any adjournment of the said meeting at the offices of the Company's registrars, Capita Registrars, Proxy department, PO Box 25, Beckenham, Kent BR3 4BR.
- (iv) Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting.
- (v) As at 24 November 2008, the issued S3 Share capital was 4,958,036 S3 Shares. Each S3 Share carries one vote at a general meeting of the holders of S3 Shares and, therefore, the total voting rights for the meeting as at 24 November 2008 was 4,958,036.
- (vi) The Company, pursuant to Regulation 41 of the Uncertified Securities Regulations 2001, specifies that only those Shareholders registered in the Register of Members of the Company as at midnight on 13 January 2009 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the relevant time. Changes to entries in the Register of Members after midnight on 13 January 2009 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (vii) The Register of Directors' Interests and Directors' appointment letters shall be available for inspection at the place of the meeting for at least fifteen minutes prior to and during the meeting. The Directors do not have any service contracts with the Company.
- (viii) Notice is hereby given that the necessary quorum for the above meeting shall be S3 Shareholders present in person or by proxy holding not less than one third of the paid up S3 Share capital and that if within half an hour from the time appointed for the above meeting a quorum is not present it shall be adjourned to 11.20 am on 16 January 2009 to be held at Matrix Group Limited, One Vine Street, London W1J 0AH, or as soon as possible thereafter as may be arranged, and at such adjourned meeting the S3 Shareholders present in person or by proxy shall be a quorum regardless of the number of shares held.

Corporate Information

Directors

Peter Dicks (Chairman)
Jocelin Harris
David Royds
Peter Webb (resigned 26 September 2008)

All of whom are non-executive and of:

One Vine Street
London W1J 0AH

Secretary & Administrator

Matrix-Securities Limited
One Vine Street
London W1J 0AH
www.matrixgroup.co.uk

Company Registration Number : 04266437

Investment Manager

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Charterhouse Square
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www.unicornam.com

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20 Farringdon Road
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EC1M 3AP

Registrar

Capita Registrars
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Woodsome Park
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West Yorkshire
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VCT Tax Adviser

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London
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Solicitors

Martineau
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