Artemis Alpha Trust plc

Annual Financial Report

for the year ended 30 April 2009

ARTEMIS
The Profit Hunter

Contents

Group Summary

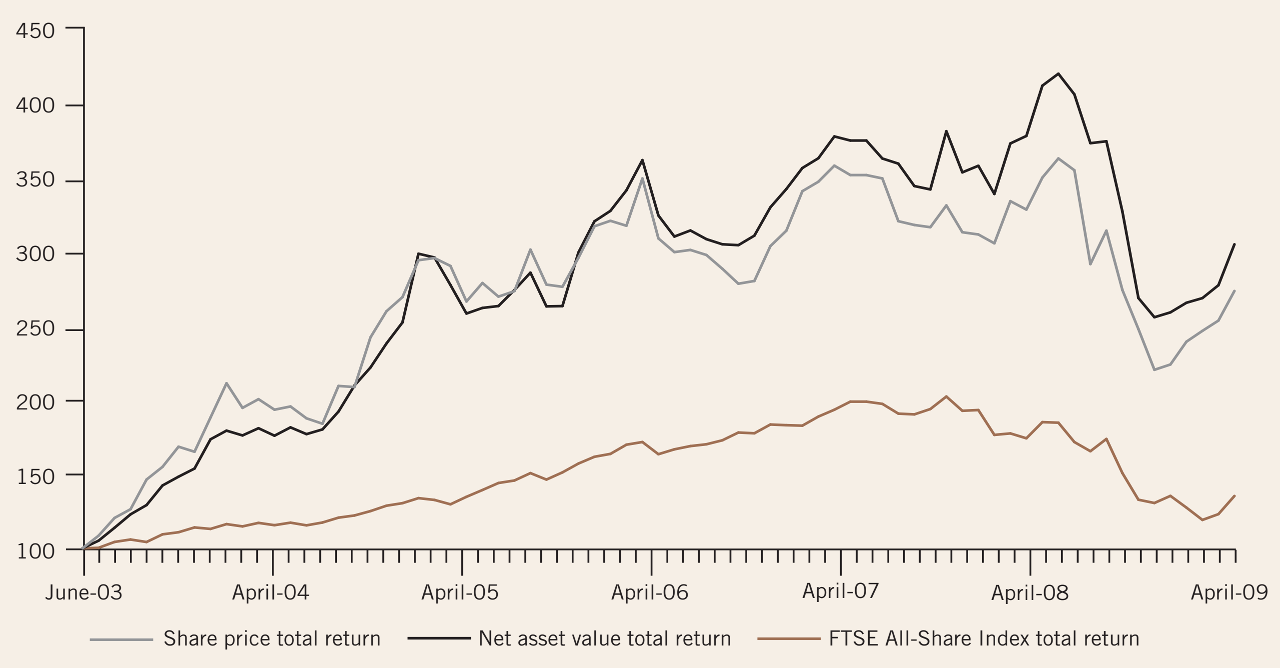
Objective and Policy	The investment objective of the Company is to achieve above average rates of total return over the longer-term and to achieve a growing dividend stream. The investment policy is to invest mainly in UK and selected international equities, with the potential for investment in limited liability hedge funds, cash and bonds, unquoted investments, derivative instruments and other investments and securities as appropriate. The Company will not invest more than 15 per cent of its gross assets in securities issued by other UK listed investment companies, including investment trusts.
Investment Manager	Artemis Investment Management Limited ("Artemis")
Shareholders' Funds at 30 April 2009	£62.4 million
Market Capitalisation at 30 April 2009	£54.1 million
Capital Structure at 30 April 2009	30,404,988 ordinary shares in issue 2,263,500 ordinary shares held in treasury 6,671,697 manager warrants
ISIN Number	GB0004355946
SEDOL Number	0435594
March 1982 Valuation	13.22p per ordinary share
Continuation Vote Date	At the Annual General Meeting in 2013, an ordinary resolution will be put to shareholders for the voluntary winding up of the Company and every five years thereafter.
Management Fees	See Directors' Report on page 14
ISA Status	The Company is a qualifying investment trust for ISA purposes.
Investment Plan	The Company's shares can be acquired through the Artemis Alpha Trust Investment Plan – details of which are available from the Investment Manager.
AIC	The Company is a member of the Association of Investment Companies.

Reporting Calendar

Year End	30 April
Results Announced	Interim: December Annual: July
Dividends Payable	February and August
Annual General Meeting	September

Financial Highlights

Performance chart showing Artemis Alpha Trust plc vs FTSE All-Share Index since the appointment of Artemis Investment Management Limited



Total Returns	Year ended 30 April 2009	Year ended 30 April 2008	Since Launch*
Net asset value – basic	(26.0)%	9.1%	204.6%
Net asset value – diluted	(24.2)%	8.3%	182.7%
Share price	(21.8)%	(2.2)%	173.2%
FTSE All-Share Index	(26.9)%	(4.3)%	35.2%
Capital	**As at 30 April 2009**	**As at 30 April 2008**	
Net assets	£62.4m	£91.6m	
Net asset value – basic	205.23p	280.47p	
Net asset value – diluted	189.69p	253.54p	
Share price	178.00p	231.00p	
(Discount)/premium – diluted net asset value	(6.2)%	(8.9)%	
Net gearing (as a % of net assets)	–	12.0%	
Returns for the year	**Year ended 30 April 2009**	**Year ended 30 April 2008**	
Revenue earnings per share – basic	1.58p	2.10p	
Revenue earnings per share – diluted	1.47p	1.93p	
Dividends per share	2.60p	2.45p	
Total expense ratio	1.1%	0.9%	

Source: Artemis/Datastream

* 1 June 2003 – the date when Artemis was appointed as Investment Manager.

Chairman's Statement

Performance

The year to 30 April 2009 has proved to be a very difficult one for investors. Markets fell sharply over the year, as the effects of the credit crisis continued to be felt by many companies. Lending all but dried up towards the end of 2008. In addition, economic conditions deteriorated markedly, as most economies moved into recession.

These conditions were reflected in the performance of the Company. The diluted net asset value fell by 24.2 per cent and the share price fell by 21.8 per cent. It is small consolation to shareholders that these returns were better than the broader UK market, as represented by the FTSE All-Share Index, which fell by 26.9 per cent on a total return basis.

Investment in unquoted companies

Your Company continues to pursue a strategy of investing a proportion of the Company's assets in unquoted companies which, to date, has proved to be successful in overall return terms. Whilst no new investments were made during the year, a number of follow-on investments were made. As at 30 April 2009, the value of these investments represented 32.4 per cent of the Company's net assets.

The investment management agreement contains a provision that restricts the amount that can be invested in unquoted companies to 30 per cent of the Company's net assets. For the purpose of this restriction, unquoted investments are measured by the lower of their cost or current valuation and at 30 April 2009, on this basis, these investments represented 17.5 per cent.

Investment in unquoted companies often carries a higher degree of risk than investment in more established companies listed on a stock exchange. By their nature, unquoted investments do not have readily available prices and therefore your Board places great importance on their valuation. A process has been established whereby your Board receives quarterly updates and valuation recommendations on each one from the Investment Manager, which are discussed at each Board meeting.

The largest of these investments is Vostok Energy, an oil and gas exploration company with operating interests in Russia. The investment represented 17.3 per cent of the Company's net asset value as at 30 April 2009. Further information on this company and other investments is set out in the Investment Manager's Review.

Dividends

Your Board has declared a second interim dividend of 1.50p (2008: 1.40p) per share, bringing total dividends for the year ended 30 April 2009 to 2.60p (2008: 2.45p) per share, an increase of 6.1 per cent over dividends paid in 2008. The second interim dividend will be paid on 21 August 2009 to those shareholders on the register on 24 July 2009.

Share buy backs and discount

During the year your Company bought back 2,263,500 of its own shares at a cost of £3.9 million. These shares were bought at an average discount of a little over 8 per cent and added 1.28p to the net asset value per share for continuing shareholders. The Company's shares stood at a discount of 6.2 per cent at the year end. Your Board will continue to use buy backs where necessary in seeking to maintain a stable level of discount at which the Company's shares trade. Shares bought back by the Company will be held in treasury, subject to any limits on shares that can be held in this way. Any treasury shares re-issued by the Company will be at prices no less than the prevailing diluted net asset value.

As set out in the Notice of the Meeting, a resolution to renew the Company's authority to buy back its own shares and hold them in treasury will be put to shareholders at the forthcoming Annual General Meeting.

Chairman's Statement (continued)

VAT on management fees

I am pleased to report that agreement has been reached with your Investment Manager, Artemis Investment Management, in respect of the rebate of VAT previously charged on investment management fees. An amount of £227,000 will be paid to the Company. In addition, a further amount of £12,000 has been repaid by J O Hambro Capital Management in respect of VAT charged when it was investment manager to the Company. Accordingly an amount of £239,000 has now been recognised in the financial statements. These repayments add 0.79p to the net asset value per share. Both Artemis Investment Management and J O Hambro Capital Management are pursuing interest from HM Revenue and Customs and on receipt will pay all monies across to the Company.

Annual General Meeting

Your Company's Annual General Meeting ("AGM") will be held at the offices of Artemis Investment Management, Cassini House, 57 St James's Street, London SW1A 1LD on Thursday, 17 September 2009 at 12.30 p.m. Full details of the business to be conducted at the AGM are set out in the Notice of Meeting on pages 48 to 51.

Your Board looks forward to welcoming shareholders to the AGM. The AGM will be followed by a buffet lunch which will provide an opportunity to meet both the Directors and Investment Manager. Should you have any detailed or technical questions which you would like to ask at the AGM, it would be helpful if these could be raised in advance of the meeting with the Company Secretary. If you are unable to attend the meeting, your Board would encourage you to send in your proxy votes.

Investment Plan

The Investment Plan enables investors to acquire shares in the Company in a cost effective manner, either through lump sum investments or regular monthly investments. Documentation can be obtained by contacting Artemis Investment Management on 0800 092 2051 or from the following web address, www.artemisonline.co.uk/pdf/brochures/alphatrustinvestmentplan.pdf.

Outlook

Markets have seen a strong recovery from their low point in March 2009. Commodity prices too have strengthened which, given the Company's exposure has been beneficial.

Whilst there are signs that the UK economy is not getting any worse, rising unemployment, with consequential pressure on the consumer, is likely to remain a significant influence on the economy's recovery. Against this background your Board and Investment Manager will seek to continue to achieve returns ahead of the UK market.

Simon Miller
Chairman

10 July 2009

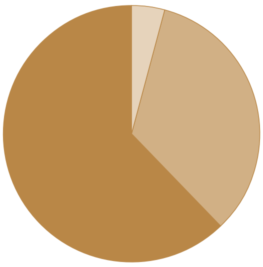
Investment Manager's Review

Performance and Portfolio Analysis

As indicated in the Chairman's Statement, for the year ended 30 April 2009, the fully diluted net asset value fell by 24.2 per cent, compared to a fall of 26.9 per cent in the FTSE All-Share Index. The longer term record remains good and a summary of this performance to 30 April 2009 is set out in the table below.

	3 years	5 years	Launch*
Net asset value – diluted	(14.5)%	60.3%	182.7%
FTSE All-Share Index	(21.2)%	15.5%	35.2%

** 1 June 2003 – the date when Artemis was appointed as Investment Manager. All figures are total return.*



Large cap	4.3%
Mid cap	33.7%
Small cap	62.0%

We continue to believe that there are greater investment opportunities in the mid/small capitalisation companies. As illustrated in the chart opposite, the portfolio has maintained its focus in this area.

The portfolio continues to be managed on a 'best ideas' basis, drawing on the considerable experience of the Artemis investment team. Since the year end, Adrian Paterson has joined me in the management of the portfolio.

Portfolio

Much of what was written at the interim stage about background conditions affecting the UK stock market have remained in place throughout the second half of the reporting period.

The oil price fell to new lows of $30 per barrel, which has adversely impacted on our holdings in Gasol, Genesis Petroleum, Geopark and Salamander Energy. Since the year end, and reflecting the near doubling of the oil price from these lows, there has been a major re-rating of these companies, particularly Geopark, which has successfully raised additional funds to increase its oil and gas production from its Chilean fields, and for Salamander Energy, which has continued to meet its production targets. Our only new holding in the exploration and production sector is Africa Oil, which is led by an experienced team, with excellent prospects in the Ethiopian basin.

Within the unquoted portfolio, Vostok Energy and Hurricane Exploration are the most significant investments. The latter has raised funds at the price the shares are currently valued at in the Company's portfolio, ahead of drilling a prospect in the West of Shetland basin later this year. Although there is a high risk in drilling this basement play, the potential returns are significant. Vostok Energy has continued to complete its gas processing facility in the Saratov region of Russia and has further strengthened its management team. We anticipate the first gas being delivered early next year. The carrying value of this holding has recently been reviewed and at this stage there is no reason to change it, given the stability in the price of Russian gas.

At the time of writing the oil price has risen to around $70 per barrel. Against this background we have increased our weighting to nearly 40 per cent, although we will actively pursue a policy to reduce our unquoted exposure in the sector. The level of corporate activity has picked up and there is a higher degree of confidence which will allow these assets to be traded.

Elsewhere in the unquoted portfolio mForm was written down to nil, as it ran out of funding. Unfortunately its business model of supplying mortgage quotations was badly affected by the credit crisis of last year. The value of TSI has also been written down to reflect the difficulty it has experienced in raising additional funds to expand its Indian network of automated teller machines.

We took advantage of the weaker environment for financial investments by buying Close Brothers, which has now performed well following a re-rating of its traditional lending business and also a general increase in financial activity. That has helped its corporate finance and stock broking businesses.

Investment Manager's Review (continued)

There has been a mixed performance from our fund management holdings, with a de-rating of BlueBay, whose business within its credit markets is changing from long/short (hedge) to long only. The situation is a little better at F&C which has seen a reasonable recovery, as measured by its share price performance. Our recent purchase of Liontrust, a specialist investment manager devalued by the departure of key personnel, has seen its shares outperform since we acquired our holding.

We have increased our exposure to some less cyclical sectors, such as defence and aerospace, with the purchase of BAE Systems and Smiths Industries. We have also increased our weighting in industrial engineering with purchases of Bodycote, Weir Group, Rotork and Spirax Sarco. Each of these companies have strong business franchises and to date their order books have remained robust.

Our strategy going forward is to continue to sell the very smallest holdings and reduce the historic "tail" of the portfolio of the less successful investments. As mentioned above we will continue to focus on reducing our unquoted portfolio and to position the overall portfolio to a more defensive stance until the economic outlook is clearer.

Outlook

Financial markets have risen sharply from their lows at the beginning of the calendar year. The considerable financial intervention by governments around the world appears to have prevented a further collapse in confidence. There are some modest signs that the economy is not getting worse and appears to be stabilising which has continued to support investor interest.

Against this background we have seen a reasonable recovery in commodity prices, such as crude oil and palm oil, which will be positive for the Company's portfolio. Although equities continue to appear undervalued, and in many cases offer excellent value, the imminent reporting period will be essential to better understand how companies have fared through the credit crisis. The outlook for the UK consumer remains challenging as unemployment continues to rise. However we are seeing signs of greater stability and confidence which will continue to support investor interest. The greatest negative remains the level of government borrowing, which has left very few options in terms of further intervention. We continue to believe that the portfolio is well placed and as a vote of confidence the managers have continued to buy more shares.

John Dodd
Artemis Investment Management Limited
Investment Manager

10 July 2009

Portfolio of Investments

As at 30 April 2009

Investment	Sector	Country	Market value £'000	% of total investments
Vostok Energy[2]	Oil & Gas Producers	UK	10,789	18.2%
New Britain Palm Oil	Food Producers	Papua New Guinea	5,120	8.6%
Salamander Energy	Oil & Gas Producers	UK	3,436	5.8%
Hurricane Exploration[2]	Oil & Gas Producers	UK	3,429	5.7%
REA Holdings[3]	Food Producers	UK	1,959	3.3%
Africa Oil	Oil & Gas Producers	Canada	1,742	2.9%
AMZ Holdings[1,3]	Travel & Leisure	UK	1,620	2.7%
Playtech[1]	Software & Computer Services	UK	1,612	2.7%
Lynton Holding Asia[2]	Aerospace & Defence	Denmark	1,598	2.7%
Close Brothers Group	General Financial	UK	1,562	2.6%
Top 10 Investments			**32,867**	**55.2%**
Booker Group[1]	Food & Drug Retailers	UK	1,544	2.6%
Weir Group	Industrial Engineering	UK	1,455	2.5%
Buried Hill Energy (Cyprus)[2]	Oil & Gas Producers	Cyprus	1,350	2.3%
Macau Property Opportunities Fund[1]	Real Estate	UK	1,320	2.2%
Rotork	Industrial Engineering	UK	1,304	2.2%
Homeland Renewable Energy[2]	Electricity	USA	1,282	2.2%
Liontrust Asset Management	General Financial	UK	1,266	2.1%
Geopark Holdings[1]	Oil & Gas Producers	Bermuda	1,230	2.1%
Spirax-Sarco Engineering	Industrial Engineering	UK	1,073	1.8%
Lancashire Holdings	Nonlife Insurance	UK	960	1.6%
Top 20 Investments			**45,651**	**76.8%**
Geiger Counter	Equity Investment Instruments	UK	850	1.4%
Oxford Nanopore Technologies[2]	Pharmaceuticals & Biotechnology	UK	805	1.4%
F&C Asset Management	General Financial	UK	783	1.3%
Bodycote	Industrial Engineering	UK	780	1.3%
Drax Group	Electricity	UK	774	1.3%
Lamp Group[2]	Nonlife Insurance	UK	750	1.3%
BAE Systems	Aerospace & Defence	UK	717	1.2%
Smiths Group	Aerospace & Defence	UK	703	1.2%
Polar Capital Holdings[1]	General Financial	UK	647	1.1%
Real Estate Investor[1]	Real Estate	UK	629	1.1%
Top 30 Investments			**53,089**	**89.4%**
Ceramic Fuel Cells[1]	Electronic & Electrical Equipment	Australia	546	0.9%
Valiant Petroleum[1]	Oil & Gas Producers	UK	490	0.8%
H&T Group[1]	General Financial	UK	477	0.8%
ORA Capital Partners[1]	General Financial	UK	431	0.7%
BlueBay Asset Management	General Financial	UK	412	0.7%
CVS Group[1]	General Retailers	UK	411	0.7%
Bumi Resources	Mining	Indonesia	356	0.6%
Suroco Energy	Oil & Gas Producers	Canada	339	0.6%
Central African Mining & Exploration[1]	Mining	UK	294	0.5%
ACP Capital[1]	General Financial	UK	270	0.5%
Top 40 Investments			**57,115**	**96.2%**

[1] AIM Listed
[2] Unquoted investment
[3] Including fixed interest element

Portfolio of Investments (continued)

As at 30 April 2009

Investment	Sector	Country	Market value £'000	% of total investments
Plexus[1]	Oil Equipment, Services and Distribution	UK	255	0.5%
Nanoco[1]	Pharmaceuticals & Biotechnology	UK	235	0.4%
Genesis Petroleum[1]	Oil & Gas Producers	UK	230	0.4%
Abcam[1]	Pharmaceuticals & Biotechnology	UK	221	0.4%
TSI[2]	Electronic & Electrical Equipment	UK	201	0.3%
ADVFN[1]	General Financial	UK	181	0.3%
Record	General Financial	UK	167	0.3%
Ondine Biopharma[1]	Pharmaceuticals & Biotechnology	Canada	149	0.2%
Noida Toll Bridge[1]	Industrial Transportation	India	117	0.2%
Resaca Exploitation[1]	Oil & Gas Producers	UK	90	0.1%
Top 50 Investments			**58,961**	**99.3%**
Maxima Holdings[1]	Software & Computer Services	UK	53	0.1%
Petrohunter Energy	Oil & Gas Producers	USA	45	0.1%
Biofutures International[1]	Chemicals	UK	38	0.1%
Golden Peaks Resources	Mining	Canada	36	0.1%
Bankers Petroleum[1]	Oil & Gas Producers	Canada	36	0.1%
Lansdowne Oil & Gas[1]	Oil & Gas Producers	UK	34	0.1%
Conexion Media Group[1]	Media	UK	32	0.1%
Impax Group[1]	General Financial	UK	25	0.0%
AIM Realisation Fund[1]	Equity Investment Instruments	UK	11	0.0%
Neptune Minerals	Mining	UK	10	0.0%
Top 60 Investments			**59,281**	**100.0%**
Crosby Asset Management[1]	General Financial	UK	4	0.0%
Aeon	General Retailers	UK	–	0.0%
Betex Group	Travel & Leisure	UK	–	0.0%
Buildstore[2]	Construction & Materials	UK	–	0.0%
Energy Equity Resources (Norway)[2]	Oil & Gas Producers	Norway	–	0.0%
Hawk Group[2,3]	General Financial	Luxembourg	–	0.0%
Healthcare Enterprise Group[1]	Healthcare Equipment & Services	UK	–	0.0%
mForm Holdings[2,3]	General Financial	UK	–	0.0%
ROK Entertainment[2]	Media	USA	–	0.0%
			59,285	**100.0%**

[1] AIM Listed
[2] Unquoted investment
[3] Including fixed interest element

Portfolio of Investments (continued)

The geographical analysis of the investment portfolio as at 30 April 2009 was as follows:

Country	2009 % of total investments	2008 % of total investments
UK	76.4	72.8
Papua New Guinea	8.6	8.5
Canada	3.9	5.5
Denmark	2.7	1.4
Cyprus	2.3	1.0
USA	2.3	1.3
Bermuda	2.1	2.3
Australia	0.9	1.7
Indonesia	0.6	–
India	0.2	0.6
Norway	–	3.2
Luxembourg	–	0.8
Ireland	–	0.8
Finland	–	0.1
	100.0	100.0

The sector analysis of the investment portfolio as at 30 April 2009 was as follows:

Sector	2009 % of total investments	2008 % of total investments
Oil & Gas Producers	39.2	29.9
Food Producers	11.9	11.4
General Financial	10.4	20.4
Industrial Engineering	7.8	1.7
Aerospace & Defence	5.1	2.7
Electricity	3.5	0.9
Real Estate	3.3	2.2
Nonlife Insurance	2.9	0.7
Software & Computer Services	2.8	1.5
Travel & Leisure	2.7	3.6
Food & Drug Retailers	2.6	0.6
Pharmaceuticals & Biotechnology	2.4	2.1
Equity Investment Instruments	1.4	1.8
Electronic & Electrical Equipment	1.2	2.7
Mining	1.1	7.9
General Retailers	0.7	–
Oil Equipment, Services & Distribution	0.5	4.3
Industrial Transportation	0.2	0.6
Media	0.1	1.4
Healthcare Equipment & Services	0.1	0.3
Chemicals	0.1	0.1
Support Services	–	1.4
Household Goods	–	1.0
Banks	–	0.8
	100.0	100.0

Directors

S E C Miller (Chairman)

Simon Edward Callum Miller, aged 56, is chairman of Dunedin Capital Partners, a private equity business. He qualified as a barrister before joining Lazard Brothers in 1976. He is chairman of Noble AiM VCT plc, chairman of JPMorgan Elect plc, a non-executive director of Brewin Dolphin Holdings plc, Dunedin Enterprise Investment Trust plc and Adam & Company.

Appointed as a non-executive Director on 14 July 2003 and Chairman on 25 September 2003.

D J Barron

David James Barron, aged 50, is head of the investment trust business at JPMorgan Asset Management. He joined the asset management business of Robert Fleming & Co. Limited in 1995 and has worked in the investment trust team, which manages nineteen investment trust clients, for five years. Before joining Flemings in 1995, Mr Barron worked in corporate finance for Hambros Bank and Merrill Lynch. He is a non-executive director of the Association of Investment Companies. He is a member of the Institute of Chartered Accountants of Scotland and holds an MBA from INSEAD.

Appointed as a non-executive Director on 17 February 2005.

T Cross Brown

Tom Cross Brown, aged 61, was until 2003 global chief executive officer of ABN AMRO Asset Management, having previously been chief executive officer of ABN AMRO Asset Management in the UK and global head of business development. Prior to joining ABN AMRO, Mr Cross Brown spent 21 years at Lazard Brothers & Co. and was chief executive of Lazard Brothers Asset Management Limited between 1994 and 1997. He is currently the chairman of Pearl Assurance plc, Just Retirement (Holdings) plc and a director of BlueBay Asset Management plc, and previously served as a director of Artemis Investment Management Limited.

Appointed as a non-executive Director on 5 April 2006.

A D Dalrymple

Andrew Dalrymple, aged 49, is currently an investment manager at Aubrey Capital Management Limited, having previously been a senior portfolio manager (Global Equities) with First State Investments (UK) Limited where he managed the First State Global Opportunities Fund since its inception in July 1999 until 2006. He joined Stewart Ivory Limited as a portfolio manager in 1998 before its acquisition by First State in 2000. Between 1991 and 1998 he was based in Hong Kong as a director and dealing director with S.G. Warburg and UBS Warburg Limited. He was also a director of James Capel (Far East) Limited during that period, having served at Cazenove & Co. Limited in London for several years.

Appointed as a non-executive Director on 1 April 2004.

C E W Peel (Senior Independent Director)

Charles Edward Willoughby Peel, aged 64, was chairman of KBC Peel Hunt Limited. He was previously chief executive of Fielding, Newson-Smith & Co. before joining Morgan Grenfell Securities. In 1989 he became a founding director of Peel Hunt. He is also a non-executive director of The Mercantile Investment Trust plc.

Appointed as a non-executive Director on 14 July 2003.

All directors are independent of the Investment Manager and are members of the Audit, Nomination and Management Engagement Committees.

Directors' Report

The Directors have pleasure in presenting their report, together with the audited financial statements of the Group and the Company for the year ended 30 April 2009.

Business Review

Operating Environment

The Company operates as an investment trust company and is an investment company within the meaning of Section 833 of the Companies Act 2006 (the "Act"). The Company was approved by HM Revenue & Customs as an investment trust in accordance with the requirements of Section 842 of the Income and Corporation Taxes Act 1988 ("ICTA") for the year ended 30 April 2008. The Directors have continued to manage the business in order that the Company will continue to meet these requirements and will seek such approval for the year ended 30 April 2009 and each subsequent year. The Company has no employees and delegates most of its operational functions to service providers, details of which are set out below.

Objective and Investment Policy

The objective of the Company is to achieve above average rates of total return over the longer-term and to achieve a growing dividend stream.

In pursuit of this objective, the Company's portfolio is actively managed by the Investment Manager and comprises largely UK equities, with selected overseas investments. The Investment Manager takes a stock specific approach in managing the portfolio and therefore sector weightings are of secondary consideration. As a result of this approach the portfolio will not track any benchmark index. There is no restriction on the number of investments that can be held in the portfolio.

The Company also invests in unquoted companies. The Investment Management Agreement provides that such investment shall be limited to a maximum of 30 per cent of net assets, determined by the lower of the cost or current valuation of these investments. The Company can invest up to 30 per cent of its net assets in hedge funds and/or other unregulated collective investment schemes. The Company will not invest more than 15 per cent of its gross assets in other investment companies listed on the London Stock Exchange.

The Company uses gearing as part of its investment strategy. The Articles of Association permit the Company to borrow up to 25 per cent of its adjusted capital and reserves. Subject to this, the permitted level of borrowing is a matter for the Board, whilst the utilisation of any agreed level of borrowing is a matter for the Investment Manager, subject to any guidelines established by the Board from time to time. The Investment Manager is currently authorised to drawdown up to £5 million of borrowings without prior Board approval, however, all subsequent drawdowns, which in aggregate are in excess of £1 million, can only be made with the prior approval of the Board. The Board has approved total borrowings of up to £14 million. The utilisation of this by the Investment Manager will vary from time to time, reflecting its views on the potential returns from markets. Gearing is considered by the Board and Investment Manager on an ongoing basis.

The Board recognises the requirement under Section 417(5) of the Act to detail information about environmental matters (including the impact of the Company's business on the environment), any Company employees and social and community issues; including information about any policies it has in relation to these matters and effectiveness of these policies. As the Company has no employees or policies in these matters this requirement does not apply.

Performance

The performance of the Company is reviewed regularly by the Board and it uses a number of key performance indicators ("KPIs") to assess the Company's success in meeting its objective. The KPIs which have been established for this purpose are:

- NAV and share price total returns

Summary of annual returns to 30 April	2004*	2005	2006	2007	2008	2009
Net asset value – diluted	76.3%	47.0%	27.6%	4.2%	8.3%	(24.2)%
Share price	100.2%	44.9%	20.2%	2.5%	(2.2)%	(21.8)%

* from 1 June 2003.

Directors' Report (continued)

- Dividends per share

Summary of total dividends to 30 April	2004	2005	2006	2007	2008	2009
Rate per ordinary share	2.00p	2.10p	2.20p	2.30p	2.45p	2.60p
% increase	–	5.0%	4.8%	4.5%	6.5%	6.1%

- Total expenses as a proportion of shareholders' funds

Summary of annual total expense ratios as at 30 April	2004	2005	2006	2007	2008	2009
Total expense ratio	1.9%	1.5%	1.3%	1.2%	0.9%	1.1%

Further details on the KPIs can be found on the Financial Highlights summary on page 3.

In addition to the above KPIs, the Board assesses the discount at which the shares trade at against the underlying attributable net asset value. Whilst no specific targets are set, the Board has empowered the Investment Manager to exercise the Company's authority to buy back its own shares in an attempt to address any imbalances between the supply and demand of the Company's shares and to achieve a stable level of discount. As at 30 April 2009 the discount was 6.2 per cent.

Current and Future Developments

A summary of the Company's developments during the year ended 30 April 2009, together with its prospects for the future, are set out in the Chairman's Statement and Investment Manager's Review on pages 4 to 7.

The Board's principal focus is the delivery of successful long-term returns for shareholders which will be dependent on the success of the investment strategy in the context of economic and stockmarket developments. The investment strategy and factors that may have an influence on it are discussed regularly by the Board and Investment Manager. The Board regularly considers the ongoing development and strategic direction of the Company, including its promotion and marketing and the effectiveness of communication with shareholders and stakeholders alike.

Principal Risks and Risk Management

The Board, in conjunction with the Investment Manager, has developed a risk map which sets out the principal risks faced by the Company. This is used on an on-going basis to monitor these risks and the effectiveness of the controls established to mitigate them. Further information on the Company's internal controls is set out in the Corporate Governance report which follows.

As an investment company the main risks relate to the nature of the individual investments and the investment activities generally and include market price risk, foreign currency risk, interest rate risk and liquidity risk.

A summary of the key areas of risk are set out below:

- *Investment:* the Company's investments are selected on their individual merits and the performance of the portfolio will, from time to time, exhibit significant variation from the wider market (FTSE All-Share Index). The Board believes this approach will continue to generate good long-term returns. Currently 32.4 per cent (2008: 33%) of the Company's net assets is represented by unquoted companies and these investments carry higher liquidity and realisation risks. The Board believes, however, these risks are justified by the longer-term nature of the investments and the Company's closed-ended structure, and that they will deliver good returns for shareholders. The Board seeks to diversify risk through a broad range of investments being held in the portfolio.

- *Regulatory:* failure to comply with the requirements of a framework of regulation and legislation, within which the Company operates. The Company relies on the services of the Company Secretary/Investment Manager to monitor the ongoing compliance with the relevant regulations and legislation.
- *Operational:* failure of the Investment Manager's and/or any third party service providers' systems which could result in an inability to accurately report and monitor the Company's financial position.
- *Financial:* any failings in the Investment Manager's and/or third party service providers' controls which could lead to the Company's assets being misappropriated. Failure to comply with appropriate accounting standards could result in a reporting error or breach of regulations or legislation.

Further information on risks and the management of them are set out in the notes to the Financial Statements on pages 44 to 47.

Other Matters

Results and Dividends

The Group's results for the year are set out in the Consolidated Income Statement on page 28.

The Board has declared dividends for the year totalling 2.60p per share. The second interim dividend for the year of 1.5p per share will be paid on 21 August 2009 to eligible shareholders who are on the register at the close of business on 24 July 2009.

Life of the Company

The Company's Articles of Association provide that, at the AGM to be held in 2013, and at every fifth AGM thereafter, a vote on whether the Company should continue in existence as an investment trust will be proposed as an ordinary resolution.

Management and Management Fees

The Company's investments are managed by Artemis, subject to an Investment Management Agreement ("the Agreement") dated 3 June 2003. Artemis receives a management fee of 0.75 per cent per annum of the market capitalisation of the Company, payable quarterly in arrears. The Agreement may be terminated by either party on twelve months' written notice. In the event of the Company terminating the contract by giving less than twelve months' notice Artemis is entitled to an amount in lieu of notice equivalent to 0.75 per cent of the market capitalisation of the Company on the date of termination.

John Dodd acts as the lead manager for the Company. Artemis is authorised and regulated by the Financial Services Authority and at 30 April 2009 had a total of £10.6 billion of assets under management.

Continuing Appointment of the Investment Manager

Having recently reviewed the Investment Manager's performance, the Board believes that its continuing appointment, on its current terms, is in the interests of shareholders. In arriving at this view, consideration was given to the long-term performance against the broader market, represented by the FTSE All-Share Index, the investment strategy and the general support and information provided by Artemis. Such a review is carried out on an annual basis.

Directors

The Directors of the Company and their biographical details are set out on page 11. Each of these Directors held office throughout the year under review.

No Director has a contract of service with the Company.

Directors' Report (continued)

Directors' Interests

The interests of the Directors who held office at 30 April 2009 were as follows:

	30 April 2009		1 May 2008	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Mr S E C Miller	10,000	–	10,000	–
Mr D J Barron	5,000	–	5,000	–
Mr T Cross Brown	44,321	–	44,321	–
Mr A D Dalrymple	58,000	20,000	58,000	20,000
Mr C E W Peel	100,000	–	100,000	–

There have been no changes to the above holdings between 30 April 2009 and the date of this Report.

At no time during the year did any Director hold a material interest in any contract, arrangement or transaction with the Company or its subsidiary undertakings.

Conflicts of Interest

The Board has put in place procedures to deal with conflicts and potential conflicts of interest. The Board believes that these have operated effectively since they were introduced on 1 October 2008. The Board also confirms that its procedures for the approval of conflicts and potential conflicts of interest have been followed by the Directors.

Share Capital and Manager Warrants

Details of the Company's share capital and manager warrants are set out in note 14 on pages 42 and 43. No shares were issued during the year ended 30 April 2009 (2008: nil). The Company made market purchases of its own shares totalling 2,263,500 during the year (2008: 565,000). The shares were bought at an average discount of 8.2 per cent. These shares were placed in treasury and as at the date of this report the Company has 2,263,500 shares held in treasury (2008: 690,000). The Company cancelled 690,000 shares from treasury during the year.

The Company has only one class of share: ordinary shares of 1p each. The Company's authorised share capital consists of 60,000,000 shares. At 30 April 2009 there were 32,668,488 shares (2008: 33,358,488) (including treasury shares) issued and fully paid up. Each share confers the right to one vote to every member present in person or by proxy at any general meeting of the Company where voting is carried out by way of a show of hands or on a poll. There are no restrictions concerning the holding or transfer of the Company's shares and there are no special rights attached to any of the shares. Holders of the Company's shares may by ordinary resolution declare dividends, provided such dividends are not in excess of any dividends recommended by the Directors. The Directors may also pay interim dividends. Dividends can only be paid out of the Company's profits available for distribution. The Company is not aware of any agreements between shareholders which may result in any restriction on the transfer of shares or of the voting rights.

As at the date of this Report the table below shows the shareholders that have notified the Company that they hold more than 3 per cent of the issued share capital or 3 per cent of the voting rights of ordinary shares in issue:

	Ordinary shares as at 11 June 2009
Rathbone Investment Management Ltd	2,047,241
Brewin Dolphin Ltd	1,831,083
Adam & Company plc	1,545,504
Midas Capital plc	1,410,000
Murray Asset Management Ltd	1,193,084
John Dodd	1,017,812
Legal & General Group plc	973,700

Directors' Report (continued)

Additional Shareholder Information

The requirements relating to the appointment and replacement of Directors, amendment of the Articles of Association and powers to issue or buy back the Company's shares are contained in the Articles of Association of the Company and the Companies Acts 1985 and 2006; there are no agreements which the Company is party to that might affect its control following a takeover bid; and there are no agreements between the Company and its Directors concerning compensation for loss of office.

Payment of Suppliers

It is the Company's policy to obtain the best possible terms for all business and therefore there are no standard payment terms. The Company agrees with its suppliers the terms on which business will be transacted and it is the Company's policy to abide by those terms. At 30 April 2009 there were no amounts owed to suppliers in respect of invoices received but unpaid (30 April 2008: none).

Going Concern

After making enquiries, the Directors are of the opinion that the Company's liquid assets exceed its liabilities and therefore has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in the preparation of the accounts.

AGM

Details of the 2009 AGM are set out in the Chairman's Statement on pages 4 and 5 and the Notice of Meeting on pages 48 and 51. Resolutions in relation to special business are set out below.

Authority to Allot Shares and Disapply Pre-Emption Rights

The Directors were authorised at last year's AGM to allot shares of the Company up to an aggregate nominal value of £166,792, such authority being valid until 11 September 2013.

The current authority for Directors to allot authorised but unissued shares without first offering them to existing shareholders in accordance with statutory pre-emption procedures will expire at the forthcoming AGM. The Directors believe it to be in shareholders' interests to continue to have such an authority for the forthcoming year and accordingly will seek to renew the authority and to disapply pre-emption rights at the forthcoming AGM. Details are set out in resolution 6 on page 48.

Authority to Buy Back Shares

The Company's existing authority to make purchases of up to 14.99 per cent of the issued share capital will expire at the forthcoming AGM. The Directors consider that the Company should continue to have authority to make market purchases of its own shares for cancellation or to be held in treasury (subject to statutory limits). Shares held in treasury will only be re-issued at prices which are in excess of the diluted NAV of the Company's shares immediately before such re-issue. Any shares which have been held in treasury for twelve months from the date of acquisition will be cancelled. Accordingly, a special resolution will be proposed at the forthcoming AGM to authorise the Company to make market purchases of its shares. Details are set out in resolution 7 on page 49.

The Directors will only utilise this authority where it is considered to be in shareholders' best interests. Market purchases will only be made at prices below the prevailing diluted net asset value, thereby increasing the net assets for continuing shareholders.

Recommendation

The Directors consider that passing the resolutions to be proposed at the AGM will be in the best interests of the Company and shareholders as a whole and unanimously recommend that shareholders vote in favour of each of these resolutions.

Directors' Report (continued)

Independent Auditors

KPMG Audit Plc has expressed its willingness to continue in office as independent Auditors. The Audit Committee has responsibility for making a recommendation to the Board on the re-appointment of the external Auditors. After careful consideration of the services provided during the year and a review of their effectiveness, the Audit Committee recommended to the Board that KPMG Audit Plc should be re-appointed as Auditors. Accordingly, a resolution will be proposed at the forthcoming AGM for their re-appointment and to authorise the Directors to agree their remuneration.

Audited Information

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware and each Director has taken all steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

By order of the Board

Artemis Investment Management Limited

Company Secretary

10 July 2009

Corporate Governance

Compliance

The Company is committed to high standards of corporate governance and has applied the principles of good governance set out in the AIC's Code of Corporate Governance (the ``AIC Code''). The AIC Code has been endorsed by the Financial Reporting Council and compliance with the AIC Code enables the Company to meet its obligations in relation to the provisions of the Combined Code, insofar as they relate to the Company's business. The Board considers that in the course of the year and up to the date of this Report the Company has complied with the AIC Code. Set out below is how the Company applied the principles of the AIC Code.

As an investment trust, all Directors on the Board of the Company are non-executive and the Company's day-to-day responsibilities are delegated to third party service providers.

Board Responsibilities

The Board is responsible for determining the strategic direction of the Company. It meets at least four times a year to review the performance of the Company's investments, the financial position of the Company, its performance in line with the agreed investment objective and all other important issues to ensure that the Company's affairs are managed within a framework of prudent and effective controls. Whilst certain responsibilities are delegated, a schedule of matters specifically reserved for its decision has been adopted by the Board.

Responsibilities are clearly defined and allocated between the Chairman, the Directors, the Investment Manager and a number of third party service providers. No one individual has unfettered powers of decision. The Chairman, Mr Miller, was at the time of his appointment, and remains, independent of the Investment Manager. The Chairman leads the Board and ensures its effectiveness on all aspects of its role ensuring that each Director receives accurate, timely and clear information enabling them to perform effectively as a Board. The Company Secretary liaises with the Chairman prior to each meeting to agree agenda content and papers to be submitted to Board and Committee meetings. In addition, the Chairman is responsible for ensuring effective communication with shareholders.

The Board sets the parameters within which the Investment Manager operates. This includes decisions as to the purchase and sale of individual investments and to ensure that the Board receives all relevant management and financial information in a timely manner. Representatives of the Investment Manager attend each Board meeting enabling the Directors to seek clarification on specific issues.

The Board has formalised arrangements under which Directors, in furtherance of their duties, may take independent professional advice at the Company's expense. The Directors have access to the advice and services of the Company Secretary, through its appointed representatives, who are responsible to the Board for ensuring that proper procedures are followed and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Board Composition

The Board comprises five Directors, all of whom are non-executive. The names of the Directors, together with their biographical details, are set out on page 11 of this Report.

The Board considers that all Directors are independent of the Investment Manager and comply with the criteria for independence as set out in the AIC Code. Mr Cross Brown is now deemed to be independent as the third anniversary of his retirement as a non-executive director of the Investment Manager passed on 9 February 2009. As Mr Cross Brown was non independent for part of the current year, it is considered good corporate governance practice for him to stand for re-election at the AGM in 2009. All Directors are deemed to be independent in character and judgement. The Nomination Committee meets annually to consider matters of independence.

During the year under review, the Nomination Committee reviewed the position of Senior Independent Director. Having due regard to the principles of best practice and recognising the potential value of this post within the Company, the Nomination Committee recommended that Mr Peel continue in his role as the Senior Independent Director. This appointment is reviewed on an annual basis.

Corporate Governance (continued)

Appointment of Directors and Performance Evaluation

Directors are appointed subject to the provisions of the Act and the Company's Articles of Association. All Directors are subject to election by shareholders at the first AGM following their appointment. Thereafter, they will submit themselves for re-election no later than the third AGM following the meeting at which they were elected or last re-elected, subject to not having served as a Director for more than nine years, after which they would be subject to an annual re-election.

The Directors of the Company have not been appointed subject to a service contract. The terms and conditions of their appointments are set out in letters of appointment, which are available for inspection at the registered office of the Company and at the AGM.

The Board, led by the Nomination Committee, conducted a review of its performance and that of its Committees, the Chairman and individual Directors. This review was based on a process of appraisal by interview, with the evaluation of the performance of the Chairman being undertaken by the other Directors, led by the Senior Independent Director. The Board is satisfied that it continues to have an appropriate balance of skills and experience. Such an evaluation is conducted annually.

Board Committees

In order to enable the Directors to discharge their duties, three Board Committees, each with written terms of reference, have been established. Committee membership is set out on page 11 of this Report. Attendance at meetings of the Committee is restricted to members and persons expressly invited to attend. Copies of the terms of reference for the Board Committees are available from the Company Secretary or on the Investment Manager's website at www.artemisonline.co.uk. The Chairman of the Board acts as Chairman for the Committees, with the exception of the Audit Committee, which is chaired by Mr Barron. The Company Secretary acts as the Secretary to each Committee.

Audit Committee

The main responsibilities of the Audit Committee include monitoring the integrity of the Company's Financial Statements and the appropriateness of its accounting policies, reviewing the internal control systems and the risks to which the Company is exposed. It is also responsible for making recommendations to the Board regarding the appointment of the Auditors, the independence of the Auditors and the objectivity and effectiveness of the audit process. The Audit Committee provides a forum through which the Company's Auditors report to the Board.

The Audit Committee monitors the non-audit services being provided to the Company by its Auditors and a policy with regard to the provision of these services has been formalised.

All members of the Audit Committee are considered to have relevant and recent financial and investment experience as a result of their employment in financial services and other industries. In addition, the Committee's chairman, Mr Barron, is a chartered accountant.

Representatives from the Investment Manager and the Administrator, are invited to attend the meetings of the Audit Committee to report on issues as required.

The Company does not have an internal audit function as most of its day-to-day operations are delegated to third parties. Both the Investment Manager and Administrator have established internal control frameworks to provide reasonable assurance as to the effectiveness of the internal controls operated on behalf of their clients. Both third parties report, on a quarterly basis, any breaches of law or regulation or any operational errors, as and when they arise. The Audit Committee considers annually whether there is need for an internal audit function, and has agreed that it is appropriate for the Company to rely on the internal controls that exist within its third party service providers.

Corporate Governance (continued)

Management Engagement Committee

The Management Engagement Committee, which meets at least annually, reviews the terms of appointment and the performance of each of the Company's third party service providers, making recommendations to the Board for improvement or change as appropriate.

Nomination Committee

The Nomination Committee meets at least annually. It is responsible for ensuring that the Board has an appropriate balance of skills and experience to carry out its duties for identifying and nominating to the Board new Directors and for proposing that existing Directors be re-elected. The Committee undertakes an annual performance evaluation, led by the Chairman. On those occasions when the Committee is reviewing the Chairman, or considering his successor, the Nomination Committee will normally be chaired by the Senior Independent Director.

Board and Committee Meetings

The following table sets out the Directors' attendance at the Board and Committee meetings held during the year.

Director	Board Meetings		Audit Committee Meetings		Management Engagement Committee Meetings		Nomination Committee Meetings		Annual General Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr S E C Miller	4	4	3	2	1	1	2	2	1	1
Mr D J Barron	4	4	3	3	1	1	2	2	1	1
Mr T Cross Brown*	4	4	3	3	1	1	2	2	1	1
Mr A D Dalrymple	4	3	3	2	1	1	2	2	1	1
Mr C E W Peel	4	3	3	3	1	1	2	2	1	–

* Mr Cross Brown was not a member of the Audit or Management Engagement Committees during the year but was invited to attend the meetings of these committees.

Directors' Remuneration

As the Company has no executive Directors, the Directors do not consider it appropriate to appoint a Remuneration Committee. The Board as a whole considers the Directors' remuneration within the limits set by the Company's Articles of Association.

Directors' Tenure

All Directors' continuing appointments are subject to re-election by shareholders at least every three years. Where a Director has served for more than nine years they will be subject to an annual re-election. Directors are subject to a rigorous review after six years of service. The Board does not consider length of service itself to affect a Director's independence.

The Board has agreed a procedure for the appointment of new Directors. Formal consideration of the skills and experience of the Board is undertaken to help identify the capabilities of a new Director when a vacancy arises.

Relations with Shareholders

The Board places a great deal of importance on communication with shareholders and Directors are always available to respond to shareholder queries. The Board aims to ensure that shareholders are kept fully informed of developments in the Company's business through the Annual and Half-Yearly Reports and Interim Management Statements, as well as the daily announcement of the net asset values of the Company's shares to the London Stock Exchange.

The Investment Manager produces a monthly factsheet which can be found on the Investment Manager's website at www.artemisonline.co.uk.

All shareholders are encouraged to attend and vote at the AGM, during which the Board and Investment Manager will be available to discuss issues affecting the Company. Proxy votes and abstentions are declared at every AGM and are available on the Investment Manager's website. All Directors intend to attend this year's AGM, details of which are set out in the Notice of Meeting on pages 48 and 51 of this Report.

Voting Policy

The Directors have given the Investment Manager discretion to exercise the Company's voting rights and the Investment Manager, so far as is practicable, will exercise them in respect of resolutions proposed by investee companies.

Internal Controls and Management of Risk

The Board recognises its responsibility for the implementation, review and maintenance of effective systems of internal control to manage the risks to which the Company is exposed as well as ensuring that a sound system of internal control is maintained to safeguard shareholders' interests and the Company's assets. As the majority of the Company's systems are maintained on behalf of the Company by third party service providers under contract, the Board fulfils its obligations by requiring these service providers to report and provide assurances as to their systems of internal control, which are designed to manage rather than eliminate risks. In light of the Board's reliance on these systems and the reports thereon, the Board can only provide reasonable and not absolute assurance against material misstatement or loss. The Board does, however, ensure that these service providers are employed subject to clearly defined contracts.

Both the Investment Manager and Administrator have established internal control frameworks to provide reasonable assurances as to the effectiveness of the internal control systems operated on behalf of their clients. The Investment Manager reports to the Board on a regular basis with regard to the operation of its internal controls and risk management within its operations in so far as it impacts the Company. In addition, the Investment Manager reports quarterly to the Board on compliance with the terms of its delegated authorities under the Investment Management Agreement and other restrictions determined by the Board. The Administrator also reports, on a quarterly basis, any breaches of law and regulation. This enables the Board to address any issues with regard to the management of the Company as and when they arise and to identify any known internal control failures.

The key procedures which have been established to provide effective internal controls are as follows:

- The Board has carried out and documented a risk and control assessment, which was reviewed during the year and is kept under ongoing, and at least a six monthly, review.
- Investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement each other.
- Investment management and company secretarial services are provided by Artemis. The Board is responsible for setting the overall investment policy and monitoring the actions of the Investment Manager. The Board reviews information produced by the Investment Manager in detail on a regular basis.
- Administration services are provided by BNP Paribas Securities Services ("BNP Paribas"). BNP Paribas reports to the Board on a quarterly and *ad hoc* basis as appropriate. In addition, the Board reviews BNP Paribas's annual audited report (AAF 01/06) on its internal controls.

- The Board is aware of the whistleblowing procedures of Artemis and BNP Paribas, which are considered satisfactory.
- Safekeeping of the Company's assets is undertaken by HSBC Global Investor Services.
- The Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of parties involved; their ongoing performance and contractual arrangements are monitored to ensure that they remain effective.
- Mandates for authorisation of investment transactions and expense payments are set by the Board.

By the procedures set out above, and in accordance with the Turnbull guidance, the Directors have reviewed the effectiveness of the Company's internal controls throughout the year under review and up to the date of this Report.

Directors' Remuneration Report

The Directors are pleased to present their report on remuneration for the year ended 30 April 2009, in accordance with the Directors' Remuneration Report Regulations 2002.

The Company's Auditors are required to audit certain information contained within this report. Where information set out below has been audited, it is clearly indicated. The Auditors' opinion is included in the Independent Auditors' Report, which can be found on pages 26 and 27.

Policy on Directors' Remuneration

The Company's policy is that fees payable to the Directors should reflect the time spent on the Company's affairs, the responsibilities borne by the Directors and should be sufficient to enable candidates of a high calibre to be recruited. Consideration is also given to a range of external information, including peer group comparisons and independent research.

The Company's policy is for the Chairman of the Board to be paid a higher fee than the other Directors, to reflect his more onerous role. The Board annually reviews the level of the Directors' fees taking into account fees payable to Directors of investment trust companies of a similar size and with a comparable investment objective. The Board recently reviewed the fees payable and concluded that having not been increased since 2006, they be increased to reflect current market rates. The Board determined that the Chairman's fee be increased to £26,000 and the other Directors fees to £20,000. In recognition of the additional work undertaken by the chairman of the Audit Committee, it was agreed that a further £2,000 be paid resulting in total fees of £22,000. These changes will be effective for the year ending 30 April 2010. The Company's Articles of Association limit the fees payable to Directors to £150,000 per annum.

It is the Company's policy that no Director shall be entitled to any benefits in kind, share options, long-term incentives, pensions or other retirement benefits, or compensation for loss of office. It is also considered appropriate that no aspect of Directors' remuneration should be performance-related in light of the Directors' non-executive status. Directors are entitled to claim expenses in respect of duties undertaken in connection with the management of the Company.

It is the intention of the Board that, unless deemed appropriate to implement a revision, the above remuneration policy will continue to apply for the forthcoming and subsequent financial years.

The Board

The Board is comprised entirely of independent non-executive Directors, who determine their remuneration as a whole. Accordingly, a separate Remuneration Committee has not been established. The Board has not relied upon the advice or services of any person to assist in making its remuneration decisions, although the Directors carry out reviews from time to time of the fees paid to directors of other investment trusts.

The Company's current Articles of Association require new Directors to stand for election at the first AGM following their appointment, and thereafter, Directors are required to submit themselves for re-election no later than the third AGM following the meeting at which they were elected or last re-elected. Directors having served more than nine years will be subject to an annual re-election.

	Date of appointment	Due for Re-election
Mr T Cross Brown*	5 April 2006	AGM 2009*
Mr C E W Peel	14 July 2003	AGM 2009
Mr A D Dalrymple	1 April 2004	AGM 2010
Mr S E C Miller	14 July 2003	AGM 2011
Mr D J Barron	17 February 2005	AGM 2011

* Mr Cross Brown was non-independent for part of the current year and it is considered good corporate governance practice for him to stand for re-election at the AGM in 2009.

Directors' Remuneration Report (continued)

The Directors do not have a contract of service with the Company but are instead appointed by letters of appointment. A Director may resign in writing to the Board at any time; there are no fixed notice periods nor any entitlement to compensation for loss of office.

Directors' and Officers' liability insurance

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors and is reviewed annually.

Directors' Fees (audited)

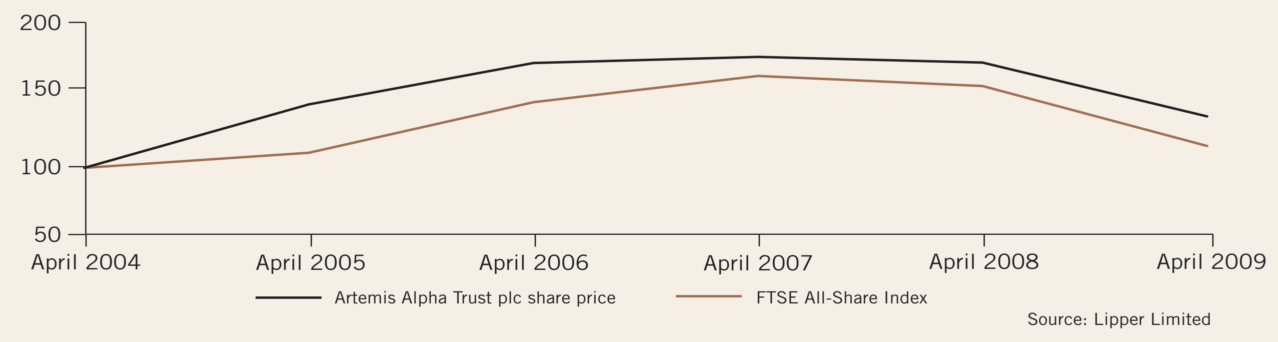
The information in this section has been subject to audit.

The Directors' who served during the years ended 30 April 2009 and 30 April 2008 received the following emoluments:

Director[1]	2009	2008
Mr S E C Miller	£22,500	£22,500
Mr D J Barron[2]	£17,500	£17,500
Mr T Cross Brown	£17,500	£17,500
Mr A D Dalrymple	£17,500	£17,500
Mr C E W Peel	£17,500	£17,500
Mr A W Sobczak[3]	–	£11,858
Total	£92,500	£104,358

[1] None of the Directors who are Directors of the Company's wholly owned subsidiaries received any remuneration from those companies.
[2] Mr Barron's fees are paid to nominated charities.
[3] Mr A W Sobczak resigned as a Director on 4 January 2008.

Performance Graph



The performance graph above sets out the Company's share price total return (assuming re-investment of dividends) to ordinary shareholders from 30 April 2004 to 30 April 2009 compared to the total return of a notional investment in the FTSE All-Share Index. As investments are selected on their individual merits, the portfolio will not track any benchmark index, and there is likely to be a divergence in performance between the Company and the Index.

By order of the Board

Artemis Investment Management Limited
Company Secretary

10 July 2009

Statement of Directors’ Responsibilities

in respect of the Annual Financial Report

The Directors are responsible for preparing the Annual Financial Report, the Directors’ Remuneration Report and the Group and Parent Company Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company Financial Statements for each financial year. Under that law they are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the EU and applicable law and have elected to prepare the Parent Company Financial Statements on the same basis.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company 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 they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors’ Report, a Directors’ Remuneration Report and a Corporate Governance Statement that complies with that law and those regulations.

The Financial Statements are published on the website www.artemisonline.co.uk, maintained by the Company’s Investment Manager, Artemis Investment Management Limited. The maintenance and integrity of the corporate and financial information relating to the Group and Company is the responsibility of the Investment Manager. Visitors to the website should note that legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

(a) the Financial Statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group; and

(b) the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that it faces.

For and on behalf of the Board

Simon Miller
Chairman

10 July 2009

Independent Auditors' Report

To the Members of Artemis Alpha Trust plc

We have audited the Financial Statements of Artemis Alpha Trust plc for the year ended 30 April 2009 which comprise the Consolidated Income Statement, the Group and Company Balance Sheets, Statements of Changes in Equity, Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the EU.

This Report is made solely to the Company's Members, as a body, in accordance with Sections 495, 496 and 497 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 25, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKP.

Opinion on financial statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2009 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Independent Auditors' Report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 16, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review.

Alastair W S Barbour (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Edinburgh

10 July 2009

Consolidated Income Statement

For the year ended 30 April 2009

	Notes	Year ended 30 April 2009 Revenue £'000	Capital £'000	Total £'000	Year ended 30 April 2008 Revenue £'000	Capital £'000	Total £'000
Investment income	2	723	–	723	1,080	–	1,080
Other income	2	42	–	42	308	–	308
Total revenue		765	–	765	1,388	–	1,388
(Losses)/gains on investments	9	–	(24,528)	(24,528)	–	7,791	7,791
Gains/(losses) on current asset investments		169	–	169	(282)	–	(282)
Currency (losses)/gains		–	(61)	(61)	1	(1)	–
Total income		934	(24,589)	(23,655)	1,107	7,790	8,897
Expenses							
Investment management fees	3	(43)	(388)	(431)	(55)	(493)	(548)
VAT recoverable on investment management fees		24	215	239	–	–	–
Other expenses	4	(332)	–	(332)	(272)	–	(272)
(Loss)/profit before finance costs and tax		583	(24,762)	(24,179)	780	7,297	8,077
Finance costs	5	(32)	(285)	(317)	(79)	(711)	(790)
(Loss)/profit before tax		551	(25,047)	(24,496)	701	6,586	7,287
Tax	6	(49)	11	(38)	(7)	6	(1)
(Loss)/profit for the year		502	(25,036)	(24,534)	694	6,592	7,286
Earnings per share (basic)	8	1.58p	(78.80)p	(77.22)p	2.10p	19.91p	22.01p
Earnings per share (diluted)	8	1.47p	(73.43)p	(71.96)p	1.93p	18.28p	20.21p

The total column of this Statement represents the Income Statement of the Group, prepared in accordance with International Financial Reporting Standards. The supplementary revenue and capital columns are both prepared under guidance published by the Association of Investment Companies.

All items in the above Statement derive from continuing operations. All income is attributable to the equity shareholders of Artemis Alpha Trust plc. There are no minority interests.

The notes on pages 32 to 47 form part of these Financial Statements.

Balance Sheets

As at 30 April 2009

	Notes	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Non-current assets					
Investments	9	59,285	67,655	102,067	110,789
Current assets					
Investments held by subsidiary		–	–	629	–
Other receivables	12	791	791	385	384
Cash and cash equivalents		3,015	2,826	496	309
		3,806	3,617	1,510	693
Total assets		63,091	71,272	103,577	111,482
Current liabilities					
Other payables	13	(690)	(8,871)	(452)	(8,357)
Bank loan		–	–	(11,500)	(11,500)
		(690)	(8,871)	(11,952)	(19,857)
Net assets		62,401	62,401	91,625	91,625
Equity attributable to equity holders					
Share capital	14	327	327	334	334
Share premium		23,984	23,984	23,984	23,984
Special reserve		2,878	2,878	6,762	6,762
Warrant reserve		1,299	1,299	1,299	1,299
Capital redemption reserve		9	9	2	2
Retained earnings – revenue		1,584	591	1,888	531
Retained earnings – capital	15	32,320	33,313	57,356	58,713
Total equity		62,401	62,401	91,625	91,625
Net asset value per share (basic)	16	205.23p		280.47p	
Net asset value per share (diluted)	16	189.69p		253.54p	

These financial statements were approved by the Board of Directors and signed on its behalf on 10 July 2009 by:

David Barron
Director

The notes on pages 32 to 47 form part of these Financial Statements.

Statements of Changes in Equity

For the year ended 30 April 2009

Group	Share capital £'000	Share premium £'000	Special reserve £'000	Warrant reserve £'000	Capital redemption reserve £'000	Retained earnings Revenue £'000	Retained earnings Capital £'000	Total £'000
For the year ended 30 April 2009								
At 1 May 2008	334	23,984	6,762	1,299	2	1,888	57,356	91,625
(Loss)/profit for the year	–	–	–	–	–	502	(25,036)	(24,534)
Cancellation/repurchase of own shares	(7)	–	(3,884)	–	7	–	–	(3,884)
Dividends paid	–	–	–	–	–	(806)	–	(806)
At 30 April 2009	**327**	**23,984**	**2,878**	**1,299**	**9**	**1,584**	**32,320**	**62,401**
For the year ended 30 April 2008								
At 1 May 2007	334	23,984	7,974	1,299	2	1,975	50,764	86,332
Profit for the year	–	–	–	–	–	694	6,592	7,286
Repurchase of own shares	–	–	(1,212)	–	–	–	–	(1,212)
Dividends paid	–	–	–	–	–	(781)	–	(781)
At 30 April 2008	**334**	**23,984**	**6,762**	**1,299**	**2**	**1,888**	**57,356**	**91,625**

Company	Share capital £'000	Share premium £'000	Special reserve £'000	Warrant reserve £'000	Capital redemption reserve £'000	Retained earnings Revenue £'000	Retained earnings Capital £'000	Total £'000
For the year ended 30 April 2009								
At 1 May 2008	334	23,984	6,762	1,299	2	531	58,713	91,625
(Loss)/profit for the year	–	–	–	–	–	866	(25,400)	(24,534)
Cancellation/repurchase of own shares	(7)	–	(3,884)	–	7	–	–	(3,884)
Dividends paid	–	–	–	–	–	(806)	–	(806)
At 30 April 2009	**327**	**23,984**	**2,878**	**1,299**	**9**	**591**	**33,313**	**62,401**
For the year ended 30 April 2008								
At 1 May 2007	334	23,984	7,974	1,299	2	635	52,104	86,332
Profit for the year	–	–	–	–	–	677	6,609	7,286
Repurchase of own shares	–	–	(1,212)	–	–	–	–	(1,212)
Dividends paid	–	–	–	–	–	(781)	–	(781)
At 30 April 2008	**334**	**23,984**	**6,762**	**1,299**	**2**	**531**	**58,713**	**91,625**

Retained earnings – revenue represents the amount available for distribution by dividend.

The notes on pages 32 to 47 form part of the Financial Statements.

Cash Flow Statements

For the year ended 30 April 2009

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Operating activities				
(Loss)/profit before tax	(24,496)	(24,496)	7,287	7,286
Interest payable	317	317	790	790
Losses/(gains) on investments	24,528	24,880	(7,791)	(7,812)
Currency losses/(gains)	61	61	1	–
(Gains)/losses on current asset investments	(169)	–	282	–
Increase in other receivables	(228)	(229)	(52)	(52)
Decrease in other payables	(37)	(39)	(33)	(19)
Net cash (outflow)/inflow from operating activities before interest and tax	(24)	494	484	193
Interest paid	(371)	(371)	(774)	(774)
Corporation tax paid	(1)	–	(4)	–
Withholding tax suffered	(38)	(38)	–	–
Net cash (outflow)/inflow from operating activities	(434)	85	(294)	(581)
Investing activities				
Purchases of investments	(22,854)	(22,566)	(22,113)	(21,275)
Sales of investments	42,058	40,972	23,776	22,681
Net cash inflow from investing activities	19,204	18,406	1,663	1,406
Financing activities				
Repurchase of own shares	(3,884)	(3,884)	(1,212)	(1,212)
Dividends paid	(806)	(806)	(781)	(781)
Increase in inter-company loan	–	277	–	540
Net cash outflow from financing activities	(4,690)	(4,413)	(1,993)	(1,453)
Net increase/(decrease) in cash and cash equivalents	14,080	14,078	(624)	(628)
Cash and cash equivalents at the start of the year	(11,004)	(11,191)	(10,381)	(10,563)
Effect of foreign exchange rate changes	(61)	(61)	1	–
Cash and cash equivalents at the end of the year	3,015	2,826	(11,004)	(11,191)
Bank loans	–	–	(11,500)	(11,500)
Cash	3,015	2,826	496	309
	3,015	2,826	(11,004)	(11,191)

The notes on pages 32 to 47 form part of the Financial Statements.

Notes to the Financial Statements

1. Accounting policies

(a) Basis of preparation

The Group's Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). The Company's Financial Statements have also been prepared in accordance with IFRSs as adopted by the EU and in accordance with the provisions of the Companies Act 2006 (the "Act"). The principal accounting policies adopted by the Group and by the Company are set out below. The Company has taken advantage of the exemption provided under Section 408 of the Act not to publish its Income Statement and related notes.

Where presentational guidance set out in the Statement of Recommended Practice ("SORP") for Financial Statements of Investment Trust Companies and Venture Capital Trusts issued by the Association of Investment Companies (the "AIC") in January 2009 is consistent with the requirements of IFRSs, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

The accounting policies which follow set out those policies which apply in preparing the Financial Statements for the year ended 30 April 2009. There are no differences between the accounting policies applied in the Group and the Company.

The Group and Company Financial Statements are presented in Sterling, which is the currency of the primary environment in which the Group operates. All values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

(b) Basis of consolidation

The Group Financial Statements consolidate the Financial Statements of Artemis Alpha Trust plc and the entities it controls (its subsidiaries) drawn up to 30 April each year.

Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The Financial Statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated on consolidation.

A number of estimates and judgements have been made in the preparation of the Financial Statements. These are reviewed regularly by the Board and Investment Manager. The most significant judgement is the valuation of unquoted investments, which is described in note 1(e) overleaf.

(c) Presentation of Consolidated Income Statement

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Income Statement between items of revenue and capital nature has been presented alongside the Consolidated Income Statement.

(d) Segmental reporting

The Group is engaged in a single segment of business being that of an investment trust company.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

(e) Investments

Investments (including current assets investments) are designated as fair value through profit or loss upon initial recognition. Listed investments are measured initially at cost, and are recognised at trade date. Investments in subsidiary undertakings are stated in the Company's accounts at fair value.

For financial assets acquired, the cost is the fair value of the consideration. Subsequent to initial recognition, all listed investments are measured at their quoted bid prices without deduction for the estimated future selling cost. Unquoted investments are fair valued by the Directors using primary valuation methodologies such as earning multiples, cost of recent transactions and net assets. Where fair value cannot be reliably measured, the investment will be carried at the previous reporting date value unless there is evidence that the investment has since been impaired. In such cases the value will be reduced to reflect the estimated extent of impairment.

Changes in the value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Consolidated Income Statement as gains/(losses) on investments. Also included within this caption are transaction costs in relation to the purchase or sale of investments.

Assets are derecognised at the trade date of the disposal. Proceeds are measured at fair value which are regarded as the proceeds of sale less any transaction costs.

(f) Revenue

Dividends receivable on equity shares are recognised as revenue on an ex-dividend basis. Provision is made for any dividends not expected to be received.

Income from fixed interest securities is recognised on an effective interest rate basis.

Interest receivable from cash and short-term deposits is recognised on an accruals basis.

Special dividends are treated as a repayment of capital or as revenue depending on the facts of each particular case.

(g) Expenses and finance costs

All expenses and interest payable are accounted for on an accruals basis. Expenses are charged through the revenue column in the Consolidated Income Statement except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital.
- expenses are treated as capital where they are made in connection with the maintenance or enhancement of the value of the investments. As a result, investment management fees and finance costs are allocated on the basis of 10% to revenue and 90% to capital.

(h) Taxation

Deferred taxation is recognised in full using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Due to the Company's status as an investment trust, and the intention to meet the conditions required to obtain approval under Section 842 ICTA in the foreseeable future, the Company has not provided for deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents comprises current deposits and overdrafts with banks and bank loans.

These are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

(j) Dividends payable

Dividends are recognised from the date on which they are irrevocably committed to payment. In accordance with the Company's status as a UK investment company, net capital returns may not be distributed by way of a dividend.

(k) Foreign currency translation

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Sterling at the rate ruling on the Balance Sheet date. Foreign exchange differences arising on investment transactions are recognised through capital.

(l) Other receivables and payables

Other receivables do not carry any interest and are short-term in nature and are accordingly stated at their nominal value. Other payables are non-interest bearing and are stated at their nominal value.

(m) Capital Reserves

Capital Reserve – realised

The following are accounted for in this reserve:

- gains and losses on the realisation of investments and changes in the fair value of investments which are readily convertible to cash; and;
- expenses, together with any related taxation effect, in accordance with the above policies.

Capital Reserve – unrealised

The following are accounted for in this reserve:

- changes in the fair value of investments that are not readily convertible to cash and amounts by which other assets and liabilities valued at market value differ from their book value.

(n) Accounting Developments

At the date of authorisation of these Financial Statements, the following Standards and Interpretations were in issue but not yet effective:

Amendment to IAS 1 – Presentation of Financial Statements: comprehensive revision including requiring a statement of comprehensive income;

Amendment to IAS1 – Presentation of Financial Statements: a Revised Presentation relating to disclosure of puttable instruments and obligations arising on liquidation;

Amendment to IAS 7 – Statement of Cash Flows;

Amendment to IAS 23 – Borrowing Costs;

Amendment to IAS 27 – Consolidated and Separate Financial Statements: consequential amendments arising to IFRS 3;

Amendment to IAS 29 – Financial Reporting in Hyperinflationary Economies;

Amendment to IAS 32 – Financial Instruments;

Notes to the Financial Statements (continued)

1. Accounting policies (continued)

(n) Accounting Developments (continued)

Amendment to IAS 36 – Impairment of Assets: amendments resulting from May 2008 Annual Improvements to IFRSs;

Amendment to IAS 36 – Impairment of Assets: amendments resulting from April 2009 Annual Improvements to IFRSs;

Amendment to IAS 39 – Financial Instruments: amendments for eligible hedged items;

Amendment to IAS 39 – Financial Instruments: amendments for embedded derivatives when reclassifying financial instruments;

Amendment to IAS 39 – Financial Instruments: amendments resulting from April 2009 Annual Improvements to IFRSs;

Revised IFRS 1 – First-time Adoption of International Financial Reporting Standards;

Revised IFRS 7 – Financial Instruments;

IFRS 8 – Operating Segments; and

Revised IFRS 8 – Operating Segments: amendments resulting from April 2009 Annual Improvements to IFRSs.

2. Income

	2009 £'000	2008 £'000
Investment income*		
UK dividend income	490	780
UK fixed interest	64	21
Overseas dividend income	350	202
Overseas fixed interest	(181)	77
	723	1,080
Other income		
Subsidiary undertaking's dealing (losses)/profits	(131)	286
Bank interest	173	22
	765	1,388
Total income comprises		
Dividends and interest from investments	723	1,080
Bank interest	173	22
Other income and dealing (losses)/profits	(131)	286
	765	1,388
Income from investments		
UK listed investments	589	445
UK unquoted investments	(35)	356
Overseas listed investments	350	202
Overseas unquoted investments	(181)	77
	723	1,080

* All investments have been designated as fair value through profit or loss on initial recognition, therefore all investment income arises on investments at fair value through profit or loss.

Notes to the Financial Statements (continued)

3. Investment management fees

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Investment management fees	43	388	431	54	484	538
Irrecoverable VAT thereon	–	–	–	1	9	10
	43	388	431	55	493	548

Details of the Investment Management Fees are set out in the Directors' Report on page 14.

As at 30 April 2009 an amount of £125,000 was outstanding in respect of amounts due to the Investment Manager (2008: £177,000). From 1 October 2007 VAT has not been charged by the Investment Manager.

4. Other expenses

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Auditors' remuneration: (excluding VAT) :						
Fee for the audit of the Company's Annual Accounts	18	–	18	15	–	15
Audit of the subsidiaries pursuant to legislation	2	–	2	1	–	1
Non–audit services – taxation	2	–	2	–	–	–
Directors' remuneration (excluding VAT and NIC)	93	–	93	104	–	104
Other	217	–	217	152	–	152
	332	–	332	272	–	272

5. Finance costs

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Overdraft interest*	–	2	2	4	35	39
Loan interest*	30	263	293	75	676	751
Loan non-utilisation fee	2	20	22	-	-	-
	32	285	317	79	711	790

* Interest on financial liabilities that are not at fair value through profit or loss.

6. Tax

(a) Tax charge for the year

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
Corporation tax	–	–	–	1	–	1
Tax relief on expenses charged to capital	11	(11)	–	6	(6)	–
Irrecoverable overseas tax	38	–	38	–	–	–
	49	(11)	38	7	(6)	1

(b) Factors affecting the tax charge for the year

	2009 Revenue £'000	2009 Capital £'000	2009 Total £'000	2008 Revenue £'000	2008 Capital £'000	2008 Total £'000
(Loss)/profit before taxation	551	(25,047)	(24,496)	701	6,586	7,287
(Loss)/profit on ordinary activities multiplied by the standard rate of UK corporation tax of 28% (2008: 29.83%)	154	(7,013)	(6,859)	209	1,965	2,174
Non taxable UK dividends	(137)	–	(137)	(233)	–	(233)
Non taxable capital (gains)/losses	–	6,885	6,885	–	(2,324)	(2,324)
Tax relief on expenses charged to capital	11	(11)	–	6	(6)	–
Irrecoverable overseas tax	38	–	38	–	–	–
Excess expenses for the year	(17)	128	111	25	359	384
	49	(11)	38	7	(6)	1

(c) Factors that may affect future tax charges

The Company has excess management expenses, surplus loan relationship deficits and eligible unrelieved foreign tax of £4,434,000 (2008: £3,902,000) that are available to offset future taxable revenue. No deferred tax asset has been recognised in respect of this amount as it is unlikely to be utilised in the foreseeable future.

7. Dividends paid and proposed

Set out below are the total dividends recognised in respect of the financial year ended 30 April 2009.

	2009 £'000	2008 £'000
2008 second interim dividend of 1.40p (2007: 1.30p)	457	432
2009 first interim dividend of 1.10p (2008: 1.05p)	349	349
	806	781

Dividends are recognised in the period in which they are due to be paid and are shown through the Statement of Changes in Equity. Therefore, the Statement of Changes in Equity for the year ended 30 April 2009 reflects the second interim dividend for the year ended 30 April 2008 which was paid on 29 August 2008. For the year ended 30 April 2009, a first interim dividend of 1.10p has been paid and a second interim dividend of 1.50p per ordinary share will be paid on 21 August 2009.

Set out below are the total dividends paid/payable in respect of the financial year ended 30 April 2009.

	2009 £'000	2008 £'000
First interim dividend paid of 1.10p per share (2008: 1.05p)	349	349
Second interim dividend payable of 1.50p per share (2008: 1.40p)	456	457
	805	806

8. Earnings per share

The basic revenue return per share is based on the revenue profit for the year of £502,000 (2008: £694,000) and on 31,769,952 (2008: 33,103,283) shares, being the weighted average number of shares in issue during the year. The basic capital earnings per share is based on the capital loss for the year of £25,036,000 (2008: gain of £6,592,000) and on 31,769,952 (2008: 33,103,283) shares, being the weighted average number of shares in issue during the year.

For the purposes of calculating diluted revenue and capital returns per share, the number of shares is the weighted average used in the basic calculation plus the number of shares deemed to be issued for no consideration on exercise of the 2003 and 2004 manager warrants by reference to the average share price of the shares during the year. The exercise of warrants would result in an increase in the weighted average number of shares of 2,323,430 (2008: 2,956,257).

9. Non current assets – Investments

(a) Valuation of investments

All investments are designated as fair value through profit or loss at initial recognition and all gains and losses arise on investments designated as fair value through profit or loss. Where investments are considered to be readily realisable for cash, the fair value gains and losses, recognised in the Financial Statements are treated as realised.

All other fair value gains and losses are treated as unrealised.

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
UK quoted investments				
– UK listed	23,095	23,095	30,029	30,029
– Quoted on AIM	12,732	12,732	33,378	33,378
– Fixed interest	706	706	679	679
– Preference shares and loan notes	31	31	16	16
Overseas quoted investments	2,517	2,517	7,573	7,573
Unquoted investments				
– Equities and warrants	20,204	20,204	28,423	28,423
– Preference shares and loan notes	–	–	1,969	1,969
– Subsidiary undertakings	–	8,370	–	8,722
	59,285	67,655	102,067	110,789

(b) Movements in investments – Group

	2009			2008		
	Quoted £'000	Unquoted £'000	Total £'000	Quoted £'000	Unquoted £'000	Total £'000
Opening book cost	62,166	17,680	79,846	60,359	14,803	75,162
Opening fair value adjustment	9,509	12,712	22,221	16,255	3,994	20,249
Opening valuation	71,675	30,392	102,067	76,614	18,797	95,411
Movements in year:						
Purchases at cost	20,682	2,214	22,896	17,159	4,214	21,373
Sales – proceeds	(28,581)	(12,569)	(41,150)	(22,508)	–	(22,508)
– realised (losses)/gains on sales	(2,420)	10,976	8,556	5,819	–	5,819
Transfer to quoted investments	–	–	–	2,034	(2,034)	–
Transfer to unquoted investments	–	–	–	(697)	697	–
(Decrease)/increase in fair value adjustment	(22,275)	(10,809)	(33,084)	(6,746)	8,718	1,972
Closing valuation	39,081	20,204	59,285	71,675	30,392	102,067
Closing book cost	51,847	18,301	70,148	62,166	17,680	79,846
Closing fair value adjustment	(12,766)	1,903	(10,863)	9,509	12,712	22,221
	39,081	20,204	59,285	71,675	30,392	102,067

Notes to the Financial Statements (continued)

9. Non current assets – Investments (continued)

(c) Movements in investments – Company

	2009 Quoted £'000	2009 Unquoted £'000	2009 Total £'000	2008 Quoted £'000	2008 Unquoted £'000	2008 Total £'000
Opening book cost	62,166	24,700	86,866	60,359	21,823	82,182
Opening fair value adjustment	9,509	14,414	23,923	16,255	5,675	21,930
Opening valuation	71,675	39,114	110,789	76,614	27,498	104,112
Movements in year:						
Purchases at cost	20,682	2,214	22,896	17,159	4,214	21,373
Sales – proceeds	(28,581)	(12,569)	(41,150)	(22,508)	–	(22,508)
– realised (losses)/gains on sales	(2,420)	10,976	8,556	5,819	–	5,819
Transfer to quoted investments	–	–	–	2,034	(2,034)	–
Transfer to unquoted investments	–	–	–	(697)	697	–
(Decrease)/Increase in fair value adjustment	(22,275)	(11,161)	(33,436)	(6,746)	8,739	1,993
Closing valuation	39,081	28,574	67,655	71,675	39,114	110,789
Closing book cost	51,847	25,321	77,168	62,166	24,700	86,866
Closing fair value adjustment	(12,766)	3,253	(9,513)	9,509	14,414	23,923
	39,081	28,574	67,655	71,675	39,114	110,789

(d) Gains on investments – Group

	2009 £'000	2008 £'000
Realised gains on sales of investments	8,556	5,819
(Decrease)/increase in fair value adjustment	(33,084)	1,972
	(24,528)	7,791

(e) Transaction costs

Included in purchases at cost and proceeds from sales are the following transaction costs:

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Sales	70	68	57	52
Purchases	122	119	62	59
	192	187	119	111

Notes to the Financial Statements (continued)

10. Investment in subsidiary undertakings

	% of ordinary share capital held	Principal activity	Country of incorporation and operation
Alpha Securities Trading Limited	100	Investment dealing	England
DMWS 504 Limited	100	Holding company	Scotland

Investments in subsidiary undertakings are held at fair value, which is deemed to be the net assets of each company. Listed investments held by Alpha Securities Trading Limited are measured at their quoted bid prices.

11. Significant interests

At 30 April 2009 the Company held shares amounting to 3 per cent or more of the nominal value of any class of share capital of the following companies, not being participating interests:

	Class Held	% of class held
Lynton Holding Asia*	Ordinary	32.0
mForm Holdings	Ordinary	12.3
Africa Oil	Ordinary	11.7
Bankers Petroleum	Ordinary	11.0
Lamp Group	Ordinary	7.5
Conexion Media Group	Ordinary	7.2
TSI	Ordinary	5.8
Hawk Group	A Ordinary	5.6
AMZ Holdings	Ordinary	5.0
Buildstore	Ordinary	4.5
Suroco Energy	Ordinary	4.0
Geiger Counter	Ordinary	3.9
Hurricane Exploration	Ordinary	3.8
Healthcare Enterprise Group	Ordinary	3.6
Liontrust Asset Management	Ordinary	3.6
Real Estate Investors	Ordinary	3.5
Homeland Renewable Energy	Ordinary	3.2
Vostok Energy	Ordinary	3.1
Ondine Biopharma	Ordinary	3.1

* This investment is held by the Company at fair value through profit and loss as part of a portfolio of investments rather than as a medium through which the Company carries out its business and therefore it is not considered an associated undertaking of the Company.

12. Other receivables

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Amounts due from brokers	290	290	112	112
Prepayments and accrued income	254	254	267	266
Taxation recoverable	8	8	6	6
VAT recoverable on investment management fees	239	239	–	–
	791	791	385	384

Notes to the Financial Statements (continued)

13. Other payables

	Group 2009 £'000	Company 2009 £'000	Group 2008 £'000	Company 2008 £'000
Amounts due to subsidiary undertakings	–	8,198	–	7,921
Accrued expenses	262	245	353	338
Amounts due to brokers	428	428	98	98
Corporation tax payable	–	–	1	–
	690	8,871	452	8,357

14. Share capital and manager warrants

(a) Share capital

	2009 £'000	2008 £'000
Authorised:		
60,000,000 shares of 1p each (2008: 60,000,000)	600	600
Allotted, called up and fully paid:		
30,404,988 shares of 1p each (2008: 32,668,488)	304	327
2,263,500 treasury shares of 1p each (2008: 690,000)	23	7
	327	334

	Number	£'000
Movements in share capital during the year		
Shares in issue on 1 May 2008	32,668,488	327
Purchased for placement in treasury during the year	(2,263,500)	(23)
Shares in issue on 30 April 2009	30,404,988	304

Notes to the Financial Statements (continued)

14. Share capital and manager warrants (continued)

The movements in shares held in treasury during the year are as follows:

	Number	2009 £'000	Number	2008 £'000
Balance brought forward	690,000	7	125,000	1
Purchased during the year	2,263,500	23	565,000	6
Cancelled during the year	(690,000)	(7)	–	–
Balance carried forward	2,263,500	23	690,000	7

During the year ended 30 April 2009 a total of 2,263,500 shares were repurchased by the Company at a total cost, including transaction costs, of £3,884,000 for placement in treasury (2008: 565,000 shares were repurchased for placement in treasury).

The capital of the Company is managed in accordance with its investment objective and policy as set out on page 2. The Company does not have any externally imposed capital requirements.

(b) Manager warrants

	Number	Issue price (pence)	Exercise price (pence)
Issued on 27 October 2003	2,609,939	14.0736	87.96
Issued on 7 October 2004	3,508,750	20.9104	130.69
Issued on 24 March 2006	553,008	35.8016	223.76
Manager warrants as at 30 April 2009	6,671,697		

Each manager warrant entitles a holder to subscribe for shares in the Company at specific subscription dates (being the last business days in March and September up to and including September 2013) and on the occurrence of certain events.

Notes to the Financial Statements (continued)

15. Retained earnings – Capital

	Group Capital reserve – realised £'000	Group Capital reserve – unrealised £'000	Group Total capital reserve £'000	Company Capital reserve – realised £'000	Company Capital reserve – unrealised £'000	Company Total capital reserve £'000
Balance at 1 May 2008	47,204	10,152	57,356	46,859	11,854	58,713
Decrease in fair value adjustment	–	(33,084)	(33,084)	–	(33,436)	(33,436)
Net gain on realisation of investments	8,556	–	8,556	8,556	–	8,556
Exchange gain on capital items	(61)	–	(61)	(61)	–	(61)
Costs charged to capital (net of tax relief)	(662)	–	(662)	(674)	–	(674)
VAT recoverable on investment management fees	215	–	215	215	–	215
Transfer between reserves	(11,487)	11,487	–	(11,487)	11,487	–
Balance at 30 April 2009	43,765	(11,445)	32,320	43,408	(10,095)	33,313
Balance at 1 May 2007	40,840	9,924	50,764	40,499	11,605	52,104
Decrease in fair value adjustment	–	1,972	1,972	–	1,993	1,993
Net gain on realisation of investments	5,819	–	5,819	5,819	–	5,819
Exchange gain on capital items	(1)	–	(1)	(1)	–	(1)
Costs charged to capital (net of tax relief)	(1,198)	–	(1,198)	(1,202)	–	(1,202)
Transfer between reserves	1,744	(1,744)	–	1,744	(1,744)	–
Balance at 30 April 2008	47,204	10,152	57,356	46,859	11,854	58,713

16. Net asset value per share

The basic net asset value per share is based on net assets of £62,401,000 (2008: £91,625,000) and on 30,404,988 (2008: 32,668,488) shares, being the number of shares in issue at the year end.

The diluted net asset value per share has been calculated on the assumption that 6,118,689 (2008: 6,671,697) of the 6,671,697 manager warrants in issue, were exercised resulting in a total of 36,523,677 shares in issue (2008: 39,340,185).

17. Financial commitments

At 30 April 2009, the Group and the Company did not have any financial commitments which had not been accrued (2008: nil).

18. Financial instruments

As detailed on page 2, the principal investment objective of the Group is to achieve above average rates of total return over the longer-term and to achieve a growing dividend stream.

The Group's financial instruments comprise equities, fixed interest securities, warrants, cash balances, as well as debtors and creditors that arise from its operations. These are held in accordance with its investment policy. The principal risks the Group faces are (i) market price risk (comprising currency risk, interest rate risk and other price risk); (ii) liquidity risk; and (iii) credit risk.

Notes to the Financial Statements (continued)

18. Financial instruments (continued)

Market price risk

Market risk, which includes, foreign currency, interest rate and other price risk, arises mainly from uncertainty about future values of financial instruments held in the Company's investment portfolio. It is the Board's policy that the Company should maintain an appropriate spread of investments in the portfolio to seek to reduce the risks arising from factors specific to a particular company and sector. The day-to-day management of the portfolio is the responsibility of the Investment Manager, in accordance with the Company's investment policy. This includes ongoing detailed analysis of existing and potential investee companies. No derivatives or hedging instruments are used to manage market risk. The Board monitors the Company's overall market positions on a regular basis.

Details of the investments at 30 April 2009 are disclosed in the portfolio of investments set out on pages 8 and 9.

Foreign currency risk

The portfolio has a number of overseas investments and the income and capital value can be affected by movements in exchange rates. The Company also operates a number of currency bank accounts and exchange gains or losses may arise as a result of the movement in the exchange rate between the date of the transaction denominated in a currency other than sterling and its settlement. It is not the Company's policy to hedge currency risk on an ongoing basis.

An analysis of the Group's currency exposure is detailed below:

	Investments at 30 April 2009 £'000	Net monetary assets at 30 April 2009 £'000	Investments at 30 April 2008 £'000	Net monetary assets at 30 April 2008 £'000
US Dollar	13,790	–	9,585	–
Canadian Dollar	2,276	–	3,877	–
Danish Kroner	1,213	–	1,418	–
Australian Dollar	385	–	–	–
Indonesian Ruppiah	356	–	–	–
Norwegian Kroner	–	–	3,231	–
Euro	–	–	1,599	–
Total	18,020	–	19,710	–

Foreign Currency sensitivity

A 5 per cent increase in sterling against the relevant foreign currencies would have the effect of increasing the loss and reducing the net assets by £901,000 (2008: decreasing the profit and reducing net assets by £986,000). A 5 per cent decrease in sterling would have an equal and opposite effect.

Interest rate risk

The majority of the Group's financial assets are non-interest bearing and therefore exposure to fair value interest rate fluctuations is limited.

Notes to the Financial Statements (continued)

18. Financial instruments (continued)

Floating Rate

When the Company has cash balances these are maintained in an interest bearing account.

The benchmark that determines the interest paid on the cash balances is the UK bank base rate, which was 0.5 per cent at 30 April 2009 (2008: 5.0 per cent).

The Company has a 364-day multi-currency revolving credit facility of £11.5 million which was not utilised at 30 April 2009. Interest is charged at variable rates equivalent to 80 basis points over the London interbank market rate.

Fixed Rate

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

	30 April 2009			30 April 2008		
	Fixed rate Investments £'000	Weighted average interest rate %	Weighted Average period until maturity Years	Fixed rate investments £'000	Weighted average interest rate %	Weighted Average period until maturity Years
Interest bearing securities	737	11.23	2.95	2,664	7.35	4.20

Other price risk

Other price risk is the risk that the value of an instrument will fluctuate as result of changes in market prices (other than those relating to interest rate and credit risk), whether caused by factors specific to an investment or wider issues affecting the market generally. A 5 per cent increase in the value of the Group's investments would have the effect of decreasing the loss and increasing net assets by £2,964,000 (2008: increasing the profit and increasing net assets by £5,103,000). A 5 per cent decrease would have an equal and opposite effect.

Liquidity risk

This is the risk that the Group will encounter difficulty in meeting obligations associated with financial commitments.

A proportion of the Company's financial instruments include companies that are traded on AIM and a number of unquoted investments which may not always be readily realisable. However, the investment strategy is to ensure that there are a sufficient number of investments that are readily realisable and can be sold to meet any funding requirements. The Company has an agreed overdraft facility of £2,500,000 with the custodian, HSBC, to provide short term funding flexibility in addition to the £11.5 million committed facility described below. The overdraft facility was unutilised at 30 April 2009 and 30 April 2008.

Financial liabilities

The Group primarily finances its operations through equity, retained profits and bank borrowings. As at 30 April 2009, the Company had not drawn down any of its £11.5 million committed 364 day multi-currency revolving credit facility with The Royal Bank of Scotland plc (30 April 2008: £11.5 million drawn down).

Interest is incurred at a variable rate as agreed at the time of draw down and is payable at the maturity date of each advance. Had the loan been drawn down it would have been included in current liabilities. The interest rate at 30 April 2008 was 6.38 per cent per annum. There was no interest rate risk associated with other short-term creditors at 30 April 2009 or 30 April 2008. There is no difference between the fair value of the financial liabilities and their carrying value.

18. Financial instruments (continued)

Credit Risk

This is the risk that an issuer or counterparty will fail to discharge its obligations or commitments to the Company resulting in a financial loss. The Investment Manager has a pre-approved list of counterparties it uses for investment transactions, which is reviewed on a regular basis.

The largest counterparty risk is with HSBC, which acts as custodian and banker. Bankruptcy or insolvency of HSBC may cause the Company's rights with regard to securities and cash balances held to be delayed or limited. The Board receives and reviews HSBC's annual report on internal controls.

19. Transactions with the Investment Manager and related parties

The amounts paid to the Investment Manager and amounts outstanding at the year end are disclosed in note 3. The existence of an independent Board of Directors demonstrates that the Company is free to pursue its own financial and operating policies and therefore, under IAS 24: Related Party Disclosures, the Investment Manager is not considered to be a related party. The Company surrendered £41,000 (2008: £20,000) excess management expenses without payment to Alpha Securities Trading Limited. All other transactions with subsidiary undertakings were on an arms length basis. During the year transactions in securities between the Company and its subsidiary undertakings amounted to £nil (2008: £nil). Outstanding balances are set out in note 13.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that at an Annual General Meeting ("AGM'') of Artemis Alpha Trust plc ("the Company") will be held at the offices of Artemis Investment Management Limited, Cassini House, 57 St James's Street, London SW1A 1LD on Thursday, 17 September 2009 at 12.30 p.m. for the purposes of transacting the following business:

Ordinary Resolutions:

Resolution 1. To receive the Report of the Directors and audited Financial Statements for the year ended 30 April 2009.

Resolution 2. To approve the Directors' Remuneration Report for the year ended 30 April 2009.

Resolution 3. To re-elect Mr Tom Cross Brown as a Director of the Company*.

Resolution 4. To re-elect Mr Charles Peel as a Director of the Company*.

Resolution 5. To re-appoint KPMG Audit Plc as independent Auditors of the Company and to authorise the Directors to fix their remuneration.

Special Business

To consider and if thought fit, to pass resolutions 6 and 7 as Special Resolutions of the Company:

Resolution 6. That in substitution for all existing powers, the Directors of the Company be and are hereby generally empowered, pursuant to Section 95 of the Companies Act 1985 (the "Act"), to allot equity securities (within the meaning of Section 94 of the Act) wholly for cash pursuant to the authority conferred on them by an ordinary resolution passed at the AGM of the Company held on 11 September 2008 or otherwise as if sub-section (1) of Section 89 of the Act did not apply to any such allotment and to sell or transfer relevant shares (within the meaning of Section 94 of the Act) if, immediately before the sale or transfer, such shares are held by the Company as Treasury shares (as defined in Section 162A of the Act) ("treasury shares for cash'') as if sub-section (1) of Section 89 of the Act did not apply to any such sale or transfer, provided that this power:

(a) expires at the earlier of 15 months from the date of this resolution and the end of the next AGM of the Company in 2010, provided that the Company may make an offer or agreement which would or might require equity securities to be allotted or treasury shares sold or transferred after expiry of this power and the Directors may allot equity securities or sell or transfer treasury shares in pursuance of that offer or agreement as if this power had not expired; and

(b) shall be limited to the allotment of equity securities and the sale or transfer of treasury shares:

(i) in connection with a pro rata issue, sale or transfer in favour of the holders of ordinary shares where the equity securities respectively attributed to the interests of all the holders of ordinary shares of 1p each in the Company are proportionate (as nearly as may be) to the respective numbers of ordinary shares in the Company held by them, but subject to such exclusions or other arrangements as the Directors deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws or any territory or the requirements of any regulatory body or stock exchange in any territory;

(ii) pursuant to the Manager Warrant Agreements dated 2 September 2003, 7 September 2004 and 8 February 2006, in each case, between the Company and Artemis Investment Management Ltd; and

(iii) (otherwise than pursuant to paragraphs (i) and (ii) above) up to an aggregate nominal value of £163,342 being 50 per cent of the Company's issued ordinary share capital as at 10 July 2009.

Notice of Annual General Meeting (continued)

Resolution 7. That, the Company be and is hereby generally and unconditionally authorised, in accordance with Section 166 of the Companies Act 1985 (the "Act"), to make one or more market purchases (within the meaning of Section 163 of the Act) of ordinary shares of 1p each in the share capital of the Company (either for retention as treasury shares for future reissue and resale or transfer, or cancellation), on such terms as the Directors think fit, provided that:

(a) the maximum number of ordinary shares authorised to be purchased shall be 14.99 per cent of the issued ordinary share capital as at the date of this resolution;

(b) the minimum price which may be paid for each ordinary share shall be 1p (exclusive of any associated expenses);

(c) the maximum price (exclusive of expenses) which may be paid for an ordinary share shall be not more than the higher of (a) 5 per cent above the average of the middle market quotations for an ordinary share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately before the day on which the purchase is made and (b) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out; and

(d) unless varied, revoked or renewed, the authority hereby conferred shall expire on 17 March 2011 or, if earlier, at the conclusion of the next AGM of the Company, save that the Company may, prior to such expiry, enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after such expiry.

By order of the Board

Artemis Investment Management Limited
Company Secretary
10 July 2009

Registered office:

Cassini House
57 St James's Street
London SW1A 1LD

* The Directors' biographics can be found on page 11.

Notes:

1. Pursuant to Regulation 41(i) of the Uncertificated Securities Regulations 2001, only those shareholders registered on the register of members of the Company at 6.00 p.m. on Tuesday, 15 September 2009 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of the adjourned meeting shall be entitled to attend, speak and/or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after 6.00 p.m. on Tuesday, 15 September 2009 or, in the event that the meeting is adjourned, on the register of members 48 hours before the time of the adjourned meeting shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.

2. Pursuant to Section 324 of the Companies Act 2006 a member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote on his behalf. If multiple proxies are appointed, they must not be appointed in respect of the same shares. A proxy or corporate representative need not be a member of the Company. A form of proxy is enclosed and to be valid must be lodged with the Company's Registrars at Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4BR, not less than 48 hours before the time fixed for the meeting. This right does not apply to persons nominated to receive information rights pursuant to Section 146 of the Companies Act 2006. Persons nominated to receive information rights under Section 146 of the Companies Act 2006 have been sent this notice of meeting and are hereby informed, in accordance with Section 149(2) of the Companies Act 2006, that they may have the 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 such right but 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 arrangements.

3. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for this meeting by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

4. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) not later than 48 hours before the time fixed for the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the proxy through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

5. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

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

7. If the meeting is adjourned to a time not more than 48 hours after the time applicable to the original meeting, the above specified time will also apply for the purpose of determining entitlement of members (and any proxies or corporate representatives appointed) to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's register of members at such time that is 48 hours prior to the adjourned meeting, at any time specified in that notice.

8. Members (and any proxies or corporate representatives appointed) agree, by attending the AGM, that they are expressly requesting and that they are willing to receive any communications relating to the Company's securities made at the AGM.

9. The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Public Holidays) until the date of the meeting and for 15 minutes prior to, and at, the meeting:

   (a) A statement of all transactions of each Director and of their family interests in the share capital of the Company;

   (b) The Directors' letters of appointment; and

   (c) The Memorandum and Articles of Association.

10. None of the Directors have a service contract with the Company.

11. As at 10 July 2009 (being the latest business day prior to the publication of this Notice), the Company's issued share capital consists of 30,404,988 ordinary shares, carrying one vote each and 2,263,500 ordinary shares in Treasury. The total voting rights in the Company are 30,404,988.

Investment Manager, Company Secretary and Advisers

Investment Manager and Company Secretary

Artemis Investment Management Limited
42 Melville Street
Edinburgh EH3 7HA

Registered Office

Cassini House
57 St James's Street
London SW1A 1LD

Tel: 0800 092 2051
Email: investorsupport@artemisfunds.com
Website: www.artemisonline.co.uk

Administrator

BNP Paribas Securities Services*
Aurora
120 Bothwell Street
Glasgow G2 7JS

* From 1 December 2008, BNP Paribas Fund Services UK Ltd became BNP Paribas Securities Services.

Registrar and Transfer Office

Capita Registrars
Shareholder Services
Northern House
Woolsome Park
Feney Bridge
Huddersfield
West Yorkshire HD8 0GA

Shareholder enquiries: 0870 162 3100
(Calls cost 10p per minute plus network extras)

Banker

HSBC Bank PLC
International Branch
P.O. Box 181
22-32 Poultry
London EC2P 2BX

Auditors

KPMG Audit Plc
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EG

Custodian

HSBC Global Investor Services
Canada Square
London E14 5HQ

Stockholder

JP Morgan Cazenove Limited
20 Moorgate
London EC2R 6DA

Solicitors

Dickson Minto W.S.
16 Charlotte Square
Edinburgh EH2 4DF

A member of the Association of Investment Companies.

An investment company as defined under Section 833 of the Companies Act 2006.

Registered in England No. 253644

ARTEMIS
The Profit Hunter