
OCTOPUS

AIM VCT PLC

UNAUDITED
HALF-YEARLY REPORT
FOR THE SIX MONTHS ENDED 31 AUGUST 2013



OCTOPUS
INVESTMENTS

OCTOPUS AIM VCT PLC

Octopus AIM VCT Plc (the 'Company' or 'Fund') is a venture capital trust ('VCT') which aims to provide shareholders with attractive tax-free dividends and long-term capital growth by investing in a diverse portfolio of predominantly AIM-quoted companies. The Company's investments are managed by Octopus Investments Limited.

The Company offers investors exposure to the AIM market through a mature portfolio which takes a long term view. This enables investors to benefit from the tax advantages of investing in a VCT.

The investment portfolio

The Company's funds are managed by Octopus Investments Limited within a VCT-qualifying structure and the objective is to invest in a diversified portfolio of smaller companies principally listed on AIM. Investments are selected for their growth potential, dividend prospects and quality management teams which have a clear business plan to create growth. VCT regulation prevents material investment into asset backed companies, such as resource stocks and as a result, typically the focus is on companies in the consumer, services and computer and software sectors.

The portfolio contains investments in some of the larger, more profitable companies held by any VCT in the market and, being listed on AIM, they subject themselves to the regulatory and governance oversight of boards of directors. On average more than 80% of the equity portfolio is invested in companies expected to make a profit in 2013 and almost two thirds are forecast to pay dividends.

Although the investment philosophy takes a long term view, the Company operates a buy back policy so that shareholders can exit their investment if they wish to. Shares are repurchased at a 5% discount to NAV and cancelled.

Tax benefits

Shareholders who buy shares in a new offer by the Company receive up to 30% up-front income tax relief on investments up to £200,000 per tax year providing the shares are held for five years. The Company targets an annual dividend of at least 5p per share which is tax free for all shareholders irrespective of whether they purchased their shares in the secondary market or through a new offer. On this basis, and using the NAV of 107.9p on 7 October 2013, the gross tax-free yield per share is 4.6%.

Shareholders can sell shares through the Company-operated buy back policy and all disposals are free of Capital Gains Tax.

The Manager

The Octopus Investments Limited Smaller Companies Team is one of the most experienced AIM fund managers in the market. Octopus is a fast growing fund management company and currently manages £3 billion in funds making it the UK's biggest VCT provider.

FINANCIAL HEADLINES

104.4p Net Asset Value at 31 August 2013

2.5p Interim dividend proposed

CONTENTS

2	Shareholder Information and Contact Details
4	About Octopus AIMVCT plc
4	Financial Summary
6	Chairman's Statement
9	Investment Portfolio
12	Responsibility Statement of the Directors
13	Income Statement
15	Reconciliation of Movements in Shareholders' Funds
16	Balance Sheet
17	Cash Flow Statement
19	Notes to the Half-Yearly Report
21	Directors & Advisers

SHAREHOLDER INFORMATION AND CONTACT DETAILS

Financial Calendar

The Company's financial calendar is as follows:

16 January 2014	– 2013 interim dividend paid
June 2014	– Annual results for the year to 28 February 2014 announced; Annual Report and financial statements published
July/August 2014	– 2014 final dividend paid
December 2014	– Interim dividend paid

Dividends

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, by calling 0871 664 0324 (calls cost 10p per minute plus network extras. Lines are open Monday – Friday 9.00am – 5.30pm), or by writing to them at:

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

Share Price

The Company's share price can be found on various financial websites, such as www.londonstockexchange.com, by typing 'Octopus AIM' in the 'Quotes Search' box.

The latest share price as at the close of business on 13 October 2013 was 102.7p per Ordinary share.

Buying and Selling Shares

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

The Company operates a policy of buying its own shares for cancellation as they become available, and envisages that purchases will be made at a 5% discount to the prevailing NAV. The Company is, however, unable to buy-back shares directly from shareholders. If you are considering selling your shares or trading in the secondary market, please contact Panmure Gordon (UK) Limited.

Panmure Gordon (UK) Limited is able to provide details of close periods (when the Company is prohibited from buying in shares) and details of the price at which the Company has bought its shares. Panmure Gordon (UK) Limited can be contacted as follows:

Chris Lloyd 0207 886 2716 chris.lloyd@panmure.com

Paul Nolan 0207 886 2717 paul.nolan@panmure.com

Notification of Change of Address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrar, Capita Registrars, under the signature of the registered holder. Their contact details can be found at the end of this report.

Other Information for Shareholders

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

Warning to Shareholders

Many companies are aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They

can be very persistent and extremely persuasive. Shareholders are therefore advised to be very wary of any unsolicited advice, offer to buy shares at a discount or offer for free company reports.

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

If you are in any doubt about the veracity of an unsolicited phone call, please call either Octopus, or the Registrar, at the numbers provided at the back of this report.

ABOUT OCTOPUS AIM VCT PLC

Octopus AIM VCT plc is a venture capital trust which aims to provide shareholders with attractive tax-free dividends and long-term capital growth through investing in AIM.

The investment manager is Octopus Investments Limited. The Company was launched as Close AIM VCT PLC in the spring of 1998 and raised £10.1 million from private investors through an issue of Ordinary shares.

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

The C shares were merged and converted into Ordinary shares on 31 May 2004, with C shareholders receiving 1.0765 Ordinary shares for each C share held.

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

On 31 May 2008, the Ordinary shares converted into D shares at a conversion ratio of 0.5448 D shares for each Ordinary share. The two classes of shares were combined and renamed Ordinary shares which is now the only class of share capital.

On 11 August 2010 the Company acquired the net assets of Octopus Phoenix VCT plc ("the merger"), with previous shareholders of Phoenix obtaining 0.42972672 shares in Octopus AIM VCT plc for every one Phoenix share held.

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

In the six months to 31 August 2012, the Company raised a further £2.6 million by way of a Top-Up offer for subscription for Ordinary shares.

In the six months to 31 August 2013, the Company raised a further £5.6 million by way of an open offer for subscription for Ordinary shares. Since 31 August 2013, the Company has raised a further £2.1 million.

FINANCIAL SUMMARY

	Six months to 31 August 2013	Six months to 31 August 2012	Year to 28 February 2013
Net assets (£'000s)	53,590	41,391	44,123
Net (loss)/profit after tax (£'000s)	6,630	1,155	5,471
Net asset value per share ("NAV")	104.4p	86.9p	93.7p

The object of the table below is to show the return of each individual share class, assuming no subsequent corporate actions had occurred, so that the NAV plus cumulative dividends shown at the bottom of the table relates directly to the original investment. There is now only one share class, that being Ordinary shares (formerly D shares).

Dividends paid in the period ended*	Ordinary shares 2012/13	Ordinary shares 2011/12	Ordinary shares 2010/11	Ordinary shares 2009/10	D shares 2003/04	C shares 2000/01	Ordinary shares 1997/98	Phoenix 'C' shares 2005/06	Phoenix Ordinary shares 2002/03	
28 February 1999				–	–	–	1.88	–	–	
29 February 2000				–	–	–	3.13	–	–	
28 February 2001				–	–	–	37.25	–	–	
28 February 2002				–	–	2.55	6.50	–	–	
28 February 2003				–	–	1.50	3.50	–	–	
29 February 2004				–	–	0.50	0.50	–	0.15	
28 February 2005				–	0.50	0.50	0.50	–	6.50	
28 February 2006				–	2.25	2.31	2.15	–	1.00	
28 February 2007				–	3.30	4.52	4.20	1.00	3.35	
31 August 2007				–	2.50	2.69	2.50	3.00	6.00	
29 February 2008				–	2.50	2.69	2.50	3.00	6.00	
31 August 2008				–	2.50	2.69	2.50	2.00	5.00	
28 February 2009				–	2.50	1.47*	1.36*	3.00	5.00	
31 August 2009				–	2.50	1.47*	1.36*	1.35	1.00	
28 February 2010				–	2.50	1.47*	1.36*	1.35*	1.00	
31 August 2010				–	–	–*	–*	2.70*	2.00	
28 February 2011				5.28*	5.59*	5.00	2.93*	2.74*	3.06*	2.27
31 August 2011		2.59*	2.64*	2.80*	2.50	1.47*	1.36*	1.53*	1.13	
29 February 2012		2.59*	2.64*	2.80*	2.50	1.47*	1.36*	1.53*	1.13	
31 August 2012		2.59*	2.64*	2.80*	2.50	1.47*	1.36*	1.53*	1.13	
28 February 2013	2.76*	2.59*	2.64*	2.79*	2.50	1.47*	1.36*	1.53*	1.13	
31 August 2013	2.76*	2.59*	2.64*	2.80*	2.50	1.47*	1.36*	1.53*	1.13	
Cumulative dividends paid	5.52	12.95	18.48	19.58	38.55	34.64	80.73	28.11	44.92	
Adjusted NAV as at 31 August 2013** (assuming investment at 100p)	115.10	108.10	110.40	116.80	104.40	61.20	56.90	60.60	44.90	
Adjusted NAV plus cumulative dividends paid***	120.62	121.05	128.88	136.38	142.95	95.84	137.63	88.71	89.82	

Following the merger with Octopus Phoenix VCT plc and various share reorganisations, there is now only one share class, Ordinary shares. For Octopus Phoenix VCT plc Ordinary shares and C shares, the figures above represent a notionally adjusted NAV per share in accordance with the relevant conversion factors listed in the shareholder information sector on the preceding page.

* Notional dividends adjusting for conversion & assuming an investment at 100p, of Phoenix 'C' shares into Phoenix Ordinary shares, and relevant AIM VCT shares into AIM VCT Ordinary shares (formerly D shares).

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

*** NAV plus cumulative dividends based on NAV adjusting for conversion, assuming an investment at 100p, showing the notional return to shareholders based on their original investment share class.

An interim dividend of 2.5p will be paid on 16 January 2014 to shareholders on the register on 20 December 2013.

CHAIRMAN'S STATEMENT

The better market conditions which I commented on in the annual report for the year to February this year have continued over the summer months, and shareholders have been rewarded with a rise in the Net Asset Value and an increase of 12.6% in the market value of the company's shares in the six months to 31st August 2013. This reflects a continuing increase in the value of the investment portfolio, a less cautious investor attitude to stockmarkets and a generally increased tolerance of risk which has resulted in smaller company shares outperforming their larger brethren as investors have sought out growth.

The flow of investment opportunities has been steady rather than overwhelming in the six month period, although there has been an increase in the number of new issues which have come to the market, with momentum expected to build over the next six months if anecdotal chatter around the market is borne out. Of the four new qualifying investments made in the period, two were in new issues, the third was in a private company and the fourth was in an existing AIM company. The fact that so many flotations from 2012 have landed positively has been encouraging for potential new candidates and their advisers and points to an AIM market which is still firmly open as a source of funding for small and growing companies.

Performance

Against the background of a steadily improving environment for smaller company shares, the NAV of the fund rose in the first six months of the financial year, by 14.1% if the 2.5p dividend paid to shareholders in July is added back. At the end of the period the fair value of the Company's investments was 53% more than the

book cost. The FTSE Smaller Companies Index (ex Investment Trusts) rose by 17.1% in the six month period although the AIM Index only rose by 1.5%, held back by resource stocks and its higher exposure to very small companies whose share prices are typically the last to move in a rising market.

The good performance of the NAV was partly a result of a general re-rating of smaller companies but was also a reflection of encouraging newsflow from individual investee companies and some very positive contributions from some of the more recent investments made in the past two years. In particular, Mycelx, the water treatment Group, announced results showing strong growth, new contract momentum and a move into monthly profitability and was rewarded by a leap in the value of its shares. WANDisco, a software company which floated on AIM a year ago was once again a very good performer in the period as the market became excited by the 'Big Data' opportunity for its technology. Among the more recent investments Quixant was also a significant contributor.

Some of the larger holdings in the portfolio also performed very well, helped by positive news about the growth of their businesses. Advanced Computer Software and Breedon Aggregates both made well received acquisitions which helped their share prices and Staffline shares were re-rated as investors began to appreciate how well the Group was trading. Judges Scientific, Futura Medical, Netcall, Tasty, TLA, Plastics Capital, Adept Telecom and Mattioli Woods all performed well in the qualifying portfolio and Matchtech, Chime, RWS and SQS added value as non-qualifying holdings.

There have, inevitably been some holdings which suffered setbacks in the period. In the software sector Brady and Idox both saw their shares react negatively to news that large contract wins had been delayed and saw their shares under short-term pressure after strong runs. Craneware and Enteq are still suffering from delays in their growth plans caused by customer deferrals in orders.

Portfolio Activity

£2.9 million was invested in the six month period of which £2.4 million was invested in four new VCT qualifying holdings. The market in new issues has continued to improve, and it is no coincidence that these account for two of the four new investments. Cambridge Cognition specializes in brain health diagnostics and has developed a new mobile test for Alzheimer's which can be easily used by doctors or trained nurses in surgery. It has raised funds to open up this new market to add to its already established niche position providing tests to the research market. Quixant manufactures a specialist computer which sits inside gaming slot machines and enables the machine to meet local regulations in different markets. It also allows players to switch between games more quickly than existing technologies. An investment was made in Nektan, a private company supplying mobile games to the large industry players which is looking to float in the next six months. Another investment was made to support a further fundraising for an existing AIM company, Clean Air Power. It has software technology to enable heavy duty trucks to switch between diesel and LPG to meet tightening emission standards. In the non-qualifying portfolio holdings were added in Plus 500, a new issue, as well as

EMIS, a software provider for medical practices. We bought some more GB Group to add to the qualifying holding.

£2.1 million was received from disposals in the period. Takeovers were once again on the agenda and as a result we lost our holdings in Active Risk Group and in Datong, both of which received a cash bid. Neither had succeeded as standalone public companies, remaining too small to justify the expense of a public listing. As well as realising losses on these holdings, the Company also disposed of some of its other small holdings such as Daisy, Jelf, Corero and Inditherm. The holding in Marwyn Management was also sold after it ceased to qualify. The holding in Hasgrove was reduced in size after we accepted a tender offer by the company for the majority of our shares, and the company has now de-listed from AIM although it still has cash and a profitable business. Twenty, another de-listed holding was wound up in the period, returning 1.05p a share. The shares had been valued at zero since they de-listed. On a more positive note, we took some profits in WANDisco, Mycelx and Chime as well as disposing of the entire non-qualifying holding in Augean at a profit.

At the end of the period 81.6% of the portfolio was invested in qualifying holdings, comfortably above the HM Revenue and Customs requirement of 70% and your Company had liquid funds of £9.8 million.

Risks and Uncertainties

The principle risks and uncertainties are set out in Note 6 to the Half Yearly Report on page 19.

CHAIRMAN'S STATEMENT (continued)

Dividend

Your Board is very conscious of the importance of dividends to shareholders. It aims to maintain an annual dividend of at least 5p per share which at the current market price of the Company's shares gives an attractive tax free yield of approximately 5.0%. A dividend of 2.5p per share was paid to shareholders in July.

Your Board has approved the payment of an interim dividend of 2.5p per share which will be paid to shareholders on 16 January 2014 who are on the register on 20 December 2013.

Share issued and purchased

In February your Company issued a prospectus to raise up to £10 million by the issue of new shares. This had raised a total of £7.7 million at the date of this report and remains open until the end of January 2014 for all shareholders wishing to subscribe, unless fully subscribed earlier.

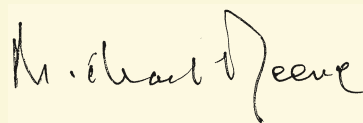
During the period, in furtherance of the Board's policy to maintain the discount at which the Company's shares stand in the market of not more than 5%, 861,948 shares were purchased.

Outlook

It is encouraging that the good news which has been emanating from the majority of the portfolio's holdings has at last begun to impact on share prices and the NAV which has continued to appreciate since the period end and now stands at 107.9p. The news that AIM shares are now eligible for inclusion in an ISA has helped to focus attention back onto smaller companies and the benefits that can be derived from investing in them. This should also help to provide welcome capital to small and growing

businesses and benefit the Company by expanding the pool of qualifying companies seeking investment.

Many of the Companies in which we have invested have now grown to a substantial size, with 80% of the holdings by value being forecast to make average profits in excess of £8.0 million. As these holdings mature they are being supplemented by newer, earlier stage investments funded by profit taking and the proceeds from new share issues. Many investee companies have continued to make good progress and we are optimistic that this can translate into further share price gains as their profits grow. The pick-up in new issue activity should also provide attractive opportunities to invest additional capital raised.



Michael Reeve

Chairman
14 October 2013

INVESTMENT PORTFOLIO

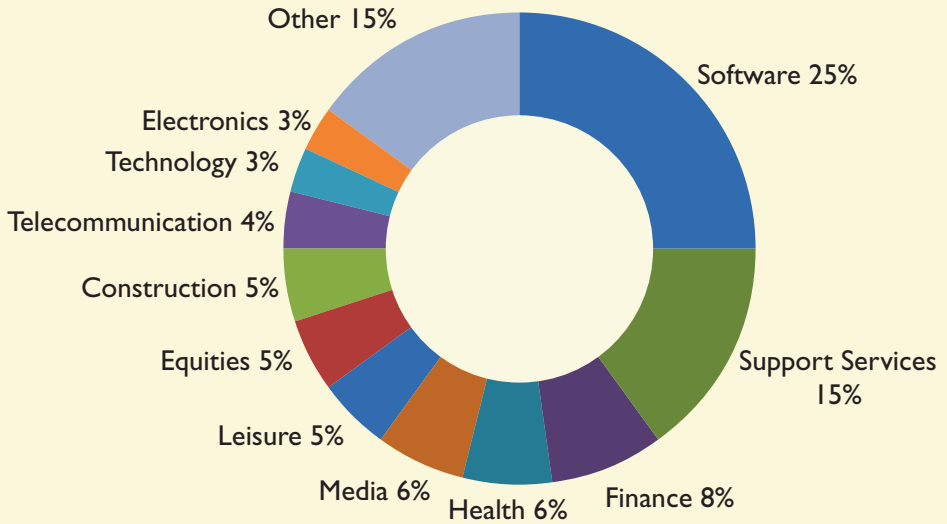
Investment portfolio as at 31 August 2013:

Quoted equity investments	Sector	Book costs as at 31 August 2013 £'000	Movement in valuation as at 31 August 2013 £'000	Fair value as at 31 August 2013 £'000	Movement in the 6 months to 31 August 2013 £'000	% equity held by AIMVCT	% equity held by all funds managed by Octopus
Advanced Comp Software Plc	Software	577	1,846	2,423	(138)	0.7%	3.3%
MyCelx Technologies plc	Equities	870	1,326	2,196	1,207	3.2%	7.4%
Breedon Aggregates Limited	Construction	902	1,239	2,141	413	0.8%	1.3%
Brooks MacDonald Group Plc	Finance	746	1,260	2,006	23	1.2%	2.8%
Staffline Recruitment Plc	Support Services	337	1,648	1,985	718	1.5%	11.5%
WANdisco Plc	Software	267	1,288	1,555	351	0.7%	2.6%
Itox Plc	Software	353	1,136	1,489	(856)	1.3%	4.2%
Netcall	Telecommunication	437	1,040	1,477	178	2.9%	5.1%
Escher Group Holdings plc	Software	1,002	471	1,473	88	3.2%	5.5%
EKF Diagnostics Plc	Healthcare	931	537	1,468	—	2.0%	5.8%
Quixant plc	Technology	718	733	1,451	733	2.4%	6.2%
Vertu Motors Plc	General Retailers	1,265	122	1,387	333	0.8%	5.6%
Tasty Plc	Leisure	369	904	1,273	507	2.6%	4.9%
Mattioli Woods Plc	Finance	523	721	1,244	265	2.0%	3.2%
Matchtech Group Plc	Support Services	346	754	1,100	376	1.1%	11.1%
TLA Worldwide plc	Media	807	282	1,089	202	4.6%	11.4%
GB Group plc	Support Services	493	557	1,050	153	0.9%	2.0%
RWS Holdings Plc	Support Services	367	616	983	196	0.3%	3.9%
Animalcare Group Plc	Food	304	586	890	148	2.6%	8.1%
Judges Scientific Plc	Electronics	300	507	807	254	1.0%	1.6%
Cello Group Plc	Media	895	(120)	775	279	1.5%	7.1%
Futura Medical Plc	Pharmaceuticals	613	91	704	5	1.4%	4.3%
Brady plc	Software	568	125	693	(212)	1.2%	2.0%
Clean Air Power Limited	Industrial	485	195	680	195	2.2%	11.4%
DP Poland Plc	Leisure	546	127	673	(273)	3.8%	6.4%
Cambridge Cognition Group plc	Healthcare	600	69	669	69	5.1%	18.1%
Cohort Plc	Aerospace & Defence	300	342	642	143	0.9%	4.4%
Gooch & Housego Plc	Electronics	489	147	636	120	0.5%	3.9%
Fusionex International plc	Software	279	329	608	162	0.4%	1.4%
Omega Diagnostics Plc	Healthcare	536	70	606	42	3.8%	7.1%
Nektan Limited	Software	600	—	600	—	3.0%	10.4%
Active Risk Group Plc	Software	862	(272)	590	356	5.2%	8.6%
Enteg Upstream Plc	Oil Services	1,032	(454)	578	(93)	1.7%	3.8%
Bond International Plc	Software	354	223	577	190	2.3%	3.4%
Craneaware Plc	Software	183	362	545	(14)	0.5%	1.2%
Immunodiagnostic Systems Plc	Healthcare	528	4	532	197	0.4%	2.6%
Adept Telecom Plc	Telecommunication	600	(73)	527	231	2.0%	4.1%
Synectics Plc	Support Services	344	183	527	138	0.6%	1.0%
SQS Software Plc	Software	291	212	503	158	0.5%	10.7%
Mears Group Plc	Support Services	139	354	493	43	0.1%	0.1%
Sinclair Pharma Plc	Pharmaceuticals & Biotech	771	(315)	456	28	0.4%	1.2%
Plastics Capital Plc	Engineering & Machinery	400	12	412	92	1.5%	17.0%
Tangent Communications Plc	Support Services	578	(217)	361	(159)	2.1%	5.9%
Plus 500 Ltd	Finance	285	29	314	29	0.2%	0.5%
Goals Soccer Centres Plc	Leisure	205	97	302	54	0.4%	2.3%
Altitude Group Plc	Media	600	(308)	292	8	3.9%	4.5%
Chime Communications Plc	Media	194	84	278	57	0.1%	0.4%
Corac Plc	Engineering & Machinery	348	(99)	249	(75)	0.8%	1.7%
Access Intelligence Plc	Software	375	(169)	206	(19)	3.2%	9.7%
Vianet Group Plc	Support Services	359	(160)	199	(83)	1.1%	4.6%
Woodspen Plc	Support Services	350	(233)	117	—	5.4%	11.3%
Hasgrove Plc	Media	88	(9)	79	(18)	1.7%	10.2%
Work Group Plc	Support Services	943	(867)	76	18	4.2%	6.3%
Tanfield Group Plc	Engineering & Machinery	226	(155)	71	16	0.2%	0.6%
In-Deed Online Plc	Support Services	301	(236)	65	(114)	3.5%	5.8%
SnackTime Plc	Support Services	531	(501)	30	7	2.1%	7.4%
Dods Group Plc	Media	203	(174)	29	(10)	0.2%	0.3%
Synarbor Plc	Support Services	15	7	22	—	0.8%	0.8%
		28,930	16,273	45,203	6,718		
Fully realised investments still held as part of the portfolio		480	(480)	—	—		
Total investments		29,410	15,793	45,203	6,718		
Money market funds		451	-	451	-		
Total fixed asset investments and money market funds		29,861	15,793	45,654			
Cash at bank				9,357			
Debtors less creditors				(1,421)			
Total net assets				53,590			

INVESTMENT PORTFOLIO (continued)

SECTOR ANALYSIS

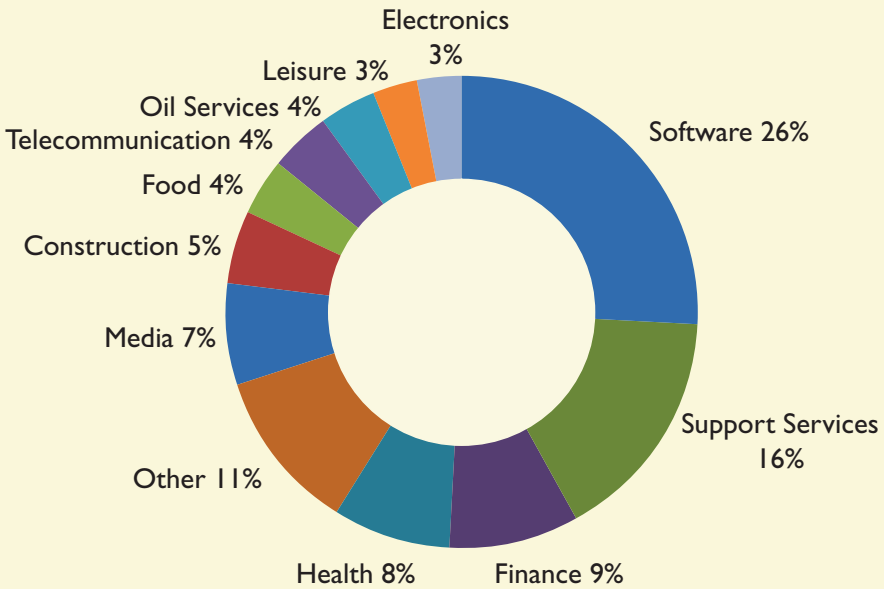
Equity Investments by Market Value as at 31 August 2013



INVESTMENT PORTFOLIO (continued)

SECTOR ANALYSIS

Equity Investments by Market Value at 31 August 2012



RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY REPORT

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with the statement "Half-Yearly Financial Reports" issued by the UK Accounting Standards Board;
- the half-yearly report includes a fair review of the information required by the Financial Services Authority Disclosure and Transparency Rules, being:
 - an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements.
 - a description of the principal risks and uncertainties for the remaining six months of the year; and
 - a description of related party transactions that have taken place in the first six months of the current financial year; that may have materially affected the financial position or performance of the Company during that period and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board



Michael Reeve

Chairman

14 October 2013

INCOME STATEMENT

	Six months to 31 August 2013		
	Revenue £'000	Capital £'000	Total £'000
Realised gain/(loss) on disposal of fixed asset investments	–	181	181
Unrealised gain on valuation of fixed asset investment	–	6,718	6,718
Income	300	–	300
Investment management fees	(109)	(328)	(437)
Other expenses	(132)	–	(132)
(Loss)/profit on ordinary activities before tax	59	6,571	6,630
Taxation on (loss)/profit on ordinary activities	–	–	–
(Loss)/profit on ordinary activities after tax	59	6,571	6,630
Earnings per share – basic and diluted	0.1p	13.2p	13.3p

	Six months to 31 August 2012			Year to 28 February 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gain/(loss) on disposal of fixed asset investments	–	(19)	(19)	–	455	455
Unrealised gain on valuation of fixed asset investment	–	1,423	1,423	–	5,533	5,533
Income	260	-	260	523	–	523
Investment management fees	(99)	(296)	(395)	(202)	(606)	(808)
Other expenses	(114)	–	(114)	(232)	–	(232)
(Loss)/profit on ordinary activities before tax	47	1,108	1,155	89	5,382	5,471
Taxation on (loss)/profit on ordinary activities	–	–	–	–	–	–
(Loss)/profit on ordinary activities after tax	47	1,108	1,155	89	5,382	5,471
Earnings per share – basic and diluted	0.1p	2.4p	2.5p	0.2p	11.4p	11.6p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations.
- The accompanying notes are an integral part of the half-yearly report.
- The Company has no recognised gains or losses other than those disclosed in the income statement.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Six months ended 31 August 2013 £'000	Six months ended 31 August 2012 £'000	Year to 28 February 2013 £'000
Shareholders' funds at start of period	44,123	39,689	39,689
Profit/(loss) on ordinary activities after tax	6,630	1,155	5,471
Shares purchased and cancelled	(799)	(507)	(10,872)
Issue of equity	4,898	2,234	12,071
Increase/(decrease) in shares to be issued	–	–	123
Shares to be issued	–	–	–
Dividends paid	(1,262)	(1,180)	(2,359)
Shareholders' funds at end of period	53,590	41,391	44,123

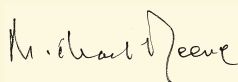
BALANCE SHEET

	As at 31 August 2013 £'000 £'000		As at 31 August 2012 £'000 £'000		As at 28 February 2013 £'000 £'000	
Fixed asset investments*	45,203		33,211		37,491	
Current assets:						
Money market securities*	451		7,056		5,799	
Debtors	47		80		71	
Cash at bank	9,357		1,076		841	
	9,855		8,212		6,711	
Creditors: amounts falling due within one year	(1,468)		(32)		(79)	
Net current assets	8,387		8,180		6,632	
Net assets	53,590		41,391		44,123	
Called up equity share capital	513		476		467	
Shares to be issued	–		–		402	
Share premium account	17,184		2,484		11,939	
Capital redemption reserve	130		9		121	
Special distributable reserve	44,383		55,547		45,182	
Capital reserve realised	(25,728)		(21,904)		(22,758)	
Capital reserve unrealised	16,774		4,546		8,495	
Revenue reserve	334		233		275	
Total equity shareholders' funds	53,590		41,391		44,123	
Net asset value per share	104.4p		86.9p		93.7p	

*Held at fair value through profit & loss

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

The statements were approved by the Directors and authorised for issue on 14 October 2013 and are signed on their behalf by:



Michael Reeve
Chairman

Company No: 03477519

CASH FLOW STATEMENT

	Six months to 31 August 2013 £'000	Six months to 31 August 2012 £'000	Year to 28 February 2013 £'000
Net cash outflow from operating activities	1,144	(321)	(533)
Financial investment:			
Purchase of fixed asset investments	(2,904)	(1,639)	(3,671)
Disposal of fixed asset investments	2,090	268	2,604
Management of cash equivalent resources:			
Purchase of current asset investment	(5,911)	(1,552)	(7,859)
Disposal of current asset investment	11,260	3,105	10,669
Net cash (outflow)/inflow from investing activities	5,679	(139)	1,210
Dividends paid	(1,262)	(1,180)	(2,359)
Financing:			
Shares to be issued	–	–	402
Issue of equity	4,898	2,234	11,792
Shares re-purchased	(799)	(507)	(10,872)
	2,837	547	(1,037)
Increase/(decrease) in cash at bank	8,516	408	173

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Six months to 31 August 2013 £'000	Six months to 31 August 2012 £'000	Year to 28 February 2013 £'000
Increase/(decrease) in cash at bank	8,516	408	173
(Decrease)/increase in cash equivalents	(5,348)	(1,553)	(2,810)
Opening net liquid resources	6,640	9,277	9,277
Net cash resources at end of period	9,808	8,132	6,640

RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Six months to 31 August 2013 £'000	Six months to 31 August 2012 £'000	Year to 28 February 2013 £'000
Profit/(loss) on ordinary activities before tax	6,630	1,155	5,471
(Gain)/loss on realisation of investments	(181)	19	(455)
(Gain)/loss on valuation of investments	(6,718)	(1,423)	(5,533)
Decrease/(increase) in debtors	24	(24)	(15)
Increase/(decrease) in creditors	1,389	(48)	(1)
Net cash outflow from operating activities	1,144	(321)	(533)

NOTES TO THE HALF-YEARLY REPORT

1. Basis of preparation

The unaudited interim results which cover the six months to 31 August 2013 have been prepared in accordance with applicable accounting standards and adopting the accounting policies set out in the statutory accounts of the Company for the year ended 28 February 2013.

2. Publication of non-statutory accounts

The unaudited interim results for the six months ended 31 August 2013 do not constitute statutory accounts within the meaning of s.415 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The comparative figures for the year ended 28 February 2013 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements, in accordance with chapter 3 of part 16 of the Companies Act 2006, was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

3. Earnings per share

The earnings per share at 31 August 2013 is calculated on the basis of 49,940,509 (28 February 2013: 47,141,571 and 31 August 2012: 46,971,685) shares, being the weighted average number of shares in issue during the period.

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

4. Net asset value per share

The calculation of net asset value per share is based on the net assets at 31 August 2013 and on 51,324,649 (28 February 2013: 47,088,019 and 31 August 2012: 47,615,243) shares being the number of shares in issue, excluding shares held in Treasury, at the same date.

5. Dividends

The interim dividend declared of 2.5 pence per Ordinary share will be paid on 16 January 2014 to those shareholders on the register on 20 December 2013.

6 Risks and uncertainties

The Company's assets consist of equity and fixed-rate interest investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a VCT, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 28 February 2013. The Company's principal risks and uncertainties have not changed materially since the date of that report.

7. Related Party Transactions

Octopus acts as the investment manager of the Company. Under the management agreement, Octopus receives a fee of 2.0 per cent per annum of the net assets of the Company for the investment management services. During the period, the Company incurred management fees of £437,000 (28 February 2013: £808,000 and 31 August 2012: £395,000) payable to Octopus. At the period end there was £Nil (28 February 2013: £Nil and 31 August 2012: £Nil) outstanding to Octopus.

8. This statement will be made available to all shareholders. Copies are also available from the registered office of the Company at 20 Old Bailey, London, EC4M 7AN, and will also be available to view on the Investment Manager's website at www.octopusinvestments.com.

DIRECTORS AND ADVISERS

Board of Directors

Michael Reeve MBE, FCA – Chairman
Stephen Hazell-Smith
Roger Smith
Marion Sears

Secretary and Registered Office

Patricia Standaloft ACIS
20 Old Bailey
London
EC4M 7AN

Registered in England No: 03477519

Investment & Administration Manager

Octopus Investments Limited
20 Old Bailey
London
EC4M 7AN
Tel: 0800 316 2349
www.octopusinvestments.com

Registrar

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0324 (calls cost 10p per minute
plus network extras)
www.capitaregistrars.com

Independent Auditor

BDO LLP
Farringdon Place
20 Farringdon Road
London
EC1M 3AP

Taxation Advisor

PricewaterhouseCoopers UK
1 Embankment Place
London
WC2N 6RH

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

