



Unaudited half-yearly report for the six months ended 31 May 2018

Company number: 05528235

For UK investors only

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Octopus AIM VCT 2 PLC (the “Company”) 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-traded companies.

The Company is managed by Octopus Investments Limited (“Octopus” or “the Manager”).

Investment Policy

The Company’s investment policy has been designed to enable it to comply with the VCT qualifying conditions. The Board intends that the long-term disposition of the Company’s assets will be not less than 85% in a portfolio of qualifying AIM, NEX Exchange traded or unquoted companies where the management view an initial public offering (IPO) on AIM or the NEX Exchange is a short to medium term objective. The non-qualifying balance (up to 15% of the Company’s funds) will be invested in permitted investments held for short term liquidity, generally comprising short term cash or money market deposits with a minimum Moody’s long term debt rating of ‘A’. A proportion of the 15% could be invested in authorised funds managed by Octopus or directly in equity investments and bonds. This provides a reserve of liquidity which should maximise the Company’s flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buybacks.

Risk is spread by investing in a number of different businesses across a range of industry sectors using a mixture of securities. The maximum amount invested in any one company is limited to the amount permitted pursuant to VCT legislation in a fiscal year and no more than 15% of the Company’s assets, at cost, will be invested in the same company. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. However, shareholders should be aware that the Company’s qualifying investments are held with a view to long-term capital growth as well as income and will often have limited marketability; as a result it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available. Investments will normally be made using the Company’s equity shareholders’ funds and it is not intended that the Company will take on any borrowings.

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

No material changes may be made to the Company’s investment policy described above without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors will continually monitor the investment process and ensure compliance with the investment policy.

Financial Summary

	Six months to 31 May 2018	Six months to 31 May 2017	Year to 30 November 2017
Net assets (£'000s)	90,480	75,653	86,911
Profit on ordinary activities after tax (£'000s)	5,981	10,523	8,192
Net asset value ('NAV') per share	91.0p	91.8p	87.1p
NAV Total Return*	6.9%	16.4%	13.2%
Ordinary Dividends paid in the period	2.1p	2.0p	4.1p
Interim dividend**	2.1p	2.1p	2.1p

*NAV Total Return is calculated as (movements in NAV + dividends paid in the period) divided by the NAV at the beginning of the period.

**The interim dividend will be paid on 18 October 2018 to shareholders on the register on 28 September 2018.

Key Dates

Financial Calendar

The Company's financial calendar is as follows:

Interim dividend payment date	18 October 2018
Annual results to 30 November 2018 announced	February 2019
Half yearly results to 31 May 2019	July 2019

Chairman's Statement

I am pleased to present the half-yearly results for the Octopus AIM VCT 2 plc. The six months to 31 May 2018 has been a volatile period for stock market indices but the overall direction has been positive and against this background the portfolio has made good progress.

The Board has declared a dividend of 2.1p which will be paid on 18 October 2018.

The Managers have made a number of new investments in the six months period and these are more fully explained in the Interim Management Report. The recent strength in the pipeline of potential new investments has continued, so at this stage it is probable that there will be more new holdings made in the second half of the year.

The Board has announced the intention to launch a new public offer of shares, with further details to be made available in due course. On the basis of current evidence the Manager believes there will be good investment opportunities for new funds, despite the fact that the market is likely to be prone to further bouts of Brexit related uncertainty as March 2019 approaches.



Keith Mullins
Chairman
18 July 2018

Interim Management Report

Overview

The six months to 31 May 2018 has seen the stock market continue to make good progress even though bouts of uncertainty have contributed to increased volatility and some individual months of negative returns. Against this less certain background, larger companies marginally outperformed smaller companies, a departure from the long term trend.

Despite this, fundraisings on AIM continued to be strong with the exception of a seasonally slower January. Once again, further fundraisings for existing AIM companies exceeded those for new issues, demonstrating that AIM continues to support its existing members. With this in mind, we have announced an intention to raise further funds as we believe that the flow of opportunities will continue to pick up now that market participants have become more familiar with the recent changes to the VCT rules.

Performance

Adding back the 2.1p paid out in dividends in the period, the Net Asset Value has increased by 6.9% in the six months to 31 May 2018. This compares with a 4.2% rise in the Smaller Companies Index (ex Investment Trusts), a 6.7% increase in the FTSE All Share Index and a 6.2% rise in AIM, all on a total return basis. Larger company Indices performed very slightly better in the period reflecting a more cautious attitude to risk. Performance remained stock specific and heavily influenced by the announcement of news with the market remaining wary of the majority of early stage companies not yet making a profit, of which we hold a number in the portfolio, particularly in the pharmaceutical, medical device and technology sectors. The portfolio benefitted from a number of takeovers in the period, with Escher, SQS, City Fibre and Freeagent all the subject of bids.

Of the good performers in the portfolio, quite a few saw their share prices react positively to corporate developments, either internally generated or as a result of acquisitions. Learning Technologies continued to trade well, demonstrating that it had integrated the 2017 acquisition of NetDimensions. It also announced the takeover of PeopleFluent, a mostly US based business specialising in talent management within organisations. Analysts have upgraded their forecasts on the back of the deal which expands the geographical reach of the business as well as enabling the company to address other parts of the human resource budget. Loopup was another very good performer with upgrades to forecasts enhanced by the recent earnings enhancing acquisition of Meetingzone which gives the business further significant scale. Netcall shares also performed well as it was re-evaluated by the stockmarket following the acquisition of low-code software provider MatsSoft. Other significant contributors to performance in the period were GB Group where the market is now starting to grasp the scale of its opportunity to become a global supplier of verification and identification services, Craneware, which continued to win business for its new software platform from the US hospital sector and EKF Group which has turned its business around, restored profitability

and begun to demonstrate growth in its point of care diagnostics business. VR Education, a new investment in the period also had a very strong debut on AIM.

Some of the more mature profitable businesses such as Breedon and RWS paused for breath in the period despite both of them making significant acquisitions which open up new markets for growth, but the big drags on performance were Animalcare and Idox, both of which had profit warnings and exposed significant internal problems in the period which are currently in the process of being resolved. The task of integrating the Animalcare business with the much larger European Ecuphar business has had an impact on short term profitability and it is now apparent that any benefits will take much longer than first expected to come through. In the case of Idox, it has been through a painful process of downgrades to forecasts, a temporary Chief Executive and the recently announced appointment of a new Chief Executive. In both cases this has depressed shares as the market awaits proof that things have improved.

Portfolio Activity

In the period under review, the Company made ten qualifying investments totalling £4.5 million, considerably ahead of the £1.8 million we invested in the corresponding period last year and just exceeding the total qualifying amount invested in the year to November 2017. Four of these, Fusion Antibodies, VR Education, KRM22 and Maestrano, were in companies floating on AIM with a further three, PCI-Pal, Diurnal and Ixico into existing AIM companies and one investment, Popsa into a private company. The remaining two were follow-on investments into Access Intelligence to expand the scope of its corporate communications management and reputation management software platform, and Osirium to continue to develop partners to sell its security software for managing privileged access accounts. Since the period end, we have made one further follow-on investment into Microsaic totalling £200,000, and in addition a new holding into Immotion Group plc, for total consideration £250,000.

In the period we also invested a further £300,000 of the cash balances into the FP Octopus UK Micro Cap Fund, with the objective of obtaining a better return on our cash awaiting investment.

A number of disposals were made in the period. The result has been a net gain of £951,000 since acquisition, with profits being taken on shares held in Learning Technologies, Gooch and Housego and Quixant; the profitable disposals of the entire holdings in SQS, Escher, Freeagent and Tyratech as a result of takeovers and corporate actions. These profitable disposals were offset by the disposal of our entire holding in Faron at a loss after the company's lead compound failed to work in its phase III drugs trial.

Transactions with Manager

Details of amounts paid to the Manager are disclosed in note 8 to the half yearly report and accounts.

Share Buybacks

In the six months to May 2018, the Company bought back 882,288 Ordinary shares for total consideration of £743,000 as disclosed in note 6 to the half yearly report and accounts. It is evident from the conversations which the Managers have that this facility remains an important consideration to investors. The Board remains committed to maintaining its policy of buying back shares at a 5% discount to NAV.

Share Issues and Fundraising

On 13 April 2018 106,782 new shares were issued in connection with the 2017/8 prospectus offer which closed fully subscribed. The Board has announced the intention to launch a new prospectus offer in combination with the Octopus AIM VCT plc. Further details will be available in due course.

In addition 354,224 new ordinary shares were issued in May 2018 to shareholders who participated in the dividend reinvestment scheme (DRIS). Further details can be seen in note 6 to the half yearly report and accounts.

Dividend

On 20 April 2018, the Company paid a dividend of 2.1p per share, being the final dividend for the year ended 30 November 2017. For the period to 31 May 2018, the Board has declared an interim dividend of 2.1p. This will be paid on 18 October 2018 to shareholders on the register on 28 September 2018.

It remains the Board's intention to maintain a minimum annual dividend payment of 3.6p per share or a 5% yield based on the prior year end share price, whichever is greater. This will usually be paid in two instalments during each year.

Risks, Uncertainties

The principal risks and uncertainties are set out in note 7 to the half yearly report and accounts.

Outlook

International trade politics and the problem of how we will extricate ourselves from the European Union continue to dominate headlines, and against this increasingly uncertain background stock markets have suffered bouts of volatility which is something that will probably recur. However, it is encouraging that the Net Asset Value has continued to make progress in 2018, helped by some positive trading updates from portfolio companies.

We would expect that positive news trend to continue with the interim results season in September, as management teams persevere with their efforts to grow their companies, despite political issues.

The portfolio now contains 75 holdings across a range of sectors with the balance still weighted towards profitable companies which are continuing to pursue growth. There has been a good flow of VCT qualifying opportunities and we see no signs of this drying up as entrepreneurs continue to seek growth and success for their companies. As at 31 May 2018, the VCT is 90.4% invested in qualifying companies and the proposed fundraising will make cash available for new investments, potentially giving the VCT the chance to take advantage of any lowering of valuations in the new issue market that may result from any market uncertainty.

The AIM Team
Octopus Investments
18 July 2018

Investment Portfolio

Quoted Investments

Investee Company	Sector	Book cost as at 31 May 2018 £'000	Cumulative change in Fair Value £'000	Fair Value as at 31 May 2018 £'000	Movement in period £'000	Equity held by Octopus AIM VCT 2 plc %	Equity held by all funds managed by Octopus %
GB Group plc	Support Services	477	3,573	4,050	668	0.51%	10.72%
Breedon Group plc	Construction & Buildings	573	3,360	3,933	(172)	0.28%	2.77%
Learning Technologies Group plc	Support Services	790	2,999	3,789	1,689	0.52%	1.46%
Quixant plc	Technology Hardware	391	3,303	3,694	340	1.28%	4.40%
Craneware plc	Software	479	2,411	2,890	656	0.59%	1.77%
Yu Group plc	Utilities	470	1,867	2,337	318	1.56%	8.63%
Gear4music Holdings plc	Media	372	1,537	1,909	51	1.28%	5.50%
VR Education Holdings plc	Software	720	936	1,656	936	3.73%	10.75%
RWS Holdings plc	Support Services	249	1,277	1,526	(346)	0.16%	6.34%
Animalcare Group plc	Pharmaceuticals & Biotech	824	707	1,531	(1,226)	1.46%	2.37%
LoopUp Group plc	Software	320	1,152	1,472	640	0.58%	3.21%
EKF Diagnostics Holdings plc	Health	864	579	1,443	325	0.97%	2.62%
Brooks Macdonald Group plc	Finance	610	808	1,418	51	0.53%	11.35%
Ergomed plc	Pharmaceuticals & Biotech	960	406	1,366	238	1.32%	6.80%
Netcall plc	Telecommunications Services	356	963	1,319	324	1.51%	3.58%
IDOX plc	Software	356	862	1,218	(937)	0.90%	2.06%
Staffline Recruitment Group plc	Support Services	225	962	1,187	(94)	0.44%	16.32%
Adept Telecom plc	Telecommunications Services	502	680	1,182	143	1.51%	3.54%
Next Fifteen Communications Group plc	Media	458	669	1,127	290	0.28%	13.03%
DP Poland plc	Leisure & Hotels	678	395	1,073	(96)	2.07%	6.50%
Gooch & Housego plc	Electronic & Electrical	315	716	1,031	(89)	0.31%	15.56%
FairFx Group plc	Finance	632	381	1,013	109	0.70%	2.19%
Advanced Medical Solutions Group plc	Pharmaceuticals & Biotech	505	533	1,038	56	0.15%	9.90%
CityFibre plc	Telecommunications Services	739	210	949	276	0.18%	0.58%
Cambridge Cognition Holdings plc	Health	400	538	938	80	2.76%	6.91%
Vertu Motors plc	General Retailers	777	145	922	45	0.49%	4.34%
Clinigen Group plc	Pharmaceuticals & Biotech	625	260	885	(163)	0.08%	4.71%

Investee Company	Sector	Book cost as at 31 May 2018 £'000	Cumulative change in Fair Value £'000	Fair Value as at 31 May 2018 £'000	Movement in period £'000	Equity held by Octopus AIM VCT 2 plc %	Equity held by all funds managed by Octopus %
Osirium Technologies plc	Electronic & Electrical	900	3	903	(9)	4.57%	17.26%
Restore plc	Support Services	227	676	903	(45)	0.14%	9.86%
appScatter Group plc	Software	838	13	851	219	2.04%	5.36%
Judges Scientific plc	Electronic & Electrical	209	617	826	185	0.54%	1.36%
Plastics Capital plc	Industrial Engineering	485	346	831	(58)	1.85%	7.67%
Fusion Antibodies plc	Health	385	432	817	432	2.12%	5.52%
Abcam plc	Pharmaceuticals & Biotech	358	371	729	140	0.03%	2.81%
Ixico plc	Pharmaceuticals & Biotech	751	161	912	161	5.74%	14.34%
Nasstar plc	Software	320	415	735	64	1.12%	3.17%
MyCelx Technologies Corporation	Oil Equipment & Services	980	(329)	651	147	2.89%	9.27%
Brady plc	Software	647	(5)	642	10	1.22%	3.01%
Gamma Communications plc	Telecommunications Services	326	295	621	108	0.09%	10.19%
KRM22 plc	Equity Investment Instruments	454	159	613	159	n/a	n/a
Beeks Financial Cloud Group plc	Software	382	245	627	305	1.52%	3.97%
Scientific Digital Imaging plc	Electronic & Electrical	119	460	579	238	1.66%	8.58%
Escape Hunt plc	Leisure & Hotels	659	(112)	547	(112)	2.41%	6.02%
WANdisco plc	Software	96	444	540	254	0.13%	0.32%
Cello Group plc	Media	205	329	534	(18)	0.43%	3.58%
Access Intelligence plc	Software	526	1	527	93	2.62%	6.34%
TLA Worldwide plc	Media	538	(40)	498	202	1.88%	4.69%
Maestrano Group plc		424	1	425	-	3.53%	8.83%
Futura Medical plc	Pharmaceuticals & Biotech	645	(238)	407	119	0.94%	7.20%
PCI-Pal plc	Software	480	(75)	405	(75)	2.51%	6.27%
lomart Group plc	Software	178	228	406	45	0.09%	12.65%
Mattioli Woods plc	Finance	101	278	379	5	0.18%	2.14%
Velocity Composites plc	Aerospace & Defence	533	(219)	314	(263)	1.75%	4.93%
Omega Diagnostics Group plc	Health	318	(3)	315	(300)	2.25%	5.26%

Investment Portfolio continued

Investee Company	Sector	Book cost as at 31 May 2018 £'000	Cumulative change in Fair Value £'000	Fair Value as at 31 May 2018 £'000	Movement in period £'000	Equity held by Octopus AIM VCT 2 plc %	Equity held by all funds managed by Octopus %
Vectura Group plc	Pharmaceuticals & Biotech	332	3	335	(43)	0.06%	0.15%
Maxcyte Inc	Pharmaceuticals & Biotech	340	(48)	292	(5)	0.80%	3.36%
TP Group plc	Industrial Engineering	452	(180)	272	70	0.49%	2.52%
FreeAgent Holdings plc	Software	185	75	260	95	0.50%	3.15%
Tasty plc	Leisure & Hotels	336	(80)	256	(134)	1.87%	4.36%
Haydale Graphene Industries plc	Chemicals	399	(150)	249	(32)	0.91%	5.00%
Diurnal Group plc	Pharmaceuticals & Biotech	240	5	245	5	0.21%	0.51%
Enteq Upstream plc	Oil Equipment & Services	687	(447)	240	96	1.11%	2.77%
Sinclair IS Pharma plc	Pharmaceuticals & Biotech	274	(86)	188	(105)	0.22%	0.54%
Microsaic Systems plc	Electronic & Electrical	722	(577)	145	76	3.99%	9.98%
Nektan Limited	Leisure & Hotels	563	(470)	93	(4)	0.89%	7.36%
Genedrive Plc	Pharmaceuticals & Biotech	140	(79)	61	-	0.94%	2.34%
Mears Group plc	Support Services	51	8	59	(17)	0.02%	0.14%
Midatech Pharma plc	Pharmaceuticals & Biotech	400	(358)	42	(22)	0.25%	1.59%
ReNeuron Group plc	Pharmaceuticals & Biotech	216	(187)	29	(51)	0.14%	1.32%
ISpatial plc	Support Services	200	(180)	20	(3)	0.08%	0.74%
Location Sciences Group plc	Software	509	(502)	7	2	0.13%	0.34%
Bond International Software plc	Software	1	-	1	-	n/a	n/a
Total Quoted Investments		32,798	33,429	66,227	6,046		
Unquoted Investments							
Hasgrove plc	Media	153	59	212	-	2.60%	15.70%
Rated People Ltd	Software	236	(178)	58	-	0.34%	1.49%
Popsa Holdings Ltd	Software	480	1	481	-	n/a	n/a
Fusionex International plc	Software	188	(109)	79	-	0.23%	0.57%
Total Unquoted Investments		1,057	(227)	830	-		

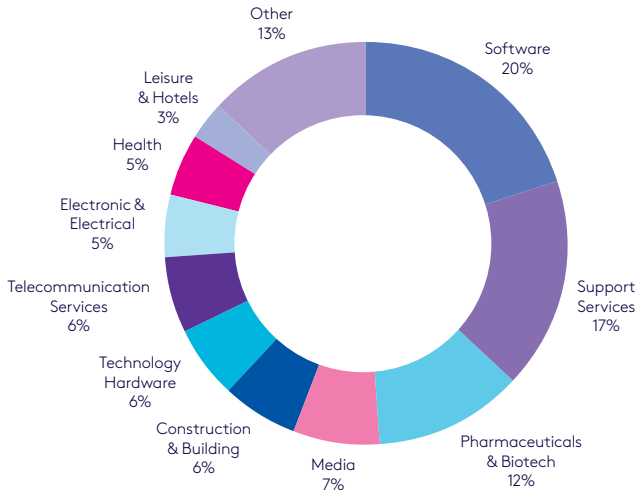
Loan Notes	Sector	Book cost as at 31 May 2018 £'000	Cumulative change in Fair Value £'000	Fair Value as at 31 May 2018 £'000	Movement in period £'000	Equity held by Octopus AIM VCT 2 plc %	Equity held by all funds managed by Octopus %
Nektan Limited	Software	330	–	330	–		
Total Loan Notes		330		330			
Current Asset Investments							
Octopus Portfolio Manager – Conservative Capital Growth		7,000	358	7,358	54		
Octopus Portfolio Manager – Defensive Capital Growth		7,000	182	7,182	(8)		
FP Octopus UK Micro Cap Growth Fund		2,200	670	2,870	318		
Total Current Asset Investments		16,200	1,210	17,410	364		
Total Fixed and Current Asset Investments				84,797			
Money Market Funds				4,438			
Cash at Bank				1,779			
Debtors less Creditors				(534)			
Total Net Assets				90,480			

Investment Portfolio continued

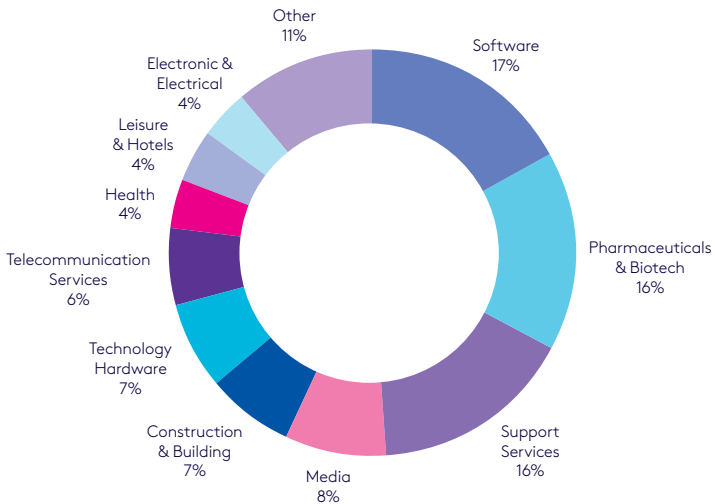
Sector Analysis

The graph below shows the sectors the Fund is invested in by value.

31 May 2018



31 May 2017



Director's Responsibilities Statement

We confirm that to the best of our knowledge:

- the half-yearly financial statements have been prepared in accordance with Financial Reporting Standard 104 'Interim Financial Reporting' issued by the Financial Reporting Council;
- the half-yearly report includes a fair review of the information required by the Financial Conduct 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



Keith Mullins
Chairman
18 July 2018

Income Statement

	Unaudited Six months to 31 May 2018			Unaudited Six months to 31 May 2017			Audited Year to 30 November 2017		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	-	262	262	-	134	134	-	223	223
Gain on valuation of fixed asset investments	-	6,046	6,046	-	10,307	10,307	-	8,351	8,351
Gain on valuation of current asset investments	-	364	364	-	575	575	-	672	672
Investment income	234	-	234	243	-	243	561	-	561
Investment management fees	(179)	(536)	(715)	(119)	(357)	(476)	(282)	(847)	(1,129)
Other expenses	(210)	-	(210)	(260)	-	(260)	(486)	-	(486)
Profit/(loss) on ordinary activities before tax	(155)	6,136	5,981	(136)	10,659	10,523	(207)	8,399	8,192
Taxation on profit/(loss) on ordinary activities	-	-	-	-	-	-	-	-	-
Profit/(loss) on ordinary activities after tax	(155)	6,136	5,981	(136)	10,659	10,523	(207)	8,399	8,192
Return per share – basic and diluted	(0.2)p	6.2p	6.0p	(0.2)p	13.3p	13.1p	(0.3)p	10.0p	9.7p

- 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 in accordance with the AIC Statement of Recommended Practice.
- all revenue and capital items in the above statement derive from continuing operations.
- the Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds, as well as OEIC funds.

Balance Sheet

	Unaudited As at 31 May 2018		Unaudited As at 31 May 2017		Audited As at 30 November 2017	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments		67,387		60,820		59,634
Current assets:						
Investments	21,848		13,475		21,176	
Debtors	46		22		98	
Cash at bank	1,779		1,690		6,507	
	23,673		15,187		27,781	
Creditors: amounts falling due within one year	(580)		(354)		(504)	
Net current assets		23,093		14,833		27,277
Net assets		90,480		75,653		86,911
Called up equity share capital		10		8		10
Share premium		44,597		27,945		44,186
Special distributable reserve		22,621		28,098		25,444
Capital reserve – realised		(10,656)		(9,947)		(11,071)
– unrealised		34,411		29,826		28,690
Revenue reserve		(503)		(277)		(348)
Total equity shareholders' Funds		90,480		75,653		86,911
Net asset value per share		91.0p		91.8p		87.1p

The statements were approved by the Directors and authorised for issue on 18 July 2018 and are signed on their behalf by:



Keith Mullins
Chairman

Company Number: 05528235

Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Special distributable reserves £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Total £'000
As at 1 December 2017	10	44,186	25,444	(11,071)	28,690	(348)	86,911
Total comprehensive income for the period	-	-	-	(274)	6,410	(155)	5,981
Contributions by and distributions to owners:							
Repurchase and cancellation of own shares	-	-	(743)	-	-	-	(743)
Issue of shares	-	416	-	-	-	-	416
Share issue costs	-	(5)	-	-	-	-	(5)
Dividends paid	-	-	(2,080)	-	-	-	(2,080)
Total contributions by and distributions to owners	-	411	(2,823)	-	-	-	(2,412)
Prior years' holding gains now realised	-	-	-	689	(689)	-	-
Total other movements	-	-	-	689	(689)	-	-
Balance as at 31 May 2018	10	44,597	22,621	(10,656)	34,411	(503)	90,480

Included in these reserves is an amount of £11,462,000 (31 May 2017: £17,874,000 and 30 November: £14,025,000) which is considered distributable to shareholders.

As at 1 December 2016	8	23,405	30,513	(10,168)	19,388	(141)	63,005
Total comprehensive income for the period	-	-	-	(223)	10,882	(136)	10,523
Contributions by and distributions to owners:							
Repurchase and cancellation of own shares	-	-	(767)	-	-	-	(767)
Issue of shares	-	4,816	-	-	-	-	4,816
Share issue costs	-	(276)	-	-	-	-	(276)
Dividends paid	-	-	(1,648)	-	-	-	(1,648)
Total contributions by and distributions to owners	-	4,540	(2,415)	-	-	-	2,125
Other movements:							
Prior years' holding losses now realised	-	-	-	444	(444)	-	-
Total other movements	-	-	-	444	(444)	-	-
Balance as at 31 May 2017	8	27,945	28,098	(9,947)	29,826	(277)	75,653

	Share Capital £'000	Share Premium £'000	Special distributable reserves £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Total £'000
As at 1 December 2016	8	23,405	30,513	(10,168)	19,388	(141)	63,005
Total comprehensive income for the period	-	-	-	(624)	9,023	(207)	8,192
Contributions by and distributions to owners:							
Repurchase and cancellation of own shares	-	-	(1,527)	-	-	-	(1,527)
Issue of shares	2	22,086	-	-	-	-	22,088
Share issue costs	-	(1,305)	-	-	-	-	(1,305)
Dividends paid	-	-	(3,542)	-	-	-	(3,542)
Total contributions by and distributions to owners	2	20,781	(5,069)	-	-	-	15,714
Prior years' holding losses now realised	-	-	-	(279)	279	-	-
Total other movements	-	-	-	(279)	279	-	-
Balance as at 30 November 2017	10	44,186	25,444	(11,071)	28,690	(348)	86,911

Cash Flow Statement

	Unaudited Six months to 31 May 2018 £'000	Unaudited Six months to 31 May 2017 £'000	Audited Year to 30 November 2017 £'000
Cash flows from operating activities	5,981	10,523	8,192
Return on ordinary activities before tax			
Adjustments for:			
Decrease/(increase) in debtors	52	27	(49)
Increase/(decrease) in creditors	76	(5)	145
Gain on disposal of fixed assets	(262)	(134)	(223)
Gain on valuation of fixed asset investments	(6,046)	(10,307)	(8,351)
Gain on valuation of current asset investments	(364)	(575)	(672)
Cash from operations	(563)	(471)	(958)
Income taxes paid	-	-	-
Net cash generated from operating activities	(563)	(471)	(958)
Cash flows from investing activities			
Purchase of fixed asset investments	(4,494)	(2,089)	(4,541)
Sale of fixed asset investments	3,049	1,447	3,218
Purchase of current asset investments	(300)	(2,300)	(9,900)
Net cash flows from investing activities	(1,745)	(2,942)	(11,223)
Cash flows from financing activities			
Purchase of own shares	(743)	(767)	(1,527)
Share issues	93	4,540	20,299
Dividends paid	(1,762)	(1,648)	(3,058)
Net cash flows from financing activities	(2,412)	2,125	15,714
(Decrease)/increase in cash and cash equivalents	(4,720)	(1,288)	3,533
Opening cash and cash equivalents	10,937	7,404	7,404
Closing cash and cash equivalents	6,217	6,116	10,937
Cash and cash equivalents comprise			
Cash at bank	1,779	1,690	6,507
Money Market Funds	4,438	4,426	4,430
	6,217	6,116	10,937

Notes to the Half-Yearly Report

1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 May 2018 have been prepared in accordance with the Financial Reporting Council's (FRC) Financial Reporting Standard 104 Interim Financial Reporting (March 2015) and the Statement of Recommended Practice (SORP) for Investment Companies issued by the Association of Investment Companies in 2014 (updated in February 2018).

2. Publication of non-statutory accounts

The unaudited half-yearly results for the six months ended 31 May 2018 do not constitute statutory accounts within the meaning of Section 415 of the Companies Act 2006. The comparative figures for the year ended 30 November 2017 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, 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 May 2018 are calculated on the basis of 99,400,679 shares (31 May 2017: 80,186,095 and 30 November 2017: 84,188,566), being the weighted average number of Ordinary shares in issue during the period.

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

4. Net asset value per share

The net asset value per share is based on net assets as at 31 May 2018 divided by 99,391,431 Ordinary shares in issue at that date (31 May 2017: 82,429,702 and 30 November 2017: 99,812,713).

5. Dividends

The Directors have declared a dividend of 2.1 pence per Ordinary share, payable from the special distributable reserve. This dividend will be paid on 18 October 2018 to those shareholders on the register at 28 September 2018.

6. Buybacks and share issues

During the six months ended 31 May 2018 the Company repurchased the following shares.

Date	No. of shares	Price (p)	Cost (£)
21 December 2017	103,758	83.0	86,000
25 January 2018	218,357	86.1	188,000
2 March 2018	263,296	84.0	221,000
29 March 2018	222,376	83.3	185,000
27 April 2018	74,501	84.5	63,000
Total	882,288		743,000

The weighted average price of all buybacks during the period was 84.3 pence per share.

During the six months ended 31 May 2018 the Company issued the following shares:

Date	No. of shares	Price (p)	Net proceeds (£)
13 April 2018	106,782	93.0	93,000
18 May 2018 (DRIS)	354,224	90.0	318,000
Total	461,006		411,000

The weighted average allotment price of all shares issued during the period was 90.7 pence per share.

7. Principal risks and uncertainties

The Company's principal risks are VCT qualifying status risk, investment risk, valuation risk, regulatory and reputational risk, operational risk and financial risk; market price risk, credit risk, liquidity risk, fair value risk, cash flow risk and interest rate risk. 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 30 November 2017. The Company's principal risks and uncertainties have not changed materially since the date of that report.

8. Related party transactions

The Company has employed Octopus Investments Limited (“Octopus” or “the Manager”) throughout the period as Investment Manager. Octopus has also been appointed as Custodian of the Company’s investments under a Custodian Agreement. The Company has been charged £715,000 by Octopus as a management fee in the period to 31 May 2018 (31 May 2017: £476,000 and 30 November 2017: £1,129,000). The management fee is payable quarterly and is based on 2% of net assets at quarterly intervals.

The Company receives a reduction in the management fee for the investments in other Octopus managed funds, being the Octopus Portfolio Manager and Micro Cap products, to ensure the Company is not double charged on these products. This amounted to £31,000 in the period to 31 May 2018 (31 May 2017: £17,000 and 30 November 2017: £34,000). For further details please refer to the Company’s Annual Report and Accounts for the year ended 30 November 2017.

9. Post balance sheet events

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

- Invested a further £200,000 in Microsaic Systems plc.
- Invested £250,000 into Immotion Group plc.
- Disposal of FreeAgent Holdings plc for total consideration of £264,000, a gain of £79,000 on investment cost.
- Disposal of CityFibre plc for total consideration of £957,000, a gain of £217,000 on investment cost.
- The Company repurchased 151,735 shares at a price of 87.75p per share.

10. Additional information

Copies of this report are available from the registered office of the Company at 33 Holborn, London, EC1N 2HT.

About Octopus AIM VCT 2 plc

The Company was launched as Close IHT AIM VCT plc and raised £25 million in March 2006 through an offer for subscription.

On 12 August 2010 the Company acquired the assets and liabilities of Octopus Third AIM VCT plc (formerly Octopus Second AIM VCT plc) ("the merger") and changed its name from Octopus IHT AIM VCT plc to Octopus Second AIM VCT plc. Shareholders of Octopus Third AIM VCT received 0.48356191 Ordinary shares in the Company for each Ordinary share they held prior to the merger. Prior to July 2009 Octopus Third AIM had two classes of shares, Ordinary and C shares. The C shares converted into Ordinary shares in July 2009 and C shareholders received 2.4313 Ordinary shares for each C share held. The prospectus also raised a total of £6.4 million for the Company.

A Top-up offer launched on 6 February 2012 and which closed on 5 April 2012 raised £1.3 million for the Company. A Top-up offer launched on 25 April 2012 and which closed on 31 July 2012 raised a further £0.5 million for the Company.

On 1 February 2013, the Board launched an offer for subscription with the target of raising £10.0 million for the Company. The offer closed on 17 January 2014, having raised £5.9 million.

On 30 January 2014, the Company name changed to Octopus AIM VCT 2 plc.

A combined new share offer was launched on 3 February 2014 to raise up to £4.1 million. This closed on 28 March 2014, fully subscribed.

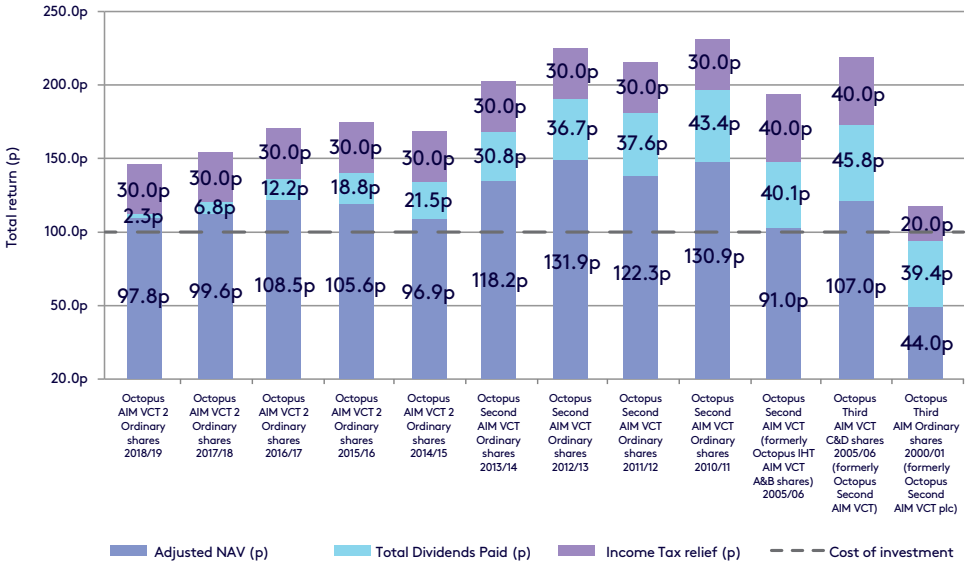
A combined fundraise with Octopus AIM VCT plc was launched on 29 August 2014 to raise up to £8 million with an over-allotment facility of £4 million. This offer closed, fully subscribed, on 11 August 2015.

The Board decided to open a further Offer for subscription, again combined with Octopus AIM VCT plc, to raise up to £8 million with an over-allotment facility of £4 million on 21 December 2015. This Offer closed, fully subscribed, on 21 October 2016.

A Top-up offer launched on 6 February 2017 to raise up to £4.3 million, and closed fully subscribed on 18 April 2017.

A combined fundraise with Octopus AIM VCT plc was launched on 16 June 2017 to raise up to £12 million for the Company with an over-allotment facility of £4 million, and closed fully subscribed on 14 November 2017.

The tables below depict the Net Asset Value (NAV) per share and the dividends that have been paid since the launch of Octopus AIM VCT 2 plc for the different share classes. The figures represent the NAV, rebased to assume investment (including initial charge) at 100p, and adjusted in accordance with the relevant conversion factors. Investment has been assumed at the first allotment of each tax year:



Dividends paid during year ending	Octopus AIM VCT 2 Ordinary shares 2018/19	Octopus AIM VCT 2 Ordinary shares 2017/18	Octopus AIM VCT 2 Ordinary shares 2016/17	Octopus AIM VCT 2 Ordinary shares 2015/16	Octopus AIM VCT 2 Ordinary shares 2014/15
30 November 2003	-	-	-	-	-
30 November 2004	-	-	-	-	-
30 November 2005	-	-	-	-	-
30 November 2006	-	-	-	-	-
30 November 2007	-	-	-	-	-
30 November 2008	-	-	-	-	-
30 November 2009	-	-	-	-	-
30 November 2010	-	-	-	-	-
30 November 2011	-	-	-	-	-
30 November 2012	-	-	-	-	-
30 November 2013	-	-	-	-	-
30 November 2014	-	-	-	-	4.3
30 November 2015	-	-	-	7.0	6.4
30 November 2016	-	-	4.8	4.6	4.3
30 November 2017	-	4.5	4.9	4.8	4.4
30 November 2018	2.3	2.3	2.5	2.4	2.2
Total dividends paid (assumed investment at 100p)	2.3	6.8*	12.2*	18.8*	21.5*
Adjusted NAV (assumed investment at 100p)	97.8	99.6**	108.5**	105.6**	96.9**
NAV plus total dividends (assumes investment at 100p)	100.1	106.4***	120.6***	124.3***	118.4***

Following the merger with Octopus Third AIM VCT plc and various share re-organisations, there is now only one share class, Ordinary shares. For Octopus Third AIM VCT Ordinary shares and 'C' & 'D' shares, the figures above represent a notionally adjusted NAV per share in accordance with the relevant conversion factors.

Octopus AIM VCT 2 Ordinary shares 2013/14	Octopus AIM VCT 2 Ordinary shares 2012/13	Octopus AIM VCT 2 Ordinary shares 2011/12	Octopus AIM VCT 2 Ordinary shares 2010/11	Octopus Second AIM VCT (formerly Octopus IHT AIM VCT A&B shares) 2005/06	Octopus Third AIM VCT C&D shares 2005/06 (formerly Octopus Second AIM VCT)	Octopus Third AIM Ordinary shares 2000/01 shares (formerly Octopus Second AIM VCT plc)
-	-	-	-	-	-	1.6
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1.4	-	1
-	-	-	-	2.0	0.8	7
-	-	-	-	2.0	2.2	11
-	-	-	-	2.0	2.0	2
-	-	-	-	2.5	5.4	2.2
-	-	-	4.7*	3.3	3.9*	1.6*
-	2.3*	4.4*	4.6*	3.2	3.8*	1.6*
4.5*	5.1*	4.7*	5.0*	3.5	4.1*	1.7*
5.2*	5.8*	5.5*	5.8*	4.0	4.7*	1.9*
7.8*	8.7*	8.3*	8.6*	6.0	7.1*	2.9*
5.2*	5.8*	5.8*	5.8*	4.0	4.7*	1.9*
5.3*	5.9*	5.9*	5.9*	4.1	4.8*	2.0*
2.7*	3.0*	3.0*	3.0*	2.1	2.5*	1.0*
30.7*	36.6*	37.6*	43.4*	40.1	45.9*	39.4*
118.2**	131.9**	122.3**	130.9**	91.0	107.0**	44.0**
148.9***	168.5***	159.9***	174.2***	131.1	152.9***	83.4***

*Notional dividends assuming investment at 100p and adjusting for conversion of various share classes into Octopus AIM VCT 2 plc Ordinary shares.

**NAV assuming investment at 100p and adjusting for conversion of various share classes into Octopus AIM VCT 2 plc Ordinary shares.

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

Notes

- Octopus Third AIM VCT 'D' shares converted into 'C' shares in May 2009, in accordance with a conversion factor of 1 'C' share for each 'D' share.
- Octopus Third AIM VCT 'C' shares converted into Octopus Third AIM VCT Ordinary shares in May 2009, in accordance with a conversion factor of 2.4313 Ordinary shares for each 'C' share.
- Octopus AIM VCT 2 plc (previously Octopus IHT AIM VCT) 'B' shares converted into 'A' shares in May 2009, in accordance with a conversion factor of 1 'A' share for each 'B' share.
- Octopus Third AIM Ordinary shares converted into Octopus AIM 2 (post August 2010) Ordinary shares in August 2010, in accordance with a conversion factor of 0.48356191 Octopus AIM 2 Ordinary share (post August 2010), for each Octopus Third AIM Ordinary share.
- In August 2010, Octopus IHT AIM VCT was renamed Octopus Second AIM VCT, and subsequently changed its name to Octopus AIM VCT 2 plc.

Directors and Advisers

Board of Directors

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Andrew Raynor FCA
Elizabeth Kennedy
Alastair Ritchie

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Calls are charged at the standard geographic rate and will vary by provider. Calls from outside the United Kingdom will be charged at the applicable international rate.
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