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# OCTOPUS

## TITAN VCT 2 PLC

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# FINANCIAL HEADLINES

- 92.8p Net Asset Value (NAV) at 30 April 2012
- 4.5p Cumulative dividends paid since launch
- 97.3p Total return (NAV plus cumulative dividends) at 30 April 2012
- 1.5p Interim dividend declared for the half-year to 30 April 2012

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# SHAREHOLDER INFORMATION AND CONTACT DETAILS

## Financial Calendar

The Company's financial calendar is as follows:

|               |  |
|---------------|--|
| 27 July 2012  | – 2012 interim dividend paid   |
| February 2013 | – Annual results for the year to 31 October 2012 announced; Annual Report and financial statements published |
| April 2013    | – 2012 final 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 0300 (calls cost 10p per minute plus network extras. Lines are open Monday–Friday 8.30am–5.30pm), or by writing to them at:

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

The table below shows the net asset value per share (NAV) and lists the dividends that have been paid since the launch of Octopus Titan VCT 2 plc:

| Period Ended    | NAV   | Dividends paid in period | NAV + cumulative dividends (total return) |
|-----------------|-------|--------------------------|---|
| 30 April 2008   | 95.0p | –                        | 95.00p                                    |
| 31 October 2008 | 89.9p | –                        | 89.90p                                    |
| 30 April 2009   | 91.5p | 0.50p                    | 92.00p                                    |
| 31 October 2009 | 96.1p | 0.50p                    | 97.10p                                    |
| 30 April 2010   | 92.0p | 0.50p                    | 93.50p                                    |
| 31 October 2010 | 94.9p | 0.50p                    | 96.90p                                    |
| 30 April 2011   | 92.1p | 0.75p                    | 94.85p                                    |
| 31 October 2011 | 91.5p | 0.75p                    | 95.00p                                    |
| 30 April 2012   | 92.8p | 1.00p                    | 97.30p                                    |

The interim dividend of 1.5p per share for the six months ending 30 April 2012 will be paid on 27 July 2012, to those shareholders on the register on 29 June 2012.

## Share Price

The Company's share price can be found on various financial websites including [www.londonstockexchange.com](http://www.londonstockexchange.com), with the following TIDM/EPIC code:

|                                   | Ordinary shares |
|-----------------------------------|-----------------|
| TIDM/EPIC code                    | OTV2            |
| Latest share price (20 June 2012) | 82.5p per share |



# ABOUT OCTOPUS TITAN VCT 2 PLC

Octopus Titan VCT 2 plc ('Titan 2', 'Company' or 'VCT') 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 predominately unquoted companies. The Company is managed by Octopus Investments Limited ('Octopus' or 'Investment Manager').

Titan 2 was incorporated on 12 October 2007. In collaboration with Octopus Titan VCT 1 plc ('Titan 1'), the VCTs raised over £30.8 million in aggregate (£29.5 million net of expenses) through an Offer for Subscription. A further £2.71 million in aggregate (£2.56 million net of expenses) has been raised through top-ups in 2010 and 2012. Titan 2 invests primarily in unquoted UK smaller companies and aims to deliver absolute returns on its investments.

## Venture Capital Trusts (VCTs)

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unquoted companies in the UK. Subsequent Finance Acts have introduced changes to VCT legislation. The tax benefits currently available to eligible new investors in VCTs include:

- up to 30% up-front income tax relief;
- exemption from income tax on dividends paid; and
- exemption from capital gains tax on disposals of shares in VCTs.

Titan 2 has been approved as a VCT by HM Revenue & Customs (HMRC). In order to maintain its approval the Company must comply with certain requirements on a continuing basis. By the end of the Company's third accounting period at least 70% of the Company's investments must comprise 'qualifying holdings' of which at least 30% must be in eligible ordinary shares. A 'qualifying holding' consists of up to £5 million invested in any one year in new shares or securities in an unquoted company (or companies quoted on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing. The Company will continue to ensure its compliance with these qualification requirements.

# FINANCIAL SUMMARY

|  | Six months to<br>30 April 2012 | Six months to<br>30 April 2011 | Year to<br>31 October 2011 |
|--|--------------------------------|--------------------------------|----------------------------|
| Net assets (£'000s)                                      | <b>16,304</b>                  | 14,953                         | 14,833                     |
| Return on ordinary activities after tax (£'000s)         | <b>384</b>                     | (341)                          | (327)                      |
| Net asset value per share (NAV)                          | <b>92.8p</b>                   | 92.1p                          | 91.5p                      |
| Cumulative dividends since launch<br>– paid and proposed | <b>6.0p</b>                    | 3.5p                           | 4.5p                       |

# CHAIRMAN'S STATEMENT

I am pleased to present the half-yearly results for the six month period ended 30 April 2012.

## Results and Dividend

During the six month period to 30 April 2012, the total return has increased 2.4% from 95.0p to 97.3 pence (being the net asset value per share (NAV) of 92.8p (October 2011: 91.5p) plus cumulative dividends paid of 4.5p). This is largely due to a net increase in the value of the investment portfolio exceeding the running costs of the Company. This is encouraging progress given the long term nature of the investments made.

We continue to believe that our shareholders place considerable importance on the maintenance of regular dividends, particularly given their tax-free status in a period when the top rate of tax for individuals is 50%. As shareholders will remember, we increased our final dividend for 2011 to 1.0p per share and we have decided, based on the successful part realisation of Zoopla as detailed below, to increase this level of dividend for the half year. The interim dividend of 1.5p per share will be payable on 27 July 2012 to shareholders on the register on 29 June 2012.

## Investment Portfolio Review

During the six month period to 30 April 2012, we made nine follow-on investments totalling £742,000 to the portfolio. These included: Mi-Pay, Semafone, Surrey Nanosystems, Bowman Power, GetOptics, Phase Vision, PrismaStar, Soil Exchange and Diverse Energy. It is the Board's intention to continue to use our cash resources to support the existing portfolio.

The portfolio saw an encouraging overall increase in fair value of £318,000 during the

period despite write downs in AQS, Bowman, Elonics and PrismaStar. This increase in fair value is largely attributable to the significant uplifts in fair value in both Zoopla and e-therapeutics, which is quoted on AIM. Zoopla alone increased in fair value by £419,000.

Notwithstanding the disappointing performance by those companies where we have made provisions against cost, which is not unexpected in the current economic climate, your Board believes that the diversified portfolio of 22 investments has good potential that will continue to provide a net uplift in fair value.

## Open Ended Investment Companies (OEICs)

Titan 2 continues to hold investments in two OEICs which have seen an encouraging uplift in fair value in the six months to 30 April 2012 of £63,000. The best performance continued to be in the CF Octopus UK Micro Cap Growth Fund which increased in value by 8.5%.

## Top-up

The Company, together with the other Titan funds, offered the opportunity to invest into the VCTs through a Top-up fund raising. It is pleasing to report that this offer was fully subscribed ahead of the closing date, raising £1,322,000 net of issue costs.

The majority of funds raised will be used to support existing portfolio companies where the Investment Manager sees the opportunity for potential gains.

## The Budget

The 2012 budget provided, with effect from 6 April 2012, for the increase in the gross asset limit for investee companies from £7 million to

£15 million and for the number of employees to be raised from 50 to 250, as well as raising the overall annual investment limit into qualifying companies from £2 million to £5 million. We are pleased to see that these measures have now received State Aid approval from the EU and welcome the changes and the continued support which the Government is giving to the VCT sector.

### VCT Qualifying Status

PricewaterhouseCoopers LLP provides both the Board and Octopus with advice concerning ongoing compliance with HMRC rules and regulations concerning VCTs. The Board has been advised that Titan 2 continues to be in compliance with the conditions laid down by HMRC for maintaining approval as a VCT.

As at 30 April 2012, over 95.5% of the portfolio (as measured by HMRC rules) was invested in VCT qualifying investments.

### Principal Risks and Uncertainties

The Board continues to regularly review the risk environment in which Titan 2 operates. There has been no significant change to the key risks which were set out on page 23 of the annual report for the year ended 31 October 2011.

### Outlook

It is encouraging to have seen a positive uplift in Titan 2's portfolio with significant growth in a few companies. Your Board is also pleased to have commenced making successful realisations. With such a diverse portfolio, however, it is expected at this stage of maturity that there will be challenges for a number of other companies. Octopus has continued to work hard alongside these companies in order to develop capital growth and to enable further future realisations for the Fund. Titan 2 will continue to support our existing portfolio where we believe that the companies offer good potential.

Overall, your Board believes that the portfolio is continuing to show positive signs of significant potential over the medium term to realise an above average return for our shareholders. Combining this with the successful part realisation of Zoopla, your Board is pleased to continue our strategy of paying an increasing level of dividends.



**John Hustler**

Chairman  
20 June 2012

# INVESTMENT PORTFOLIO

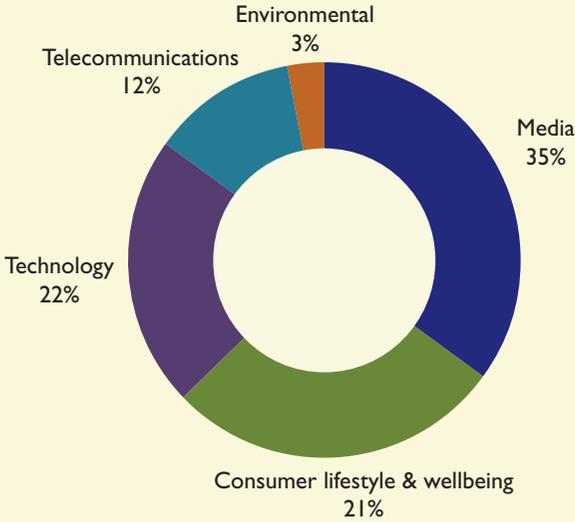
| Qualifying investments              | Sector                         | Investment cost at 30 April 2012<br>£'000 | Unrealised profit/(loss)<br>£'000 | Carrying value at 30 April 2012<br>£'000 | Change in valuation in the period<br>£'000 | % equity held by Titan 2 | % equity managed by Octopus |
|-------------------------------------|--------------------------------|---|-----------------------------------|--|--|--------------------------|-----------------------------|
| Zoopla Limited                      | Media                          | 741                                       | 1,771                             | 2,512                                    | 419  | 5.68%                    | 19.12%                      |
| Nature Delivered Limited            | Consumer lifestyle & wellbeing | 798                                       | 907                               | 1,705                                    | –  | 7.63%                    | 29.98%                      |
| Calastone Limited                   | Technology                     | 1,135                                     | 567                               | 1,702                                    | –  | 10.81%                   | 34.10%                      |
| True Knowledge Limited              | Media                          | 1,420                                     | (7)                               | 1,413                                    | –  | 9.70%                    | 54.01%                      |
| e-Therapeutics plc                  | Consumer lifestyle & wellbeing | 632                                       | 338                               | 970                                      | 323  | 1.73%                    | 8.24%                       |
| Executive Channel Europe Limited    | Media                          | 529                                       | 76                                | 605                                      | –  | 6.40%                    | 36.76%                      |
| Mi-Pay Limited                      | Telecommunications             | 849                                       | (260)                             | 589                                      | –  | 9.64%                    | 32.12%                      |
| TouchType Limited                   | Telecommunications             | 385                                       | 164                               | 549                                      | –  | 4.20%                    | 20.07%                      |
| Semafone Limited                    | Telecommunications             | 422                                       | 72                                | 494                                      | 72   | 7.34%                    | 51.03%                      |
| Surrey Nanosystems Limited          | Technology                     | 485                                       | –                                 | 485                                      | –  | 4.91%                    | 24.55%                      |
| Michelson Diagnostics Limited       | Consumer lifestyle & wellbeing | 442                                       | –                                 | 442                                      | –  | 4.87%                    | 37.53%                      |
| Metrasens Limited                   | Consumer lifestyle & wellbeing | 338                                       | 43                                | 381                                      | –  | 5.00%                    | 28.01%                      |
| UltraSoc Technologies Limited       | Technology                     | 361                                       | –                                 | 361                                      | –  | 10.04%                   | 55.55%                      |
| Bowman Power Limited                | Environmental                  | 312                                       | 27                                | 339                                      | –  | 2.43%                    | 15.56%                      |
| GetOptics Limited                   | Consumer lifestyle & wellbeing | 422                                       | (90)                              | 332                                      | –  | 7.52%                    | 34.79%                      |
| Phase Vision Limited                | Technology                     | 474                                       | (165)                             | 309                                      | –  | 10.10%                   | 42.96%                      |
| PrismaStar Inc.                     | Media                          | 424                                       | (300)                             | 124                                      | (150)                                      | 4.00%                    | 26.65%                      |
| AQS Holdings Limited                | Environmental                  | 655                                       | (565)                             | 90                                       | (269)                                      | 11.68%                   | 43.63%                      |
| Phasor Solutions Limited            | Technology                     | 100                                       | (50)                              | 50                                       | –  | 1.74%                    | 32.14%                      |
| Diverse Energy Limited              | Environmental                  | 382                                       | (367)                             | 15                                       | –  | 5.47%                    | 29.76%                      |
| Elonics Limited                     | Technology                     | 305                                       | (305)                             | –  | (76)                                       | 3.11%                    | 19.54%                      |
| The Key Revolution Limited*         | Technology                     | 641                                       | (641)                             | –  | –  | 12.36%                   | 35.88%                      |
| <b>Total qualifying investments</b> |                                | <b>12,252</b>                             | <b>1,215</b>                      | <b>13,467</b>                            | <b>318</b>                                 |                          |                             |
| Money market securities             |                                | 1,050                                     |                                   | 1,050                                    |  |                          |                             |
| OEICs                               |                                | 807                                       | 149                               | 956                                      |  |                          |                             |
| Cash at bank                        |                                | 834                                       |                                   | 834                                      |  |                          |                             |
| <b>Total investments</b>            |                                | <b>14,943</b>                             | <b>1,364</b>                      | <b>16,307</b>                            |  |                          |                             |
| Net current assets                  |                                |   |                                   | (3)                                      |  |                          |                             |
| <b>Total net assets</b>             |                                |   |                                   | <b>16,304</b>                            |  |                          |                             |

\* in administration at 30 April 2012

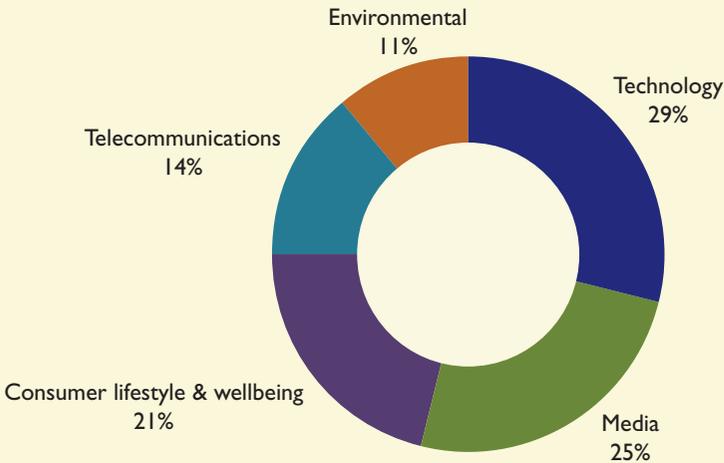
# INVESTMENT PORTFOLIO (continued)

## SECTOR ANALYSIS

Total investments by book cost



Total investments by value



# 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



**John Hustler**  
Chairman  
20 June 2012

# INCOME STATEMENT

|   | Six months to<br>30 April 2012 |                  |                | Six months to<br>30 April 2011 |                  |                | Year to<br>31 October 2011 |                  |                |
|---|--------------------------------|------------------|----------------|--------------------------------|------------------|----------------|----------------------------|------------------|----------------|
|   | Revenue<br>£'000               | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000               | Capital<br>£'000 | Total<br>£'000 | Revenue<br>£'000           | Capital<br>£'000 | Total<br>£'000 |
| Realised gain/(loss) on disposal of fixed asset investments   | –                              | 271              | 271            | –                              | 24               | 24             | –                          | 156              | 156            |
| Realised (loss)/gain on disposal of current asset investments | –                              | (15)             | (15)           | –                              | –                | –              | –                          | –                | –              |
| Fixed asset investment holding gains/(losses)                 | –                              | 318              | 318            | –                              | (395)            | (395)          | –                          | â(98)            | (98)           |
| Current asset investment holding gains/(losses)               | –                              | 63               | 63             | –                              | 254              | 254            | –                          | 89               | 89             |
| Other income  | 2                              | –                | 2              | 40                             | –                | 40             | 65                         | –                | 65             |
| Investment management fees                                    | (36)                           | (109)            | (145)          | (39)                           | (116)            | (155)          | (78)                       | (233)            | (311)          |
| Other expenses  | (110)                          | –                | (110)          | (109)                          | –                | (109)          | (228)                      | –                | (228)          |
| Return on ordinary activities before tax                      | (144)                          | 528              | 384            | (108)                          | (233)            | (341)          | (241)                      | (86)             | (327)          |
| Taxation on return on ordinary activities                     | –                              | –                | –              | –                              | –                | –              | –                          | –                | –              |
| Return on ordinary activities after tax                       | (144)                          | 528              | 384            | (108)                          | (233)            | (341)          | (241)                      | (86)             | (327)          |
| Earnings per share – basic and diluted                        | (0.9)p                         | 3.2p             | 2.3p           | (0.7)p                         | (1.4)p           | (2.1)p         | (1.5)p                     | (0.5)p           | (2.0)p         |

- 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 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.
- The Company has no recognised gains or losses other than the results for the period as set out above.
- The accompanying notes are an integral part of the half-yearly report.

# RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|   | Six months to<br>30 April 2012<br>£'000 | Six months to<br>30 April 2011<br>£'000 | Year to<br>31 October 2011<br>£'000 |
|---|---|---|-------------------------------------|
| Shareholders' funds at start of period  | 14,833                                  | 15,518                                  | 15,518                              |
| Return on ordinary activities after tax | 384                                     | (341)                                   | (327)                               |
| Issue of equity (net of expenses)       | 1,322                                   | –                                       | –                                   |
| Purchase of own shares                  | (73)                                    | (102)                                   | (115)                               |
| Dividends paid                          | (162)                                   | (122)                                   | (243)                               |
| Shareholders' funds at end of period    | 16,304                                  | 14,953                                  | 14,833                              |

# BALANCE SHEET

|  | As at<br>30 April 2012 |        | As at<br>30 April 2011 |        | As at<br>31 October 2011 |        |
|--|------------------------|--------|------------------------|--------|--------------------------|--------|
|  | £'000                  | £'000  | £'000                  | £'000  | £'000                    | £'000  |
| Fixed asset investments*                       |                        | 13,467 |                        | 11,401 |                          | 12,803 |
| Current assets:                                |                        |        |                        |        |                          |        |
| Money market securities and other deposits*    | 2,006                  |        | 2,946                  |        | 1,976                    |        |
| Debtors  | 54                     |        | 1                      |        | 16                       |        |
| Cash at bank                                   | 834                    |        | 655                    |        | 91                       |        |
|  | 2,894                  |        | 3,602                  |        | 2,083                    |        |
| Creditors: amounts falling due within one year | (57)                   |        | (50)                   |        | (53)                     |        |
| Net current assets                             | 2,837                  |        | 3,552                  |        | 2,030                    |        |
|  | 16,304                 |        |                        |        |                          |        |
| Net assets                                     |                        |        | 14,953                 |        | 14,833                   |        |
| Called up equity share capital                 | 1,756                  |        | 1,623                  |        | 1,622                    |        |
| Share premium                                  | 1,753                  |        | 574                    |        | 574                      |        |
| Special distributable reserve                  | 12,609                 |        | 12,938                 |        | 12,682                   |        |
| Capital redemption reserve                     | 22                     |        | 12                     |        | 13                       |        |
| Capital reserve                                |                        |        |                        |        |                          |        |
| – losses on disposal                           | (802)                  |        | (589)                  |        | (210)                    |        |
| – holding gains                                | 1,363                  |        | 511                    |        | 401                      |        |
| Revenue reserve                                | (397)                  |        | (116)                  |        | (249)                    |        |
| Total equity shareholders' funds               | 16,304                 |        | 14,953                 |        | 14,833                   |        |
| Net asset value per share                      | 92.8p                  |        | 92.1p                  |        | 91.5p                    |        |

\*Held at fair value through profit and loss

The statements were approved by the Directors and authorised for issue on 20 June 2012 and are signed on their behalf by:



**John Hustler**

Chairman

Company Number: 06397765

# CASH FLOW STATEMENT

|  | Six months to<br>30 April 2012<br>£'000 | Six months to<br>30 April 2011<br>£'000 | Year to<br>31 October 2011<br>£'000 |
|--|---|---|-------------------------------------|
| <b>Net cash inflow/(outflow) from operating activities</b> | <b>(287)</b>                            | 360                                     | 98                                  |
| <b>Financial investment:</b>                               |   |   |                                     |
| Purchase of fixed asset investments                        | (742)                                   | (1,714)                                 | (2,818)                             |
| Disposal of fixed asset investments                        | 665                                     | 383                                     | 382                                 |
| <b>Management of liquid resources:</b>                     |   |   |                                     |
| Purchase of current asset investments                      | (1,050)                                 | (2,742)                                 | (2,192)                             |
| Disposal of current asset investments                      | 1,070                                   | 4,531                                   | 4,918                               |
| <b>Taxation</b>  | –                                       | –                                       | –                                   |
| <b>Dividends paid</b>                                      | <b>(162)</b>                            | (122)                                   | (243)                               |
| <b>Financing:</b>  |   |   |                                     |
| Issue of equity  | 1,322                                   | –                                       | –                                   |
| Purchase of own shares                                     | (73)                                    | (102)                                   | (115)                               |
| <b>Increase/(decrease) in cash resources at bank</b>       | <b>743</b>                              | 594                                     | 30                                  |

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

|   | Six months to<br>30 April 2012<br>£'000 | Six months to<br>30 April 2011<br>£'000 | Year to<br>31 October 2011<br>£'000 |
|---|---|---|-------------------------------------|
| Increase/(decrease) in cash resources at bank | 743                                     | 594                                     | 30                                  |
| Movement in cash equivalents                  | 30                                      | (1,511)                                 | (2,481)                             |
| Opening net cash resources                    | 2,067                                   | 4,518                                   | 4,518                               |
| Net funds at period end                       | 2,840                                   | 3,601                                   | 2,067                               |

## RECONCILIATION OF RETURN BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

|   | Six months to<br>30 April 2012<br>£'000 | Six months to<br>30 April 2011<br>£'000 | Year to<br>31 October 2011<br>£'000 |
|---|---|---|-------------------------------------|
| Return on ordinary activities before tax              | 384                                     | (341)                                   | (327)                               |
| Loss/(gain) on disposal of current asset investments  | 15                                      | (24)                                    | (156)                               |
| Gain on disposal of fixed asset investments           | (271)                                   | -                                       | -                                   |
| (Gain)/loss on valuation of fixed asset investments   | (318)                                   | 395                                     | 98                                  |
| (Gain)/loss on valuation of current asset investments | (63)                                    | (254)                                   | (89)                                |
| (Increase)/decrease in debtors                        | (38)                                    | 587                                     | 572                                 |
| Increase/(decrease) in creditors                      | 4                                       | (3)                                     | -                                   |
| (Outflow)/inflow from operating activities            | (287)                                   | 360                                     | 98                                  |

# NOTES TO THE HALF-YEARLY REPORT

## 1. Basis of preparation

The unaudited half-yearly results which cover the six months to 30 April 2012 have been prepared in accordance with the Accounting Standard Board's (ASB) statement on half-yearly financial reports (July 2007) and adopting the accounting policies set out in the statutory accounts of the Company for the year ended 31 October 2011, which were prepared under UK GAAP and in accordance with the Statement of Recommended Practice for Investment Companies issued by the Association of Investment Companies in January 2009.

## 2. Publication of non-statutory accounts

The unaudited half-yearly results for the six months ended 30 April 2012 do not constitute statutory accounts within the meaning of Section 415 of the Companies Act 2006. The comparative figures for the year ended 31 October 2010 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 is based on 16,402,218 (30 April 2011: 16,310,429 and 31 October 2011: 16,267,138) ordinary shares, 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. The basic and diluted earnings per share are therefore identical.

## 4. Net asset value per share

The calculation of NAV per share as at 30 April 2012 is based on 17,560,971 (30 April 2011: 16,236,217 and 31 October 2011: 16,220,459) ordinary shares in issue at that date.

## 5. Dividends

The interim dividend declared of 1.5 pence per share for the six months ending 30 April 2012 will be paid on 27 July 2012, to those shareholders on the register on 27 June 2012.

The final dividend of 1.0 pence per share for the year ending 31 October 2011 was paid on 13 April 2012 to those shareholders on the register on 9 March 2012.

## 6. Buy Backs

During the six months ended 30 April 2012 the Company bought back 88,083 ordinary shares at a weighted average price of 82.5 pence per share (six months ended 30 April 2010: 118,285 ordinary shares at a weighted average price of 86.2 pence per share and year ended 31 October 2011: 134,043 ordinary shares at a weighted average price of 85.88 pence per share). During the six months to 30 April 2012, 1,428,595 shares were issued at a price of 97.8 pence per share.

## 7. Related Party Transactions

Octopus Investments Limited 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 £145,000 payable to Octopus (30 April 2011: £155,000 and 31 October 2011: £282,000). At the period end there was £nil outstanding to Octopus (30 April 2011: £nil and 31 October 2011: £nil). Furthermore, Octopus provides administration and company secretarial services to the Company. Octopus receives a fee of 0.3 per cent per annum of net assets of the Company for administration services and £7,500 per annum for company secretarial services.

8. Copies of this report are available from the registered office of the Company at 20 Old Bailey, London, EC4M 7AN.

# DIRECTORS AND ADVISERS

## Board of Directors

John Hustler (Chairman)  
Mark Faulkner  
Matt Cooper

## Company Number

Registered in England & Wales  
No. 06397765

## Secretary and Registered Office

Tracey Spevack (ACIS)  
Octopus Investments Limited  
20 Old Bailey  
London  
EC4M 7AN

## Investment and Administration Manager

Octopus Investments Limited  
20 Old Bailey  
London  
EC4M 7AN  
Tel: 0800 316 2295  
[www.octopusinvestments.com](http://www.octopusinvestments.com)

## Independent Auditor and Taxation Adviser

Grant Thornton UK LLP  
3140 Rowan Place  
John Smith Drive  
Oxford Business Park South  
Oxford  
OX4 2WB

## VCT Status Adviser

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

## Bankers

HSBC Bank plc  
31 Holborn  
London  
EC1N 2HR

## Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU  
Tel: 0871 664 0300  
(calls cost 10p per minute plus network extras)  
[www.capitaregistrars.com](http://www.capitaregistrars.com)

## Corporate Broker

Matrix Corporate Capital LLP  
1 Vine Street  
London  
W1J 0AH  
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