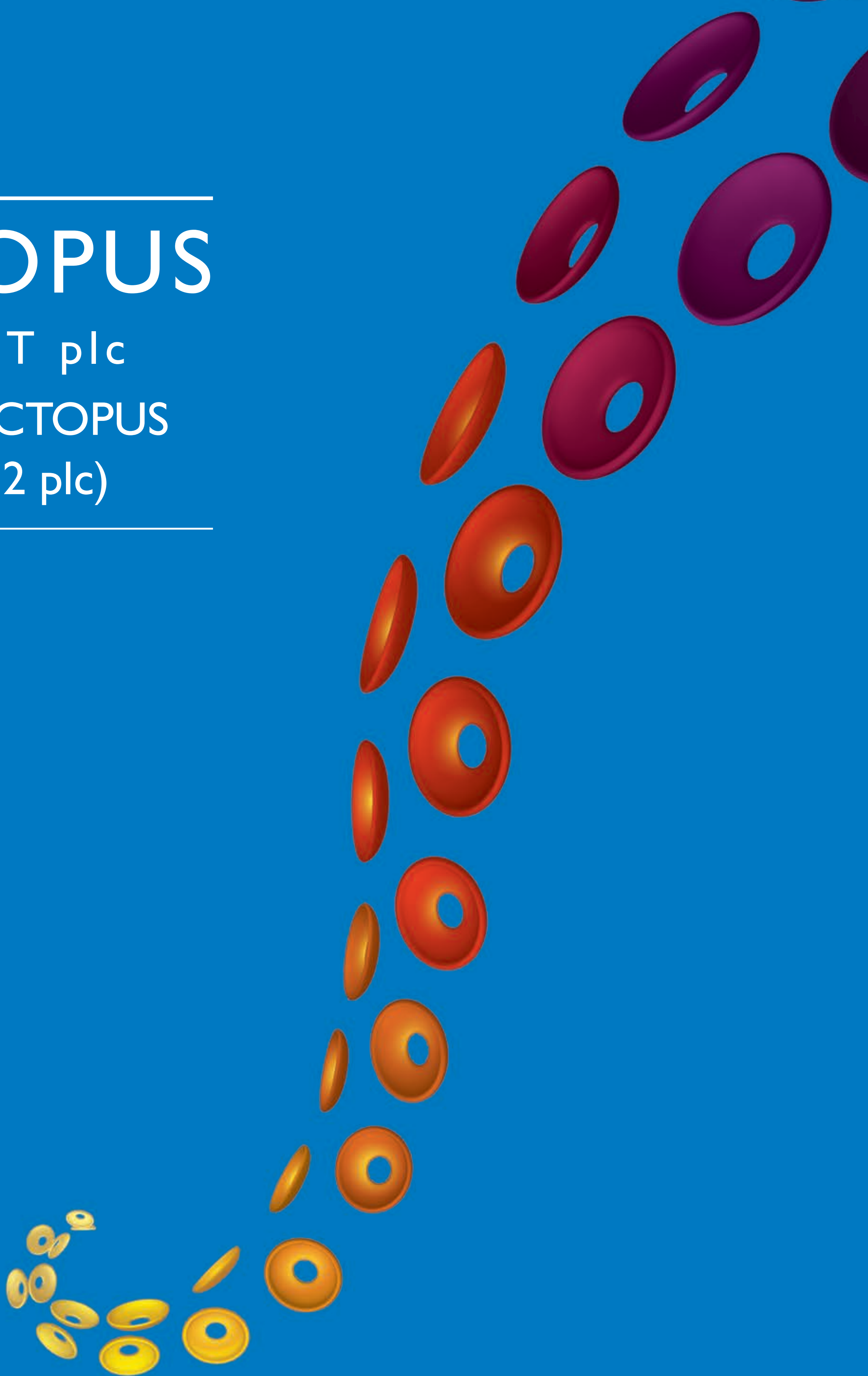
OCTOPUS
TITAN VCT plc
(formerly OCTOPUS TITAN VCT 2 plc)



ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED
31 October 2014

OCTOPUS INVESTMENTS

Octopus Titan VCT plc is a venture capital trust 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 and is managed by Octopus Investments Limited.

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FINANCIAL SUMMARY

	As at 31 October 2014	As at 31 October 2013
Net assets (£'000s)	**32,876**	20,924
Return on ordinary activities after tax (£'000s)	**3,734**	2,093
Net asset value (NAV) per share	**101.4**	95.2p
Cumulative dividends paid since launch	**47.5p**	42.5p
NAV plus cumulative dividends paid to 31 October 2014	**148.9**	137.7p
Total dividends for the year	**5.0p**	5.0p

On 28 October 2014, an interim dividend for the period from 1 May 2014 to 31 October of 2.5p per share was announced to be paid on 21 November 2014. This replaced the final dividend.

KEY DATES

Annual General Meeting	4 March 2015 (2.30pm at 33 Holborn, London EC1N 2HT)
Half-yearly results to 30 April 2015 published	June 2015
Annual results to 31 October 2015 announced	December 2015
Annual Report and financial statements published	January/February 2016

SHAREHOLDER INFORMATION AND CONTACT DETAILS

Octopus Titan VCT 2 plc was renamed Octopus Titan VCT plc ("the Company or Fund") on 27 November 2014 following the merger with Octopus Titan VCT 1 plc, Octopus Titan VCT 3 plc, Octopus Titan VCT 4 plc and Octopus Titan VCT 5 plc on the same date.

The Company was incorporated on 12 October 2007. In collaboration with Octopus Titan VCT 1 plc, over £30.8 million in aggregate (£29.5 million net of expenses) was raised through an Offer for Subscription during the year to 31 October 2008. Since then, further funds have been raised through further fund raises as follows:

- £1.37 million (£1.29 million net of expenses) during the year to 31 October 2010
- £1.40 million (£1.32 million net of expenses) during the year to 31 October 2012
- £4.82 million (£4.58 million net of expenses) during the year to 31 October 2013
- £10.78 million (£10.41 million net of expenses) during the year to 31 October 2014.

There is currently an open Offer for Subscription for Ordinary Shares, as detailed in the Prospectus issued on 16 September 2014, to raise up to £50 million in aggregate with an overallotment facility of a further £20 million. On 1 December 2014, £14.68 million (£14.33 million net of expenses) was allotted at a share price of 103.4p per share, equivalent to the current NAV at the time of 97.7p grossed up by up to 5.5% as set out in the Prospectus. A further £3.22 million (£3.10 million net of expenses) was allotted on 22 December 2014 on the same terms as the 1 December allotment. The offer will close on 1 September 2015 or earlier if fully subscribed.

Further details of the VCT's progress are discussed in the Chairman's Statement and Investment Manager's Review on pages 8 to 28.

During the year the five Octopus Titan funds began discussions in regard to merging the funds into one enlarged entity to deliver annual cost savings and bring a number of additional benefits to existing and future Shareholders including:

- amalgamation of the Companies' portfolio assets, many of which are commonly held, for efficient management and administration;
- participation in a larger VCT with a more diversified portfolio thereby spreading the portfolio risk across a broader range of investments;
- efficiencies in annual running costs for the Enlarged Company compared to the separate companies;
- enhancing the ability of the Enlarged Company to raise new funds, as well as pay dividends and support buy backs in the future;
- the potential for greater liquidity in the secondary market;
- the removal of potential conflicts relating to the Titan VCTs' portfolio investments;
- streamlining communications with Shareholders; and
- improving risk management in respect of compliance with the VCT Rules.

Further details are contained in the Chairman's Statement on page 8.

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.

The principal activity of the Company is to invest in a diversified portfolio of UK smaller companies in order to generate capital growth over the long-term as well as an attractive tax-free dividend stream. The

Company has been granted full approval 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 including the provisions of chapter 3 of the Income Tax Act 2007; in particular s280A:

- at least 70% of the Company's investments must comprise 'qualifying holdings'* (as defined in the legislation);
- at least 70% of the 70% of qualifying holdings must be invested in Ordinary shares with no preferential rights (for money allotted pre April 2011 the limit is 30% for new investments);
- no single investment made can exceed 15% of the total Company value; and
- a minimum of 10% of each Qualifying Investment must be in Ordinary shares with no preferential rights.

*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.

Dividends

Dividends are paid by Capita Asset Services Limited ("Capita") 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 or complete an instruction electronically by visiting the Capita shareholder portal at: www.capitashareportal.com.

Shareholders should note that if a dividend mandate was not in place with the Company but was lodged for one of the other Titan companies at the time of the merger, this will now have lapsed and a new mandate is required. Queries relating to dividends, shareholdings or requests for mandate forms should be directed to Capita by calling 0871 664 0324 (calls cost 10p per minute plus network extras. Lines are open Monday–Friday 9.00am–5.00pm), or by writing to them at:

Capita Asset Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

The table below shows the NAV per share and lists the dividends that have been paid since the launch of the Company:

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends (Total Return)
30 April 2008	95.00p	–	95.00p
31 October 2008	89.90p	–	89.90p
30 April 2009	91.50p	0.50p	92.00p
31 October 2009	96.10p	0.50p	97.10p
30 April 2010	92.00p	0.50p	93.50p
31 October 2010	94.90p	0.50p	96.90p
30 April 2011	92.10p	0.75p	94.85p
31 October 2011	91.50p	0.75p	95.00p
30 April 2012	92.80p	1.00p	97.30p
31 October 2012	121.90p	1.50p	127.90p
30 April 2013	88.70p	34.00p	128.70p
31 October 2013	95.20p	2.50p	137.70p
30 April 2014	92.20p	2.50p	137.20p
31 October 2014	101.40p	2.50p	148.90p

An interim dividend of 2.5p per share was paid on 21 November 2014 to shareholders on the register on 7 November 2014. This took the total dividends paid in respect of the year to 31 October 2014 to 5.0p per share. The payment of the dividend on 21 November reduced the NAV to 97.7p per share, but maintained the Total Return at 148.9p.

SHAREHOLDER INFORMATION AND CONTACT DETAILS (continued)

At the General Meeting held in October 2013, shareholders approved a Dividend Reinvestment Scheme ("DRIS") and gave the Directors' authority to offer shareholders the right to elect to receive Ordinary shares instead of a dividend. Any shareholder wishing to reinvest their dividends, who has not already elected to do so, can request a DRIS instruction form by calling Capita on 0871 664 0324 or can submit an instruction via the Capita online shareholder portal: www.capitashareportal.com. The application form can also be found on the Octopus Investments Limited website: www.octopusinvestments.com. Following the merger on 27 November 2014, shareholders who do not have a DRIS instruction relating to the Company will need to complete another form. If you are uncertain about your current DRIS position, please call Capita on the number above or complete a new form.

Share Price

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

	Ordinary shares
TIDM/EPIC code	OTV2
Latest share price (9 January 2015)	92.88p per share

Buying and Selling Shares

The Company's Ordinary shares can be bought and sold via a stockbroker in the same way as any other company quoted on the London Stock Exchange. 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.

Buyback of Shares

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 the Company's Corporate Broker, Panmure Gordon (UK) Limited ('Panmure').

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

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

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

Secondary market

UK income tax payers, aged 18 or over, can purchase shares in the secondary market and benefit from:

- Tax free dividends
- Realised gains not being subject to capital gains tax (although any realised losses are not allowable)
- No minimum holding period
- No need to include VCT dividends in annual tax returns

The UK tax treatment of VCTs is on a first in and first out basis and therefore tax advice should be obtained before shareholders dispose of their shares.

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 Asset Services, under the signature of the registered holder or via the Capita online share portal at: www.capitashareportal.com. Capita's contact details are provided on page 71.

Other Information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Octopus Investments Limited ("Octopus") website at http://www.octopusinvestments.com/investors/shareholder-information/titan-vct.

All other statutory information can also be found here.

Electronic Communications

We also publish reports and accounts and all other correspondence electronically. This cuts the cost of print and reduces the impact on the environment. If, in future, you would prefer to receive an email telling you a report is available to view or to receive documents by e-mail, please complete the enclosed form or contact Octopus on 0800 316 2295 or Capita on 0871 664 0324. Alternatively you can sign up to receive e-communications via the Capita online shareholder portal: www.capitashareportal.com.

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 or the Company's Registrar would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.

If you are in any doubt about the authenticity of an unsolicited phone call, please call Octopus on 0800 316 2295.

The Financial Conduct Authority have also issued guidelines on how to avoid share fraud and further information can be found on their website: http://www.fca.org.uk/consumers/scams/investment-scams/share-fraud-and-boiler-room-scams. You can report any share fraud to them by calling 0800 111 6768.

STRATEGIC REPORT

OUR STRATEGY

The Directors are required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to include a Strategic Report to shareholders.

Investment Policy

The investment approach of the Company did not change on the merger and is not designed to deliver a return that is measured against a stock market index. Instead, the focus of the Company is on generating absolute returns over the medium-term. In order to achieve this, the Company focuses on providing early stage, development and expansion funding to unquoted companies with the Company making a typical initial investment size of £0.1 million to £5 million and will comprise a portfolio of largely unquoted companies post merger, predominantly focussed within the following sectors:

- Technology
- Media
- Telecoms
- Consumer lifestyle and well-being
- Environment

The Directors control the overall risk of the portfolio by ensuring that the Company has exposure to a diversified range of companies from a number of different sectors. In order to limit the risk to the portfolio that is derived from any particular investment, no more than 15% of the amount invested by shareholders in the Company will be invested in any one unquoted company (including both Non-Qualifying and Qualifying Investments). Further details of the Company's risk management policies are provided in Note 16 to the financial statements.

Non-Qualifying Investments

An active approach was taken to manage the cash prior to investing in qualifying companies. As the Company has reached its investment target for HMRC, the majority of the remainder of funds will be invested in money market funds and other funds. By investing a proportion of its assets into these other funds, some exposure to a broad range of AIM-quoted and main market listed smaller and medium-sized companies is gained, whilst maintaining liquidity within the Company.

The Company may also make Non-Qualifying Investments where the Investment Manager believes that the risk/return profile is consistent with the overall objective of the Company, which may include, from time to time, making a small number of investments or further investments in companies which meet the profile of a Qualifying Investment but would otherwise not be a Qualifying Investment.

Qualifying Investments

Now that the Company is through its initial Qualifying Investment Period the following investment profile is expected to be:

- 75-85% in Qualifying Investments, primarily in unquoted companies
- 15-25% in cash, money market securities and funds managed by Octopus and other Non-Qualifying Investments.

The Company will not borrow money for the purposes of making investments. The investment decisions made must adhere to the HMRC qualification rules as stated in the above section.

In considering a prospective investment in a company, particular regard is made to:

- the strength of the management team;
- evidence of high margin products capable of addressing fast-growing markets;
- the company's ability to sustain a competitive advantage;
- the existence of proprietary technology; and
- the company's prospects of being sold or floated, usually within three to five years.

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

STRATEGIC REPORT

monitor the investment process and ensure compliance with the investment policy.

A review of the investment portfolio and of market conditions during the year is included in the Chairman's Statement and Investment Manager's Review which form part of the Strategic Report on pages 8 and 28. A Business Review also forms part of the Strategic Report on page 11.

Liquidity strategy

The Board's strategy is to maintain an appropriate level of liquidity in the balance sheet to continue to achieve five aims:

- to support further investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise;
- to cover the running costs of the Company as they fall due;
- to support a consistent dividend flow; and
- to assist liquidity in the shares through the buyback facility;

Liquidity in the VCT is primarily driven by capital realisations and fundraising activities.

VCT Regulation

Compliance with the required VCT rules and regulations is considered when all investment decisions are made. The Company is further monitored on a continual basis to ensure compliance. The investment policy is designed to ensure that the Company continues to qualify and is approved as a VCT by HMRC. The main criteria to which the Company must adhere is detailed on page 3.

The Company will continue to ensure its compliance with the qualification requirements.

Future prospects

The Company's performance record reflects the success of the strategy set out above and has allowed the Company to maintain the dividend payments to shareholders in line with the Dividend Policy set out on page 9. The Board believe this business model will continue to meet the investment approach above and enable the Company to continue to deliver the targeted regular tax-free annual dividends referred to in the Chairman's statement. The Outlook statements in both the Chairman's statement and the Investment Manager's Report on pages 8 to 28 respectively provides further details on the future prospects of the Company.

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CHAIRMAN'S STATEMENT

I am pleased to present the annual results for Octopus Titan VCT plc (formerly Octopus Titan VCT 2 plc) for the year ended 31 October 2014. As I am sure shareholders will realise, these accounts relate to the period prior to the merger and change of name. Our Company merged with our sister companies (Octopus Titan VCTs 1, 3, 4 and 5) on 27 November to create the largest VCT with almost £170 million of assets and a portfolio of 46 companies, at which time the name of the Company was changed to Octopus Titan VCT plc. The size of the Company has subsequently increased in size to circa £187 million of assets.

Since all the shareholders of the Octopus Titan family of VCTs are now shareholders in this Company, the report and accounts will also be sent to those shareholders who were not shareholders in Octopus Titan VCT 2 plc prior to the merger. This report represents Titan 2 only to 31 October 2014 since the merger occurred post year end. The interim accounts for the period to 30 April 2015 will be the first set of accounts for the merged Fund. Every shareholder is entitled to vote at our Annual General Meeting on 4 March 2015.

Performance

The Net Asset Value ('NAV') per share at 31 October 2014 was 101.4p (2013: 95.2p) representing a total return for the year of 11.2p per share, being an increase in NAV of 6.2p and dividends paid during the year of 5.0p (2013: 5.0p) per share. We are delighted with this total return of 11.7% which represents a strong performance and builds on the total return of 7.7% last year.

One notable achievement for the Titan VCTs was the winning of the 2014 VCT of the Year Award at the Investor All Star Awards – a particular achievement for our Investment Manager.

Investment Portfolio

The Company made 19 new investments and 10 follow-on investments in the year which totalled £6.5 million taking the number of portfolio companies to 38 as at 31 October 2014. This, along with an overall uplift in valuation of £5.4 million, took the total portfolio value to £27.5 million. This compares to a portfolio value of £15.9 million as at 31 October 2013 and represents an increase in size of 71.9%.

The investment portfolio has continued to mature and has had another strong year of performance. Shareholders will recall that the Company's holdings in Calastone, Natured Delivered (Graze) and Zoopla Property Group were transferred into a separate company, with the Company continuing to hold an interest in them via its holding in Zenith Holding Company Limited ("Zenith"), in order to realise value for further investment in new and existing portfolio companies at earlier stages of development as well as ensuring that we did not breach VCT qualifying conditions in relation to these holdings. The holdings in these portfolio companies owned by Octopus Titans 1 and 3 were also transferred as well as Octopus Titan 3's holding in Secret Escapes and this has allowed our Company to share in the success of Secret Escapes. Our holding in Zenith has continued to show a strong uplift in value, not least due to the successful flotation of Zoopla Property Group, and represents an uplift of £1.2 million in the year. In addition to the success shown by Zenith, we are also delighted with the performance of the Company's holding in TouchType, which has also benefitted the Company through a significant increase in its value.

Unfortunately, given the nature of funding small companies, there are a few investments that have fallen short of expectations and where we have taken valuation write downs in the year. Your Investment Manager is working hard alongside these companies to assist them to realise their potential or limit investment losses.

Further information can be seen in the Investment Manager's review on pages 15 to 28 including the pie charts showing that we have a well diversified portfolio. 'Other', which accounts for 31% of the portfolio, relates to the holding in Zenith Holding Company Limited as discussed above.

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Board

As a result of the merger, I am pleased to welcome Mark Hawkesworth, the former Chairman of Octopus Titan VCT 3 plc, and Jane O'Riordan, the former Chairman of Octopus Titan VCT 5 plc, to the Board of the newly merged Company. They bring with them a great wealth of knowledge and experience of our enlarged Company from their respective former funds. I am also pleased that Matt Cooper continues as a Director of the Company thus retaining his considerable experience. I also want to take this opportunity to thank Mark Faulkner, who resigned as a Director of the Company at the merger date, for his tremendous contribution to the Board during the first seven years of the Company's life. Resolutions to appoint Mark Hawkesworth and Jane O'Riordan as well as the re-appointment of Matt Cooper will be proposed at the forthcoming AGM.

Dividend and Dividend Policy

It remains your Board's policy to strive to maintain a regular dividend, whilst retaining the appropriate level of liquidity in the Company. Following the merger, the Company is targeting regular tax-free annual dividends of at least 4.0p per share, increasing to 5.0p per share within two years. As shareholders will be aware, the Company has paid two interim dividends of 2.5p in respect of the current financial year (on 24 July and 21 November 2014) taking the total dividends declared and paid for the year to 5.0p per share (2013: 5.0p per share). No final dividend is proposed in respect of the 2014 financial year.

Fund raise and Buybacks

As mentioned in the interim report, the Company successfully raised £10.4 million net of costs during the year. The majority of the funds raised are being used to make new investments and to support existing portfolio companies, where the Investment Manager sees the opportunity for further growth.

The Board announced a further opportunity to invest in the Company to raise up to £50 million (with a facility to raise a further £20 million) on 16 September 2014. On 1 December 2014, £14.3 million was allotted and on 22 December 2014 a further £3.1 million was allotted, both net of costs. I would like to thank all shareholders who have supported the fund raising and welcome new shareholders. Your Board is quietly confident that we will achieve our fund-raising target, thus providing significant funds to invest in the strong pipeline of new and follow on investments which our Investment Manager is seeing.

During the period, the Company repurchased 832,464 shares. Further details can be found in Note 14 of the accounts. The Board continues to buy back shares from shareholders at up to a 5% discount to NAV. The Board will continue to monitor the volume of shares bought back and at present intends to maintain the existing limit of the share capital that it buys back and cancels each year at 5%. This policy will continue to operate at the Board's discretion. However, it is the Board's intention that shareholders should be able to sell their shares back to the Company, in the absence of an active secondary market, since we believe that this share buy-back policy enhances the Company's attractiveness as an investment for both existing and new shareholders.

VCT Qualifying Status

PricewaterhouseCoopers LLP provides both the Board and the Investment Manager with advice concerning ongoing compliance with HMRC rules and regulations concerning VCTs. The Board has been advised that the Company is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT.

A key requirement is for 70% of the portfolio to remain continually invested in qualifying investments. As at 31 October 2014, over 88% of the Company (as measured by HMRC rules) was invested in VCT qualifying investments.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT (continued)

Annual General Meeting ("AGM")

The Company's Annual General Meeting will take place on 4 March 2015 and will be held at the new offices of Octopus Investments Limited, 33 Holborn, London, EC1N 2HT.

Outlook

Following the merger of the five Octopus Titan funds, our Company had net assets of £169.3 million invested in 46 portfolio companies, which includes liquid resources of £21.8 million. As previously stated, we are seeking up to £70 million in the current fundraising of which we have already received and allotted £17.4 million net of expenses. We therefore hope to have a Company with assets of well in excess of £200 million by the end of the current tax year.

Your Board views the outlook for our Company with confidence. The current portfolio contains a number of exciting companies which will require further funding rounds and our aim is to ensure we can take full advantage of the opportunities through our expected increase in liquid funds. We anticipate that these funds will be increased by realisations in the foreseeable future given the increase in Merger & Acquisition activity by large companies.

Cognisant of the VCT regulations, we expect the portfolio to grow in size but our investment companies require considerable input from our Investment Manager and so we would not expect the overall number of portfolio companies to increase significantly in the future. Our Investment Manager's strength lies in the identification of early stage companies, which we continue to support as they prove their business models, and this will continue. It is also our aim to ensure that we have a diverse portfolio so that the Company minimises the risk of unpredictable economic events to any one sector. More detail of our strategy can be found in the Strategic Report on page 6.

We believe this strategy will allow us to achieve significant capital growth and, as already mentioned, it is our aim to distribute this by way of an annual dividend supplemented by special distributions as and when realisations allow.

I would like to thank all our shareholders for supporting us and also for approving our merger. We are now, by some measure, the largest VCT and this will not only attract good opportunities but also reduce the unnecessary administration and cost of running five sister funds. I would also like to thank both the investment and administration teams at Octopus who have worked so hard to achieve both the performance and merger over the course of the year as well as the retiring Directors of the merged companies. These are exciting times for the Company and our Investment Manager.

I hope to see as many shareholders as possible at our AGM on 4 March in London where we will give an update of our Company and future plans.

John Hustler
Chairman
9 January 2015

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BUSINESS REVIEW

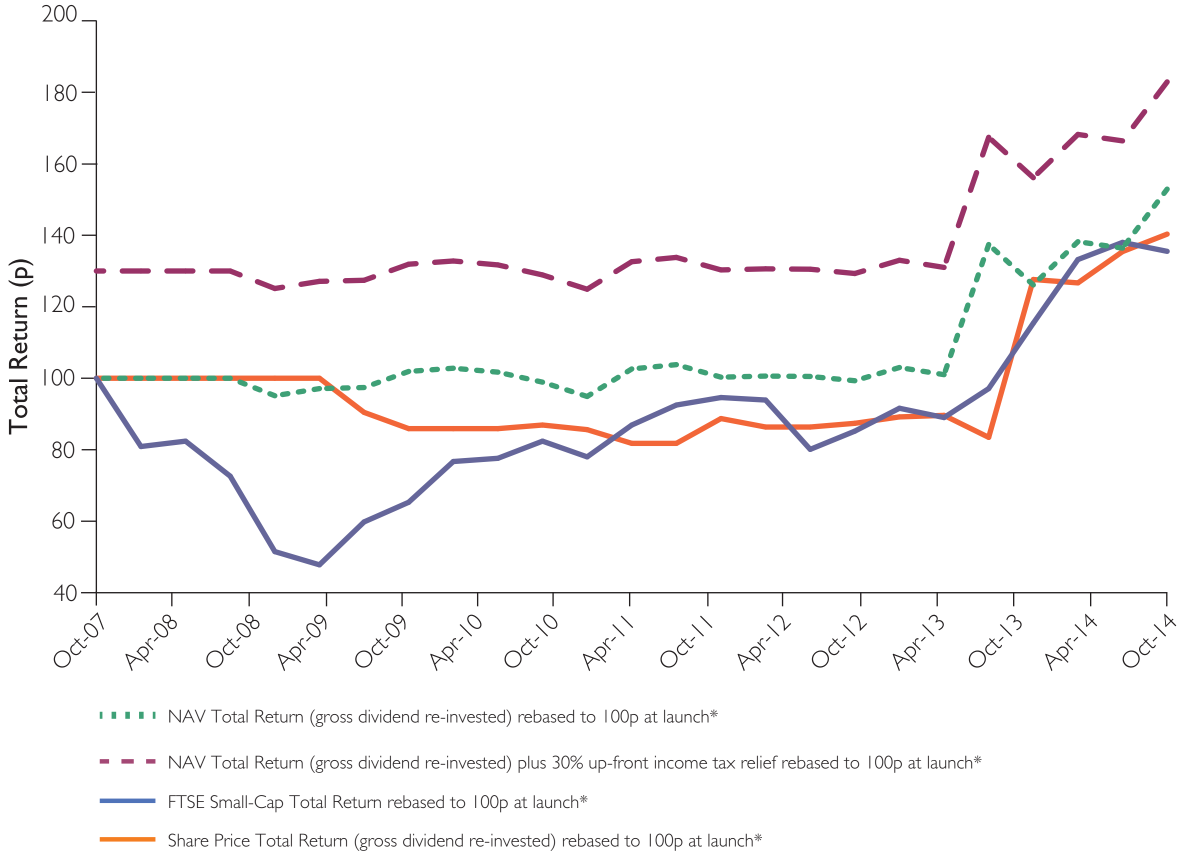
Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Octopus through the Investment Management Agreement, as referred to in the Directors' Report on page 30.

The graph below compares the NAV total return and Share Price total return (gross dividend re-invested) of the Company over the period from October 2007 to October 2014, with the total return from a notional investment in the FTSE Small-Cap index over the same period (all rebased to 100p). This index is considered to be the most appropriate broad equity market index for comparative purposes. The Board wish to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the HMRC rules.

It is agreed by the Board that it would be unwise to present a comparison of the Company's NAV with that of other VCTs, for the reason that year ends are not in line and thus there would be timing differences in comparisons. The Board also believes that the International Private Equity and Venture Capital (IPEVC) valuation guidelines require an element of judgement. Without a full analysis of the guidelines as applied by other fund managers there is a risk these valuations would not be directly comparable.

Net asset value and share price total return since launch against the FTSE Small-Cap Index total return



* based on notional investment on 31 October 2007

AIC methodology: The NAV total return to the investor, including the original amount invested (rebased to 100p) from launch, assuming that dividends paid were re-invested at the NAV of the Company at the time the shares were quoted ex-dividend. Transaction costs are not taken into account.

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BUSINESS REVIEW (continued)

The Earnings Per Share of the Company is 12.9p. Further details can be found in Note 8 on page 61.

The total remuneration of the Directors' for the year was:

	Year ended 31 October 2014 £'000	Year ended 31 October 2013 £'000
Total	**43**	43

Further details can be found in the Directors' Remuneration Report on page 42.

Results and dividend

	Year ended 31 October 2014 £'000	Year ended 31 October 2013 £'000
Net return attributable to shareholders	**3,734**	2,093
Appropriations: Interim Dividend	**814**	629

In addition to the 2.5p per share interim dividend paid on 24 July 2014, a further interim dividend of 2.5p was paid on 21 November 2014 to shareholders on the register on 7 November 2014 taking the total dividends paid in respect of the year to 31 October 2014 to 5.0p per share.

Key Performance Indicators (KPIs)

As a VCT, the Company's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of smaller unquoted UK companies which meet the relevant criteria for VCTs.

The Board expects Octopus to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments, and maximising tax-free income for shareholders. The KPIs in meeting these objectives are:

- net asset value and the performance of dividends paid, which when combined give total return;
- the discount of the share price relative to the NAV;
- the total expense as a proportion of shareholders' funds; and
- improvement of the investment performance.

A record of some of the indicators is detailed on the first page entitled Financial Summary. Additional comments are provided in the Chairman's Statement regarding the performance of the Company over the current year. The Board regularly assesses the performance of Octopus in meeting the Company's objectives against the KPIs highlighted above.

As previously discussed, the performance has been strong with an uplift in Total Return of 11.7% representing 11.2 pence per share. The total running costs in the period, as defined in the Prospectus, were 2.7% of the Company's net assets, within the annual limit of 3.2%. In accordance with the Board's policy, a 5% discount of NAV is applied to all buybacks.

Clearly, when making investments in unquoted companies at an early stage of their development, some are likely to disappoint, but investing the funds raised in high growth companies with the potential to become market leaders creates an environment of improved return for shareholders. The growth of these companies is largely dependent on continuing the existing levels of corporate spending. The current volatile economic environment could adversely affect corporate spending patterns, which would in turn have a negative impact on the development of the investment companies.

Performance, measured by the change in NAV and Total Return per share, is also measured against the FTSE Small-Cap index. This is shown in the graph on page 11. This index has been adopted as an informal benchmark. Investment performance, cash returned to shareholders and share price are also measured

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against the Company's peer group of the other generalist VCTs.

The Chairman's Statement, on pages 8 to 10, includes a review of the Company's activities and future prospects; further details are also provided within the Investment Manager's Review on pages 15 to 28.

Principal risks, risk management and regulatory environment

The Board carries out a regular review of the risk environment in which the Company operates. The main areas of risk identified by the Board are as follows:

VCT qualifying status risk: the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

The Investment Manager keeps the Company's VCT qualifying status under continual review and reports to the Board regularly throughout the year. The Board has also retained PricewaterhouseCoopers LLP to undertake an independent VCT status monitoring role.

Investment risk: the majority of the Company's investments will be in small and medium-sized companies which are VCT qualifying holdings, which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies.

The Directors and the Investment Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out due diligence procedures and by maintaining a wide spread of holdings in terms of financing stage, industry sector and geographical location. The Board reviews the investment portfolio with the Investment Manager on a regular basis.

Financial risk: as most of the Company's investments involve medium to long-term commitment and are relatively illiquid, the Directors consider that it is inappropriate to finance the Company's activities through borrowing. Accordingly, they seek to maintain a proportion of the Company's assets in cash or cash equivalents in order to be in a position to take advantage of new investment opportunities.

The Company has very little exposure to foreign currency risk and does not enter into derivative transactions. The Company has cash deposits which are held on the balance sheet of HSBC Bank plc and in cash funds managed by BlackRock. The risk of loss to this cash is deemed to be low due to the historical credit ratings and a current Standard & Poor's rating of A+ for HSBC and AAA for BlackRock. Inadequate controls might lead to misappropriation of assets. Inappropriate accounting policies might lead to mis-posting or breaches of regulations.

Regulatory risk: the Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. The Company is also a small registered AIFM and has to comply with the requirements of the AIFM Directive. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report.

Reputational risk: inadequate or failed controls might result in breaches of regulation or loss of shareholder trust.

Internal control risk: the Board reviews annually the system of risk management and internal controls, financial and non-financial, operated by the Company and Octopus. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Operational risk: the Board reviews the system of internal controls, both financial and non-financial,

STRATEGIC REPORT

BUSINESS REVIEW (continued)

operated by the Company and the Investment Manager. These include controls designed to ensure that the Company's assets are safeguarded and that proper accounting records are maintained.

Competitive Risk: retention of key personnel within Octopus is vital to the success of the Company. Incentives to the Investment Manager's key staff are monitored.

Economic risk: the risk that the value of a security or portfolio of securities could decline in the future is mitigated by holding a diversified portfolio, across a broad range of sectors.

Events such as an economic recession and movement in interest rates could affect smaller companies' valuations.

Price risk: the risk that the value of a security or portfolio of securities will decline in the future is mitigated by holding a diversified portfolio, across a broad range of sectors.

Cash flow risk: the risk that the Company's available cash will not be sufficient to meet its financial obligations is managed by frequent budgeting and close monitoring of available cash resources.

Market risk: investment in unquoted companies involves a higher degree of risk than investment in companies listed on the Official List, which could result in the value of such investment, and interest income and dividends therefrom, reducing. In particular, small companies often have limited product lines, markets or financial resources, may be dependent for their management on a small number of key individuals and may be more susceptible to political, exchange rate, taxation and other regulatory changes and therefore, may not produce the hoped for returns. In addition, the market for securities in smaller companies is less regulated and is usually less liquid than that of securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities.

Liquidity risk: the Company's investments may be difficult to realise. The spread between the buying and selling price of shares may be wide and thus the price used for valuation may not be achievable.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies the principles detailed in the Turnbull Report and the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Details of the Company's internal controls are contained in the Corporate Governance report on pages 34 to 38.

Further details of the Company's financial risk management objectives and policies are provided in Note 16 to the financial statements.

Gender and Diversity

Following the merger of the Company with Octopus Titan VCTs 1, 3, 4 and 5, Mark Faulkner stood down as a director of the Company and Mark Hawkesworth and Jane O'Riordan joined the Board. The Board of Directors now comprises three male and one female Non-Executive Directors with considerable experience of the VCT industry and the investment companies. The gender and diversity of the constitution of the Board will continue to be reviewed on an annual basis.

Human Rights Issues

Due to the structure of the Company with no employees and only four Non Executive Directors, there are no Human Rights Issues to report.

STRATEGIC REPORT

INVESTMENT MANAGER'S REVIEW

Personal Service

At Octopus, we focus on both managing your investments and keeping you informed throughout the investment process. We are committed to providing our investors with regular and open communication. Our updates are designed to keep you informed about the progress of your investment.

Octopus was established in 2000 and has a strong commitment to both smaller companies and to VCTs. We currently manage eight VCTs, including this VCT, and manage over £450 million in the VCT sector. Octopus has over 300 employees.

Investment Strategy Implementation

The Company invests in companies that we believe have great potential, but which need financial support in order to realise their potential. Each company that we target has the opportunity to create a large business by taking a relatively modest market share, given the size of the markets that they address. We are particularly interested in businesses that are led by excellent management teams and which focus on innovation through technology. Based on this investment strategy we have created a balanced portfolio spanning multiple industries and business sectors.

Having reached the level of invested funds required by HMRC, our focus has now shifted to managing the portfolio and optimising growth in the investee companies whilst also seeking to add new investments where appropriate. The current portfolio of holdings following the merger encompasses investments in 46 companies (44 unquoted and two quoted). In aggregate, these investments employed just under 500 people and had a turnover of approximately £22 million at the point of initial investment. In 2013, an average of three years after initial investment, they employed 1,100 people and had revenues of over £175 million. Now, they employ over 1,900 people and their turnover is estimated to be more than £230 million in 2014.

As Investment Manager, we typically invest in a significant minority equity stakes in these qualifying Companies. These investments provide the financial capital for the businesses to build and grow their operations with the objective being either to float or to sell these businesses at some point in the future. These entrepreneurial early stage businesses, often developing innovative new products and services, frequently face challenges as they seek to establish themselves in their market. The amount of capital we initially deploy is typically intended to be only the first investment that we will make into a business, prior to seeing if the company meets or exceeds its initial milestones.

If the business is unsuccessful in meeting these initial milestones, we strive to minimise the financial exposure of the Company to the business, to mitigate the risk of what is commonly referred to as "good money after bad".

Other businesses which meet some, but not necessarily all, of their milestones will require more time to prove their concept. As such these businesses may be reduced in value prior to our making a further investment. This is intended to give them an opportunity to progress further and prove more convincingly their business models.

Finally, there are those that meet and exceed the expectations initially set. It is these businesses in which we actively seek to increase our investment exposure as they prove their ability to create significant and valuable businesses.

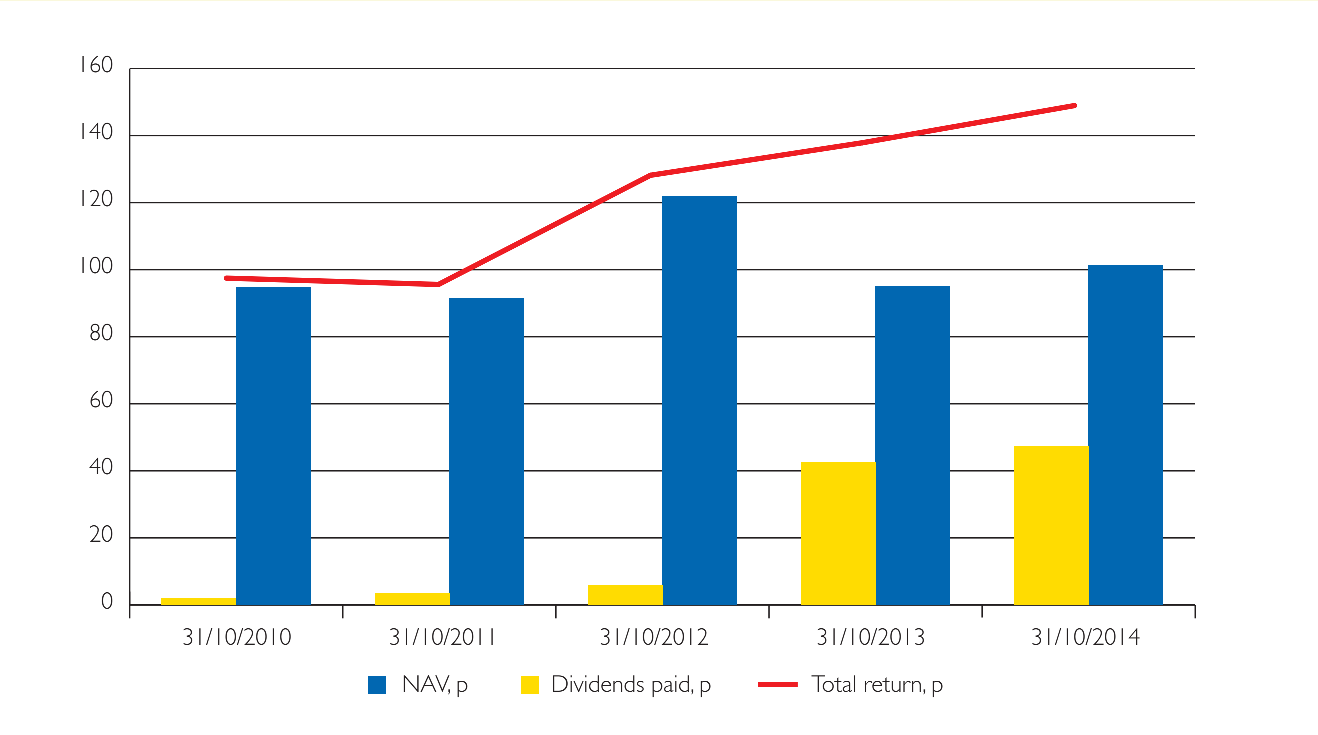
Our investment approach requires us to maintain liquidity in the Company in order to ensure adequate resources are available to support further portfolio funding needs as they arise. This liquidity should be further enhanced following the current Prospectus offer for new shares as described in the Chairman's Statement, and it is an important feature of our investment strategy, with the primary objective being to deliver sustainable returns to shareholders.

STRATEGIC REPORT

INVESTMENT MANAGER'S REVIEW (continued)

Performance

The following graph represents the performance of the Company in the last five years since 31 October 2009 in NAV, dividends paid and Total Return (NAV plus cumulative dividends paid):



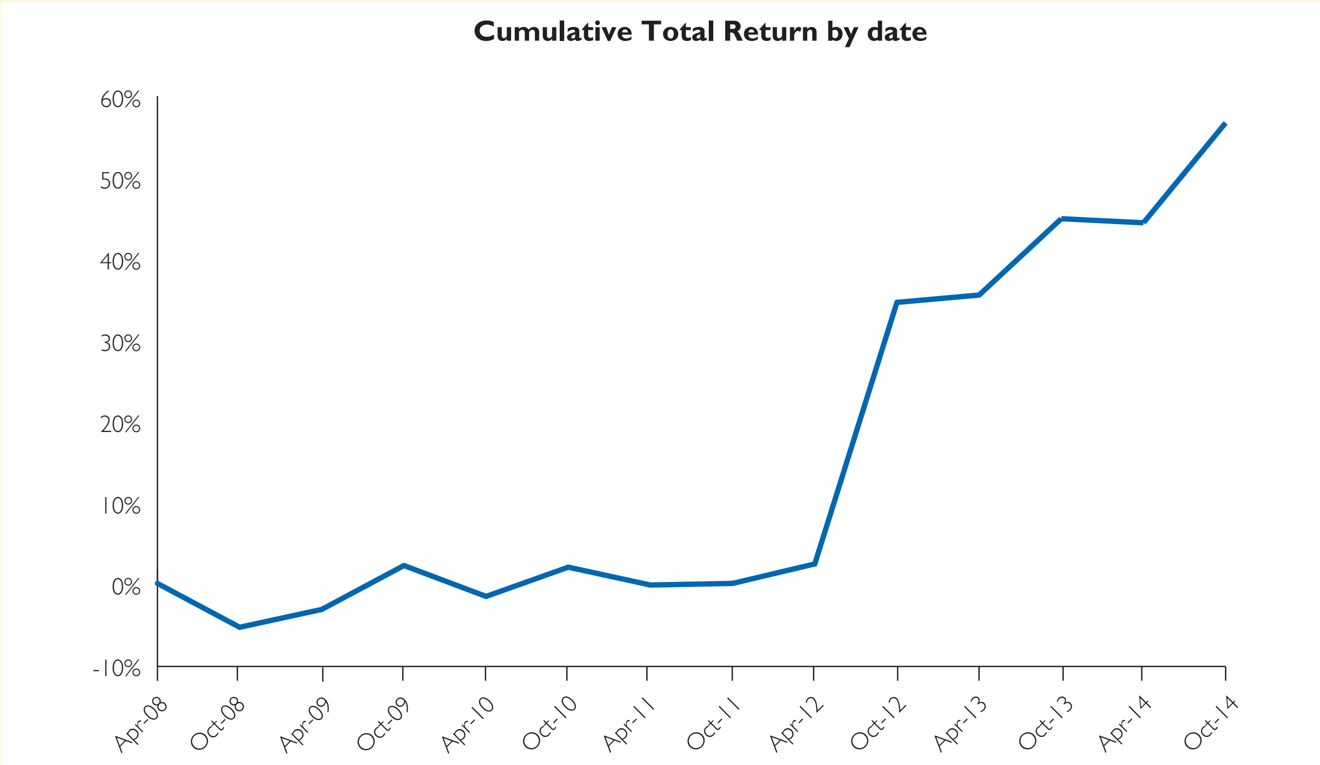
The Total Return has seen a significant increase since 31 October 2011 as shown on the graph, from 95.0p to 148.9p. This represents an increase of 56.7% in value in the last three years. Additionally the dividends paid between 31 October 2011 and 2014 were 44.0 pence per share representing a significant cash return to investors. A further 2.5p per share was then paid on 21 November 2014.

The discrete performance over the last 5 years is represented below:

	31/10/2010	31/10/2011	31/10/2012	31/10/2013	31/10/2014
NAV, p	94.9	91.5	121.9	95.2	101.4
Dividends paid, p	2	3.5	6	42.5	47.5
Total return, p	96.9	95.0	127.9	137.7	148.9
Discreet performance	(0.20%)	(2.0%)	34.6%	7.7%	8.1%

We have previously mentioned the 'J-curve' where the Company initially suffers from standard running costs reducing the value of the Company until the portfolio is sufficiently established and begins to mature. This is when the uplift from the portfolio then exceeds the running costs and drives value in the Company. The following graph shows the cumulative total return since 30 April 2008 which displays the 'J-curve'. We believe that the Company has successfully come through the initial phases of the J-curve and is now in its growth phase.

STRATEGIC REPORT



Portfolio Review

As at 31 October 2014 the NAV was 101.4p per share, compared to 95.2p per share as at 31 October 2013 which represents a total return of 11.2p per share being an increase in NAV of 6.2p and dividends paid during the year of 5.0p (2013: 5.0p) per share. This represents a considerable increase of 11.7% (2013: 7.7%). The performance of the portfolio continued to be strong this year with a number of portfolio companies having uplifts in fair value.

In particular Zenith Holding Company, which owns a stake in Calastone, Zoopla Property Group, Nature Delivered (Graze) and Secret Escapes, through its interest in the Zenith fund, performed very well with the individual investment holdings delivering significant growth. As previously reported, these holdings were sold to Zenith in order to maintain the qualifying status of the VCT, deliver cash back to the Company and ensure that a stake could be held by the Company so that it may continue to share in the growth of the underlying assets. At the year end, Zenith comprised 30.7% of the total net assets of the Company.

As expected with the nature of the businesses we invest in, some of the portfolio companies have fallen behind expectations and budgets resulting in reductions in fair value of the companies. We work closely with the management teams of these companies to realise their potential or limit investment losses.

The Company now holds over 88% of its assets in qualifying holdings from an HMRC perspective and we continue to work with each portfolio business as they develop in their respective markets.

New and follow-on investments

Your Investment Manager is always looking for opportunities to invest in new companies where capital growth can be achieved. The Company made 19 new investments in the year totalling £3.5 million taking the total number of portfolio companies to 38 as at 31 October 2014. This was then increased to 46

STRATEGIC REPORT

INVESTMENT MANAGER'S REVIEW (continued)

at the time of the merger. These investments are in a variety of different sectors further diversifying the portfolio.

We have built a strong portfolio but it is important to support the companies where appropriate to allow them to invest for growth and alleviate working capital pressure. During the year, ten follow-on investments totalling £3.0 million were made.

Post year end

Subsequent to the year end, the Company merged with Octopus Titan VCTs 1, 3, 4 and 5 which increased the net assets to £169.3 million. Further to this, £14.33 million and £3.1 million were allotted on 1 and 22 December 2014 net of expenses.

Further details can be seen in Note 17.

Outlook

The merger of the five Titan funds is a big step forward for the Investment Manager, the shareholders and the investee companies. This will improve efficiencies and streamline costs and the administrative burdens providing more time to focus on and help build these companies.

We are confident that the established portfolio will continue to take advantage of economic conditions with many of the entrepreneurs looking to disrupt markets through innovation. Our primary focus is to support and build those companies within the portfolio but we also intend to add new opportunities to the portfolio.

The growth within the portfolio, and the performance of the Company, is very pleasing and with the more positive economic backdrop, we are optimistic that the portfolio will continue to grow and generate further increases in the Total Return of the Company, which will be distributed to shareholders through regular and special tax-free dividends.

If you have any questions on any aspect of your investment, please call one of the Octopus Ventures team on 0800 316 2295.

Alex Macpherson
Octopus Investments Limited
9 January 2015

STRATEGIC REPORT

Investment Portfolio

Fixed asset investments	Sector	Investment cost as at 31 October 2014 (£'000)	Movement in fair value to 31 October 2014 £'000)	Fair value as at 31 October 2014 (£'000)	Movement in fair value in year to 31 October 2014 (£'000)	% voting rights held by the Company	% equity held by all funds managed by Octopus
Zenith Holding Company Limited	Generalist	4,895	5,191	10,086	1,988	33.30%	100.00%
TouchType Limited	Telecommunications	1,226	3,051	4,277	2,044	5.28%	19.04%
Getlenses Limited	Consumer lifestyle and wellbeing	824	636	1,460	547	5.89%	15.63%
UltraSoC Limited	Technology	1,162	(14)	1,148	(59)	14.21%	58.66%
Zynstra Limited	Technology	873	50	923	50	3.02%	20.18%
Uniplaces Limited	Consumer lifestyle and wellbeing	585	298	883	298	6.99%	35.15%
Semafone Limited	Telecommunications	636	241	877	540	5.82%	37.68%
Aframe Media Group Limited	Media	775	(70)	705	(70)	3.58%	33.19%
Surrey NanoSystems Limited	Technology	485	219	704	176	4.19%	14.26%
e-Therapeutics plc	Consumer lifestyle and wellbeing	632	(9)	623	(84)	0.91%	3.28%
Other investments		7,909	(2,143)	5,766	(13)	N/a	N/a
Total fixed asset investments		**20,002**	**7,450**	**27,452**	**5,417**		
Money market securities		5,701	–	5,701	–		
Cash at bank		443	–	443	–		
Total investments		**26,146**	**7,450**	**33,596**	**5,417**		
Debtors less creditors				(720)			
Total net assets				**32,876**			

The top 10 investments detailed in the table represent 79.0% by value of the investment portfolio and account for an uplift in valuation of £5,430,000 for the year. This accounts for the material movements within the investment portfolio. The other 28 investments had a combined decrease in fair value of £13,000 during the year of which 19 are new investment companies with 18 held at cost.

Valuation Methodology

Initial valuation

Financial assets are measured at fair value. The best estimate of the initial fair value of a financial asset that is either quoted or not quoted in an active market is the transaction price (i.e. cost).

Subsequent valuation

Further funding rounds are a good indicator of subsequent fair value and this measure is used where appropriate. Subsequent adjustment to the fair value of unquoted investments can be made using sector multiples based on information as at 31 October 2014, where applicable. In some cases the multiples can be compared to specific companies, especially where a particular sector multiple does not appear appropriate.

In accordance with the IPEVC valuation guidelines, investments made within 12 months are usually kept at cost unless performance indicates that fair value has changed.

Quoted investments are valued at market bid price. No discounts are applied.

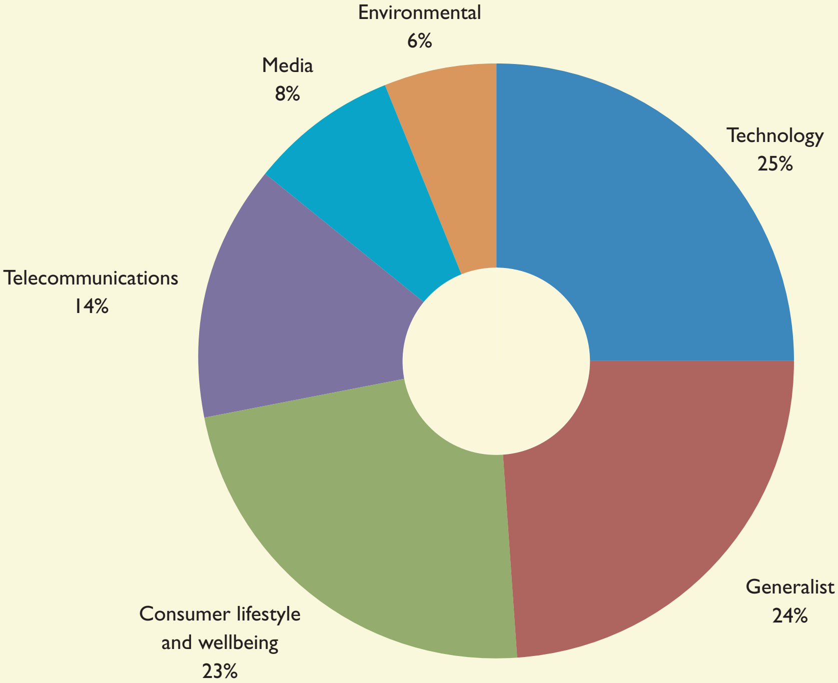
If you would like to find out more regarding the IPEVC valuation guidelines, please visit their website at: www.privateequityvaluation.com.

STRATEGIC REPORT

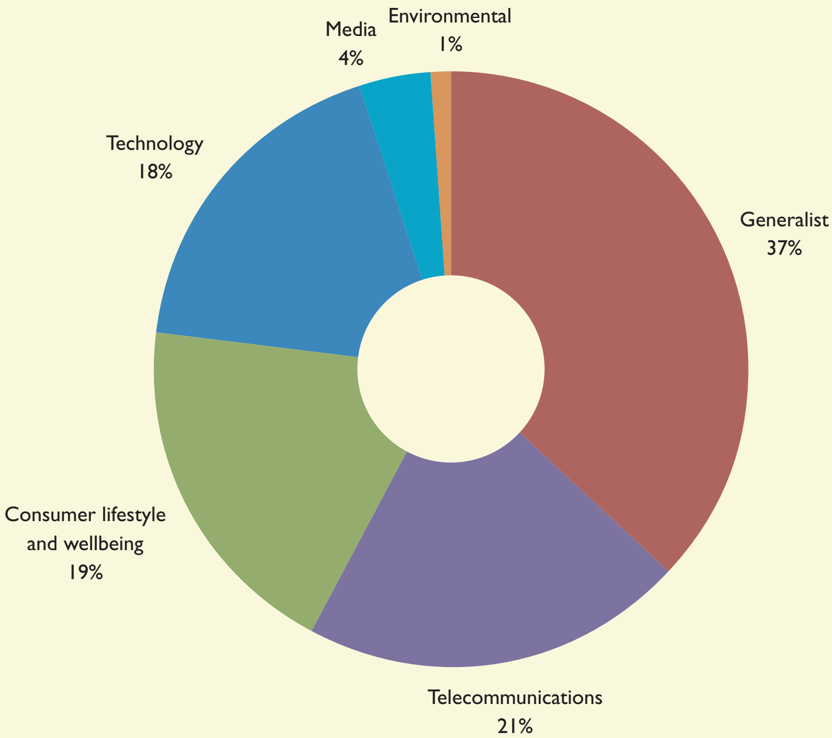
INVESTMENT MANAGER'S REVIEW (continued)

Sector Analysis

Total Investments by Book Cost



Total Investments by Value



STRATEGIC REPORT

Review of Investments

During the year 10 follow-on investments were made, amounting to £3.0 million and 19 new investments amounting to £3.4 million.

Quoted and unquoted investments are valued in accordance with the accounting policy set out in accounting Note 1 which takes account of current industry guidelines for the valuation of venture capital portfolios and is compliant with IPEVC Valuation guidelines and current financial reporting standards.

Listed below are details of the Company's ten largest investments by value.

Zenith Holding Company Limited

Zenith Holding Company has a holding in Octopus Zenith LP, an Octopus managed fund, which holds stakes in Secret Escapes, Zoopla Property Group, Nature Delivered (Graze) and Calastone, which were formerly held by Titan 1-3.

Founded in April 2007, Graze is the UK's first company to deliver healthy and nutritionally balanced food by post, straight to the home or office. Graze promotes a varied and balanced diet through facilitating the intake of a wide variety of smaller portions of natural, high energy foods throughout the day, allowing for a healthier approach to eating delicious foods. Customers can select Graze boxes created by the company's team of nutrition specialists to place orders for personalised assortments of foods to match their specific tastes and needs including health, diet and indulgent treats. The company has offices in the UK and the US.

Calastone is the global fund transaction network. More than 700 customers in 18 domiciles are processing domestic and cross-border across Calastone's multi-award winning transaction network, benefiting from the cost and risk reduction opportunities transaction automation can offer. Calastone is part of Fintech50 and European Fintech, ranked in the top 50 of The Sunday Times Hiscox Tech Track 100, and is one of the UK Government Tech City Future Fifty companies, recognised for high growth and transforming industries.

Launched in 2008, Zoopla Property Group Plc owns and operates some of the UK's leading online property brands including Zoopla.co.uk and Primelocation.com. Over 16,500 estate agent and lettings agent branches across the UK advertise on the company's websites each month, in addition to all the leading new homes developers, attracting over 40 million visitors a month and generating over 2 million enquiries per month for the member estate/letting agents and property developers. In addition to operating its own websites, Zoopla Property Group Plc exclusively powers the property search facility on a number of the UK's biggest websites including The Times, The Telegraph, Independent, Evening Standard, The Daily Mail, Homes & Property, AOL, MSN, Homes24 and many more. The Company successfully listed on the Premium main market of the London Stock Exchange on 23 June 2014.

Secret Escapes offers exclusive rates (up to 70% off) on members-only flash sales for luxury travel. All of the hotels and holidays are hand-picked by a team of travel experts and while the flash sales are live on Secret Escapes, members will be guaranteed a rate cheaper than anywhere else online. Secret Escapes has offices in London, Sweden, Poland, Germany and the US.

Initial investment date:	June 2013
Cost:	£4,895,000
Valuation:	£10,086,000
Last submitted audited accounts:	n/a
Turnover	n/a
Profit before tax:	n/a
Net assets:	n/a

STRATEGIC REPORT

INVESTMENT MANAGER'S REVIEW (continued)

Swiftkey (TouchType Limited)

Founded in London in 2008, Swiftkey's mission is to build technology that makes it easy for everyone to create and communicate on mobile. The company is best known for SwiftKey Keyboard, its 'mind-reading' touchscreen keyboard app, which was Google Play's number one paid app in 2012 and 2013. SwiftKey shifted its business model in 2014 and launched the SwiftKey Keyboard as a free app on both the Google (android) and Apple (iOS) operating systems, achieving significant user growth on both platforms.

Initial investment date:	August 2010
Cost:	£1,226,000
Valuation:	£4,277,000
Voting rights held by the Company:	5.28%
Equity held by all funds managed by Octopus:	19.04%
Last submitted group accounts:	31 December 2013 (abbreviated)
Turnover	not disclosed
Profit/(Loss) before tax:	not disclosed
Net assets:	£3,723,098

SwiftKey

Further information can be found at the company's website www.swiftkey.com

Getlenses Limited

Getlenses Group Ltd trades as Vision Direct. Vision Direct is the UK's largest, most trusted online retailer of contact lenses, solutions and eye care products with over 1.65 million orders fulfilled around the world and more than 700,000 customers. Since being founded by Opticians in 1998, it has been saving customers up to 45% on high quality contact lenses from the world's leading brands, including Acuvue, Focus Dailies and Air Optix. Today, VisionDirect.co.uk has grown to establish offices in Amsterdam, London and York, employing almost 100 members of staff, with sister sites in Spain, Italy, Holland and Ireland.

Initial investment date:	September 2009
Cost:	£824,000
Valuation:	£1,460,000
Voting rights held by the Company:	5.89%
Equity held by all funds managed by Octopus:	15.63%
Last submitted group accounts:	31 August 2013
Turnover	£10,354,475
Profit before tax:	£73,382
Net assets:	£4,910,844

VisionDirect

Further information can be found at the company's website www.getlenses.co.uk

STRATEGIC REPORT

UltraSoC Technologies Limited

UltraSoC Technologies Ltd is a pioneering technology start-up based in Cambridge (UK), the world-renowned centre for high-tech innovation. The company has developed unique silicon intellectual property to solve the current crisis in multiprocessor software debug, and is poised to deliver overwhelming benefits across the ecosystem by enabling electronic products to be debugged as a complete system. The company has a world-class engineering and commercial team and is actively engaging the industry. Its unique and innovative debugging technology will be used in embedded electronic systems increasingly used in many everyday products from cars to mobile phones.

Initial investment date:	September 2010
Cost:	£1,162,000
Valuation:	£1,148,000
Voting rights held by the Company:	14.21%
Equity held by all funds managed by Octopus:	58.66%
Last submitted audited group accounts:	31 December 2013 (abbreviated)
Turnover	not disclosed
Profit/(Loss) before tax:	not disclosed
Net assets:	£886,458

Further information can be found at the company's website www.ultrasoc.com

Zynstra Limited

Zynstra delivers cloud managed IT infrastructure for SMEs on a subscription based model, available with the installation of minimal hardware. By leveraging hybrid cloud technologies, Zynstra offers the services of a corporate-grade IT infrastructure at an affordable cost. Zynstra aims to make setting up an IT infrastructure as simple as plugging in a set top box. Zynstra works with Managed Service Providers (MSPs) and Communication Service Providers (CSPs) who re brand the service and resell it through their distribution channels.

Cost:	£873,000
Valuation:	£923,000
Voting rights held by the Company:	3.02%
Equity held by all funds managed by Octopus:	20.18%
Last submitted audited accounts:	30 November 2013 (abbreviated)
Turnover	not disclosed
Profit/(Loss) before tax:	not disclosed
Net assets:	£2,288,809

Further information can be found at the company's website www.zynstra.com

STRATEGIC REPORT

INVESTMENT MANAGER'S REVIEW (continued)

Uniplaces Limited

Uniplaces is the international online marketplace for student accommodation, providing verified, high quality listings that allows students to discover, book and pay for their accommodation online, marketing a wide variety of properties from privately rented accommodation to professionally managed student residences.

Student accommodation has historically been a fragmented and localised market hindered by the limitations of offline transactions, an expensive and time consuming rental process, and a lack of clear, reliable information for the student. Uniplaces has developed a secure and user-friendly website, dramatically simplifying the process of finding and booking accommodation for students while ensuring marketing costs for providers are kept to a minimum and occupancy rates are maximised. The service has proved particularly useful for international students looking for a more convenient and secure way to arrange their accommodation before they arrive. The Uniplaces platform is now live in three cities; London, Lisbon and Madrid. It currently has 15,000 rooms listed and has booked over 110,000 nights of accommodation. Its customers are made up of 72 nationalities.

Initial investment date:	October 2013
Cost:	£585,000
Valuation:	£883,000
Voting rights held by the Company:	6.99%
Equity held by all funds managed by Octopus:	35.15%
Last submitted audited group accounts:	N/A

Further information can be found at the company's website www.uniplaces.com

Semafone Limited

Based in London, Semafone was founded in 2009 by a consortium of call centre professionals, who were instrumental in the development of its fraud prevention software for use in call centres. It aims to secure sensitive data passed over the phone, including bank details, personal identification data and credit/debit card transactions. Without interrupting caller and agent dialogue, customers input their card details via the telephone keypad, eliminating the need to read out the card number and three digit security number to the phone operator therefore removing the risk of operator fraud. Semafone has secured valued customers such as Sky, the John Lewis Partnership, Argos, Specsavers and the Manchester Airports Group.

Initial investment date:	
Cost:	£636,000
Valuation:	£877,000
Voting rights held by the Company:	5.82%
Equity held by all funds managed by Octopus:	37.68%
Last submitted audited group accounts:	31 December 2013
Turnover	£3,836,550
Loss before tax:	(£405,990)
Net assets:	£447,433

Further information can be found at the company's website www.semafone.com

STRATEGIC REPORT

Aframe Media Group Limited

Aframe is a cloud asset management solution and tagging service with capabilities in collaboration, review and approval and archive. Aframe software and websites run on Aframe owned servers, so data is stored on Aframe dedicated storage arrays. Communication and transfers occur over Aframe networks. Video streaming is a feature that enables users of the system to preview clips and sequences.

Initial investment date:	September 2013
Cost:	£775,000
Valuation:	£705,000
Voting rights held by the Company:	3.58%
Equity held by all funds managed by Octopus:	33.19%
Last submitted audited group accounts:	31 December 2013 (abbreviated)
Turnover	not disclosed
Profit/(Loss) before tax:	not disclosed
Net assets:	£2,446,301

Further information can be found at the company's website www.aframe.com

e-Therapeutics plc

e-Therapeutics is an AIM-quoted drug discovery and development company. It pioneered and exploits 'network pharmacology' to evaluate swiftly and accurately how medicines interact with cells in the body. This approach optimises the probability of identifying drug candidates with desirable efficacy and minimal side effects. Network pharmacology has many applications, and is particularly suited to addressing complex diseases in which current treatment options are few and ineffective. e-Therapeutics' current drug discovery programmes are focused mainly on areas of high unmet medical need, such as neurodegeneration and oncology. Four drugs resulting from e-Therapeutics' earlier discovery projects are now in clinical development.

Initial investment date:	March 2009
Cost:	£632,000
Valuation:	£623,000 (bid price)
Voting rights held by the Company:	0.91%
Equity held by all funds managed by Octopus:	3.28%
Last submitted audited group accounts:	31 January 2014
Turnover	£nil
Loss before tax:	(£6,102,000)
Net assets:	£44,618,000

Further information can be found at the company's website www.etherapeutics.com

STRATEGIC REPORT

INVESTMENT MANAGER'S REVIEW (continued)

Surrey NanoSystems Limited

Surrey NanoSystems has developed a leading technology portfolio addressing the needs of the global nanoelectronics sector. Its proven technologies deliver precise, ordered nanomaterial structures for advanced manufacturing processes, meeting the scaling challenges of the semiconductor industry. Surrey NanoSystems works with its partners to deliver practical nano-materials and technologies to the semiconductor, renewable-energy and clean technology industries. This partnering approach facilitates the migration of materials and processes developed on Surrey NanoSystems bespoke research platforms to production-ready tooling. Surrey NanoSystems' development systems and structure-synthesis methodologies are also commercially available to researchers investigating carbon nanotubes (CNTs), nanowires, graphene and vapour-condensed nanoparticles.

As a spin-off from its work in applying nanomaterials to semiconductor device fabrication, Surrey NanoSystems has also developed Vantablack®, which is revolutionary in its ability to be applied to light-weight, temperature-sensitive structures such as aluminium whilst absorbing 99.96% of incident radiation, believed to be the highest-ever recorded. Vantablack is the result of applying Surrey NanoSystems' patented low-temperature carbon nanotube growth process to the UK Technology Strategy Board's 'Space for Growth' programme, working alongside the National Physical Laboratory and Enersys' ABSL Space Products division. Vantablack has the highest thermal conductivity and lowest mass-volume of any material that can be used in high-emissivity applications. It has virtually undetectable levels of outgassing and particle fallout, thus eliminating a key source of contamination in sensitive imaging systems. It withstands launch shock, staging and long-term vibration, and is suitable for coating internal components, such as apertures, baffles, cold shields and Micro Electro Mechanical Systems (MEMS) –type optical sensors.

Initial investment date:	July 2009
Cost:	£485,000
Valuation:	£704,000
Voting rights held by the Company:	4.19%
Equity held by all funds managed by Octopus:	14.26%
Last submitted group accounts:	30 June 2013 (Abbreviated)
Turnover	not disclosed
Loss before tax:	not disclosed
Net assets:	£3,802,250

Further information can be found at the company's website www.surreynanosystems.com

STRATEGIC REPORT

How Octopus creates and delivers value for the shareholders of the Company

The Company focuses on providing early stage, development and expansion funding to predominantly unquoted companies. The focus has been to establish a portfolio of qualifying investments in companies that have the potential to achieve a high level of profitability through the combination of:

- **Scalability**: The potential to deliver services to significant numbers of new customers at very low incremental cost and to generate repeat sales from customers.
- **Scope**: The ability to expand into complimentary areas by leveraging customer and/or distributor relationships, new product development or brand positioning.
- **Pricing power**: An ability to charge high and defensible prices for its products or services as a result of having intellectual property rights, a strong brand and/or a dominant position in a market niche.

The Investment Manager looks to identify opportunities where the people involved – the entrepreneur, management team, investors, advisers and any other significant stakeholders – have a record of success. Although the Company has the ability to invest across a wide range of industries, the focus will be on several principal sectors:

- environment
- technology
- media
- telecoms
- consumer lifestyle and wellbeing

Investment Process

The Investment Manager follows a multi-stage process prior to making qualifying investments in unquoted companies.

Initial Screening

If the initial review of the business plan is positive, a meeting is held with the management team of the business in order to assess the team in terms of its ability to achieve the objectives set out in the business plan. The proposition is then discussed and reviewed with the other members of the Octopus team and a decision is taken as to whether to continue discussions with the company with a view to making an investment.

Due Diligence

Prior to making an investment, due diligence is carried out on the potential investment company. The due diligence process includes a review of the investment company's technology, discussions with customers and suppliers, competitive analysis, assessment of the capabilities of the management team and financial analysis. In addition, the Octopus investment team is supported by the Octopus Venture Partners – a group of over 100 entrepreneurs and business experts including a number of ex-FTSE chairmen and chief executives. The Octopus Venture Partners may be involved at an early stage in the investment decision making process, involving members with relevant industry experience as part of the initial due diligence and they may go on to invest alongside Octopus in investment companies.

Additionally, Octopus also draws on professional input from lawyers, accountants and other specialists as required in order to conduct the due diligence and draw up the required legal documentation in order to complete an investment.

STRATEGIC REPORT

INVESTMENT MANAGER'S REVIEW (continued)

Post-Investment Monitoring

Octopus will usually appoint at least one representative to the board of each investment company. The majority of the investments are expected to be held for approximately five years. There may, however, be opportunities to exit profitably on shorter timescales. The Investment Manager will conduct a regular review of the portfolio, during which each investment company will be assessed in terms of its commercial and financial progress, its strategic positioning, requirement for further capital, progress towards an eventual exit and its current and prospective valuation. As each company matures, the exit considerations become more specific, with a view to establishing a definitive action plan in order to achieve a successful sale of the investment. Throughout the cycle of an investment the Investment Manager will remain proactive in determining the appropriate time and route to exit. It is expected that the majority of exits will be by means of a trade sale or by a float/IPO.

DETAILS OF DIRECTORS

As at 9 January 2015

John Hustler (Non-Executive Chairman)

John joined Peat Marwick, now KPMG, in 1965 and became a Partner in 1983. Since leaving KPMG in 1993 to form Hustler Venture Partners Limited, he has advised and been a director of a number of growing companies. He is presently a Non-Executive director of Hygea VCT plc and Chairman of RenaissanceRe Syndicate Management Limited. He was also a member of the Council of The Institute of Chartered Accountants in England and Wales and Chairman of its Corporate Finance Faculty from 1997-2000 and was a member of the Council of the British Venture Capital Association from 1989-1991.

Matt Cooper (Non-Executive Director)

Matt is the Chairman of Octopus. Prior to joining Octopus, Matt was the Principal Managing Director of Capital One Bank (Europe) plc where he was responsible for all aspects of the company's strategic direction and day-to-day operations in Europe. He led the UK portion of the business from start-up to two million customers, generating revenues of over £275 million and employing over 2,000 people. Matt is also Chairman of Imaginatik plc and a Non-Executive Director of 10Duke Software Limited, MyDish Limited Ultimate Finance Group plc, Clearly So Limited, LO-Q plc, Which? Financial Services Limited and two other Octopus VCTs.

Mark Hawkesworth (Non-Executive Director)

Mark was appointed a director on 27 November 2014. He retired as an investment partner at Nova Capital Management Limited in January 2011, having spent more than 25 years in the private equity industry. Prior to joining Nova, he was a senior partner at Baring Private Equity Partners and also spent 12 years at Lazard. Mark originally trained as an electrical engineer and spent his early career working for international engineering companies such as Taylor Woodrow, Trafalgar House and BICC/Balfour Beatty. Mark is a Member of Council of the University of Bath and Treasurer of The Gordon Foundation. Mark was a director and Chairman of Octopus Titan VCT 3 plc from 17 March 2008 to 27 November 2014.

Jane O'Riordan (Non-Executive Director)

Jane was appointed a director on 27 November 2014. She is the Managing Director of Yellow Woods Associates (formerly Capricorn Associates), a private equity and venture capital advisory firm where she has been involved in the strategic development of companies such as Nando's, Pizza Express/Gondola and Broker Network as well as many others. During this time she has led projects including the evaluation of investment opportunities, undertaken strategic due diligence, guided companies through key growth phases, managed disposals and performed board representation functions on behalf of the broader Capricorn investment group. Prior to joining Capricorn in 1997, Jane was a director with Braxton Associates, the then strategic consulting division of Deloitte & Touche, where she was responsible for a number of major corporate client relationships. Her main areas of specialisation at Deloitte included international expansion, market growth strategies and corporate restructuring. In addition to over sixteen years of private equity, venture capital and management consulting experience, Jane worked for three years with British Aerospace as a spacecraft systems engineer. Jane has a first class BSc in mechanical engineering and an MBA from Harvard Business School. Jane was a director and Chairman of Octopus Titan VCT 5 plc from 17 November 2010 to 27 November 2014.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 October 2014.

The Directors consider that the Annual Report and Accounts, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Directors

Brief biographical notes on the Directors are given on page 29.

In accordance with the Articles of Association and the Association of Investment Companies Code of Corporate Governance, Mr Hawkesworth and Ms O'Riordan offer themselves for election and the Board recommend their election at the forthcoming Annual General Meeting.

Mr Cooper is not considered to be independent due to his role as Chairman of Octopus Investments Limited, the Investment Manager of Octopus Titan VCT plc. As a non-independent Director, Mr Cooper will stand for re-election at the 2015 Annual General Meeting of the Company as required by Listing Rule 15.2.13A. The Board has also considered provision B.7.2 of The UK Corporate Governance Code and believes that he continues to be effective and to demonstrate commitment to his role, the Board and the Company. The Board therefore has no hesitation in recommending him for re-election at the forthcoming Annual General Meeting.

Further details can be found in the Corporate Governance report on page 34.

Directors' and Officers' Liability Insurance

The Company has, as permitted by the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report, on pages 6 to 28. Further details on the management of financial risk may be found in Note 16 to the financial statements.

The Board receives regular reports from Octopus and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

A Special Resolution was approved at the General Meeting of the Company held on 16 October 2014 to change the Articles of Association so that at the later of the 10th Annual General Meeting of the Company in 2020 and the Annual General Meeting of the Company held after the fifth anniversary of the last allotment of shares in the Company that an Ordinary resolution will be proposed to the effect that the Company shall continue in being as a venture capital trust. The continuation of the Company to 2020 and beyond will allow shareholders who participate in the current offer to subscribe for Ordinary Shares to hold their shares for the five years required to receive tax relief and in addition, will also allow the Company to remain a going concern.

The assets of the Company include securities which are readily realisable (18.7% of net assets) and, accordingly, the Company has adequate financial resources to continue meeting expenses of commitments made under share buybacks and in operational existence for the foreseeable future.

Management

The Company has in place an agreement with Octopus to act as Investment Manager which is central to the ability of the Company to continue in business. The principal terms of the Company's management agreement with Octopus are set out in Notes 3 and 19 to the financial statements. Octopus also provides secretarial, administrative and custodian services to the Company.

There are no other contracts which are deemed to be essential to the business of the Company.

As required by the Listing Rules, the Directors confirm that, in their opinion, the continuing appointment of Octopus as Investment Manager is in the best interests of the shareholders as a whole. In reaching this conclusion the Directors have taken into account the performance of the investment portfolio and the ability of Octopus to produce satisfactory investment performance in the future. It also considered the length of the notice period of the management agreement and fees payable to Octopus together with the standard of other services provided which include secretarial and accounting services. Details of the fees paid to Octopus in respect of services provided are detailed in Note 19 to the financial statements.

With the exception of Mr Cooper, no Director has an interest in any contract to which the Company is a party. Mr Cooper is the Chairman of Octopus.

The Company has established a performance incentive scheme whereby Octopus is entitled to an annual performance-related incentive fee in the event that certain performance criteria are met. The criteria was met in 2014 resulting in a performance fee payable to Octopus. Further details of this scheme are disclosed within Note 19 to the financial statements.

The Board has delegated the routine management decisions such as the payment of standard running costs to Octopus. However, investment decisions are discussed and agreed with the Board.

Whistleblowing

The Board has considered the arrangements implemented by Octopus in accordance with The UK Corporate Governance Code's recommendations, to encourage staff of the Investment Manager or Company Secretary of the Company to raise concerns, in confidence, within their organisation about possible improprieties in matters of financial reporting or other matters. It is satisfied that adequate arrangements are in place to allow an independent investigation, and follow on action where necessary, to take place within the organisation.

Bribery Act

Octopus has an Anti-Bribery Policy which introduced robust procedures to ensure full compliance with the Bribery Act 2010 and to ensure that the highest standards of professional ethical conduct are maintained. All employees and those working for, or on behalf of, the firm are aware of their legal obligations when conducting Company business.

Environment Policy and Greenhouse Gas Emissions

The Board has no specific environmental policy; however, the Company recognises the need to conduct its business, including investment decisions, in a manner that is responsible to the environment wherever possible.

The Company does not produce any reportable emissions as the Fund management is outsourced to Octopus, with no physical assets or property held by the Company. As the Company has no employees or operations, it is not responsible for any direct emissions.

Share Capital

The Company's ordinary share capital as at 31 October 2014 comprised 32,437,373 (2013: 21,946,546) Ordinary shares of 10p each (as at that date none of the shares were held by the Company as Treasury shares).

Share Issues and Open Offers

A linked offer for subscription was launched on 3 September 2013 to raise £35 million in aggregate with an over allotment of £15 million across the five Titan funds. This offer closed on 4 April 2014 fully subscribed and a non-prospectus offer for subscription was opened immediately to raise up to £4.1million. That offer closed on 5 April 2014 and 10,318,967 shares were issued under both offers.

On 16 September 2014, the Company launched an offer for subscription for Ordinary shares of 10p to raise up to £50 million in aggregate with an over

DIRECTORS' REPORT (continued)

allotment of £20 million. To date, 17,955,679 shares have been issued at a share price of 103.4p per share, equivalent to the then current NAV of 97.7p grossed up by up to 5.5% (as set out in the Prospectus dated 16 September 2014).

Share Buybacks

During the year the Company purchased 832,464 shares, with a nominal value of £83,246 for cancellation at a weighted average price of 87.6p per share for a total consideration of £729,372 which represents 3.8% of the shares at the prior year end (2013: 718,101 shares, with a nominal value of £71,810 for cancellation at a weighted average price of 83.4p per share for a total consideration of £599,225). These were repurchased in accordance with the Company's share buyback facility in an attempt to assist the marketability of the shares and prevent the shares trading at a wide discount to the NAV.

Rights Attaching to the Shares and Restrictions on Voting and Transfer

Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the shares confer on their holders the following principal rights:

(a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in a general meeting or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by the Company;

(b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of the Company remaining after payment of its liabilities pari passu with the other holders of Ordinary shares; and

(c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of the Company. On a show of hands, every member present or represented and voting has one vote, and on a poll, every member present or represented and voting has one vote for every share of which that member is the holder. The appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting or, in the case of a poll taken otherwise than at or on the same day as the relevant meeting or adjourned meeting, be received after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll.

These rights can be suspended. If a member, or any other person appearing to be interested in shares held by that member, has failed to comply within the time limits specified in the Company's Articles of Association with a notice pursuant to s793 of the Companies Act 2006 (notice by the Company requiring information about interests in its shares), the Company can, until the default ceases, suspend the right to attend and speak and vote at a general meeting. If the shares represent at least 0.25% of their class the Company can also withhold any dividend or other money payable in respect of the shares (without any obligation to pay interest) and refuse to accept certain transfers of the relevant shares. Shareholders, either alone or with other shareholders, have other rights as set out in the Company's Articles of Association and in company law (principally the Companies Act 2006).

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (un-certificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in the Company's Articles of Association or in the case of un-certificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required). The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in the Company's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

Directors' Authority to Allot Shares, to disapply Pre-emption Rights

The authority proposed under Resolution 7 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer potential shareholders an opportunity to invest in the Company in a tax-efficient manner without the Company having to incur substantial costs. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with the Company's investment policy and may be used, in part, to purchase Ordinary shares in the market.

Resolution 7 renews the Directors' authority to allot Ordinary shares. Such authority would expire at the later of the conclusion of the Company's next Annual General Meeting following the passing of this Resolution and the expiry of 15 months from the passing of the Resolution, giving the Directors authority to allot up to 10% of the Company's issued share capital.

Resolution 8 renews and extends the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This Resolution would authorise the Directors, until at the conclusion of the next Annual General Meeting of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issue shares out of Treasury up to 10% of the Company's issued share capital. This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole.

Directors' Authority to Make Market Purchase of its Own Shares

The authority proposed under Resolution 9 is required so that the Directors may make purchases of up to approximately 5% of the Company's issued share capital and seeks renewal of such authority at the conclusion of the next Annual General Meeting of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months. The price paid for shares will not be less than the nominal value nor more than the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force as at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in

DIRECTORS' REPORT (continued)

Treasury for future re-sale in appropriate market conditions.

Share Premium Account cancellation

The Board consider it appropriate to obtain Shareholders' approval for the cancellation of the share premium account of the Company to create (subject to Court approval) distributable reserves which will enable the payment by the Company of future distributions, share buybacks to be undertaken and for other corporate purposes. A special resolution to enable the reduction of the share premium account of the Company was passed at the General Meeting held on 16 October 2014 and a further resolution will be put to shareholders at the AGM.

Substantial Shareholdings

As at the date of this report, no disclosures of major shareholdings had been made to the Company under Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules).

Independent Auditor

James Cowper LLP offer themselves for re-appointment as auditor. A Resolution to re-appoint James Cowper LLP will be proposed at the forthcoming AGM.

Corporate Governance

The Board of the Company has considered the principles and recommendations of the Association of Investment Companies Code of Corporate Governance (AIC Code) by reference to the Association of Investment Companies Corporate Governance Guide for Investment Companies (AIC Guide).

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in The UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates The UK Corporate Governance Code), will provide better information to shareholders.

The Company is committed to maintaining high standards in Corporate Governance. The Directors consider that the Company has, throughout the period under review, complied with the provisions set out in The UK Corporate Governance Code with the exceptions set out in the Compliance Statement on page 38.

Board of Directors

The Company has a Board of four Non-Executive Directors, three of whom are considered to be independent. Mr Cooper is not considered to be independent due to his role as Chairman of Octopus. The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board as set out in the Strategic Report on page 6.

Subject to the provisions of the Companies Act 2006, the Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular, the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders.

The Board has a formal schedule of matters specifically reserved for its decision which include:

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of Octopus;

- the performance of the Company, including monitoring of the discount of the net asset value to the share price; and
- monitoring shareholder profiles and considering shareholder communications.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda, and has no involvement in the day-to-day business of the Company. He facilitates the effective contribution of the Directors and ensures that they receive accurate, timely and clear information and that they communicate effectively with shareholders.

The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters. All of the Directors have access to the advice and services of the Company Secretary, who has administrative responsibility for the meetings of the Board and its committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties. The Board does not consider it necessary for the size of the Board or the Company to identify a member of the Board as the senior Non-Executive director.

The Company's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

During the year the following meetings were held:

	Full Board meetings held	No. of meetings attended	Audit Committee meetings held	Audit Committee meetings attended
John Hustler	5	5	2	2
Matt Cooper	5	5	N/A	N/A
Mark Faulkner (resigned 27/11/2014)	5	5	2	2

Additional meetings were held as required to address specific issues including considering investment recommendations from Octopus, purchases of its own shares and matters relating to the merger.

The Company's Articles of Association require that one third of Directors should retire by rotation each year and seek re-election at the Annual General Meeting, and that Directors appointed by the Board should seek re-appointment at the next Annual General Meeting. All Directors are required to submit themselves for re-election at least every three years with the exception of Mr Cooper who is not considered to be independent as he is the Chairman of Octopus, the Investment Manager of Octopus Titan VCT plc and therefore is required to stand for re-election each year.

This practice was followed during the year under review.

	Date of Original Appointment	Due date for Re-election
John Hustler	31/10/2008	AGM 2016
Matt Cooper	31/10/2008	AGM 2015
Mark Faulkner (resigned 27/11/2014)	31/10/2008	–

Performance Evaluation

In accordance with The UK Corporate Governance Code, each year a formal performance evaluation is undertaken of the Board as a whole, its Committees and the directors in the form of a questionnaire completed by each director. The directors were made aware of the annual performance evaluation on their appointment. The Chairman provides a summary of the findings to the Board, which are discussed at the next meeting and an action plan agreed. There were no issues requiring action in the year. The performance of the Chairman was evaluated by the other Directors.

The Board also conducts an evaluation of Octopus, as the Investment Manager, and feedback of the results of the evaluation is provided to Octopus.

DIRECTORS' REPORT (continued)

Appointment and Replacement of Directors

A person may be appointed as a Director of the Company by the shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) or by the Directors. No person, other than a Director retiring by rotation or otherwise, shall be appointed or reappointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 clear days before the date appointed for the meeting, notice is given to the Company of the intention to propose that person for appointment or re-appointment in the form and manner set out in the Company's Articles of Association. Each Director who is appointed by the Directors (and who has not been elected as a Director of the Company by the members at a general meeting held in the interval since his appointment as a Director of the Company) is to be subject to election as a Director of the Company by the members at the first Annual General Meeting of the Company following his or her appointment. At each Annual General Meeting of the Company one third of the Directors for the time being, or if their number is not three or an integral multiple of three the number nearest to but not exceeding one-third, are to be subject to re-election. The Companies Act allows shareholders in a general meeting by Ordinary Resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any Director before the expiration of his or her period of office, but without prejudice to any claim for damages which the Director may have for breach of any contract of service between him or her and the Company. A person also ceases to be a Director if he or she resigns in writing, ceases to be a Director by virtue of any provision of the Companies Act, becomes prohibited by law from being a Director, becomes bankrupt or is the subject of a relevant insolvency procedure, or becomes of unsound mind, or if the Board so decides following at least six months' absence without leave or if he or she becomes subject to relevant procedures under the mental health laws, as set out in the Company's Articles of Association.

Powers of the Directors

Subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company and any directions given by shareholders by Special Resolution, the Articles of Association specify that the business of the Company is to be managed by the Directors, who may exercise all the powers of the Company, whether relating to the management of the business or not. In particular the Directors may exercise on behalf of the Company its powers to purchase its own shares to the extent permitted by shareholders. Authority was given at the Company's 2014 AGM to make market purchases of up to 5 per cent of the issued ordinary share capital at any time up to the 2015 AGM and otherwise on the terms set out in the relevant resolution, and renewed authority is being sought at the 2015 AGM as set out in the notice of meeting.

Board Committees

It should be noted that there is no formal Management Engagement Committee as matters of this nature are dealt with by the independent Non-Executive Directors. The Board does not have a separate Remuneration Committee as the Company has no employees or executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on page 42.

The Board has appointed two committees to make recommendations to the Board in specific areas:

Audit Committee:

Mark Faulkner (Chairman to 27/11/2014)

Mark Hawkesworth (Chairman with effect from 27/11/2014)

John Hustler

Jane O'Riordan (with effect from 27/11/2014)

The Audit Committee, chaired by Mark Faulkner during the year, consisted of two independent Directors and subsequently consists of three independent Directors. Mark Hawkesworth chairs the Audit Committee following the merger and his appointment. The Audit Committee believes that Mark Hawkesworth possesses appropriate and relevant financial experience as per the requirements of The UK Corporate Governance Code. The Board considers that the members of the Committee are independent and have collectively the skills and experience required to discharge their duties effectively.

The Audit Committee Report is given on page 39.

Nomination Committee:

John Hustler (Chairman)

Matt Cooper

Mark Hawkesworth

Jane O'Riordan

The Nomination Committee considers the selection and appointment of Directors considering the composition and selection of the Board, appointing members on merit, measured against objective criteria with due regard for the benefits of gender and diversity. It also makes recommendations to the Board as to the level of Directors' fees if appropriate.

It was not necessary for the Nomination Committee to meet to discuss the appointment of the two new directors of the Board post period end as their appointment was connected to the merger of the five Octopus Titan companies and subsequently considered and agreed by all five boards of directors as part of the discussions undertaken. The proposed directors details were set out in the Prospectus dated 16 September 2014.

Internal Controls

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of risk management and internal controls. The purpose of these controls is to ensure that proper accounting records are maintained, the Company's assets are safeguarded and the financial information used within the business and for publication is accurate and reliable; such a system can only provide reasonable and not absolute assurance against material misstatement or loss. The systems of risk management and internal control are designed to manage rather than eliminate the risk of failure to achieve the business objectives. The Board regularly reviews financial results and investment performance with Octopus.

Octopus identifies the investment opportunities for the consideration of the Board who ultimately makes the decision whether to proceed with that opportunity. Octopus monitors the portfolio of investments and makes recommendations to the Board in terms of suggested disposals and further acquisitions.

Octopus is engaged to carry out the accounting function and retains physical custody of the documents of title relating to unquoted investments. Octopus regularly reconciles the client asset register with the physical documents.

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the risk management and internal control systems. As part of this process an annual review of the risk management and internal control systems is carried out in accordance with the Turnbull Report and Financial Reporting Council guidelines for risk management and internal control. This included a review of the processes in place at Octopus to ensure that the Company complies with the UK Bribery Act, which came into force in July 2011. The Board do not consider it appropriate to have an internal audit function due to the nature of the Company's transactions as this would not be an appropriate control for a VCT.

DIRECTORS' REPORT (continued)

The risk management and internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from the Company's accounts require the authority of two approved signatories from Octopus. The Company is subject to a full annual audit whereby the auditor is the same auditor as for other VCTs managed by Octopus. Further to this, the Audit Partner has open access to the Directors of the Company and Octopus is subject to regular review by the Octopus Compliance Department.

Financial Risk Management

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in Note 16 to the Financial Statements.

Relations with Shareholders

Shareholders have the opportunity to meet the Board and the Investment Managers at the Annual General Meeting and at any General Meetings held during the year. In addition to the formal business of the Annual General Meeting, the Board is available to answer any questions a shareholder may have for the Board and the Investment Managers on any matters relating to the operation and performance of the Company. The proxy figures for each meeting are announced at the meeting and are available on the Octopus website following the meeting.

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 33 Holborn, London, EC1N 2HT. Alternatively, the team at Octopus will be pleased to answer any questions you may have and can be contacted on 0800 316 2295.

Compliance Statement

The Listing Rules require the Board to report on compliance throughout the accounting period with all relevant provisions set out in The UK Corporate Governance Code. The preamble to The UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies adding that the AIC Code and AIC Guide can assist in meeting the obligations under The UK Corporate Governance Code. With the exception of the limited items outlined below, the Company has complied throughout the accounting year to 31 October 2014 with the provisions set out in The UK Corporate Governance Code. The section references to The UK Corporate Governance Code are shown in brackets.

1. The Company does not have a Chief Executive Officer or a senior independent Director. The Board does not consider this necessary as it does not have any executive directors. [A.4.1]
2. New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. [B.4.1]
3. The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for a VCT. [C.3.6]
4. The Company does not have a Remuneration Committee as it does not have any executive directors. [D.1.1 – 2.4]
5. The Company has no major shareholders therefore shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than at the Annual or General Meetings. [E.1.1 & E.1.2]

By order of the Board

P. Standaloft

Patricia Standaloft (ACIS)
Company Secretary
9 January 2015

AUDIT COMMITTEE REPORT

This report is submitted in accordance with The UK Corporate Governance Code in respect of the year ended 31 October 2014 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Directors forming the Audit Committee can be found on page 36.

The Audit Committee's terms of reference include the following responsibilities:

- reviewing and making recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- advising the Board on whether the annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- advising the Board on whether the annual Report and Accounts provides necessary information for shareholders to assess performance, business model and strategy;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that Octopus has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to the propriety of financial reporting or other matters.

As part of the process of working with the Board to maximise effectiveness, meetings of the Committee usually take place immediately prior to the Board meeting and a report is provided on relevant matters to enable the Board to carry out their duties.

The Committee reviews its terms of reference and its effectiveness periodically and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets twice per year and on an ad hoc basis as necessary and has direct access to James Cowper LLP, the Company's external auditor. The external auditor has also been appointed to provide the non-audit service of corporation tax compliance. The Committee does not believe this is sufficient to influence the independence or objectivity of the external auditor due to the fee being an immaterial expense. When considering whether to recommend the appointment or reappointment of the external auditor the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged by similar sized audit firms.

A review of the audit services was undertaken in 2013 and therefore no review was undertaken in the current year.

The effectiveness of the external audit is assessed as part of the Board evaluation conducted annually and by the quality and content of the Audit Plan and Report provided to the Committee by the Auditor and the resultant discussions on topics raised. The Committee also challenge the Auditor when present at a Committee meeting if appropriate.

AUDIT COMMITTEE REPORT (continued)

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the Committee considers annually whether there is a need for such a function and if so would recommend this to the Board. Octopus have appointed an internal auditor, the function of which has been outsourced to Ernst & Young. The Octopus Compliance Department regularly report to the Board on the outcome of the internal audits that have taken place. Any significant issues arising from the Octopus internal audit that affect the Company would be raised to the Committee immediately.

The Committee will monitor the significant risks at each meeting and Octopus will work closely with the Auditor to mitigate the risks and the resultant impact.

During the year ended 31 October 2014, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's financial statements, including identification of key risks and confirmation of auditor independence;
- reviewing the Octopus statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of the Octopus compliance procedures;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft annual financial and interim results statements prior to Board approval;
- reviewing the external auditor's Audit Findings Report to the Committee on the annual financial statements; and
- reviewing the Company's going concern as referred to on page 30.

The Committee have considered the whole Report and Accounts for the year ended 31 October 2014 and have reported to the Board that they consider them to be fair, balanced and understandable, providing the information necessary for shareholders to assess the Company's performance, business model and strategy.

Significant Risks

The Audit Committee is responsible for considering and reporting on any significant risks that arise in relation to the audit of the financial statements. The Committee and the Auditors have identified the most significant risks for the Company as:

- Valuation of investment portfolio: The Auditor gives special audit consideration to the valuation of investments and supporting data provided by Octopus. The impact of this risk would be a large gain or loss in the Company's results. The valuations are supported by investment company audited accounts and third party evidence. These give comfort to the Audit Committee.
- Management override of financial controls. The auditor specifically reviews all significant accounting estimates that form part of the financial statements and consider any material judgements applied by management during the completion of the financial statements.

These issues were discussed with Octopus and the Auditor at the conclusion of the audit of the financial statements.

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the financial statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the financial statements to 31 October 2014.

Mark Hawkesworth
Audit Committee Chairman
9 January 2015

DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, in respect of the year ended 31 October 2014. The reporting requirements entail two sections be included, a Policy Report and an Annual Remuneration Report, which are presented below.

The Company's auditor, James Cowper LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section and share information below. Their report on these and other matters is set out on pages 46 to 48.

Consideration by the Directors of Matters Relating to Directors' Remuneration

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect. The Board considered the Director's remuneration during the merger discussions and it was agreed to increase the remuneration to reflect the enlarged Company. The Board has not sought advice or services from any external person in respect of its consideration of Directors' remuneration during the year although the Directors expect from time to time to review the fees against those paid to the Boards of directors of other VCTs. The Company does not have a Chief Executive Officer, Senior Management or any employees.

Directors' Remuneration Policy Report

The Board consists entirely of Non-Executive Directors, who meet at least four times a year and on other occasions as necessary, to deal with the important aspects of the Company's affairs. Directors are appointed with the expectation that they will serve for, at least, a period of three years. All Directors retire at the first general meeting after election and thereafter one third of all Directors are subject to retirement by rotation at subsequent Annual General Meetings. Re-election will be recommended by the Board but is dependent upon a shareholder vote.

Each Director received a letter of appointment which is subject to termination by the Director or the Company on three months' notice in writing. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairman of the Board to be paid higher fees than the other Directors in recognition of his more onerous role. The policy is to review these rates from time to time, although such review will not necessarily result in any changes. Due to the nature of the Company, there are no employees other than the Directors and therefore no such issues to consider when determining the Directors' remuneration.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. The Board is also entitled to be repaid all reasonable travelling, subsistence and other expenses incurred by them respectively whilst conducting their duties as Directors; however no other remuneration or compensation was paid or payable by the Company during the year to any of the current Directors.

The Board has not sought advice or services from any person in respect of its consideration of Directors' remuneration during the year.

In accordance with the reporting requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, an Ordinary resolution for the approval of the remuneration policy of the Company, to remain in force for a three year period, was put to the members at the 2013 AGM and became effective from that date. The Remuneration Policy is included here for information only and will be presented to shareholders for approval again in 2016.

Annual Remuneration Report

The remuneration policy described above was implemented with effect from the 2014 Annual General Meeting. The Board reviewed the remuneration of the Directors during the merger discussions and due to the aggregate annual savings on directors' fees, thought it appropriate for the fees to be raised to new levels of £25,000 for the Chairman and £20,000 for the other Directors to reflect the increased size of the Company following the merger and the increased number of Directors. A special resolution will be put to shareholders at the AGM to approve the amendment to the Articles of Association to reflect the increase in the cap on the Directors' annual ordinary remuneration from £75,000 to £100,000.

This Remuneration Report is subject to approval by a simple majority of shareholders at the AGM in March 2015, as in previous years.

Statement of Voting at the Annual General Meeting

The 2013 Director's Remuneration Report was presented to the AGM in March 2014 and received shareholder approval following a vote on a show of hands. Of the 546,379 votes received, those for the resolution totalled 93.06%, 3.84% of votes were at the discretion of the Chairman and 3.10% of the votes cast were against with no votes withheld. The proxy forms returned to the Registrars contained no explanation for the five votes against the resolution.

Shareholders' views are always welcome and considered by the Board. The methods of contacting the Board are set out in the Shareholders Information on page 2.

Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the Investment Management Agreement, as referred to in the Directors' Report.

The performance graph on page 16 also shows the performance of the NAV and Total Return of the Company. Further details of the Company's performance are shown in the graphs on page 16 and 17 in the Business Review.

Directors' Emoluments

Directors' fees	**Year ended 31 October 2014 £'000**	Year ended 31 October 2013 £'000
John Hustler (Chairman)	**20**	20
Mark Faulkner (resigned 27/11/2014)	**15**	15
Matt Cooper	**8**	8
Total	**43**	43

The Directors do not receive any other form of emoluments in addition to the Directors' fees; their total remuneration is not linked to the performance of the Company and no bonuses were or will be paid to the Directors.

The Chairman of the Company receives additional remuneration over the basic Directors fee in recognition of the additional responsibilities and time commitment, and additionally, to be fair and comparable to similar VCTs.

Relative Importance of Spend on Pay

The actual expenditure in the current year is as follows:

	Year to 31 October 2014	Year to 31 October 2013
Total Dividends paid	**£1,466,000**	£6,517,000
Total Buybacks	**£729,000**	£598,000
Total Directors Fees	**£43,000**	£43,000
Total Expenses	**£431,000**	£377,000

DIRECTORS' REMUNERATION REPORT (continued)

There were no other significant payments during the year relevant to understanding the relative importance of spend on pay.

Statement of Directors' Shareholdings

There are no guidelines or requirements for Directors to own shares in the Company. The interests of the Directors of the Company during the year (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 10p each are shown in the table below:

	Year to 31 October 2014	Year to 31 October 2013
John Hustler (Chairman)	**18,166**	16,038
Mark Faulkner (resigned 27/11/2014)	**15,000**	15,000
Matt Cooper	**57,888**	47,012

Mr Faulkner transferred his entire holding to a nominee account during the year. The other Directors' shares were held beneficially.

Due to the merger of the five Octopus Titan funds on 27 November 2014, participation in the Dividend Reinvestment Scheme on 21 November 2014 and the allotment on 1 December 2014, there have been the following changes in the Directors' share interests between 31 October 2014 and the date of this report:

John Hustler (Chairman)	67,728
Matt Cooper	337,814
Mark Hawkesworth (appointed 27/11/2014)	53,255
Jane O'Riordan (appointed 27/11/2014)	14,589

All of the Directors' shares were held beneficially except for Jane O'Riordan who holds 9,149 Ordinary shares in a nominee account.

Any information required by legislation in relation to executive directors (including a Chief Executive Officer) or employees has been omitted because the Company has neither and therefore it is not relevant.

By Order of the Board

John Hustler
Chairman
9 January 2015

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Strategic Report, the Directors' Report, the Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- prepare the financial statements on the going concern basis unless it is inappropriate to presume the Company will continue in business;
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of my knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Standard and applicable laws), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the Investment Manager's and Directors' reports include fair reviews of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

John Hustler
Chairman
9 January 2015

Report of the Independent Auditor to the Members of Octopus Titan VCT plc (formerly Octopus Titan VCT 2 plc)

Independent auditor's report to the members of Octopus Titan VCT (formerly Octopus Titan VCT 2 plc)

We have audited the financial statements of Octopus Titan VCT (formerly Octopus Titan VCT 2 plc) for the year ended 31 October 2014 which comprise the income statement, the reconciliation of movements in shareholders' funds, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 45, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website.

Auditor commentary

An overview of the scope of our audit

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work is focussed on obtaining an understanding of, and evaluating, internal controls at the Company and the third-party service providers, and inspecting records and documents held by the third-party service providers. We undertook substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. For the purpose of determining whether the financial statements are free from material misstatement we define materiality as the magnitude of a misstatement or an omission from the financial statements or related disclosures that would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. We also determine a level of performance materiality which we use to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We established materiality for the financial statements as a whole to be £549,000, which is 2% of the value of the Company's investment portfolio. For income and expenditure items we determined that misstatements of lesser amounts than materiality for the financial statements as a whole would make it probable that the judgement of a reasonable person, relying on the information would have been changed or influenced by the misstatement or omission. Accordingly, we established materiality for revenue items within the income statement to be £6,000.

Our assessment of risk

Without modifying our opinion, we highlight the following matters that are, in our judgement, likely to be most important to users' understanding of our audit. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual transactions, balances or disclosures.

Valuation of unquoted investments

Investments are the largest asset in the financial statements, and they are designated as being at fair value through profit or loss in accordance with FRS 26, "Financial instruments: recognition and measurement". Measurement of the value of an unquoted investment includes significant assumptions and judgements. We therefore identified the valuation of unquoted investments as a risk that has the greatest effect on the overall audit strategy.

Our audit work included, but was not restricted to, obtaining an understanding of how the valuations were performed, consideration of whether they were made in accordance with published guidance, discussions with Octopus, and reviewing and challenging the basis and reasonableness of the assumptions made by Octopus in conjunction with available supporting information. The Company's accounting policy on the valuation of unquoted investments is included in Note 1, and its disclosures about unquoted investments held at the year end are included in Note 10.

Revenue recognition

Investment income is the Company's main source of revenue and is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice.

Our audit work included, but was not restricted to, a detailed review of those sources of income recorded in the financial statements and further consideration of other potential sources of income. The Company's accounting policy on income is included in Note 1 and its disclosures about income are included in Note 2.

Management override of financial controls

The Company operates a system of financial controls to mitigate its vulnerability to fraud and its financial statements to material error and is reliant upon the efficacy of these controls to ensure that its financial statements present a true and fair view.

The financial statements contain a number of significant accounting estimates that require an element of judgement on behalf of management and that are, therefore, potentially open to manipulation.

Our audit work included, but was not restricted to, a review of all significant management estimates and detailed consideration of all material judgements applied during the completion of the financial statements. We also reviewed material journal entries processed by management during the period. The Company's principal accounting policies are included in Note 1.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2014 and of its return for the year then ended;

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF OCTOPUS TITAN VCT 2 PLC (continued)

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other reporting responsibilities

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable, and whether the annual report appropriately discloses those matters that were communicated to the audit committee which we consider should have been disclosed.

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

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 30, in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of The UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Robert Holland BSc FCA
Senior Statutory Auditor
for and on behalf of James Cowper LLP, Reading

Statutory Auditor, Chartered Accountants

9 January 2015

INCOME STATEMENT

		Year to 31 October 2014		
	Notes	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	10	–	8	8
Gain on disposal of current asset investments		–	–	–
Fixed asset investment holding gains	10	–	5,417	5,417
Current asset investment holding gains		–	–	–
Other income	2	62	–	62
Investment management fees	3	(105)	(314)	(419)
Performance fee	3	–	(903)	(903)
Other expenses	4	(431)	–	(431)
Return on ordinary activities before tax		(474)	4,208	3,734
Taxation on return on ordinary activities	6	–	–	–
Return on ordinary activities after tax		(474)	4,208	3,734
Earnings per share – basic and diluted	8	(1.6)p	14.5p	12.9p

- 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 form an integral part of the financial statements.

INCOME STATEMENT (continued)

		Year to 31 October 2013		
	Notes	Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of current asset investments		–	670	670
Loss on disposal of current asset investments		–	91	91
Fixed asset investment holding gains		–	2,359	2,359
Current asset investment holding gains		–	–	–
Other income	2	316	–	316
Investment management fees	3	(107)	(321)	(428)
Performance fee	3	–	(538)	(538)
Other expenses	4	(377)	–	(377)
Return on ordinary activities before tax		(168)	2,261	2,093
Taxation on return on ordinary activities	6	–	–	–
Return on ordinary activities after tax		(168)	2,261	2,093
Earnings per share – basic and diluted	8	(0.8)p	11.2p	10.4p

- 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 form an integral part of the financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 October 2014 £'000	Year ended 31 October 2013 £'000
Shareholders' funds at start of year	**20,924**	21,361
Return on ordinary activities after tax	**3,734**	2,093
Issue of equity (net of expenses)	**10,413**	4,580
Purchase of own shares	**(729)**	(598)
Dividends paid	**(1,466)**	(6,512)
Shareholders' funds at end of year	**32,876**	20,924

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

BALANCE SHEET

	Notes	As at 31 October 2014 £'000	As at 31 October 2014 £'000	As at 31 October 2013 £'000	As at 31 October 2013 £'000
Fixed asset investments*	10		**27,452**		15,970
Current assets:					
Debtors	11	**240**		1,758	
Money market funds and other deposits*	12	**5,701**		331	
Cash at bank		**443**		3,394	
		6,384		5,483	
Creditors: amounts falling due within one year	13	**(960)**		(529)	
Net current assets			**5,424**		4,954
Net assets			**32,876**		20,924
Called up equity share capital	14	**3,244**		2,198	
Share premium	15	**9,284**		5,816	
Special distributable reserve	15	**15,173**		11,552	
Capital redemption reserve	15	**181**		98	
Capital reserve – losses on disposals	15	**(358)**		1,518	
– holding gains	15	**6,503**		419	
Revenue reserve	15	**(1,151)**		(677)	
Total equity shareholders' funds			**32,876**		20,924
Net asset value per share	9		**101.4p**		95.2p

*Held at fair value through profit or loss

The statements were approved by the Directors and authorised for issue on 9 January 2015 and are signed on their behalf by:

John Hustler
Chairman

Company No: 6397765

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

CASH FLOW STATEMENT

	Notes	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
Net cash inflow/(outflow) from operating activities		**258**	(1,959)
Financial investment:			
Purchase of fixed asset investments	10	**(6,433)**	(10,240)
Sale of fixed asset investments	10	**376**	16,475
Management of liquid resources:			
Purchase of current asset investments		**(8,070)**	(5,506)
Sale of current asset investments		**2,700**	6,978
Taxation		**–**	–
Dividends paid	7	**(1,466)**	(6,512)
Financing:			
Issue of shares		**10,940**	4,910
Cost of share issue		**(527)**	(330)
Purchase of own shares	14	**(729)**	(598)
(Decrease)/increase in cash resources at bank		**(2,951)**	3,218

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

CASH FLOW STATEMENT (continued)

RECONCILIATION OF RETURN BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
Return on ordinary activities before tax	**3,734**	2,093
Gain on disposal of fixed asset investments	**(8)**	(91)
Gain on disposal of current asset investments	**–**	(670)
Gain on valuation of fixed asset investments	**(5,417)**	(2,359)
Decrease/(increase) in debtors	**1,596**	(274)
Increase/(decrease) in creditors	**353**	(658)
Inflow/(outflow) from operating activities	**258**	(1,959)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
(Decrease)/increase in cash at bank	**(2,951)**	3,218
Increase/(decrease) in cash equivalents	**5,370**	(1,381)
Opening net cash resources	**3,725**	1,888
Net funds at 31 October	**6,144**	3,725

Net funds at 31 October comprised:

	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
Cash at bank	**443**	3,394
Money market funds	**5,701**	331
Net funds at 31 October	**6,144**	3,725

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

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, except for the measurement at fair value of certain financial instruments, and in accordance with UK Generally Accepted Accounting Practice (UK GAAP), and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' (revised 2009).

The Company's business activities and the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Investment Manager's Review on pages 8 to 28. Further details on the management of financial risk may be found in Note 16 to the Financial Statements.

The Board receives regular reports from the Investment Manager and the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The assets of the Company include cash and money market funds, which are readily realisable (18.7% of net assets) and accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. Thus, as no material uncertainties leading to significant doubt about going concern have been identified, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The principal accounting policies have remained unchanged from those set out in the Company's 2013 Annual Report and financial statements. A summary of the principal accounting policies is set out below.

The Company presents its income statement in a three column format to give shareholders additional detail of the performance of the Company, split between items of a revenue or capital nature.

The preparation of the financial statements requires Management to make judgements and estimates that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates and assumptions mainly relate to the fair valuation of the fixed asset investments, particularly those that are unquoted investments. Estimates are based on historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions are under continuous review with particular attention paid to the carrying value of the investments.

Capital valuation policies are those that are most important to the depiction of the Company's financial position and that require the application of subjective and complex judgements, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. The critical accounting policies that are declared will not necessarily result in material changes to the financial statements in any given period but rather contain a potential for material change. The main accounting and valuation policies used by the Company are disclosed below. Whilst not all of the significant accounting policies require subjective or complex judgements, the Company considers that the following accounting policies should be considered critical.

The Company has designated all fixed asset investments as being held at fair value through profit or loss; therefore all gains and losses arising from investments held are attributable to financial assets held at fair value through profit or loss. Accordingly, all interest income, fee income, expenses and investment gains and losses are attributable to assets designated as being at fair value through profit or loss.

Current asset investments comprising money market funds are held at fair value through the profit or loss. Cash and short term deposits are held at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. **Principal Accounting Policies (continued)**

Investments are regularly reviewed to ensure that the fair values are appropriately stated. Quoted investments are valued in accordance with the bid-price on the relevant date, unquoted investments are valued in accordance with current IPEVC valuation guidelines, although this does rely on subjective estimates such as appropriate sector earnings multiples, forecast results of investment companies, asset values of subsidiary companies and liquidity or marketability of the investments held.

Although the Company believes that the assumptions concerning the business environment and estimates of future cash flows are appropriate, changes in estimates and assumptions could require changes in the stated values. This could lead to additional changes in fair value in the future.

Fixed Asset Investments

Purchases and sales of investments are recognised in the financial statements at the date of the transaction (trade date) at cost.

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board. Accordingly, as permitted by FRS 26, the investments are designated as fair value through profit or loss (FVTPL) on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. The Company's investments are measured at subsequent reporting dates at fair value with the holding gains and losses recorded in the income statement each year. In accordance with the investment strategy, the investments are held with a view to long-term capital growth and it is therefore possible that individual holdings may increase in value to a point where they represent a significantly higher proportion of total assets than the original cost.

In the case of investments quoted on a recognised stock exchange, fair value is established by reference to the closing bid price on the relevant date or the last traded price, depending upon the convention of the exchange on which the investment is quoted. This is consistent with the IPEVC valuation guidelines.

In the case of unquoted investments, fair value is established by using measures of value such as the price of recent transactions, earnings multiple and net assets. This is consistent with IPEVC valuation guidelines.

Gains or losses arising from the revaluation of investments at the year end are recognised as part of the capital return within the income statement and allocated to the capital reserve – investment holding gains/(losses).

In the preparation of the valuations of assets the Directors are required to make judgements and estimates that are reasonable and incorporate their knowledge of the performance of the investment companies.

Current Asset Investments

Current asset investments comprise money market funds and OEICs and are designated as classified as held for trading carried at fair value through profit or loss. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve – investment gains/(losses) on disposal.

The current asset investments are all invested with the Company's cash manager and are readily convertible into cash at the option of the Company. The current asset investments are actively managed and the performance is evaluated in accordance with a documented investment strategy. Information about them has to be provided internally on that basis to the Board.

1. Principal Accounting Policies (continued)

Other income

Investment income includes interest earned on bank balances and money market funds and includes income tax withheld at source. Dividend income is shown net of any related tax credit.

Dividends receivable are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will be received. Fixed returns on debt and money market funds are recognised so as to reflect the effective interest rate; provided there is no reasonable doubt that payment will be received in due course.

Expenses

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue with the exception of the investment management fee, which is charged 25% to the revenue account and 75% to the capital reserve to reflect, in the Directors' opinion, the expected long-term split of returns in the form of income and capital gains respectively from the investment portfolio, and the performance fee which has been charged 100% to capital, as the fees relate to the gains made on fixed asset investments.

The transaction costs incurred when purchasing or selling assets are written off to the Income Statement in the year that they occur. The performance, however, has been attributed fully to capital since it has arisen through capital growth of companies.

Revenue and capital

The revenue column of the income statement includes all income and revenue expenses of the Company. The capital column includes gains and losses on disposal and gains and losses arising from the revaluation of investments at the period end. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the income statement.

Taxation

Corporation tax payable is applied to profits chargeable to corporation tax, if any, at the current rate. The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue return on the 'marginal' basis as recommended in the SORP.

Deferred tax is recognised on an undiscounted basis in respect of all timing differences that have originated but not reversed at the balance sheet date or where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax. This is with the exception that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing can be deducted.

Cash and liquid resources

Cash, for the purposes of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities, investment grade bonds and investments in money market funds, as well as OEICs.

Loans and receivables

The Company's loans and receivables are initially recognised at fair value which is normally transaction cost and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. **Principal Accounting Policies (continued)**

Financing strategy and capital structure

FRS 29 'Financial Instruments: Disclosures' comprises disclosures relating to financial instruments.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. The Company currently has no borrowings nor does it anticipate that it will drawdown any borrowing facilities in the future to fund the acquisition of investments.

The Company does not have any externally imposed capital requirements.

The value of the managed capital is indicated in Note 14. The Board considers the distributable reserves and the total return for the year when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued ordinary share capital of the Company in accordance with Special Resolution 9 in order to maintain sufficient liquidity in the Company.

Capital management is monitored and controlled using the internal control procedures set out on page 37 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

Financial instruments

The Company's principal financial assets are its investments and the policies in relation to those assets are set out above. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Dividends

Dividends payable are recognised as distributions in the financial statements when the Company's liability to make payment has been established. This liability is established for interim dividends when they are declared by the Board and for final dividends when they are approved by the shareholders.

2. **Other income**

	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
Money market funds & OEICs	**26**	12
Dividends received	**–**	150
Loan note interest receivable	**36**	154
	62	316

3. Investment Management Fees

	Year to 31 October 2014			Year to 31 October 2013		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**105**	**314**	**419**	107	321	428
Performance fee	**–**	**903**	**903**	–	538	538
	105	**1,217**	**1,322**	107	859	966

For the purposes of the revenue and capital columns in the income statement, the management fee has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long-term return in the form of income and capital gains respectively from the Company's investment portfolio. The performance fee has been wholly attributed to capital as disclosed in Note 1. For more details please refer to Note 19.

Octopus provides investment management and accounting and administration services to the Company under a management agreement. No compensation is payable in the event of terminating the agreement by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided, or the required notice period was given. The basis upon which the management fee is calculated is disclosed within Note 19 to the financial statements.

4. Other Expenses

	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
Directors' remuneration	**43**	43
Fees payable to the Company's auditor for the audit of the financial statements	**6**	6
Fees payable to the Company's auditor for other services – tax compliance	**1**	1
Legal and professional expenses	**9**	29
Accounting and administration services	**63**	64
Ongoing commission	**102**	66
Printing fees	**35**	20
Listing fees	**47**	21
Registrar's fees	**56**	52
Other expenses	**69**	75
	431	377

Total annual running costs are capped at 3.2% of net assets (excluding irrecoverable VAT). For the year to 31 October 2014 the running costs, as defined in the Prospectus dated 16 September 2014, were 2.7% of net assets (2013: 3.2%). This is calculated excluding VAT, trail commission and non-recurring expenses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Directors' Remuneration

	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
Directors' emoluments		
John Hustler (Chairman)	**20**	20
Mark Faulker	**15**	15
Matt Cooper	**8**	8
	43	43

None of the Directors received any other remuneration from the Company during the year. The Company has no employees other than Non-Executive Directors. The average number of Non-Executive Directors in the year was three (2013: three). There are now four Non-Executive Directors of the Company.

6. Tax on Ordinary Activities

The corporation tax charge for the period was £nil (2013: £nil)

Factors affecting the tax charge for the current year:

The current tax charge for the period differs from the standard rate of corporation tax in the UK of 21.83% (2013: 23.42%).

The differences are explained below.

Current tax reconciliation:

	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
Return on ordinary activities before tax	**3,734**	2,093
Capital gains not taxable	**(4,208)**	(3,120)
	(474)	(1,027)
Current tax at 21.83% (2013: 23.42%)	**(103)**	(255)
Unrelieved tax losses	**103**	255
Total current tax charge	**–**	–

Unrelieved tax losses of £2,982,000 (2013: £2,563,000) have been carried forward at 31 October 2014 and are available for offset against future taxable income, subject to agreement with HMRC. The Company has not recognised the deferred tax asset of £596,000 (2013: £614,000) in respect of these excess management charges because there have been no taxable gains.

Approved VCTs are exempt from tax on capital gains within the Company. Since the Directors intend that the Company will continue to conduct its affairs so as to maintain its approval as a VCT, no current deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments.

7. Dividends

	Year to 31 October 2014 £'000	Year to 31 October 2013 £'000
Recognised as distributions in the financial statements for the period		
Previous year's final dividend	**629**	–
Previous year's special dividend	**–**	5,956
Current year's interim dividend	**837**	556
	1,466	6,512
Paid and proposed in respect of the period		
Interim dividend paid – 2.5p per share (2013: 1.5p per share)	**837**	556
Proposed Interim dividend – 2.5p per share (2013: nil)	**811**	–
Proposed final dividend – nil (2013: 2.5p per share)	**–**	629
	1,648	1,185

The interim dividend of 2.5p was paid on 21 November 2014 to shareholders on the register on 7 November 2014.

8. Earnings per Share

The total earnings per share is based on the total return of £3,734,000 (2013: £2,093,000) and 29,106,402 (2013: 20,267,721) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The revenue loss per share is based on revenue loss of £474,000 (2013: £168,000) and 29,106,402 (2013: 20,267,721) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

The capital earnings per share is based on a capital return of £4,208,000 (2013: £2,261,000) and 29,106,402 (2013: 20,267,721) Ordinary shares, being the weighted average number of Ordinary shares in issue during the year.

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.

9. Net Asset Value per Share

The calculation of NAV per share as at 31 October 2014 is based on net assets of £32,876,000 (2013: £20,924,000) and 32,437,373 (2013: 21,984,731) Ordinary shares in issue at that date.

10. Fixed Asset Investments

Where financial instruments are measured in the balance sheet at fair value; FRS 29 requires disclosure of the fair value measurements by level based on the following fair vale investment hierarchy:

Level 1: quoted prices in active markets for identical assets and liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Fixed Asset Investments (continued)

is the current bid price. These instruments are included in level 1 and comprise AIM-quoted investments classified as held at fair value through profit or loss.

Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The Company held no such investments in the current or prior year.

Level 3: the fair value of financial instruments that are not traded in an active market (for example investments in unquoted companies) is determined by using valuation techniques such as earnings multiples. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There have been no transfers between these classifications in the year (2013: nil). The change in fair value for the current and previous year is recognised through the income statement.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the year to 31 October 2014 are summarised below.

	Level 1: AIM-quoted investments £'000	Level 3: Unquoted investments £'000	Total £'000
Valuation and net book amount:			
As at 1 November 2013	632	14,922	15,554
Cumulative revaluation as at 1 November 2013	75	341	416
Valuation at 1 November 2013	707	15,263	15,970
Movement in the year:			
Purchases at cost	–	6,433	6,433
Disposal proceeds	–	(376)	(376)
Profit/(loss) on realisation of investments – current year	–	8	8
Revaluation in year	(84)	5,501	5,417
Mi-Pay listed	618	(618)	–
Valuation at 31 October 2014	**1,241**	**26,211**	**27,452**
Book cost at 31 October 2014	1,250	18,752	20,002
Revaluation to 31 October 2014	(9)	7,459	7,450
Valuation at 31 October 2014	**1,241**	**26,211**	**27,452**

The investment portfolio is managed with capital growth as the primary focus. The loan and equity investments are considered to be one instrument for valuation purposes due to the legal binding within the investment agreement and therefore they are combined in the table shown above.

10. Fixed Asset Investments (continued)

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied either to reflect fair value of financial assets held at the price of recent investment, or, in the case of unquoted investments, to adjust earnings multiples. Further details in respect of the methods and assumptions applied in determining the fair value of the investments are disclosed in the Investment Manager's Review and within the principal accounting policies in Note 1.

At 31 October 2014 and 31 October 2013, there were no commitments in respect of investments not yet completed.

11. Debtors

	31 October 2014 £'000	31 October 2013 £'000
Prepayments	**21**	90
Disposal proceeds	**195**	1,592
Other debtors	**24**	154
	240	1,836

There are no disposal proceeds due in more than one year.

12. Current Asset Investments

Current asset investments at 31 October 2014 comprised money market funds.

	31 October 2014 £'000	31 October 2013 £'000
Money Market funds	**5,701**	331

All current asset investments held at the year end sit within level 1 hierarchy for the purposes of FRS 29.

Level 1 money market funds and OEICs: Level 1 valuations are based on quoted prices (unadjusted) in active markets for identical assets or liabilities. The valuation of money market funds at 31 October 2014 was £5,701,000 (2013: £331,000).

13. Creditors: Amounts Falling Due Within One Year

	31 October 2014 £'000	31 October 2013 £'000
Accruals	**960**	575

Included within accruals is an amount of £903,000 (2013: £538,000) relating to a performance fee payable to the investment manager. For more details please refer to Note 19.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Share Capital

	31 October 2014 £'000	31 October 2013 £'000
Authorised:		
50,000,000 Ordinary shares of 10p	**5,000**	5,000
Allotted and fully paid up:		
32,437,373 (2013: 21,984,731) Ordinary shares of 10p	**3,244**	2,198

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 6. The Company is not subject to any externally imposed capital requirements.

We define capital as shareholders' funds and our financial strategy in the medium term is to manage a level of cash that balances the risks of the business with optimising the return on equity. The Company currently has no borrowings nor does it anticipate that it will drawdown any borrowing facilities in the future to fund the acquisition of investments.

The Board considers the distributable reserves and the total return for the year when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued ordinary share capital of the Company in accordance with Special Resolution 9 in order to maintain sufficient liquidity in the Company.

Capital management is monitored and controlled using the internal control procedures set out on page 37 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

During the year 11,285,106 shares were issued at an average price of 92.2p per share (2013: 5,184,787 shares were issued at a price of 97.8p).

The Company repurchased the following Ordinary shares for cancellation (2013: 718,101 shares):

- 10 February 2014 — 157,801 at a price of 90.25p per share
- 8 April 2014 — 298,558 at a price of 87.00p per share
- 20 May 2014 — 69,160 at a price of 87.00p per share
- 19 September 2014 — 180,000 at a price of 87.00p per share
- 26 September 2014 — 126,945 at a price of 87.00p per share

15. Reserves

	Share Premium £'000	Special distributable reserve £'000	Capital reserve gains/(losses) on disposal £'000	Capital reserve holding gains/(losses) £'000	Capital redemption reserve £'000	Revenue reserve £'000
As at 1 November 2014	5,816	11,552*	1,518*	419	98	(677)*
Return on ordinary activities after tax	–	–	–	–	–	(474)
Management fees allocated as capital expenditure	–	–	(1,217)	–	–	–
Issue of shares	9,284	–	–	–	–	–
Purchase of own shares	–	(729)	–	–	83	–
Current year gain on disposal – Fixed asset investment	–	–	8	–	–	–
Current year loss on disposal – current asset investment	–	–	–	–	–	–
Prior period gain on disposal – current asset investment	–	–	–		–	–
Prior period holding gain on disposal – fixed asset investment	–	–	(667)	667	–	–
Current period gains/losses on revaluation	–	–	–	5,417	–	–
Dividends paid	–	(1,466)	–	–	–	–
Transfer between reserves	(5,816)	5,816	–	–	–	–
Balance as at 31 October 2014	**9,284**	**15,173***	**(358)***	**6,503**	**181**	**(1,151)***

* Reserve considered when calculating potential distribution by way of a dividend.

When the Company revalues its investments during the year, any gains or losses arising are credited/charged to the income statement. Holding gains/losses are then transferred to the 'capital reserve – holding gains/(losses)'. When an investment is sold, any balance held on the 'capital reserve – holding gains/(losses)' is transferred to the 'capital reserve – gains/(losses) on disposal' as a movement in reserves.

Reserves available for potential distribution by way of a dividend are:

	£'000
As at 1 November 2013	12,393
Movement in year	1,271
As at 31 October 2014	**13,664**

This is the minimum value of reserves available for potential distribution, which will be impacted by the future convertibility, into cash, of gains and losses included in the Capital Holding reserve.

The purpose of the special distributable reserve was to create a reserve which will be capable of being used by the Company to pay dividends and for the purpose of making repurchases of its own shares in the market with a view to narrowing the discount to net asset value at which the Company's Ordinary shares trade. In the event that the revenue reserve and capital reserve gains/(losses) on disposals do not have sufficient funds to pay dividends, these will be paid from the special distributable reserve.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial Instruments and Risk Management

The Company's financial instruments comprise equity and fixed interest investments, cash balances and liquid resources including debtors and creditors. The Company holds financial assets in accordance with its investment policy of investing mainly in a portfolio of VCT qualifying unquoted securities whilst holding a proportion of its assets in cash or near-cash investments in order to provide a reserve of liquidity.

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 October 2014.

	31 October 2014 £'000	31 October 2013 £'000
Assets at fair value through profit or loss		
Fixed Asset Investments	**27,452**	15,970
Current asset investments	**5,701**	331
Total	**33,151**	16,301
Loans and receivables		
Cash at bank	**443**	3,394
Disposal proceeds	**195**	1,592
Total	**638**	4,986
Liabilities at amortised cost		
Accruals	**960**	529
Total	**960**	529

Fixed asset investments (see Note 10) are carried at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. The fair value of all other financial assets and liabilities is represented by their carrying value in the balance sheet. The Directors believe that the fair value of the assets held at the period-end is equal to their book value.

In carrying on its investment activities, the Company is exposed to various types of risk associated with the financial instruments and markets in which it invests. The most significant types of financial risk facing the Company are price risk, interest rate risk, credit risk and liquidity risk. The Company's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

Market risk

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 6. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Corporate Governance statement on pages 34 to 38, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in unquoted companies, by their nature, usually involve a higher degree of risk than investments in companies quoted on a recognised stock exchange,

16. Financial Instruments and Risk Management (continued)

though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of the Company's assets is regularly monitored by the Board.

Details of the Company's investment portfolio at the balance sheet date are set out on page 19.

79.7% (2013: 76.3%) by value of the Company's net assets comprises investments in unquoted companies held at fair value. The valuation methods used by the Company include the application of a price/ earnings ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 5% overall increase in the valuation of the unquoted investments at 31 October 2014 would have increased net assets and the total return for the year by £1,311,000 (2013: £799,000) an equivalent change in the opposite direction would have reduced net assets and the total return for the year by the same amount.

17.3% (2013: 1.6%) by value of the Company's net assets comprises of money market funds held at fair value. A 5% overall increase in the valuation of the money market funds at 31 October 2014 would have increased net assets and the total return for the year by £285,000 (2013: £17,000) an equivalent change in the opposite direction would have reduced net assets and the total return for the year by the same amount.

The Investment Manager considers that the majority of the investment valuations are based on earnings multiples which are ascertained with reference to the individual sector multiple or similarly listed entities. It is considered that due to the diversity of the sectors, the 5% sensitivity discussed above provides the most meaningful potential impact of average multiple changes across the portfolio.

Interest rate risk

Some of the Company's financial assets are interest-bearing, of which some are at fixed rates and some variable. As a result, the Company is exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

Fixed rate

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

	As at 31 October 2014			As at 31 October 2013		
	Total fixed rate portfolio by value £'000	**Weighted average interest rate %**	**Weighted average time for which rate is fixed in years**	Total fixed rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed in years
Fixed-rate investments in unquoted companies	**760**	**9.0%**	**1.5**	406	9.5%	1.4

Due to the relatively short period to maturity of the fixed rate investments held within the portfolio, it is considered that an increase or decrease of 1% in the base rate as at the reporting date would not have had a significant effect on the Company's net assets or total return for the year.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial Instruments and Risk Management (continued)

Floating rate

The Company's floating rate investments comprise cash held on interest-bearing deposit accounts, libor rate on one loan note and, where appropriate, within interest bearing money market funds. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 0.5% at 31 October 2013. The amounts held in floating rate investments at the balance sheet date were as follows:

	31 October 2014 £'000	31 October 2013 £'000
Floating-rate investments in unquoted companies	–	–
Cash on deposit & money market funds	**6,144**	3,725
	6,144	3,725

A 1% increase in the base rate would increase income receivable from these investments and the total return for the year by £61,000 (2013: £37,000).

Credit risk

There were no significant concentrations of credit risk to counterparties at 31 October 2014. By cost, no individual investment exceeded 14.8% (2013: 23.4%) of the Company's net assets at 31 October 2014.

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Investment Manager and the Board carry out a regular review of counterparty risk. The carrying values of financial assets represent the maximum credit risk exposure at the balance sheet date.

At 31 October 2014 the Company's financial assets exposed to credit risk comprised the following:

	31 October 2014 £'000	31 October 2013 £'000
Cash on deposit & money market funds	**6,144**	3,725
Fixed rate investments in unquoted companies	**760**	406
	6,904	4,131

Credit risk relating to listed money market funds is mitigated by investing in a portfolio of investment instruments of high credit quality, comprising securities issued by the UK Government and major UK companies and institutions. Credit risk relating to loans to and preference shares in unquoted companies is considered to be part of market risk.

The investments in money market funds and OEICS are uncertified.

Credit risk arising on the sale of investments is considered to be small due to the short settlement and the contracted agreements in place with the settlement lawyers.

The Company's interest-bearing deposit and current accounts are maintained with HSBC Bank plc. The Investment Manager has in place a monitoring procedure in respect of counterparty risk which is reviewed on an ongoing basis. Should the credit quality or the financial position of HSBC deteriorate significantly, the Investment Manager will move the cash holdings to another bank.

16. Financial Instruments and Risk Management (continued)

Liquidity risk

The Company's financial assets include investments in unquoted equity securities which are not traded on a recognised stock exchange and which generally may be illiquid. They also include investments in AIM-quoted companies, which, by their nature, involve a higher degree of risk than investments on the main market. As a result, the Company may not be able to realise some of its investments in these instruments quickly at an amount close to their fair value in order to meet its liquidity requirements, or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Company's listed money market funds are considered to be readily realisable as they are of high credit quality as outlined above.

The Company's liquidity risk is managed on a continuing basis by the Investment Manager in accordance with policies and procedures laid down by the Board. The Company's overall liquidity risks are monitored on a quarterly basis by the Board.

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 October 2014 these investments were valued at £6,144,000 (2013: £3,725,000).

17. Post Balance Sheet Events

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

- On 27 November 2014, Octopus Titan VCT 2 plc merged with Octopus Titan VCT 1 plc, Octopus Titan VCT 3 plc, Octopus Titan VCT 4 plc and Octopus Titan VCT 5 plc. The Company was then renamed Octopus Titan VCT plc. The net assets of the Company were £169.3 million as at the merger date.
- On 1 December 2014, 14,741,050 shares were allotted at a price of 103.4p and on 22 December, a further 3,214,629 shares were allotted at a price of 103.4p per share.
- 6 follow-on investments were made totalling £2.5 million.

18. Contingencies, Guarantees and Financial Commitments

Provided that an intermediary continues to act for a shareholder and the shareholder continues to be the beneficial owner of the shares, intermediaries will be paid an annual trail commission of 0.5% of the initial net asset value. Trail commission of £103,000 was paid in cash during the year (2013: £66,000) and there was £24,000 (2013: £15,000) outstanding at the year end.

There were no other contingencies, guarantees or financial commitments as at 31 October 2014.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Transactions with manager

The Company has employed Octopus Investments Limited throughout the year as the Investment Manager.

The Company paid Octopus £419,000 (2013: £428,000) in the year as a management fee and there is £nil (2013: £78,000) shown as a prepayment at the balance sheet date. The management fee is payable quarterly in advance and is based on 2.0% of the net asset value calculated at quarterly intervals from 31 October.

Octopus also provides accounting and administrative services to the Company, payable quarterly in advance for a fee of 0.3% of the net asset value calculated at quarterly intervals from 31 October. During the year £63,000 (2013: £56,000) was paid to Octopus for the accounting and administrative services. In addition, Octopus also provided company secretarial services for a fee of £6,000 per annum.

In addition, Octopus is entitled to performance related incentive fees. The incentive fees are designed to ensure that there are significant tax-free dividend payments made to Shareholders as well as strong performance in terms of capital and income growth, before any performance related fee payment is made. Included within accrued expenses is an amount of £903,000 (2013: £538,000) relating to a performance fee payable to the Investment Manager. The Board has decided to recognise the accrual for the performance fee to reflect the cost of the fee in the period in which the fees were earned.

If, on a subsequent financial year end, the Performance Value of the Company falls short of the Performance Value on the previous financial year end, no incentive fee will arise. If, on a subsequent financial year end, the performance exceeds the previous best Performance Value of the Company, the Investment Manager will be entitled to 20% of such excess in aggregate.

20. Related Party Transactions

The Company owns Zenith Holding Company Limited, which owns a share in Zenith LP, a fund managed by Octopus.

Mr Cooper, a Non-Executive Director of Octopus Titan VCT plc, is also Chairman of Octopus.

The Directors received the following dividends from the Company:

	31 October 2014	31 October 2013
John Hustler (Chairman)	**£802**	£4,412
Mark Faulkner	**£750**	£5,475
Matt Cooper	**£2,623**	£13,336

DIRECTORS AND ADVISERS

Board of Directors
John Hustler (Chairman)
Mark Hawkesworth
Jane O'Riordan
Matt Cooper

Company Number
Registered in England & Wales
No. 06397765

Secretary and Registered office
Patricia Standaloft ACIS
33 Holborn
London
EC1N 2HT

Investment and Administration Manager
Octopus Investments Limited
33 Holborn
London
EC1N 2HT
Tel: 0800 316 2295
www.octopusinvestments.com

Corporate Broker
Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF
0207 886 2500

Independent Auditor and Taxation Adviser
James Cowper LLP
3 Wesley Gate
Queen's Road
Reading
Berkshire
RG1 4AP

VCT Status Adviser
PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers
HSBC Bank plc
31 Holborn
London
EC1N 2HR

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Octopus Titan VCT plc will be held at 33 Holborn, London, EC1N 2HT on 4 March 2015 at 2.30 pm for the purposes of considering and if thought fit, passing the following resolutions of which Resolutions 1 to 7 will be proposed as Ordinary Resolutions and Resolutions 8 to 11 will be proposed as Special Resolutions:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year to 31 October 2014 and the Directors' and Auditor's Reports.
2. To approve the Directors' Remuneration Report.
3. To elect Mark Hawkesworth as a Director.
4. To elect Jane O'Riordan as a Director.
5. To re-elect Matt Cooper as a Director.
6. To re-appoint James Cowper LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, pass Resolution 7 as Ordinary Resolutions and Resolutions 8 to 11 as Special Resolutions:-

7. AUTHORITY TO ALLOT RELEVANT SECURITIES

THAT the Directors be and are generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company up to a maximum nominal amount of £1,911,640.11 (representing approximately 10% of the ordinary share capital in issue at today's date) such authority to expire at the later of the conclusion of the Company's next Annual General Meeting following the passing of this Resolution and the expiry of 15 months from the passing of the relevant Resolution (unless previously revoked, varied or extended by the Company in a general meeting but so that such authority allows the Company to make offers or agreements before the expiry thereof, which would or might require relevant securities to be allotted after the expiry of such authority).

8. EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES

TO empower the Directors pursuant to s571 of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority referred to in Resolution 7 as if s561 (1) of the said Act did not apply to any such allotments and so that:

(a) reference to allotment in this Resolution shall be construed in accordance with s560(2) of the said Act; and

(b) the power conferred by this Resolution shall enable the Company to make any offer or agreement before the expiry of the said power which would or might require equity securities to be allotted after the expiry of the said power and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding the expiry of such power.

And this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the next Annual General Meeting of the Company following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution.

9. AUTHORITY TO MAKE MARKET PURCHASES

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of s693(4) of the Act) of Ordinary shares of 10p each in the Company ('Ordinary shares') provided that:

(a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 5% of the present issued ordinary share capital of the Company;

(b) the minimum price which may be paid for an Ordinary share shall be 10p;

(c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share is an amount equal to 105% of the average of the middle market quotations for an Ordinary share taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary share is contracted to be purchased;

(d) the authority conferred comes to an end at the conclusion of the next Annual General Meeting of the Company or upon the expiry of 15 months from the passing of this Resolution, whichever is the later; and

(e) the Company may enter into a contract to purchase its Ordinary shares under this authority prior to the expiry of this authority which would or might be completed wholly or partly after the expiry of this authority.

10. CANCELLATION OF SHARE PREMIUM ACCOUNT

THAT, subject to the approval of the High Court of Justice, the Company be and is hereby authorised to cancel the share premium account and the capital redemption reserve of the Company.

11. CHANGE TO THE ARTICLES OF ASSOCIATION

THAT, "£75,000" in Article 102.1 of the Articles of Association be replaced with "£100,000".

By Order of the Board

33 Holborn
London
EC1N 2HT

Patricia Standaloft (ACIS)
Company Secretary
9 January 2015

NOTICE OF ANNUAL GENERAL MEETING (continued)

NOTES:

(a) A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.

(b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, **Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** so as to be received by no later than 48 hours before the time the Annual General Meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the Annual General Meeting.

(c) As an alternative to returning a hard-copy proxy form by post, you can appoint a proxy by sending it by fax to Octopus Investments Limited on 020 7657 3338. For the proxy appointment to be valid, your appointment must be received by Octopus Investments Limited in such time as it can be transmitted to the registrars of the Company so as to be received no later than 48 hours before the time appointed for the meeting or any adjourned meeting, or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. Capita Asset Services will not be liable for any proxy forms rendered illegible by means of fax transmission.

(d) Any person receiving a copy of the Notice as a person nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a 'Nominated Person') should note that the provisions in Notes (a) and (b) above concerning the appointment of a proxy or proxies to attend the meeting in place of a member, do not apply to a Nominated Person as only Shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting.

(e) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.

(f) Members satisfying the thresholds in section 527 of the Companies Act 2006 can require the Company to publish a statement on its website setting out any matter relating to (a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the members propose to raise at the meeting. The Company cannot require the members requesting the publication to pay its expenses. Any statement required to be placed on the website must also be sent to the Company's auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required to publish on its website.

(g) Under sections 338 and 338A Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company:

(i) To give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting, and/or

(ii) To include the business to be dealt with at the meeting any matters (other than a proposed resolution) which may be properly included in the business.

A resolution may properly be moved or a matter may properly be included in the business unless:

(i) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise);

(ii) It is defamatory of any person; or

(iii) It is frivolous or vexatious.

Such a request may be in hard copy form or in electronic form, and must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

(h) A copy of the Notice of Annual General Meeting and the information required by Section 311A Companies Act 2006 is included on the Company's website, www.octopusinvestments.com under Venture Capital Trusts.

(i) Copies of the Directors' Letters of Appointment, the Register of Directors' Interests in the Ordinary shares of the Company kept in accordance with the Listing Rules and a copy of the Memorandum and Articles of Association of the Company will be available for inspection at the registered office of the Company during usual business hours on any weekday from the date of this notice until the Annual General Meeting, and at the place of that meeting for at least 15 minutes prior to the commencement of the meeting until its conclusion.

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PROXY FORM

OCTOPUS TITAN VCT PLC

Annual General Meeting – 4 March 2015 at 2.30 pm.

I/We ....

(BLOCK CAPITALS PLEASE)

of ....

being a member of Octopus Titan VCT plc, hereby appoint the Chairman of the meeting or,

Name of Proxy .... Number of Shares ....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 4 March 2015, notice of which was sent to shareholders with the Directors' Report and the accounts for the year to 31 October 2014, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting.

Please indicate by ticking the box if this proxy appointment is one of multiple appointments being made. ☐

For the appointment of more than one proxy, please refer to the explanatory note 4 below.

Resolution number		FOR	AGAINST	WITHHELD
ORDINARY BUSINESS				
1.	To receive, consider and adopt the financial statements for the year ended 31 October 2014	☐	☐	☐
2.	To approve the Directors' Remuneration Report	☐	☐	☐
3.	To elect Mark Hawkesworth as a Director	☐	☐	☐
4.	To elect Jane O'Riordan as a Director	☐	☐	☐
5.	To re-elect Matt Cooper as a Director	☐	☐	☐
6.	To appoint James Cowper LLP as auditor and authorise the Directors to agree their remuneration	☐	☐	☐
SPECIAL BUSINESS				
7.	To authorise the Directors to allot shares under s551 of the Companies Act 2006 (Ordinary Resolution)	☐	☐	☐
8.	To disapply s561 of the Companies Act 2006 and allot shares on a non-rights issue basis (Special Resolution)	☐	☐	☐
9.	To authorise the Directors to make market purchases of its own shares (Special Resolution)	☐	☐	☐
10.	To authorise the Directors to cancel the share premium account and capital redemption reserve of the Company (Special Resolution)	☐	☐	☐
11.	To approve a change to the Articles of Association of the Company (Special resolution)	☐	☐	☐

Signed: .... Dated: 2015

If you are unable to attend the AGM and wish to pass on any comments to the Board, please use the box below (NB: Please provide a telephone contact number):

NOTES

1. To be valid, the proxy form must be received by the Registrars of the Company at, **Capita Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU**, no later than 48 hours before the commencement of the meeting. If delivering by courier please use the full address of Capita set out in the Notice.
2. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
3. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement. (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account.)
4. To appoint more than one proxy, you may photocopy this form. Please indicate next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
5. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6pm on the day which is two days before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. The address on the envelope containing this notice is how your address appears on the Register of Members. If this information is incorrect please ring the Registrar's helpline on 0871 664 0324 (calls cost 10p per minute plus network extras, lines are open 9.00am - 5.30pm Monday - Friday) to request a change of address form.
9. You may submit your proxy electronically using the Shareportal Service at www.capitashareportal.com. If not already registered for the share portal, you will need your investor code which can be found on your share certificate. If you cannot locate your investor code, please contact Capita Asset Services, between 9.00 am and 5.30 pm (GMT) Monday to Friday (except UK public holidays) on telephone number 0871 664 0324 or, if telephoning from outside the UK, on +44 20 3170 0187. Calls to Capita Asset Services' helpline (0871 664 0324) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.

The completion and return of this form will not preclude a member from attending the meeting and voting in person.