
OCTOPUS

AIM VCT PLC



UNAUDITED
HALF-YEARLY REPORT
FOR THE SIX MONTHS ENDED 31 AUGUST 2012

FINANCIAL HEADLINES

86.9p Net Asset Value at 31 August 2012

2.5p Interim dividend proposed

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SHAREHOLDER INFORMATION AND CONTACT DETAILS

Financial Calendar

The Company's financial calendar is as follows:

- 30 November 2012 – 2012 interim dividend paid
- June 2013 – Annual results for the year to 28 February 2013 announced; Annual Report and financial statements published
- July/August 2013 – 2013 final dividend paid
- December 2013 – Interim dividend paid

Dividends

Dividends will be paid by the Registrar on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Queries relating to dividends, shareholdings and requests for mandate forms should be directed to the Company's Registrar, Capita Registrars, by calling 0871 664 0300 (calls cost 10p per minute plus network extras. Lines are open Monday – Friday 8.30am – 5.30pm), or by writing to them at:

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

Share Price

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

The latest share price as at the close of business on 23 October 2012 was 79.25p per Ordinary share.

Buying and Selling Shares

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

The Company operates a policy of buying its own shares for cancellation as they become available. 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 your stockbroker or Octopus Investments.

Notification of Change of Address

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

Other Information for Shareholders

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

Warning to Shareholders

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

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

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

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

ABOUT OCTOPUS AIM VCT PLC

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

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

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

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

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

On 31 May 2008, the Ordinary shares converted into D shares at a conversion ratio of 0.5448 D shares for each Ordinary share.

The two classes of shares were combined and renamed Ordinary shares which is now the only class of share capital.

On 11 August 2010 the Company acquired the net assets of Octopus Phoenix VCT plc ("the merger"), with previous shareholders of Phoenix obtaining 0.42972672 shares in Octopus AIM VCT plc for every 1 Phoenix share held.

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

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

FINANCIAL SUMMARY

	Six months to 31 August 2012	Six months to 31 August 2011	Year to 29 February 2012
Net assets (£'000s)	41,391	40,067	39,689
Net profit/(loss) after tax (£'000s)	1,155	(1,487)	(768)
Net asset value per share ("NAV")	86.9p	87.6p	86.9p

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

Dividends paid in the period ended*	Ordinary shares 2010/11	D shares 2003/04	C shares 2000/01	Ordinary shares 1997/98	Phoenix 'C' shares 2005/06	Phoenix Ordinary shares 2002/03
28 February 1999	—	—	—	1.88	—	—
29 February 2000	—	—	—	3.13	—	—
28 February 2001	—	—	—	37.25	—	—
28 February 2002	—	—	2.55	6.50	—	—
28 February 2003	—	—	1.50	3.50	—	—
29 February 2004	—	—	0.50	0.50	—	0.15
28 February 2005	—	0.50	0.50	0.50	—	6.50
28 February 2006	—	2.25	2.31	2.15	—	1.00
28 February 2007	—	3.30	4.52	4.20	1.00	3.35
31 August 2007	—	2.50	2.69	2.50	3.00	6.00
29 February 2008	—	2.50	2.69	2.50	3.00	6.00
31 August 2008	—	2.50	2.69	2.50	2.00	5.00
28 February 2009	—	2.50	1.47*	1.36*	3.00	5.00
31 August 2009	—	2.50	1.47*	1.36*	1.35	1.00
28 February 2010	—	2.50	1.47*	1.36*	1.35*	1.00
31 August 2010	—	—	—*	—*	2.70*	2.00
28 February 2011	5.28*	5.00	2.93*	2.74*	3.06*	2.27*
31 August 2011	2.64*	2.50	1.47*	1.36*	1.45*	1.07*
29 February 2012	2.64*	2.50	1.47*	1.36*	1.45*	1.07*
31 August 2012	2.64*	2.50	1.47*	1.36*	1.45*	1.07*
Cumulative dividends paid	13.20	33.55	31.70	78.01	24.81	42.48
Adjusted NAV as at 31 August 2012**						
(assuming investment at 100p)	91.90	86.90	51.00	47.30	50.40	37.30
Adjusted NAV plus cumulative dividends paid***	105.10	120.45	82.70	125.31	75.21	79.78

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

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

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

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

An interim dividend of 2.5p will be paid on 30 November 2012 to shareholders on the register on 2 November 2012.

CHAIRMAN'S STATEMENT

I ended my statement in June accompanying the Annual Report for the year ended 29 February 2012 by saying that it would be wrong to be downhearted about the prospects for your portfolio in the coming year and it is certainly true that even a small change in sentiment towards economic growth would have a dramatic effect upon some of the strongly growing companies which your Company holds. Sadly we still await that economic growth and the increase in confidence which it will generate when it comes, but it is encouraging that the portfolio has made progress against this uncertain background and that the Net Asset Value ("NAV") has been maintained at 86.9p after the payment of a 2.5p dividend in the period.

I have to report a worrying development concerning the activities of the FSA. Their current consultation paper, CPI2/19, seeks to treat all VCTs, which includes your Company, as Unregulated Collective Investment Schemes (UCIS). The result of this would mean that in future only FSA defined "sophisticated investors" could subscribe for shares in a VCT, thus severely restricting the ability of your Company to raise capital. Your Board regards this as unacceptable for many reasons but for the sake of brevity I shall concentrate here on two.

First, just as with Investment Trusts, which the FSA is not classifying as UCIS, VCTs operate with independent Boards and as such are Fully Listed companies on the London Stock Exchange, regulated by the United Kingdom Listing Authority, itself an arm of the FSA. It does not make sense, and with no precedent, to have a sector of the Full List where the regulator will ban many of you from making further investments in future for your own protection.

Second, CPI2/19 makes no sense either at the political level. Our Government has been urging more investment into smaller companies and VCTs have been and should remain an important part of this policy. To allow the well established part of this mechanism to be destroyed by the FSA, our financial regulator, would be irresponsible.

Your Board has instructed our Manager to write to our investee companies to make them aware of the situation and to urge them to lobby their MPs and government ministers accordingly. We hope, as VCT shareholders, you will do likewise.

Enhanced Buy back

Your board has decided, subject to shareholders' consent, to offer shareholders an Enhanced Buy Back facility, full details of which were contained in a letter to shareholders on 23 October 2012 which included a Notice of a General Meeting to be held on 20 November 2012, at which resolutions will be proposed to enable this offer to take place. The purpose of the Enhanced Buyback offer is to enable shareholders, who have held their shares for more than five years, to realise their existing holding and reinvest in the VCT, thereby enabling them to take advantage of up to 30% income tax relief that is available for investment in new VCT shares. Shareholders should consult their financial adviser as acceptance of the offer may not be suitable for those shareholders who would incur a capital gains tax liability by participating or who do not wish to be locked into their investment in the Company for another five years.

Performance

Yet again the period under review was dominated by international economic concerns which cannot but have an effect on the share prices in our portfolio. The Net Asset Value (NAV) was unchanged at 86.9p at the end of August, giving a total positive return of 2.9% if the 2.5p dividend paid out in the period is added back. This compares with a fall in the AIM index of 17.5% and a rise in the Smaller Companies Index excluding investment trusts of 3.5%. The Small Cap Index started to recover in August, and the momentum has continued since the period end. AIM has lagged, partly because of its sector exposure to resource stocks and partly because appetite for risk has not yet embraced the smaller end of the smaller companies sector.

Portfolio

Despite the rather uncertain economic background, which has inevitably resulted in some companies in the portfolio having to temper their profit expectations for the year, there has been some good newsflow from companies in the portfolio, particularly in relation to some of the larger holdings, and it is this rather than any enthusiasm for smaller company shares which has enabled the NAV to recoup the cost of the dividend. Among the top ten holdings, both Idox and Advanced Computer Software had good figures, demonstrating their success in opening up their business in the commercial sector to reduce exposure to the more difficult public sector. Both share prices were strong performers as a result of this. Brooks Macdonald, the discretionary fund management business specialising in pensions, has continued to grow both organically and by acquisition, justifying what remains a premium

rating for the shares. Breedon Aggregates exceeded market expectations with its maiden profits and raised another £15m for acquisitions. Enteq Upstream made its first acquisition in the oil services sector, confirming its VCT qualifying status. TLA Worldwide announced that it has signed up forty new clients since flotation earlier in the year.

As always, there were some companies which fared less well and it was disappointing that Animalcare's good progress in its veterinary drugs business which grew by 14% was offset by problems elsewhere, which resulted in a downgrade of expectations. Likewise, Plastics Capital, Staffline and Cello have all failed to deliver hoped for upgrades, held back by the continuing difficult economic environment. All their shares are looking very cheap on low single digit price earnings multiples. Among the non-qualifying holdings Hargreaves Services, Goals Soccer and Immunodiagnostics have all seen their share prices suffer as a result of harder market conditions exacerbated by individual operational setbacks. In the case of Goals, this resulted in a bid for the company although this did not get the support of shareholders at the price the bidder was prepared to pay, and we think that there is more value to be delivered from retaining an investment in the company over the medium term. We have used weaknesses in the share prices of Augean and Gooch and Housego to add to our holdings at lower prices over the summer.

The market for new issues has remained relatively subdued, with many companies waiting for more settled stockmarket conditions before committing to a float. However, there have been some and companies seeking additional capital have in many cases been surprisingly successful.

CHAIRMAN'S STATEMENT (continued)

In the six month period, £1.6m was invested in new qualifying holdings, with the fund participating in further funding rounds for Corero Network Security, Judges Scientific as well as one new issue, WANdisco. Since the period end we have participated in a funding round for Futura Medical, a medical device company.

90.2% of the portfolio is currently invested in qualifying holdings, comfortably above the HM Revenue and Customs requirement of 70%. At the end of the period your Company had liquid funds of £8.1m.

Risks and Uncertainties

The principle risks and uncertainties are set out in Note 6 to the Half Yearly Report on page 8.

Dividend

Your Board is very conscious of the importance of dividends to shareholders. It aims to maintain an annual dividend of at least 5p per share which at the current market price of the Company's shares gives an attractive tax free yield of 6.3%. A dividend of 2.5p per share was paid to shareholders in July.

Your Board has approved the payment of an interim dividend of 2.5p per share which will be paid to shareholders on 30 November 2012 who are on the register on 2 November 2012.

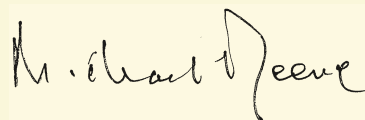
Share issued and purchased

The Top up offer which expired at the end of July resulted in the issue of 2,843,092 new shares raising a total of £2.6 million.

During the period, in furtherance of the board's policy to maintain the discount at which the Company's shares stand in the market of not more than 10%, 650,502 shares were purchased.

Outlook

I hope that attempts to assist in resolving the Euro Zone crisis and those by the UK Government to stimulate growth in the economy will result in a return to confidence in markets generally. If this comes to pass not only will those companies in which the portfolio is invested, many of which still report good trading, continue to prosper; but this will also be reflected in the market price of their shares and so in the NAV of the portfolio. In the meantime, our Manager will continue to take advantage of the opportunities which occur particularly in difficult times.



Michael Reeve

Chairman

24 October 2012

INVESTMENT PORTFOLIO

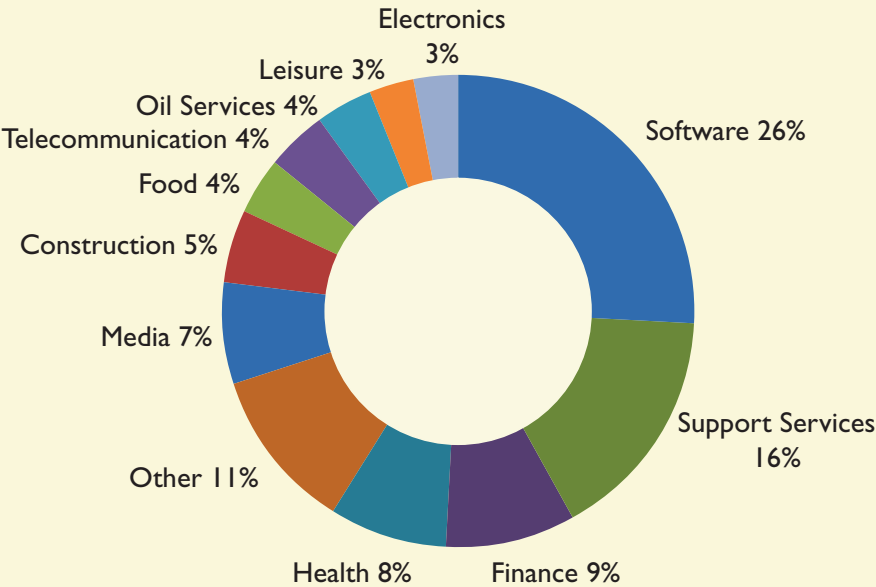
The 10 largest qualifying holdings by value in the New Ordinary share portfolio as at 31 August 2012 are shown below:

Qualifying equity investments	Sector	Book costs as at 31 August 2012 £'000	Movement in valuation as at 31 August 2012 £'000	Fair value as at 31 August 2012 £'000	% equity held by AIM VCT	% equity held by all funds managed by Octopus
Brooks Macdonald Group Plc	Financial consultants	773	1,422	2,195	1.6%	2.3%
Idox Plc	Software	365	1,462	1,827	1.4%	3.7%
Advanced Computer Software Plc	Software	574	1,222	1,796	0.8%	2.9%
Breedon Aggregates Ltd	Construction	902	750	1,652	1.3%	2.2%
EKF Diagnostics Holdings Plc	Healthcare	931	675	1,606	2.2%	6.3%
Escher Group Holdings Plc	Software	1,003	252	1,255	3.2%	7.1%
Enteq Upstream Plc	Oil Services	1,032	155	1,187	1.8%	3.8%
Brady Plc	Software	681	415	1,096	1.4%	2.4%
MyCelx Technologies Plc	Equities	900	107	1,007	3.3%	7.6%
TLA Worldwide Plc	Media	807	121	928	6.3%	15.7%
Total		7,968	6,581	14,549		
Other equity investments		21,237	(2,575)	18,662		
Total equity investments				33,211		
Money market securities		7,056	—	7,056		
Cash at bank		1,076	—	1,076		
Total investments				41,343		
Debtors less creditors				48		
Total net assets				41,391		

INVESTMENT PORTFOLIO (continued)

SECTOR ANALYSIS

Equity Investments by Market Value

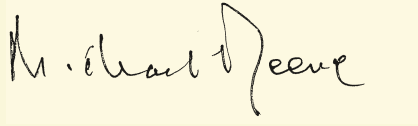


RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY REPORT

We confirm that to the best of our knowledge:

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

On behalf of the Board

A handwritten signature in black ink, reading "Michael Reeve". The signature is written in a cursive, flowing style.

Michael Reeve

Chairman

24 October 2012

INCOME STATEMENT

	Six months to 31 August 2012		
	Revenue	Capital	Total
	£'000	£'000	£'000
Realised loss on disposal of fixed asset investments	–	(19)	(19)
Realised gain on valuation of fixed asset investment	–	1,423	1,423
Income	260	–	260
Investment management fees	(99)	(296)	(395)
Other expenses	(114)	–	(114)
Profit on ordinary activities before tax	47	1,108	1,155
Taxation on profit on ordinary activities	–	–	–
Profit on ordinary activities after tax	47	1,108	1,155
Earnings per share – basic and diluted	0.1p	2.4p	2.5p

	Six months to 31 August 2011			Year to 29 February 2012		
	Revenue	Capital	Total	Revenue	Capital	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Realised gain/(loss) on disposal of fixed asset investments	–	331	331	–	(93)	(93)
Realised loss on valuation of fixed asset investment	–	(1,542)	(1,542)	–	(136)	(136)
Income	226	–	226	475	–	475
Investment management fees	(96)	(289)	(385)	(197)	(590)	(787)
Other expenses	(117)	–	(117)	(227)	–	(227)
(Loss)/profit on ordinary activities before tax	13	(1,500)	(1,487)	51	(819)	(768)
Taxation on (loss)/profit on ordinary activities	–	–	–	–	–	–
(Loss)/profit on ordinary activities after tax	13	(1,500)	(1,487)	51	(819)	(768)
Earnings per share – basic and diluted	0.0p	(3.3)p	(3.3)p	0.1p	(1.8)p	(1.7)p

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Six months ended 31 August 2012 £'000	Six months ended 31 August 2011 £'000	Year to 29 February 2012 £'000
Shareholders' funds at start of period	39,689	38,940	38,940
Profit/(loss) on ordinary activities after tax	1,155	(1,492)	(768)
Shares purchased and cancelled	(507)	(448)	(681)
Issue of equity	2,234	4,212	4,558
Shares to be issued	—	—	(73)
Dividends paid	(1,180)	(1,145)	(2,287)
Shareholders' funds at end of period	41,391	40,067	39,689

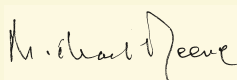
BALANCE SHEET

	As at 31 August 2012 £'000	As at 31 August 2011 £'000	As at 29 February 2012 £'000
Fixed asset investments*	33,211	30,114	30,436
Current assets:			
Money market securities*	7,056	3,867	8,609
Debtors	80	24	56
Cash at bank	1,076	6,338	668
	8,212	10,229	9,333
Creditors: amounts falling due within one year	(32)	(276)	(80)
Net current assets	8,180	9,953	9,253
Net assets	41,391	40,067	39,689
Called up equity share capital	476	457	454
Shares to be issued	—	—	279
Share premium account	2,484	15,831	—
Capital redemption reserve	9	15,715	2
Special distributable reserve	55,547	24,746	56,054
Capital reserve gains/(losses) on disposal	(21,904)	(16,274)	(20,353)
Capital reserve holding gains/(losses)	4,546	(552)	3,067
Revenue reserve	233	144	186
Total equity shareholders' funds	41,391	40,067	39,689
Net asset value per share	86.9p	87.6p	86.9p

*Held at fair value through profit & loss

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

The statements were approved by the Directors and authorised for issue on 24 October 2012 and are signed on their behalf by:



Michael Reeve
Chairman
Company No: 03477519

CASH FLOW STATEMENT

	Six months to 31 August 2012 £'000	Six months to 31 August 2011 £'000	Year to 29 February 2012 £'000
Net cash outflow from operating activities	(321)	(268)	(754)
Financial investment:			
Purchase of fixed asset investments	(1,639)	(4,312)	(5,570)
Disposal of fixed asset investments	268	1,036	2,954
Management of cash equivalent resources:			
Purchase of current asset investment	(1,552)	(6,513)	(14,185)
Disposal of current asset investment	3,105	13,301	16,231
Net cash (outflow)/inflow from investing activities	(139)	3,244	(1,324)
Dividends paid	(1,180)	(1,145)	(2,287)
Financing:			
Shares to be issued	–	–	(73)
Issue of equity	2,234	4,212	4,558
Shares re-purchased	(507)	(448)	(681)
	547	2,619	1,517
Increase in cash at bank	408	5,863	193

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Six months to 31 August 2012 £'000	Six months to 31 August 2011 £'000	Year to 29 February 2012 £'000
Increase in cash at bank	408	5,863	193
Decrease in cash equivalents	(1,553)	(6,788)	(2,046)
Opening net liquid resources	9,277	11,130	11,130
Net cash resources at end of period	8,132	10,205	9,277

RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Six months to 31 August 2012 £'000	Six months to 31 August 2011 £'000	Year to 29 February 2012 £'000
Profit/(loss) on ordinary activities before tax	1,155	(1,492)	(768)
Loss/(gain) on realisation of investments	19	(331)	93
(Gain)/loss on valuation of investments	(1,423)	1,542	136
Increase in debtors	(24)	(5)	(37)
(Decrease)/increase in creditors	(48)	18	(178)
Net cash outflow from operating activities	(321)	(268)	(754)

NOTES TO THE HALF-YEARLY REPORT

1. Basis of preparation

The unaudited interim results which cover the six months to 31 August 2012 have been prepared in accordance with applicable accounting standards and adopting the accounting policies set out in the statutory accounts of the Company for the year ended 29 February 2012.

2. Publication of non-statutory accounts

The unaudited interim results for the six months ended 31 August 2012 do not constitute statutory accounts within the meaning of s.415 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The comparative figures for the year ended 29 February 2012 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements, in accordance with chapter 3 of part 16 of the Companies Act 2006, was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

3. Earnings per share

The earnings per share at 31 August 2012 is calculated on the basis of 46,971,685 (29 February 2012: 45,406,494 and 31 August 2011: 45,214,477) shares, being the weighted average number of shares in issue during the period.

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

4. Net asset value per share

The calculation of net asset value per share is based on the net assets at 31 August 2012 and on 47,615,243 (29 February 2012: 45,671,549 and 31 August 2011: 45,729,724) shares being the number of shares in issue, excluding shares held in Treasury, at the same date.

5. Dividends

The interim dividend declared of 2.5 pence per Ordinary share will be paid on 30 November 2012 to those shareholders on the register on 2 November 2012.

6. Risks and uncertainties

The Company's assets consist of equity and fixed-rate interest investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a VCT, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 29 February 2012. The Company's principal risks and uncertainties have not changed materially since the date of that report.

7. Related Party Transactions

Octopus acts as the investment manager of the Company. Under the management agreement, Octopus receives a fee of 2.0 per cent per annum of the net assets of the Company for the investment management services. During the period, the Company incurred management fees of £395,000 (29 February 2012: £787,000 and 31 August 2011: £385,000) payable to Octopus. At the period end there was £Nil (29 February 2012: £Nil and 31 August 2011: £Nil) outstanding to Octopus.

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

DIRECTORS AND ADVISERS

Board of Directors

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

Secretary and Registered Office

Patricia Standoft ACIS
20 Old Bailey
London
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