
OCTOPUS

APOLLO VCT 2 PLC



ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2012

FINANCIAL HEADLINES

94.7p Net asset value per share (NAV)

10.25p Cumulative dividends paid since launch

104.95p NAV plus cumulative dividends paid since launch

3.0p Final dividend proposed

CONTENTS

1	Shareholder Information and Contact Details
3	About Octopus Apollo VCT 2 plc
4	Financial Summary
5	Chairman's Statement
7	Investment Manager's Review
17	Details of Directors
18	Directors' Report
31	Directors' Responsibilities Statement
32	Directors' Remuneration Report
34	Independent Auditor's Report
36	Income Statement
38	Reconciliation of Movements in Shareholders' Funds
39	Balance Sheet
40	Cash Flow Statement
42	Notes to the Financial Statements
58	Directors and Advisers
59	Notice of Annual General Meeting
63	Proxy Form

OCTOPUS APOLLO VCT 2 PLC
(Registered in England No 05770744)

PRINT OF RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING OF OCTOPUS APOLLO VCT 2 plc (the "Company") held at 20 Old Bailey, London, EC4M 7AN, on 13 July 2012

ORDINARY RESOLUTION

7. AUTHORITY TO ALLOT RELEVANT SECURITIES

"THAT the Directors be generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to allot shares up to a maximum of 855,688 shares (representing approximately 10% of the Ordinary share capital in issue at today's date) this authority is to expire at the later of the conclusion of the Company's 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 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) "

SPECIAL RESOLUTIONS

8. EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES

"TO empower the Directors pursuant to s571(1) 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 s560(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(1) 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 Annual General Meeting of the Company next 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 Companies Act 2006 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 10% 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 per cent 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) that 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 "

Registered office
20 Old Bailey
London
EC4M 7AN


Secretary

Dated 13 July 2012

SATURDAY



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A11

14/07/2012

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COMPANIES HOUSE

SHAREHOLDER INFORMATION AND CONTACT DETAILS

Financial Calendar

The Company's financial calendar is as follows

- 13 July 2012 – Annual General Meeting
- 26 July 2012 – 2012 final dividend paid
- September 2012 – Half-yearly results to July 2012 published
- April/May 2013 – Final dividend for year to 31 January 2013 announced, Annual Report and financial statements published

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

The table below shows the movement in net asset value per share (NAV) and lists the dividends that have been paid since the launch of the Company

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends
31 January 2007	93.4p	–	93.40p
31 July 2007	94.4p	–	94.40p
31 January 2008	94.7p	–	94.70p
31 July 2008	93.2p	0.75p	93.95p
31 January 2009	92.3p	0.50p	93.55p
31 July 2009	91.8p	1.00p	94.05p
31 January 2010	94.0p	1.00p	97.25p
31 July 2010	91.2p	2.50p	96.95p
31 January 2011	92.3p	1.50p	99.55p
31 July 2011	93.0p	1.50p	101.75p
31 January 2012	94.7p	1.50p	104.95p

The proposed final dividend of 30 pence per share for the year ended 31 January 2012, subject to shareholder approval at the Annual General Meeting, will be paid on 26 July 2012 to shareholders on the register on 29 June 2012.

Share Price

The Company's share price can be found on various financial websites with the following TIDM/EPIC code

Ordinary shares	
TIDM/EPIC code	OAP2
Latest share price (24 May 2012)	82.5p per 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 all or

SHAREHOLDER INFORMATION AND CONTACT DETAILS (continued)

part of your holdings and 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 the Company's Corporate Broker, Matrix Corporate Capital ('Matrix').

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

Chris Lloyd

0203-206-7176 chris.lloyd@matrixgroup.co.uk

Paul Nolan

0203-206-7177 paul.nolan@matrixgroup.co.uk

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 are provided on page 1.

Warning to Shareholders

The Company is aware that some 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,

offers to buy shares at a discount, or offers for free Company reports.

Please note that it is very unlikely that either the Company or Octopus Investments Limited ("Octopus") 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 either Octopus, or the Registrar, at the numbers provided at the back 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 Investor, Venture Capital Trusts, VCT Reports, Octopus Apollo VCT 2. All other statutory information will also be found there.

ABOUT OCTOPUS APOLLO VCT 2 PLC

Octopus Apollo VCT 2 plc ('Apollo 2', 'Company' or 'Fund') is a venture capital trust ('VCT') which aims to provide shareholders with attractive tax-free dividends and long-term capital growth, by investing in a diverse portfolio of predominantly unquoted companies. The VCT is managed by Octopus Investments Limited ('Octopus' or 'Manager').

The Fund was launched in May 2006 together with Octopus Apollo VCT 1 plc. Both companies have identical investment policies, and together launched an offer for subscription comprising 25,000,000 Ordinary shares each, or 50,000,000 in aggregate (the 'Offer'). The Offer closed on 5 April 2007 having raised £17.6 million in aggregate (£16.8 million net of expenses). The objective of the Fund is to invest in a diversified portfolio of UK smaller companies in order to generate income and capital growth over the long-term. The Board of Directors of the Company changed in September 2010 in order for the Company to comply with Listing Rule 15.2.1 IR and to enable the Board to act independently.

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 Company has been approved as a VCT by HMRC. In order to maintain its approval the Company must comply with certain requirements on a continuing basis:

- at least 70% of the Company's investments must comprise 'qualifying holdings' (as defined in the legislation),
 - at least 30% of the 70% of qualifying holdings must be invested into Ordinary shares with no preferential rights (from April 2011 this will change to 70% 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 £1 million invested in any one year in new shares or securities in an unquoted UK Company (or companies listed 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.

FINANCIAL SUMMARY

	Year to 31 January 2012	Year to 31 January 2011
Net assets (£'000s)	8,104	8,020
Net profit after tax (£'000s)	453	202
Net asset value per share (NAV)	94.7	92.3p
Cumulative dividends since launch	10.25	7.25p
Proposed dividend per share	3.0p	1.50p

CHAIRMAN'S STATEMENT

I am pleased to present the sixth Annual Report of Octopus Apollo VCT 2 plc, covering the year to 31 January 2012

Performance

I am happy to report a good performance for the year and one that has been in line with the investment mandate of the Fund. The net asset value ('NAV') of your Company has increased from 92.3p to 94.7p, which, when adding back the 3.0p of dividends paid during the year, results in an increase of 5.9%.

The total return of the Company, being the NAV plus cumulative dividends paid, has also increased by 3.2p to 104.95p, providing you with a pleasing return on your investment.

One of the main drivers of the increase in the NAV was the successful divestment of Autologic Diagnostics as well as strong income streams from our debt investments which now exceed the running costs of the Fund. As a result, the Fund has a revenue return of £200,000 for the year.

Dividend

Your Board aims to maintain a regular dividend flow where prudent and sensible to do so, making use of the tax-free distributions a VCT is able to provide.

We are proposing a final dividend of 3.0 pence per share in respect of the year ended 31 January 2012. Subject to shareholder approval at the Annual General Meeting, this dividend will be paid on 26 July 2012 to shareholders on the register on 29 June 2012. Combined with the 1.50 pence interim dividend paid in October 2011, this will take dividends in relation to the year ended 31 January 2012 to 4.5 pence.

Investment Portfolio

The Company invested £1,153,000 during the year; this includes £400,000 invested to finance the secured loan book of Borro, an online pawn broker, and £555,000 into two solar renewable energy companies, Shakti Power and Kala Power, constructed and now operate solar sites in two carefully selected locations.

These solar investments have been identified as suitable for the VCT because a high level of security is obtained through investments being asset-backed and supported by Government subsidies.

Follow-on investments totalling £198,000 were made in CSL Dualcom, Carebase (Col) and Autologic Diagnostics.

Investments in Autologic Diagnostics and Ticketing Services 1 and 2 were realised during the year. Combined, these resulted in a realised gain of £621,000.

Trading results of investee companies on the whole have been positive. This resulted in uplifts being recognised in Tristar Worldwide and Hydrobolt. These uplifts were offset by a reduction in the fair value of Bruce Dunlop, leading to an overall reduction in fair value of the portfolio of £242,000.

A full list of the Company's portfolio is set out on page 9. All of the investments are discussed further in the Investment Managers Review on pages 7 to 16.

The Fund has invested sufficiently in order to meet all the requirements for it to qualify fully as a VCT. It now has the opportunity to make a limited number of further investments with the aim of growing the NAV of the Fund over the foreseeable future.

Investment Strategy

As set out in the prospectus, the aim of the Fund is to invest with greater focus on capital preservation than is typical in a VCT. To date, the Investment Manager has been successful in achieving this aim.

Typically, the structure of the investments is weighted more heavily towards loan-based instruments rather than equity. This is considered to be lower risk as returns are fixed and payments are generally ranked above most other creditors, allowing for future visibility and security. This strategy also reduces the downside risk that is part and parcel of an equity investment.

The Fund has been able to take advantage of the reduced liquidity in the traditional lending market, which has led to solid opportunities to invest in well-managed and profitable businesses with strong recurring cash-flows.

CHAIRMAN'S STATEMENT (continued)

Now that the Fund has passed its five year qualifying period, it is the intention of the Board for the Company to remain as a VCT and continue to invest in accordance with the original investment mandate

VCT Qualifying Status

PricewaterhouseCoopers LLP advises the Board and the Investment Manager regarding ongoing compliance with Her Majesty's Revenue & Customs (HMRC) rules and regulations concerning VCTs. The Board has been advised that Octopus Apollo VCT 2 plc is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT. This is explained further on page 20.

A key requirement is to maintain at least the 70% qualifying investment level. As at 31 January 2012, 80.3% of the portfolio, as measured by HMRC rules, was invested in VCT qualifying investments.

Annual General Meeting

The Company's Annual General Meeting will take place on Friday 13 July 2012 at 3.00 pm. I look forward to welcoming you to the meeting which will be held at the offices of Octopus Investments Limited at 20 Old Bailey, London, EC4M 7AN.

Electronic Communications

Based on feedback from shareholders, and in order to reduce the cost of printing and the consequential impact on the environment, we now offer shareholders the opportunity to forgo their printed report and account documents, in favour of receiving email or letter notification with details of how to view the documents online. If you would like to change the format in which you receive this report, please contact Octopus using the contact details provided on page 58 of this report.

Outlook

In light of the proposed changes to the VCT investment limits (as expected to be introduced by the Finance Bill 2012) and so as to achieve, amongst

other things, cost savings and administrative efficiency, the Board, together with the boards of Octopus Apollo VCT 1 plc (Apollo 1), Octopus Apollo VCT 3 plc (Apollo 3) and Octopus Apollo VCT 4 plc (Apollo 4), has agreed in principle to a merger of the four companies. The merger will create a significantly enlarged VCT and is expected to provide benefits for all shareholders.

The intention is that the proposed merger will be completed pursuant to schemes of reconstruction under section 110 of the Insolvency Act 1986 whereby Apollo 1, Apollo 2 and Apollo 4 will each transfer their assets and liabilities to Apollo 3 in consideration for new Shares being issued by Apollo 3 to shareholders of Apollo 1, Apollo 2 and Apollo 4. Each acquisition will require the approval of the shareholders of the relevant Apollo VCTs, will be completed on a relative net asset value basis and will not be conditional on the other acquisitions proceeding. A merger on this basis will be outside the provisions of The City Code on Takeovers and Mergers.

The Boards will be writing to their respective shareholders in due course detailing the full terms of the proposed merger. It is also intended to offer existing Apollo VCT shareholders the opportunity to increase their investment, and for new investors to participate, in the new enlarged VCT via a top-up offer, as well as providing shareholders with the opportunity to participate in an enhanced buyback facility. Again details of these proposals will be provided to shareholders in due course.

Stuart Brocklehurst

Chairman

24 May 2012



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. During this time of economic uncertainty, we consider it particularly important to be in regular contact with our investors and are working hard to manage your money in the current climate.

Octopus Investments Limited was established in 2000 and has a strong commitment to both smaller companies and to VCTs. We currently manage 19 VCTs, including this Fund, and manage nearly £340 million in the VCT sector. Octopus has over 230 employees and has previously been voted as 'Best VCT Provider of the Year' by the financial adviser industry.

Investment Policy

The investment approach of the Fund is to seek lower risk investments. The majority of companies in which the Fund invests operate in sectors where there is a high degree of predictability. Investments are sought in companies that have contractual revenues from financially sound customers and will ideally provide an exit for shareholders within three to five years.

Performance

The Fund made a return of 5.9% between 31 January 2011 and 31 January 2012. The NAV increased from 92.3p to 94.7p. 3.0p of dividends were paid over the period bringing cumulative dividends paid to 10.25p.

The strong performance of the Fund was partly due to the entire disposal of its investment in Autologic Diagnostic Holdings which had realised gains of £618,000. Interest income on the Fund's loan investments also outweighed the Fund's costs, resulting in a revenue return of £200,000.

Fair value uplifts were recognised on Tristar and Hydrobolt, both of whom have had strong trading performances. However, these uplifts were offset by a decrease in the fair value of Bruce Dunlop. Whilst we

remain confident in the management of the Company, the media industry in which it operates is still in recession and the Company continues to suffer from clients delaying projects. As a result, it seemed prudent to provide against 100% of the equity element and provide against 50% of the debt element. The overall reduction on the Bruce Dunlop investment now totals £334,000, of which £309,000 has been recognised this year, against a total cost of £509,000.

The majority of investments are loan based on which a steady flow of interest is received into the Fund. This is now at the level whereby interest receipts more than offset the running costs of the Fund. These returns will allow for any gains on realisations and loan note redemption premiums to be paid out directly to shareholders, or recognised as an uplift to the value of the investment.

Portfolio Review

VCT qualifying investments totalling £554,000 were also made in Shakti Power and Kala Power, both solar renewable energy investments. These companies have constructed and now operate solar sites which benefit from the Government's feed-in-tariffs. Whilst the Government has reduced its feed-in-tariff rates in the last year, the Company's portfolio of investments will still have exposure to the higher rates that were originally on offer, due to the dates at which these investments were completed.

An acquisition of CSL Dualcom by a private equity house allowed the Fund to restructure its previous debt/equity investment into a majority debt investment, providing better yields than under the original structure. The Fund still retains a small equity holding, which we hope will let us recognise uplifts in the future, especially given the strong performance of CSL.

During the year, £400,000 was invested to finance the loan book of Borro, an online pawn broker. Borro provides relatively short fixed term loans on high value assets. The Fund's debt is secured against these assets, which means the investment carries limited risk for the strong returns available. Whilst this investment

INVESTMENT MANAGER'S REVIEW (continued)

is non-qualifying for VCT purposes we see this and similar investments as being a good way to improve the running yield of the Fund whilst investing in line with its mandate

Further to the entire disposal of the investment in Autologic Diagnostic Holdings, small gains as a result of rolled up interest were also made on the disposals of the investments in Ticketing Services 1 & 2

Post year end, the Fund made a £250,000 investment in Technical Software Consultants, a Company that sells industrial crack detectors principally to the oil and gas pipeline market. A further £500,000 was invested in Borro and the loan element of the investment in Tristar Worldwide Limited was also realised at par

Outlook

Whilst the UK and Western economies remain challenging we see a number of areas where the Fund can invest in line with its mandate

- 1 There are numerous stable, profitable companies whose owners wish to partially sell their business now but wait several years for the market to recover in order to realise a full exit
- 2 The traditional banking environment continues to be a challenge for SMEs and many prefer to use

the Fund's more flexible debt to grow their businesses

- 3 Similarly, larger venture capital/ private equity firms are using the Fund in preference to bank debt as it offers a faster, more partnership orientated and intelligent form of co-investment. These companies find our approach less risky and our funds are well suited to this type of transaction, providing opportunities for ongoing investment in the UK

Whilst we are optimistic regarding the market opportunity we will continue to invest cautiously. We will do our best to ensure that the Fund's portfolio companies can withstand a worsening of the current harsh economic climate

Stuart Nicol

Investment Director
Octopus Investments
24 May 2012

Investment Portfolio

Unquoted fixed asset investments	Sector	Cost of Investment at 31 January 2012 (£'000)	Movement in fair value to 31 January 2012 (£'000)	Fair value at 31 January 2012 (£'000)	Movement in year (£'000)	% equity held by Apollo 2	% equity managed by Octopus
Salus Services I Holdings Limited	Care homes	1,365	–	1,365	–	14.2%	100%
Clifford Thames Group Limited	Automotive	965	151	1,116	–	1.4%	7.4%
CSL DualCom Limited	Security devices	1,043	–	1,043	(19)	0.3%	3.4%
Tristar Worldwide Limited	Chauffeur services	500	65	565	65	1.3%	35.0%
Shakti Power Limited	Solar	413	–	413	–	11.0%	100%
Borro Loan 2 Limited*	Pawn brokers	400	–	400	–	0.0%	0.0%
Bluebell Telecom Services Limited	Telecommunications	225	24	249	–	0.5%	6.5%
Hydrobolt Limited	Manufacturing	197	47	244	21	0.9%	43.3%
Bruce Dunlop & Associates International Limited	Media	509	(334)	175	(309)	1.7%	30.0%
Carebase (Col) Limited*	Care homes	154	–	154	–	0.0%	0.0%
Kala Power Limited	Solar	142	–	142	–	5.0%	100%
Total fixed asset investments		5,913	(47)	5,866	(242)		
Money market funds				768			
Cash at bank				1,462			
Total investments				8,096			
Debtors less creditors				8			
Total net assets				8,104			

*These are 100% debt investments

Valuation Methodology

The investments held by the Company are all unquoted and as such there is no trading platform from which prices can be easily obtained. As a result, the methodology used in fair valuing the investments is initially the transaction price of the recent investment round. Subsequent adjustment to the fair

value has then been made according to any significant under or over performance of the business.

If you would like to find out more regarding the International Private Equity and Venture Capital (IPEVC) valuation guidelines, please visit their website at www.privateequityvaluation.com

INVESTMENT MANAGER'S REVIEW (continued)

Sector Analysis

Total Investments by fair value

Investments are valued in accordance with the accounting policy set out on page 43 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

Investment Portfolio – Ten Largest Portfolio Holdings

Salus Services I Holdings Limited		
Salus Services I Holdings Limited is funding the construction of a care home based in Colchester		
Asset class	Cost	Valuation
A Ordinary shares	£1,365,000	£1,365,000
Loan stock	-	-
Total	£1,365,000	£1,365,000
Investment date	January 2010	
Equity held	14.2%	
Last unaudited accounts.	31 March 2011	
Revenues	£0.0 million	
Profit before interest & tax	£0.0 million	
Net assets	£9.6 million	
Income receivable recognised in year	£nil	
Valuation basis	Held at cost	

Clifford Thames Group Limited		
Clifford Thames is a market leading provider of consultancy and business outsourcing services for the automotive industry, and is a key partner of most of the world's leading car manufacturers. With offices in eight countries Clifford Thames has a well-established and impressive client list including Ford, GM Europe, Jaguar Land Rover, Mazda and Fiat.		
Asset class	Cost	Valuation
A Ordinary shares	£222,000	£222,000
Loan stock	£743,000	£894,000
Total	£965,000	£1,116,000
Investment date	January 2009	
Equity held	1.4%	
Last audited accounts	31 March 2011	
Revenues	£33.5 million	
Profit before interest & tax	£2.5 million	
Net assets	£11.7 million	
Income receivable recognised in year	£67,000	
Valuation basis	Held at cost	

Further information
can be found at the company's
website www.clifford-thames.com

INVESTMENT MANAGER'S REVIEW (continued)

CSL DualCom Limited ('DualCom')

DualCom is the UK's leading supplier of dual path signalling devices, which link burglar alarms to the police or a private security firm. The devices communicate using a telephone line or broadband connection and a wireless link from Vodafone, which has been a partner since 2000. DualCom has developed a number of new products for the sector, which have enabled the business to steadily grow its market share of new connections and its profitability since the initial investment.

Asset class	Cost	Valuation
A Ordinary shares	£68,000	£68,000
Loan stock	£975,000	£975,000
Total	£1,043,000	£1,043,000

Investment date	February 2009	
Equity held	0.3%	
Last audited accounts	31 March 2011	
Revenues	£9.6 million	
Profit before interest & tax	£2.0 million	
Net assets	£2.9 million	
Income receivable recognised in year	£83,000	
Valuation basis	Held at cost	Further information can be found at the company's website www.csldual.com

Tristar Worldwide Limited ('Tristar')

Tristar is one of the world's leading chauffeur companies, carrying over 500,000 passengers for 400 clients in the last year alone. The business operates in 70 countries with its own vehicles in the UK and a rapidly expanding service in the US. It has a blue-chip customer base which includes Virgin, Emirates, BP, Goldman Sachs and Bank of America-Merrill Lynch. The market for chauffeur services has been heavily affected in the current economic environment but we believe has now stabilised. Tristar has achieved a good performance in the circumstances where many of its competitors are suffering to a greater extent. The Company's focus on a joined up international service is proving to be an important selling feature for clients; the Company has offices in the UK, US and Hong Kong as well as an affiliate network providing service in over 70 countries worldwide.

Asset class	Cost	Valuation
A Ordinary shares	£10,000	£75,000
B Ordinary shares	£140,000	£140,000
Loan stock	£350,000	£350,000
Total	£500,000	£565,000

Investment date	January 2008	
Equity held	1.3%	
Last audited accounts	31 May 2011	
Revenues	£37.4 million	
Profit before interest & tax	£1.0 million	
Net assets	£2.2 million	
Income receivable recognised in year	£74,000	
Valuation basis	Earnings multiple	Further information can be found at the company's website www.tristarworldwide.com

Shakti Power Limited

Shakti Power Limited constructed and operates a solar renewable energy site at a carefully selected location in Dunsfold, Surrey

Asset class	Cost	Valuation
A Ordinary shares	£413,000	£413,000
Loan stock	–	–
Total	£413,000	£413,000

Investment date	December 2011
Equity held	11.0%
Last unaudited accounts.	31 December 2011
Revenues.	£0.0 million
Loss before interest & tax	£0.2 million
Net assets	£5.8 million
Income receivable recognised in year.	£nil
Valuation basis	Held at cost

Borro Loan 2 Limited ('Borro')

Borro is a 100% subsidiary of 'Borro Limited' – an online pawn broker, providing short term loans secured against high value assets

Asset class	Cost	Valuation
Ordinary shares	–	–
Loan stock	£400,000	£400,000
Total	£400,000	£400,000

Investment date	December 2011
Equity held	0.0%
Last audited accounts	31 December 2010
Revenues	£0.0 million*
Loss before interest & tax	£0.0 million*
Net assets	£0.0 million*
Income receivable recognised in year	£nil*
Valuation basis	Held at cost

* Borro is a loan book Company. Borro Limited is the trading Company. Therefore Borro has nil revenues and nominal net assets

INVESTMENT MANAGER'S REVIEW (continued)

Bluebell Telecom Services Limited ('Bluebell')

Bluebell provides landline, mobile and data solutions to businesses, helping to cut costs and improve efficiency through simple rationalisation and more effective deployment of voice and data services

Asset class	Cost	Valuation
A Ordinary shares	£24,000	£24,000
Loan stock	£201,000	£225,000
Total	£225,000	£249,000

Investment date	September 2010	
Equity held	0.5%	
Last audited accounts	30 April 2011	
Revenues	£7.0 million	
Profit before interest & tax	£0.4 million	
Net assets	£0.3 million	
Income receivable recognised in year:	£31,000	Further information can be found at the company's website www.bluebelltelecom.com
Valuation basis	Held at cost	

Hydrobolt Limited ('Hydrobolt')

Hydrobolt is a specialist manufacturer of high integrity fasteners for the oil and gas and energy sectors

Asset class	Cost	Valuation
A Ordinary shares	£8,000	£55,000
B Ordinary shares	£51,000	£51,000
Loan stock	£138,000	£138,000
Total	£197,000	£244,000

Investment date	April 2008
Equity held	0.9%
Last audited accounts	31 March 2011
Revenues	£15.4 million
Profit before interest & tax	£2.1 million
Net assets	£5.6 million
Income receivable recognised in year	£20,000
Valuation basis	Earnings multiple

Bruce Dunlop & Associates International Limited ('BDA')

BDA provides promotion and design services to broadcasters and advertisers worldwide and also creates brand films and internal communications for leading UK corporations. Trading in the media sector remains tough but management are working hard with our support to take the business back into profitability.

Asset class	Cost	Valuation
A Ordinary shares	£24,000	–
B Ordinary shares	£135,000	–
Loan stock	£350,000	£175,000
Total	£509,000	£175,000

Investment date:	December 2007	
Equity held:	1.7%	
Last audited accounts:	30 June 2011	
Revenues	£9.2 million	
Loss before interest & tax:	£0.3 million	
Net assets	£0.4 million	
Income receivable recognised in year:	£21,000	
Valuation basis	Earnings multiple	Further information can be found at the company's website www.bdacreative.com

Carebase (Colchester) Limited ('Carebase')

Carebase operates an elderly carehome in Colchester, Essex.

Asset class	Cost	Valuation
Ordinary shares	–	–
Loan stock	£154,000	£154,000
Total	£154,000	£154,000

Investment date	March 2010
Equity held	0.0%
Last unaudited accounts	31 December 2010
Revenues	£0.0 million*
Loss before interest & tax	£0.0 million*
Net assets	£0.0 million*
Income receivable recognised in year	£nil*
Valuation basis	Held at cost

* These are first year statutory accounts during which the Company was dormant and not trading

INVESTMENT MANAGER'S REVIEW (continued)

How Octopus creates and delivers value for the shareholders of Octopus Apollo VCT 2 plc

Octopus Apollo VCT 2 plc focuses on providing established, development and expansion funding to predominantly unquoted companies with a typical investment per company of £0.2 million to £1 million. The Company is being invested on the basis of taking less risk than a typical VCT. Principally the Company will receive its return from interest paid on secured loan notes as well as an exposure to the value of the shares of a Company. The investment strategy is to derive sufficient return from the secured loan notes to achieve the Company's investment aims and to use the equity exposure to boost returns. As portfolio companies are unquoted the Company will receive a return from an equity holding when a Company is sold.

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 investee Company. The due diligence process includes a review of the investee

Company's products and services, discussions with customers and suppliers, competitive analysis, assessment of the capabilities of the management team and financial analysis. In addition, with the potential investee's permission, the input of existing relevant Octopus industry contacts is often sought. 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.

Post-Investment Monitoring

Octopus will either appoint a Director or a formal observer to the board of each investee 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 investee 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 trade sale.

DETAILS OF DIRECTORS

Stuart Brocklehurst (Chairman – Aged 39)

Stuart studied Theology at St John's College, Oxford, and went on to build a career in strategy development and change management. During a six-year period at Barclays PLC, Stuart was responsible for the e-commerce strategy of the UK's largest online bank. Stuart joined Visa International CEMEA in 2001 as Senior Vice President for Digital Commerce, responsible for driving forward smartcards, e-commerce, and other new forms of payment. In this role he was responsible for the creation of the first electronic payment network in Iraq and a major corporate venture in Nigeria. From 2005 to 2010 Stuart was a Partner in Carbon Leadership LLP, a consulting and executive search firm specialising in the financial sector. He now works with Amadeus IT Group SA. Stuart is a Fellow of the British Computing Society and an advisor to the Church of England. He has been a Non Executive Director of several start-up and venture capital backed businesses.

Matt Cooper (Director – Aged 45)

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 and eight other Octopus VCTs.

Alan Pepper (Director – Aged 42)

Alan is a Chartered Accountant by profession with experience in corporate finance, investment management, corporate recovery and turnaround management and has worked in the accounting profession in the UK and overseas and in private equity both in a major investment bank and boutique investment firm. He is currently Chief Executive of Avanta Managed Offices Limited, the London serviced office and property management group where he was instrumental in the completion of a management buyout in 2007 and the subsequent shareholder buyback and refinancing in 2011.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 January 2012

This report has been prepared by the Directors in accordance with the requirements of s415 of the Companies Act 2006. The Company's independent auditor is required by law to report on whether the information given in the Directors' Report (including the review of business activities) is consistent with the financial statements. The auditor's opinion is included in their report on pages 34 and 35.

Principal Activity and Status

The principal activity of the Company is to return an attractive tax-free dividend stream to investors by investing in a diversified portfolio of unquoted UK smaller companies in order to generate a steady income stream from loan investments as well as capital growth from equity investments over the long-term. The Company has been granted approval as a VCT by HMRC. In order to maintain approved status, the Company must comply on a continuing basis with the provisions of s280a of the Income Tax Act 2007. From the end of the third accounting period in which shares were subscribed, the Company is required to hold at least 70% of its investments (as defined in the legislation) in VCT qualifying holdings, of which at least 30% must comprise eligible Ordinary shares.

For this purpose, a 'VCT qualifying holding' consists of up to £1 million invested in any one year in new shares or securities of a UK quoted Company (which may be quoted on AIM) or unquoted Company which is carrying on a qualifying trade, and whose gross assets and number of employees at the time of investment do not exceed a prescribed limit. The definition of 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

The Directors are required by the Articles of Association to propose an Ordinary Resolution at the Company's 15th Annual General Meeting in 2021 that the Company shall continue in being and at each fifth

subsequent Annual General Meeting thereafter. If any such Resolution is not passed, the Directors shall within four months convene a general meeting to consider the proposals for the reorganisation or reconstruction and, if that is not passed, propose the winding-up of the Company.

Review of Business Activities

The Directors are required by s417 of the Companies Act 2006 to include a business review to shareholders. The business review is set out below and also includes the Chairman's Statement on pages 5 and 6, and the Investment Manager's Review on pages 7 to 16 by reference.

The purpose of this review is to provide shareholders with a summary setting out the business objectives of the Company, the Board's strategy to achieve those objectives, the risks faced, the regulatory environment and the key performance indicators used to measure performance.

Post balance sheet events

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

- 6 February 2012 – the Company disposed of the loan part of its investment in Tristar Worldwide Limited for £350,000
- 2 April 2012 – the Company invested £250,000 in Technical Software Consultants ('TSC')
- 23 April 2012 – the Company invested a further £500,000 in Borro

Performance and Key Performance Indicators

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 unquoted UK companies which meet the relevant criteria for VCTs.

The Board expects the Investment Manager 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 key performance indicators (KPIs) in meeting these objectives are net asset value ("NAV") and the performance of dividends paid which, when combined, give total return. Additional KPIs reviewed by the Board include the discount of the share price relative to the NAV and the total expense as a proportion of shareholders' funds. The total running costs in the year, as defined in the prospectus, were capped at the annual limit of 3.5%.

A record of some of the indicators is detailed on the first page entitled Financial Headlines. Additional comments are provided in the Chairman's Statement discussing the performance of the Company over the current year.

The Board assesses the performance of the Investment Manager in meeting the Company's objectives against the KPIs highlighted above.

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 investee companies.

Performance, measured by the change in NAV per share and total return per share, is also measured against the FTSE Small-Cap ex investment trusts Index and the FTSE All-Share Index. This is shown in the graph on page 33 of the Directors' Remuneration Report. These indices have been adopted as an informal benchmark. Investment performance, cash returned to shareholders and share price are also measured against the Company's peer group of other generalist VCTs.

The Chairman's Statement, on pages 5 to 6, includes a review of the Company's activities and future prospects, further details are also provided within the Investment Manager's Review on pages 7 to 16.

Results and dividend

	Year ended 31 January 2012 £'000	Year ended 31 January 2011 £'000
Net return attributable to shareholders	453	202
Appropriations		
Final dividend proposed 3.0p per share (2011: 1.50p)	257	130

The proposed final dividend of 3.0p per share for the year ended 31 January 2012, subject to shareholder approval at the Annual General Meeting, will be paid on 26 July 2012 to shareholders on the register on 29 June 2012. In addition to the 1.5p interim dividend paid in November 2011, this will take dividends in relation to the year ended 31 January 2012 to 4.5p per share.

Objective and Investment Policy

The objective of the Company is to invest in a broad range of unquoted UK smaller companies in order to generate income and capital growth over the long-term. Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value.

The Company's investment policy has been designed to enable the Company to comply with the VCT qualifying conditions set out above. It is intended that the long-term disposition of the Company's assets will be not less than 80% in a portfolio of unquoted investments, and up to 20% in cash or near-cash investments to provide a reserve of liquidity which will maximise the Company's flexibility as to the timing of investment acquisitions and disposals, dividend payments and share buy-backs.

DIRECTORS' REPORT (continued)

Investments will be structured using various unquoted investment instruments, including ordinary and preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth, having regard to the VCT legislation. The portfolio will be diversified by investing in a broad range of industry sectors and by holding investments in companies at various stages of maturity in the corporate development cycle, although it is not intended that investments will be made in early stage unquoted companies which have yet to achieve profitability and cash generation. The normal investment holding period will be in the range from three to five years. Any uninvested funds will typically be held in cash and money market funds.

Risk is spread by investing in a number of different businesses within different industry sectors using a mixture of securities. The maximum amount invested in any one Company is limited to £1 million in a fiscal year and generally no more than 15% of the Company's assets, at cost, will be invested in the same Company. The value of an individual investment is expected to increase over time as a result of trading progress and a continuous assessment is made of its suitability for sale. However, shareholders should be aware that the Company's VCT qualifying investments are held with a view to long-term capital growth as well as income and will often have limited marketability, as a result it is possible that individual holdings may grow in value to the point where they represent a significantly higher proportion of total assets prior to a realisation opportunity being available. Investments will normally be made using the shareholders' funds and it is not intended that the Company will take on any long-term borrowings.

Non-Qualifying Investments

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.

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

- evidence of high margin products capable of addressing fast-growing markets,
- the Company's ability to sustain a competitive advantage,
- the strength of the management team,
- 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 continually monitor the investment process and ensure compliance with the investment policy.

VCT Regulation

Compliance with required rules and regulations is considered with all investment decisions made. The Company is further monitored on a continual basis to ensure compliance. The main criteria to which the Company must adhere include

- at least 70% of investments must be made in qualifying shares or securities,
- at least 30% of the 70% of qualifying investments must be invested into Ordinary shares with no preferential rights,
- no single investment made can exceed 15% of the total value of the Company; and
- a minimum of 10% of each qualifying investment must be in Ordinary shares with no preferential rights.

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, and which by their nature entail a higher level of risk and lower liquidity than investments in large quoted companies. The Directors and the Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out rigorous 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 professional cash managers BlackRock and The Co-operative Bank. The risk of loss to this cash is deemed to be extremely low, due to HSBC's historical credit rating and a current S&P rating of AA, and all cash funds have S&P ratings of A to AAA.

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

Reputational: 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 internal controls, financial and non-financial, 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 Manager's key staff are continuously monitored.

Due to the nature of the Company, environmental, social and employee issues do not apply and therefore no disclosures in respect of these have been included in the Directors' Report.

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 rigorously the principles detailed in the revised 'Turnbull' guidance. Details of the Company's internal controls are contained in the Corporate Governance section on pages 26 to 30.

DIRECTORS' REPORT (continued)

Further details of the Company's financial risk management policies are provided in note 15 to the financial statements

Directors

The Directors of the Company during the period and their interests (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) in the issued Ordinary shares of 10p are shown in the table below

	31 January 2012	31 January 2011
Stuart Brocklehurst (Chairman)	5,275	5,275
Matt Cooper	5,012	5,012

Mr Pepper holds no shares in the Company. All of the Directors' shares were held beneficially. There have been no changes in the Directors' share interests between 31 January 2012 and the date of this report.

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. This practice was followed during the year under review.

	Date of Original Appointment	Due date for Re-election/ election
Stuart Brocklehurst	16/05/2006	AGM 2012
Matt Cooper	16/05/2006	AGM 2012
Alan Pepper	28/09/2010	AGM 2013

Mr Brocklehurst retires by rotation and being eligible offers himself for re-election. The Board has considered provision B 7.2 of the UK Corporate Governance Code and believes that Mr Brocklehurst continues to be effective in demonstrating his commitment to his role, the Board and the Company. The Board therefore has no hesitation in

recommending Mr Brocklehurst for re-election at the forthcoming Annual General Meeting.

Matt Cooper is not considered to be independent as he is the Chairman of Octopus Investments Limited, the Investment Manager of the Company. As a non-independent Director, Matt Cooper will stand for re-election at the 2012 AGM of the Company as required by Listing Rule 15.2.13A.

Brief biographical notes on the Directors are given on page 17.

Directors' and Officers' Liability Insurance

The Company has, as permitted by s233 of 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, and this has been disclosed in accordance with s236 of the Companies Act 2006.

Whistleblowing

The Board has considered and implemented arrangements in accordance with The UK Corporate Governance Code's recommendations, to encourage staff of the Manager or 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.

Management

Octopus Investments Limited ("Octopus") acts as Investment Manager to the Company. The principal terms of the Company's management agreement with Octopus are set out in notes 3 and 19 to the financial statements. Matt Cooper is Chairman of Octopus Investments Limited. The Investment Manager also provides secretarial, administrative and custodian services to the Company.

The Company has in place an agreement with Octopus Investments to act as Investment Manager.

which is central to the ability of the Company to continue in business. 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 other VCTs managed by Octopus and the efficient and effective service provided by Octopus to the Company, and the ability of the Investment Manager to produce satisfactory investment performance in the future.

With the exception of Matt Cooper, no Director has an interest in any contract to which the Company is a party. Matt Cooper is Chairman of Octopus Investments. Details of the fees paid to Octopus Investments in respect of services provided are detailed in notes 3 and 19 to the financial statements.

The Company has established a performance incentive scheme whereby the Investment Manager is entitled to an annual performance-related incentive fee in the event that certain performance criteria are met, commencing at the end of the 2011 financial year. Further details of this scheme are disclosed within note 19 to the financial statements. No performance fee was payable at 31 January 2012.

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.

Share Issues and Open Offers

No shares were allotted during the year to 31 January 2012 (2011: nil). As at 31 January 2012 there were no open offers for subscription.

Share Buy-backs

During the year the Company purchased 136,600 shares, with a nominal value of £13,660.00 for cancellation at a weighted average price of 82.38 pence

per share for a total consideration of £112,552.20 (2011: Nil). These were repurchased in accordance with the Company's share buy-back facility in an attempt to assist the marketability of the shares and prevent the shares trading at a wide discount to the NAV.

Share Capital, Rights Attaching to the Shares and Restrictions on Voting and Transfer

The Company's Ordinary share capital as at 31 January 2012 is 8,556,886 Ordinary shares of 10p (2011: 8,693,486 Ordinary shares) and no shares were held in Treasury.

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 (other than the Company in respect of any Treasury shares) the following principal rights:

- (a) the right to receive out of returns 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

DIRECTORS' REPORT (continued)

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 and 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.

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) 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 uncertificated 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.

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 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.

International Financial Reporting Standards

As the Company is not part of a group it is not mandatory for it to comply with International Financial Reporting Standards. The Company does not anticipate that it will voluntarily adopt International Financial Reporting Standards, nor would it be required by the current proposals issued by the ASB. If IFRS were to be adopted, it is not expected to have a significant impact upon the balances included in the financial statements, but will give rise to changes in presentational information and disclosures.

Creditor payment policy

The Company's payment policy for the forthcoming financial year is to agree terms of payment before business is transacted and to settle accounts in accordance with those terms. The Company does not follow any code or standard with regard to creditor payment practice. At 31 January 2012 there were no trade creditors (31 January 2011: £nil).

Environmental Policy

The Company always makes full effort to conduct its business in a manner that is responsible to the environment and social and community issues. The Company has no employees and therefore this does not impact on the investment decision.

Going Concern

The Company's business activities and the factors likely to affect its future performance and position are set out in the Chairman's Statement and Investment Manager's Review on pages 5 to 16. 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 Manager 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 in preparing the financial statements.

The assets of the Company consist of securities which are readily realisable (19.4% of net assets) and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

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).

DIRECTORS' REPORT (continued)

Independent Auditor

Grant Thornton UK LLP offers itself for re-appointment as auditor A Resolution to re-appoint Grant Thornton UK LLP as auditor will be proposed at the forthcoming Annual General Meeting

Directors' Authority to Allot Shares and 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 to 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 This would enable the Directors until June 2012, to allot up to 855,688 Ordinary shares (representing approximately 10 per cent of the Company's issued share capital as at 31 January 2012)

Any shares allotted under this authority would be issued at prices at or above NAV

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 the date falling 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next Annual General Meeting of the Company, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issuing shares out of Treasury up to a maximum of 855,688 Ordinary shares (representing approximately 10 per cent of the Company's issued share capital as at 31 January 2012) 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 10 per cent of the Company's issued share capital and Resolution 9 seeks renewal of such authority until the next Annual General Meeting (or the expiry of 15 months, if earlier) 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 Treasury for future re-sale in appropriate market conditions

Corporate Governance

The Board 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 year under review, complied with the provisions set out in The UK Corporate Governance Code with the exceptions set out in the Compliance Statement at page 29

Board of Directors

The Company has a Board of three non-executive Directors, two of whom are considered to be independent. Matt Cooper is not considered to be independent due to his role as Chairman of the Company's Investment Manager, Octopus Investments Limited. 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.

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 the Manager,
- 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 were held:

	Full Board meetings held	No of meetings attended	Audit Committee meetings held	Audit Committee meetings attended
Stuart Brocklehurst	4	4	2	2
Alan Pepper	4	4	2	2
Matt Cooper	4	4	N/A	N/A

Additional meetings were held as required during the year to address specific issues including considering recommendations from the Investment Manager.

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

Audit Committee.

Mr A Pepper (Chairman)

Mr S Brocklehurst

The Audit Committee consisted of two independent Directors. The Audit Committee believes Mr Pepper possessed the appropriate and relevant financial experience as per the requirements of The UK Corporate Governance Code. The Board considers that the members of the committee were independent and collectively had the skills and experience required to discharge their duties effectively.

The Audit Committee's terms of reference include the following roles and 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,

DIRECTORS' REPORT (continued)

- 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, re-appointment 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 the Investment Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to propriety of financial reporting or other matters

The Committee reviews its terms of reference and its effectiveness annually 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 has direct access to Grant Thornton UK LLP, the Company's external auditor. The Audit Committee has reviewed the non-audit service provided by the external auditor, being corporation tax compliance, and does not believe it is sufficient to influence their independence or objectivity due to the fee being an immaterial expense.

Once the Committee has made a recommendation to the Board in relation to the appointment of the external auditor, this is then ratified at the AGM through an Ordinary Resolution.

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.

During the year ended 31 January 2012, 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 Octopus Investments Limited's 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 Octopus Investments Limited's compliance procedures,
- reviewing the appropriateness of the Company's accounting policies,
- reviewing the Company's draft annual financial and interim results statement prior to Board approval, and
- reviewing the external auditor's detailed reports to the Committee on the annual financial statements

Nomination Committee

Mr A Pepper (Chairman)

Mr S Brocklehurst

The Nomination Committee considers the selection and appointment of Directors and makes recommendations to the Board as to the level of Directors' fees.

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 pages 32 to 33

Directors are appointed in accordance with guidance under The UK Corporate Governance Code. Candidates must show specific experience that is relevant to the Company.

Internal Controls

The Directors have overall responsibility for keeping under review the effectiveness of the Company's systems of risk management and internal control. 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 system of risk management and internal controls is 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 the Investment Manager.

The Manager acts on a discretionary basis to determine which investments are made, subject to policy decisions and directions.

Octopus Investments is engaged to carry out the accounting function and retains physical custody of the documents of title relating to unquoted investments. Quoted investments are held in CREST, although no quoted investments were held at the year end. Octopus Investments 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 Financial Reporting

Council guidelines for risk management and internal control. The Board does not consider it necessary to maintain a separate internal audit function.

Risk management and internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from the VCT's accounts require the authority of two signatories from Octopus, the Manager. The Company is subject to a full annual audit whereby the auditors are the same auditors as other VCTs managed by the Investment Manager and thus controls are tested on a frequent basis. Further to this, the Audit Partner has open access to the Directors of the Company and the Investment Manager is subject to regular internal review by the Octopus Compliance Department.

Financial Risk Management Objectives and Policies

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 and within the Directors Report on pages 18 to 33.

Relations with Shareholders

Shareholders have the opportunity to meet the Board at the Annual General Meeting. In addition to the formal business of the AGM, the Board is available to answer any shareholder questions.

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 20 Old Bailey, London, EC4M 2AN. Alternatively, the team at Octopus is happy to answer any questions and can be contacted on 0800 316 2347.

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

DIRECTORS' REPORT (continued)

Code With the exception of the limited items outlined below, the Company has complied throughout the accounting year to 31 January 2012 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 for the size of the Company [A 4 I]
- 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 I]
- 3 The Company had two independent Directors, Stuart Brocklehurst and Alan Pepper, as defined by the UK Corporate Governance Code Matt Cooper holds Directorships of other companies with the same Investment Manager and with the Investment Manager itself The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the UK Corporate Governance Code [B 1 I]
- 4 All of the Directors are not subject to annual election by the shareholders as one third of the Directors retire by rotation and are offered for

re-election at the Annual General Meeting in accordance with the Articles of Association of the Company [B 7 I]

- 5 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 5]
- 6 The Company does not have a Remuneration Committee as it does not have any executive Directors [D 2 I – 2 4]
- 7 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 the Annual General Meeting [E 1 I & E 1 2]

By Order of the Board



Tracey Spevack ACIS

Company Secretary

24 May 2012

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Directors' 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

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

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 are 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

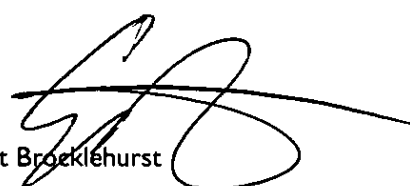
The Directors confirm, to the best of their knowledge, that

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and
- the management report includes a fair review 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

The financial statements are published at www.octopusinvestments.com, a website maintained by Octopus Investments The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of Octopus Investments The work carried out by the auditor does not involve consideration of the maintenance and integrity of the website and, accordingly, the auditor accepts no responsibility for any changes that have occurred to the accounts since they were originally presented on the website Visitors to the website need to be aware that legislation in the United Kingdom governing the preparation and dissemination of the accounts differ from legislation in other jurisdictions

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

On behalf of the board



Stuart Brocklehurst
Chairman

24 May 2012

DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with chapter 6, part 15 of the Companies Act 2006, in respect of the year ended 31 January 2012. An Ordinary Resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The Company's auditor, Grant Thornton UK LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section below only. Their report on these and other matters is set out on pages 34 and 35.

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 has not sought advice or services from any 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).

Statement of the Company's Policy on Directors' Remuneration

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 the shareholder vote. Each Director received a letter of appointment. A Director may resign by notice in writing to the Board at any time. 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.

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. No other remuneration or compensation was paid or payable by the Company during the year to any of the current Directors.

The Company has no employees other than the non-executive Directors and therefore they are no employee remuneration factors to consider when determining the Directors' remuneration.

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

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 graph overleaf compares the NAV return and total return (including dividends and up-front tax relief at 30%, rebased to 100) of the Company over the period from May 2006 to January 2011, with the total return from a notional investment (rebased to 100) in the FTSE All-Share index and the FTSE Small-cap ex investment trusts index over the same period. These indices are considered to be the most appropriate broad equity market indices for

DIRECTORS' REMUNERATION REPORT (continued)

comparative purposes. However, the Directors 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 VCT rules

Octopus Apollo VCT 2 plc Portfolio Performance

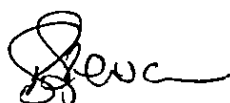
Directors' Emoluments

	Year ended 31 January 2012	Year ended 31 January 2011
Stuart Brocklehurst (Chairman)	£21,000	£12,388
Matt Cooper	£8,000	£8,000
Alan Pepper	£16,000	£5,518
Andrew Boyle*	–	£6,933
Roger Penlington*	–	£7,282
Total	£45,000	£40,121

* both Andrew Boyle and Roger Penlington resigned on 28/09/2010 being the same date Stuart Brocklehurst and Alan Pepper were appointed

The Directors do not receive any other form of emoluments in addition to the Directors' fees

By Order of the Board



Tracey Spevack ACIS

Secretary

24 May 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS APOLLO VCT 2 PLC

We have audited the financial statements of Octopus Apollo VCT 2 plc for the year ended 31 January 2012 which comprise the income statement, reconciliation of movements in shareholders' funds, balance sheet, 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 31, 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 at www.frc.org.uk/apb/scope/private.cfm.

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 January 2012 and of its return for the year then ended,
- 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.

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, and
- the information given in the 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

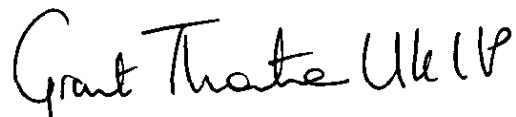
We have nothing to report in respect of the following

Under the 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 31, in relation to going concern,
- 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 the shareholders by the Board on Directors' Remuneration



Tracey James

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
24 May 2012

INCOME STATEMENT

	Notes	Year to 31 January 2012		
		Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of fixed asset investments	10	–	621	621
Fixed asset investment holding losses	10	–	(242)	(242)
Investment income	2	426	–	426
Investment management fees	3	(35)	(107)	(142)
Other expenses	4	(191)	–	(191)
Return on ordinary activities before tax		200	272	472
Taxation on return on ordinary activities	6	(19)	–	(19)
Return on ordinary activities after tax		181	272	453
Earnings per share – basic and diluted	8	2 1p	3 1p	5 2p

- 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 year as set out above

The accompanying notes are an integral part of the financial statements

	Notes	Year to 31 January 2011		
		Revenue £'000	Capital £'000	Total £'000
Realised loss on disposal of fixed asset investments		–	(6)	(6)
Realised gain on disposal of current asset investments		–	6	6
Fixed asset investment holding gains		–	195	195
Investment income	2	378	–	378
Investment management fees	3	(42)	(125)	(167)
Other expenses	4	(202)	–	(202)
Return on ordinary activities before tax		134	70	204
Taxation on return on ordinary activities	6	(2)	–	(2)
Return on ordinary activities after tax		132	70	202
Earnings per share – basic and diluted	8	15p	08p	23p

- 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 year as set out above

The accompanying notes are an integral part of the financial statements

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 January 2012 £'000	Year ended 31 January 2011 £'000
Shareholders' funds at start of year	8,020	8,167
Return on ordinary activities after tax	453	202
Cancellation of own shares	(110)	–
Dividends paid	(259)	(349)
Shareholders' funds at end of year	8,104	8,020

The accompanying notes are an integral part of the financial statements

BALANCE SHEET

	Notes	As at 31 January 2012		As at 31 January 2011	
		£'000	£'000	£'000	£'000
Fixed asset investments*	10		5,866		6,691
Current assets					
Debtors	11	114		92	
Investments – money market funds*	12	768		1,124	
Cash at bank		1,462		153	
		2,344		1,369	
Creditors amounts falling due within one year	13	(106)		(40)	
Net current assets			2,238		1,329
Total assets less current liabilities			8,104		8,020
Called up equity share capital	14	855		869	
Special distributable reserve	15	6,971		7,081	
Capital redemption reserve	15	30		16	
Capital reserve – gains & losses on disposals	15	199		(315)	
– holding gains & losses	15	(46)		196	
Revenue reserve	15	95		173	
Total shareholders' funds			8,104		8,020
Net asset value per share	9		94.7p		92.3p

*At fair value through profit and loss

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



Stuart Brocklehurst

Chairman

Company number 05770744

The accompanying notes are an integral part of the financial statements

CASH FLOW STATEMENT

	Notes	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Net cash inflow/(outflow) from operating activities		137	(53)
Taxation	6	(19)	(2)
Financial investment			
Purchase of fixed asset investments	10	(1,153)	(109)
Sale of fixed asset investments	10	2,357	269
Equity Dividends	7	(259)	(349)
Management of liquid resources			
Purchase of current asset investments	12	(2,978)	(1,819)
Sale of current asset investments	12	3,334	2,122
Financing			
Purchase of own shares	14	(110)	—
Increase in cash		1,309	59

The accompanying notes are an integral part of the financial statements

RECONCILIATION OF RETURN BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Return on ordinary activities before tax	472	204
(Increase) in debtors	(22)	(50)
Increase/(decrease) in creditors	66	(12)
Gain on disposal of current asset investments	–	(6)
(Gain)/loss on disposal of fixed asset investments	(621)	6
Holding loss/(gain) on fixed asset investments	242	(195)
Outflow/(inflow) from operating activities	137	(53)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year to 31 January 2012 £'000	Year to 31 January 2011 £'000
Movement in cash at bank	1,309	59
Movement in cash equivalent securities	(356)	(297)
Opening net funds	1,277	1,515
Net funds at 31 January	2,230	1,277

Net funds at 31 January comprised:

	As at 31 January 2012 £'000	As at 31 January 2011 £'000
Cash at bank	1,462	153
Money market funds	768	1,124
Net funds at 31 January	2,230	1,277

NOTES TO THE FINANCIAL STATEMENTS

I 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 principal accounting policies have remained unchanged from those set out in the Company's 2011 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 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.

Investments are regularly reviewed to ensure that the fair values are appropriately stated. 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 investee 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).

I Principal Accounting Policies (continued)

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 has to be provided internally on that basis to the Board. Accordingly, as permitted by FRS 26, the investments will be 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.

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

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 – holding gains/(losses). Fixed returns on non-equity shares and debt securities which are held at fair value are computed using the effective interest rate, to distinguish between the interest income receivable (which is disclosed as interest income within the revenue column of the Income Statement) and other fair value movements arising on these instruments (which are disclosed as holding gains within the capital column of the Income Statement).

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 investee companies.

Current asset investments

Current asset investments comprise money market funds and are designated as FVTPL. Gains and losses arising from changes in the fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve – 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 held for trading, 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.

Income

Fixed returns on non-equity shares and debt securities are recognised on a time apportionment basis (including time amortisation of any premium or discount to redemption) so as to reflect the effective interest rate, provided there is no reasonable doubt that payment will be received in due course. Income from fixed interest securities and deposit interest is included on an effective interest rate basis.

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 on a time apportionment basis, 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 has been 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Principal Accounting Policies (continued)

The transaction costs incurred when purchasing or selling assets are written off to the income statement in the period that they occur

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 holding gains and losses on investments. 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 differences 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), and investments in money market managed funds.

Loans and receivables

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

Financing strategy and capital structure

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

Capital is defined 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 15. 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 10% of the issued ordinary share capital of the Company in accordance with Special Resolution 9 in order to maintain sufficient liquidity in the VCT.

1 Principal Accounting Policies (continued)**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.

Capital management is monitored and controlled using the internal control procedures set out on page 29 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors. The Company does not have any externally imposed capital requirements.

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 and final dividends when they are approved by the shareholders.

2. Income

	31 January 2012 £'000	31 January 2011 £'000
Money market funds, bonds and bank balances	10	9
Loan note interest receivable	416	369
	426	378

3. Investment Management Fees

	31 January 2012			31 January 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	35	107	142	42	125	167

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.

Octopus provides investment management and accounting and administration services to the Company under a management agreement which runs for a period of five years with effect from 16 October 2006 and may be terminated at any time thereafter by not less than 12 months' notice given by either party. 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 Other Expenses

	31 January 2012 £'000	31 January 2011 £'000
Directors' remuneration	48	40
Fees payable to the Company's auditor for the audit of the financial statements	12	10
Fees payable to the Company's auditor for other services – tax compliance	3	3
Accounting and administration services	24	24
Other expenses	104	125
	191	202

5 Directors' Remuneration

	As at 31 January 2011		As at 31 January 2012	
	Emoluments £'000	National Insurance £'000	Emoluments £'000	National Insurance £'000
Directors' emoluments				
Stuart Brocklehurst (Chairman)	21	2	14	1
Roger Penlington (resigned 28 09 2010)	–	–	7	–
Andrew Boyle (resigned 28 09 2010)	–	–	5	–
Matt Cooper	8	–	8	–
Alan Pepper	16	1	6	–
	45	3	40	1

None of the Directors received any other remuneration or benefit 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 (2011: four).

6 Tax on Ordinary Activities

The corporation tax charge for the year was £19,000 (2011 £2,000)

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 20.16% (2011 28%) The differences are explained below

Current tax reconciliation	31 January 2012 £'000	31 January 2011 £'000
Non-taxable capital gains	379	202
Taxable gains/losses	93	(195)
Net return on ordinary activities	472	7
Current tax at 20.16% (2011 28%)	95	2
Unrelieved tax losses and other deductions		39
Income not deductible for tax	(77)	(41)
Total current tax charge	18	–
Tax in relation to prior year	1	2

The Company has excess management charges of approximately £nil (2011 £nil) to carry forward to offset against future taxable profits

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 deferred tax has been provided in respect of any capital gains or losses arising on the revaluation or disposal of investments

7 Dividends

	31 January 2012 £'000	31 January 2011 £'000
Recognised as distributions in the financial statements for the year		
Previous year's final dividend	130	217
Current year's interim dividend	129	132
	259	349
Paid and proposed in respect of the year		
Interim dividend paid – 1.50p per share (2011 1.50p per share)	129	132
Final dividend 3.0p per share (2011 1.50p per share)	257	130
	386	262

The final dividend of 3.0p per share for the year ended 31 January 2012, subject to shareholder approval at the Annual General Meeting, will be paid on 26 July 2012 to shareholders on the register on 29 June 2012

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Earnings per Share

The revenue per share is based on the revenue profit after tax of £181,000 (2011 £132,000) and on 8,658,471 (2011 8,693,486) shares, being the weighted average number of shares in issue during the year

The capital per share is based on the capital profit after tax of £272,000 (2011 £70,000) and on 8,658,471 (2011 8,693,486) shares, being the weighted average number of shares in issue during the year

The total earnings per share is based on total profit after tax of £453,000 (2011 £202,000) and on 8,658,471 (2011 8,693,486) shares, being the weighted average number of shares in issue during the year

There are no potentially dilutive capital instruments in issue and, as such, 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 January 2012 is based on net assets of £8,104,000 (2011 £8,020,000) divided by the 8,556,886 (2011 8,693,486) shares in issue at that date

10 Fixed Asset Investments at Fair Value through Profit or Loss

Financial Reporting Standard 29 *Financial Instruments Disclosures* regarding financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement 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 is the current bid price These instruments are included in level 1 and comprise money market funds classified as held at fair value through profit or loss (FVTPL)

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 holds no such investment 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 (2011 none) The change in fair value for the current and previous year is recognised through the profit and loss account

All items held at FVTPL were designated as such upon initial recognition Movements in investments at FVTPL during the year to 31 January 2012 are summarised below

10 Fixed Asset Investments at Fair Value through Profit or Loss (continued)**Fixed asset investments**

	Level 3 Unquoted equity investments £'000	Level 3 Unquoted loan investments £'000	Total unquoted investments £'000
Valuation and net book amount.			
Book cost at 1 February 2011	2,316	4,180	6,496
Cumulative revaluation	2	193	195
Valuation at 1 February 2011	2,318	4,373	6,691
Movement in the year			
Purchases at cost	709	444	1,153
Proceeds from the sale of investments	(1,953)	(404)	(2,357)
Gain on realisation of investments	617	4	621
Change in fair value in year	85	(327)	(242)
Closing fair value at 31 January 2012	1,776	4,090	5,866
Closing cost at 31 January 2012	1,689	4,224	5,913
Closing unrealised movement at 31 January 2012	87	(134)	(47)
Valuation at 31 January 2012	1,776	4,090	5,866

Level 3 valuations include assumptions based on non-observable market data, such as discounts applied either to reflect the fair value of financial assets held at the price of recent investment, or, in the case of unquoted investments, to adjust earnings multiples. The sensitivity of these valuations to a reasonable possible change in such assumptions is given in note 16.

The loan and equity investments are considered to be one instrument due to them being bound together when assessing portfolio returns to shareholders. This is consistent with their investment policy and results in certain loan notes achieving an upwards revaluation.

Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review on pages 7 to 16.

11 Debtors

	31 January 2012 £'000	31 January 2011 £'000
Prepayments and accrued income	114	92
	114	92

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Current Asset Investments

Current asset investments at 31 January 2012 comprised money market funds (31 January 2011 money market funds)

	Level 1 money market funds	
	£'000	Total £'000
Valuation and net book amount		
Book cost at 1 February 2011		
Money market funds	1,124	1,124
Revaluation to 1 February 2011		
Money market funds	–	–
Valuation as at 1 February 2011		1,124
Movement in the year		
Purchases at cost Money market funds	2,978	2,978
Disposal proceeds		
Money market funds	(3,334)	(3,334)
Profit in year on realisation of investments		
Money market funds	–	–
Revaluation in year		
Money market funds	–	–
Valuation as at 31 January 2012		768
Cost at 31 January 2012		
Money market funds	768	768
Revaluation to 31 January 2012		
Money market funds	–	–
Valuation as at 31 January 2012		768

All current asset investments held at the year end sit with the level 1 hierarchy for the purposes of FRS 29. At 31 January 2012 and 31 January 2011 there were no commitments in respect of investments approved by the Manager but not yet completed.

13 Creditors Amounts Falling Due Within One Year

	31 January 2012 £'000	31 January 2011 £'000
Accruals	106	40
	106	40

14. Share Capital

	31 January 2012 £'000	31 January 2011 £'000
Authorised 25,000,000 Ordinary shares of 10p	2,500	2,500
Allotted and fully paid up 8,556,886 Ordinary shares of 10p (2011: 8,693,486)	855	869

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 3. The Company is not subject to any externally imposed capital requirements.

No shares were issued in the year (2011: nil).

During the year 136,600 shares were bought back for cancellation at an average price of 82.38 pence per share (2011: none).

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Reserves

	Special distributable reserve* £'000	Capital redemption reserve £'000	Capital reserve gains/(losses) on disposal* £'000	Capital reserve holding gains/(losses) £'000	Revenue reserve* £'000
As at 1 February 2011	7,081	16	(315)	196	173
Repurchase of own shares	(110)	14	–	–	–
Profit on ordinary activities after tax	–	–	–	–	181
Management fees allocated as capital expenditure	–	–	(107)	–	–
Current year gains on disposal of investments	–	–	621	–	–
Current period gains on fair value of	–	–	–	84	–
Current period losses on fair value of investments	–	–	–	(326)	–
Dividends paid	–	–	–	–	(259)
Balance as at 31 January 2012	6,971	30	199	(46)	95

*Reserves available for distribution

All investments are designated as FVTPL from the time of acquisition, and all capital gains or losses on investments so designated

When the Company revalues the investments still held during the period, any gains or losses arising are credited/charged 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

At 31 January 2012 there were no commitments in respect of investments approved by the Manager but not yet completed

Reserves available for potential distribution by way of a dividend are

	£'000
As at 1 February 2011	6,939
Movement in year	280
As at 31 January 2012	7,219

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 disposal do not have sufficient funds to pay dividends, these will be paid from the special distributable reserve

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 January 2012.

	31 January 2012 £000	31 January 2011 £000
Assets at fair value through profit or loss		
Investments	5,866	6,691
Current asset investments	768	1,124
Total	6,634	7,815
Loans and receivables		
Cash at bank	1,462	153
Accrued income	110	87
Total	1,572	240
Liabilities at amortised cost		
Accruals and other creditors	87	40
Total	87	40

Fixed asset investments (see note 10) are valued at fair value. Unquoted investments are carried at fair value as determined by the Directors in accordance with current venture capital industry guidelines. As detailed in the Investment Managers Review, the fair value of all other financial assets and liabilities are 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 3. 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 26 to 30, having regard to the possible effects of adverse price movements, with the objective of

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Financial Instruments and Risk Management (continued)

maximising overall returns to shareholders. Investments in smaller companies, by their nature, usually involve a higher degree of risk than investments in larger companies quoted on a recognised stock exchange, 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 9.

72.2% (31 January 2011: 83.4%) 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 10% overall increase in the valuation of the unquoted investments at 31 January 2012 would have increased net assets and the total profit for the year by £586,600 (31 January 2011: £669,100); an equivalent change in the opposite direction would have reduced net assets and the total profit 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 similar listed entities. It is considered that due to the diversity of the sectors, the 10% sensitivity discussed above provides the most meaningful potential impact of average multiple changes across the portfolio.

9.5% (31 January 2011: 14.0%) by value of the Company's net assets comprises of money market funds held at fair value. A 1% overall increase in the valuation of the money market funds at 31 January 2012 would have increased net assets and the total profit for the year by £7,680 (31 January 2011: £11,240); an equivalent change in the opposite direction would have reduced net assets and the total profit for the year by the same amount.

Interest rate risk

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

Fixed rate

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

	As at 31 January 2012			As at 31 January 2011		
	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
Unquoted fixed-interest investments	3,936	12.30%	2	2,268	13.20%	3.0

16. Financial Instruments and Risk Management (continued)**Floating rate**

The Company's floating rate investments comprise cash held on interest-bearing deposit accounts 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 January 2012 (31 January 2011: 0.5%). The amounts held in floating rate investments at the balance sheet date were as follows:

	31 January 2012 £'000	31 January 2011 £'000
Unquoted floating rate notes	154	1,500
Cash on deposit	2,230	1,277
	2,384	2,777

Every 1% increase or decrease in the base rate would increase or decrease income receivable from these investments and the total profit for the year by £23,840 (31 January 2011: £27,770).

Credit risk

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 January 2012, the Company's financial assets exposed to credit risk comprised the following:

	31 January 2012 £'000	31 January 2011 £'000
Investments in floating rate instruments	154	1,500
Investments in fixed rate instruments	3,936	2,268
Cash on deposit	2,230	1,277
Accrued dividends and interest receivable	110	87
	6,430	5,132

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

Those assets of the Company which are traded on recognised stock exchanges are held on the Company's behalf by third party custodians. Bankruptcy or insolvency of a custodian could cause the Company's rights with respect to securities held by the custodian to be delayed or limited.

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 either entity deteriorate significantly, the Investment Manager will move the cash holdings to another bank.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial Instruments and Risk Management (continued)

Other than cash or liquid money market funds, there were no significant concentrations of credit risk to counterparties at 31 January 2012 or 31 January 2011

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. 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 January 2012 these investments were valued at £2,230,000 (31 January 2011: £1,277,000).

17. Post Balance Sheet Events

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

- 6 February 2012 – the Company disposed of the loan part of its investment in Tristar Worldwide Limited for £350,000
- 2 April 2012 – the Company invested £250,000 in Technical Software Consultants ('TSC')
- 23 April 2012 – the Company invested £500,000 in Borro

18. Contingencies, Guarantees and Financial Commitments

There were no contingencies, guarantees or financial commitments as at 31 January 2012 (2011: £nil).

19. Related Party Transactions

Matt Cooper, a non-executive Director of Octopus Apollo VCT 2 plc, is the Chairman of Octopus Investments Limited. Octopus Apollo VCT 2 plc has employed Octopus Investments throughout the year as Investment Manager. The Company paid Octopus £142,000 (2011: £167,000) in the year as a management fee and there is £nil outstanding 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 annual intervals as at 31 January. Octopus 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 annual intervals as at 31 January. In addition, Octopus also provides Company secretarial services for an additional fee of £7,500 per annum. During the year £24,100 (2011: £24,500) was paid to Octopus Investments and there is £nil outstanding at the balance sheet date, for the accounting and administrative services.

19 Related Party Transactions (continued)

Now the fund has passed its first five year period, Octopus will be entitled to an annual performance related incentive fee. This performance fee is equal to 20% of the amount by which the NAV from the start of the forthcoming accounting period (being the sixth accounting period) and subsequent accounting period exceeds simple interest of the HSBC Bank plc base rate for the same period. The NAV at the start of the sixth accounting period must be at least 100p. Any distributions paid out by the Fund will be added back when calculating this performance fee. The Board considers that the liability becomes due at the point that the performance criteria are met, this has not been achieved and therefore no liability has been recognised. During the year to 31 January 2012, the Directors received the following dividends from the Company:

	Dividend received
Stuart Brocklehurst (Chairman)	£158
Matt Cooper	£150

DIRECTORS AND ADVISERS

Board of Directors

Stuart Brocklehurst (Chairman)

Alan Pepper

Matt Cooper

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www.capitaregistrars.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Octopus Apollo VCT 2 plc ("the Company") will be held at 20 Old Bailey, London, EC4M 7AN on Friday 13 July 2012 at 3 00 p.m. 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 and 9 will be proposed as special resolutions

ORDINARY BUSINESS

- 1 To receive and adopt the financial statements for the period to 31 January 2012 and the Directors' and auditor's reports thereon
- 2 To approve a final dividend of 30 pence per share
- 3 To approve the Directors' Remuneration Report
- 4 To re-elect Stuart Brocklehurst as a Director
- 5 To re-elect Matt Cooper as a Director
- 6 To re-appoint Grant Thornton UK 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 an Ordinary Resolution and Resolutions 8 and 9 as Special Resolutions

7 AUTHORITY TO ALLOT RELEVANT SECURITIES

THAT the Directors be generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to allot shares up to a maximum of 855,688 shares (representing approximately 10% of the Ordinary share capital in issue at today's date) this authority is to expire at the later of the conclusion of the Company's 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 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(1) 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 s560(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(1) 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 Annual General Meeting of the Company next following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this Resolution

NOTICE OF ANNUAL GENERAL MEETING

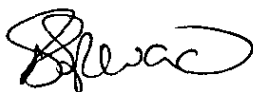
(continued)

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 Companies Act 2006 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 10% 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 per cent 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) that 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

By Order of the Board



Tracey Spevack ACIS

Secretary

24 May 2012

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 Registrars, 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 Registrars 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 Products/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

PROXY FORM

OCTOPUS APOLLO VCT 2 PLC

Annual General Meeting – 13 July 2012 at 3.00 p.m.

I/We

(BLOCK CAPITALS PLEASE)

of

being a member of Octopus Apollo VCT 2 plc, hereby appoint the Chairman of the meeting or,

Name of Proxy

Number of Shares

as my/our proxy and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 13 July 2012, notice of which was sent to shareholders with the Directors' Report and the accounts for the year to 31 January 2012, 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

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For the appointment of one or more 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 January 2012	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To approve a final dividend of 30 pence per share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To approve the Directors' Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To re-elect Stuart Brocklehurst as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To re-elect Matt Cooper as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To re-appoint Grant Thornton UK LLP as auditor and authorise the Directors to agree their remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
SPECIAL BUSINESS			
7 To authorise the Directors to allot shares under s551 of the Companies Act 2006 (Ordinary Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To disapply s561 of the Companies Act 2006 and allot shares on a non-rights issue basis (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To authorise the Directors to make market purchases of its own shares 2(Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signed

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Dated

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2012

If you are unable to attend the AGM and wish to pass on any comments to the Board, please use the box below

NOTES

- 1 To be valid the proxy form must be received by the Registrars of the Company at, **Capita Registrars, 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 6 p.m. 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 0300 (calls cost 10p per minute plus network extras, lines are open 8.30 a.m. – 5.30 p.m. Monday – Friday) to request a change of address form.
- 9 The completion and return of this form will not preclude a member from attending the meeting and voting in person.

PLEASE USE THE REPLY PAID ENVELOPE PROVIDED