

# Artemis AiM VCT 2 plc

Annual Report and Accounts

For the period 21 July 2004 to 30 September 2005





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# Corporate Policy and Financial Highlights

## Investment Objective

The Company's objective is to achieve long-term capital and income growth and to generate tax free distributions through an investment policy focusing on the Alternative Investment Market ("AIM") and, to a lesser extent, companies traded on OFEX and unquoted companies.

## Investment Policy

The Company's investment policy is to invest in a diversified portfolio of growth orientated companies across a broad range of industries, with a particular emphasis on companies whose shares will be traded on AIM. It is anticipated that ultimately the portfolio will comprise 50 investments of which approximately 80 per cent will be in qualifying holdings, through a mix of AIM, OFEX and unquoted companies. It is a venture capital trust ("VCT") requirement that at least 70 per cent of the funds raised are invested in qualifying holdings.

## Capital Structure

The capital structure of the Company is 40,000,002 ordinary shares of 10p each.

## VCT Status

For the period under review the Directors have managed the Company's affairs in such a manner as to comply with those requirements of Section 842AA of the Income and Corporation Taxes Act 1988, which apply to the Company's accounting period and the Directors intend to continue to manage the business of the Company so as to comply with the requirements of this section. Set out below is a summary of these conditions:

VCT Condition	Percentage required
Minimum income from shares and securities <sup>†</sup>	70 per cent of the Company's income
Maximum investment in one company or group	15 per cent by value of the Company's investments
Maximum retention of income from shares and securities <sup>†</sup>	15 per cent of such income
Minimum investment in qualifying holdings of shares or securities ("70 per cent test")*	70 per cent by value of the Company's investments
Minimum investment in holdings of eligible shares ("30 per cent test")*	30 per cent by value of the Company's qualifying holdings

<sup>†</sup> Not applicable to first accounting period.

\* To be met by 30 September 2007.

## Financial Highlights

Capital Values	As at 30 September 2005
Net assets	£38.7 million
Net asset value per ordinary share	96.70p
Share price	95.00p
Discount	1.8%
Qualifying holdings	26.2%
<b>Returns</b>	
Revenue return per ordinary share*	2.02p
Capital return per ordinary share*	3.61p
Total return per ordinary share*	5.63p

\* See note 6 of the notes to the financial statements.

# Chairman's Statement

## Introduction

It is my pleasure as Chairman to present the first annual report of Artemis AiM VCT 2 plc. I would like to welcome you as a shareholder and thank you for your support of the Company in its first period of operation.

It was pleasing that the Company successfully hit its target of raising £40 million, thereby making it one of the most successful venture capital trust ("VCT") launches in 2004/05. The costs of the launch were fixed at 5.25 per cent, resulting in net proceeds of £37.9 million (equivalent to 94.75 pence per share) being retained by the Company. Your Board believes that the Company's size gives your Manager the scope to construct a well diversified portfolio of companies with a greater spread of investment risk than may have been achievable with less capital. In addition, the total expenses of the Company, as a proportion of shareholders' funds, will be lower than many other VCTs with smaller levels of funds, thus allowing more funds to be available for investment.

## Investment

The objective of the Company is to achieve long term capital and income growth and to generate tax free distribution through an investment policy of focusing on companies to be traded on AIM and to a lesser extent companies traded on OFEX and unquoted companies. It is intended that the Company will be managed as a VCT in order that shareholders may benefit from the potentially generous tax reliefs available.

Your Manager has made steady progress in constructing the portfolio, with twenty two investments having been made up to 30 September 2005. Of these investments, seventeen are in VCT qualifying investments with an aggregate cost of £9.4 million and five are in non-qualifying investments with an aggregate cost of £1.9 million. At 30 September 2005, the VCT qualifying investments represented approximately 26 per cent of the funds raised and of these, twelve are traded on AIM with the others being unquoted companies. The remainder of the Company's assets were held in cash deposits at the period end.

Overall the portfolio has increased in value by £1.0 million over its cost. The net asset value of the Company, after taking into account the proposed dividend of 1 pence per share has risen to 96.70 pence per share at 30 September 2005, an increase of 2.1 per cent over the initial net asset value of 94.75 pence per share. The share price at the period end was 95 pence, representing a discount of 1.8 per cent and over the period, the shares have traded between a discount of 3.4 per cent and a premium of 11.9 per cent. Since 24 March 2005, the date on which the Company's Offers for Subscription were declared fully subscribed, the FTSE AIM Index has fallen by 2.8 per cent. Shareholders should note that the FTSE AIM Index is shown to give an illustration of how the market, where a significant proportion of the Company's investments are traded, has performed. However, as not all the constituents of this index are suitable investments for the Company, together with the fact that the Company may invest in companies not traded on the AIM market, there is likely to be a divergence between the performance of each.

During the period under review, the AIM market experienced an unprecedented level of new listings, with record amounts of capital having been raised. Whilst not all companies coming to AIM have been suitable investments for the Company, your Manager has been generally satisfied with the level and quality of deal flow. However, a cautious approach to investment has been adopted, as valuations being accorded to a number of the companies coming to the AIM market are higher than your Manager considers justifiable to merit an investment. This approach, which is supported by your Board, should lead to the construction of a quality portfolio which will, we hope, produce good returns for shareholders over the longer term.

The AIM market is now over ten years old and has established itself as the pre-eminent market for small growth orientated companies to seek capital. The market now comprises in excess of 1,300 companies with a market capitalisation of approximately £50 billion.

## Chairman's Statement continued

To achieve VCT qualifying status, 70 per cent of the Company's investments from funds raised in any one accounting period must be invested in qualifying holdings within three years and on this basis approximately £26.5 million has to be invested by 30 September 2007. The investment progress to date gives your Board confidence that this requirement will be met.

### Results and Dividend

For the period to 30 September 2005, the Company's net revenue after tax was £425,000, which is equivalent to 1.06 pence per ordinary share, based on the number of shares in issue at the period end. This has been achieved as a result of the Company generating a significant amount of interest income from retaining the funds raised on deposit pending investment. As a result, your Board is recommending a final dividend of 1 pence per ordinary share. Shareholders will be asked to approve this dividend at the Annual General Meeting and if approved it will be paid on 19 January 2006 to those shareholders on the register on 9 December 2005. The Company has established a dividend re-investment scheme to enable shareholders to acquire further shares in the Company should they wish. If you have not elected to re-invest your dividend but would like to do so, please contact Lloyds TSB Registrars on 0870 241 3018.

In the early years the Manager expects that any dividends will be funded from the investment income generated from the cash, fixed interest and unit trust portfolio being held while suitable investment opportunities are identified. When the portfolio is more fully established and as capital profits are realised, the Directors intend to adopt a policy of distributing substantially all the available income and realised capital gains.

Shareholders should note that this level of income is unlikely to be sustained in the coming years, as there will be a considerable reduction in bank interest as cash is invested, together with the expectation that investment income from investee companies is not likely to be significant, as they are predominantly focussed on growth. As a result future dividend payments will be increasingly dependent on realised capital profits from the disposal of investments.

### Manager and Advisers

Your Board has thoroughly examined the performance of all the Company's service providers together with that of each Board member individually. We are satisfied with the performance of the Manager, advisers and suppliers.

### Accounting Policy Change

I am sure that many Shareholders are aware of the introduction of a number of new Financial Reporting Standards by the Accounting Standards Board. One of the main accounting changes that will affect the Company is the requirement to value listed or market traded investments at bid prices.

The new standards became effective for accounting periods beginning on or after 1 January 2005 and therefore do not apply to the Company's financial statements for the period ended 30 September 2005. The Board has decided, however, that the financial statements for this period should reflect the Company's listed and market traded investments at bid prices and has amended the accounting policy accordingly. Such investments were previously valued at middle market price, which was the basis used in the interim accounts to 31 March 2005. Full details of the policy are set out in note 1 of the notes to the financial statements on page 29 of this report. The effect of this change in policy has been to reduce the net asset value by £69,000 or 0.17 pence per share.

### Annual General Meeting

The Annual General Meeting (“AGM”) of the Company will be held on Thursday, 12 January 2006 at the offices of Artemis Investment Management, 42 Melville Street, Edinburgh EH3 7HA at 12.30 pm. This being the Company’s first AGM all of your Directors present themselves for election and this, together with the other business to be conducted is set out in the Notice of the Meeting on pages 37 and 38 of this report. Your Board would welcome your attendance at the AGM as it provides an opportunity for the Board to meet shareholders and for shareholders to ask questions of the Directors and Manager. A separate invitation is enclosed for you to reply and I would encourage shareholders unable to attend the AGM to make use of their proxy votes.

### Outlook

The outlook for stockmarkets remains somewhat uncertain. There are some concerns over the continuing high price of oil, and other commodities, and how this will affect inflation, together with the slowdown in consumer spending and a cooling housing market. That said, however, interest rates look set to remain stable, certainly in the UK, and there are large amounts of corporate cash waiting to be invested, which could provide a degree of support for the market. In addition, there is likely to be a continuation of corporate activity in the market, not only through takeovers and mergers, but also through private equity firms looking to invest their significant cash resources by taking companies private.

There continues to be a significant number of companies seeking to raise capital by coming to the AIM market, which provides healthy deal flow and should facilitate the establishment of a growth orientated portfolio with good prospects for future returns.

At the time of writing, the Manager has made a further eight investments at a cost of £4.1 million. In addition, Accsys Technologies (formerly Accsys Chemicals), which your Company invested in while it was an unlisted investment, has successfully been admitted to the AIM market and based on the current share price has produced an unrealised gain over cost of £763,000, equivalent to 1.9 pence per share.

Peter Arthur

Chairman

8 December 2005

# Directors

## Peter Arthur<sup>†\*</sup> (Chairman)

Peter Arthur, aged 49, was managing director of the institutional and investment trust businesses of ISIS Asset Management plc from December 1999 until October 2004. Prior to this he was chief legal counsel, Europe for Franklin Templeton Global Investors Limited. He had previously served fourteen years with Edinburgh Fund Managers plc, latterly as joint managing director. He is a solicitor and chartered secretary and is chairman of Aberdeen Asian Income Fund Limited.

Appointed as a Director on 30 September 2004.

## Robin Field<sup>†\*</sup>

Robin Field, aged 54, began his commercial career with Jardine Matheson & Co. in the Far East where he fulfilled a number of managerial roles including that of general manager of the largest independent shipping agency in Taiwan. He then gained a MBA with distinction at INSEAD before serving as a strategy consultant with the LEK Partnership. He was chief executive of Filofax Group plc when the company floated on the London Stock Exchange. He is a director of Metal Bulletin plc and chairman of Artemis AiM VCT plc.

Appointed as a Director on 30 September 2004.

## Edward Murray (Chairman of the Audit Committee)<sup>†\*</sup>

Edward Murray, aged 54, is a chartered accountant and has over twenty years' experience as a corporate finance practitioner. He joined British Linen Bank in 1982 and was appointed a director in 1990. In 1999, following a management buy out of the business from Bank of Scotland, he became a founding director and shareholder of British Linen Advisers. His experience includes providing strategic financial advice to private equity backed businesses and to smaller and mid cap companies. He is also a non-executive director of Securities Trust of Scotland plc and Renova Energy plc.

Appointed as a Director on 30 September 2004.

## Fiona Wollocombe<sup>†\*</sup>

Fiona Wollocombe, aged 42, was responsible for giving market related advice on corporate finance, specifically for UK small cap companies, at NatWest Markets from 1993 to 1998. She was head of the UK mid and small cap team for equity markets at BT Alex Brown from 1998 to 2000. From May 2000 until 2003, she was managing director responsible for the European mid and small cap equity teams at Deutsche Bank, which involved overseeing the marketing of smaller companies, including unquoted investments. She was also an active member of the corporate finance team. Fiona is also chairman of Murray VCT 4 plc.

Appointed as a Director on 30 September 2004.

<sup>†</sup> Independent Director.

<sup>\*</sup> Member of the Audit, Nomination, Remuneration and Management Engagement Committees.

# Investment Manager's Review

Although still very much early days, progress with the construction of the portfolio to date has been pleasing. Deal flow has been strong, assisted by the ever growing popularity of the AIM market as the market of choice for dynamic, growth orientated businesses. We have adopted a measured approach to the rate at which funds are invested in qualifying holdings, rejecting any investment case that is in our view marginal and similarly declining deals we regard as over priced. Nonetheless, in the seven months since investment commenced, £11.3m has been invested in twenty two deals, of which seventeen represent qualifying holdings.

A number of new investments have performed particularly well in the period, as illustrated by the following examples:

- Bango is a Cambridge based market leading developer of a software platform that enables the provision, billing and payment for content on mobile internet phones. Critical is the fact that the technology addresses the issues that up until now have prevented a profitable distribution of mobile content. Its dominant role provides a platform for it to take advantage of the transition to mobile internet content from older SMS text based systems. This will embrace the growth expected in mobile content such as ring tones, screen savers, MP3 music tracks, video clips, images and on-line games delivered through wireless internet connections to mobile devices.
- Imprint is a multi-disciplined recruitment business that through organic growth and astute acquisitions has emerged as one of the fastest growing recruitment groups in the United Kingdom, establishing market share and brand recognition across its specialist niche areas. The company now has 265 fee earners and continues to benefit from operational synergies and a currently buoyant recruitment market.
- Accsys Chemicals (now Accsys Technologies) floated in October at a price of €1 compared to the investment price of 43 cents in May of this year. Accsys is an environmental science company whose most advanced technology effectively converts softwoods and non durable hardwoods into an environmentally compatible "new wood species". This new type of wood has performance attributes similar to the best tropical hardwoods and superior to many artificial material alternatives. At the time the company was launched we indicated we were attracted to the pre-float placing sector of the market as a means of generating superior returns. It is pleasing to be able to report our first success in this area. Since investment I am pleased to say the stock has thus far performed well in the after market.

We continue to manage the funds awaiting investment cautiously with the preservation of capital paramount, but will take advantage of appropriate investment opportunities should they arise, be they in unit trusts, equities or fixed interest bonds. Indeed, subsequent to the period end we have switched a proportion of these funds into a short dated bond, with the balance being retained in bank deposits. The number of companies listing on AIM continues to be buoyant and we are confident that the strength of our deal flow will continue to provide value opportunities for shareholders.

Lindsay Whitelaw

Artemis Investment Management Limited

Investment Manager

8 December 2005

## Sector Analysis of Investments by Valuation

Sector	As at 30 September 2005 % of Investments
Chemicals	4.2
Engineering & Machinery	2.0
General Retailers	2.0
Health	4.9
Information Technology	3.6
Energy	7.9
Oil & Gas	8.1
Pharmaceuticals & Biotechnology	14.8
Software & Computer Services	32.9
Speciality & Other Finance	6.3
Support Services	13.3
	100.0

Sectors are those used by the FTSE AIM Index.

# Investment Portfolio Summary

As at 30 September 2005

Company	Sector	Cost £'000	Valuation £'000	Valuation as a % of net assets
<b>AIM Traded</b>				
Bango	Software & Computer Services	938	1,433	3.7
Elevation Events	Speciality & Other Finance	800	783	2.0
Ffastfill <sup>+</sup>	Software & Computer Services	600	514	1.3
Imprint <sup>+</sup>	Support Services	801	1,077	2.8
Judges Capital <sup>+</sup>	Engineering & Machinery	250	253	0.7
Kiotech	Pharmaceuticals & Biotechnology	250	375	1.0
Neutrahealth <sup>+</sup>	Health	451	602	1.6
Proximagen	Pharmaceuticals & Biotechnology	500	452	1.2
Sovereign Oilfield Group	Oil & Gas	434	521	1.3
Strategic Thought	Software & Computer Services	400	544	1.4
Vianet Group	Information Technology	500	450	1.1
Vimio <sup>*</sup>	Software & Computer Services	500	715	1.9
Visual Defence <sup>**</sup>	Support Services	425	257	0.7
Vividas	Software & Computer Services	600	448	1.1
		7,449	8,424	21.8
<b>Unquoted</b>				
Accsys Technologies <sup>*†</sup>	Chemicals	514	517	1.4
Connectus Direct Solutions <sup>**</sup>	Support Services	272	305	0.8
Eclipse Energy	Energy	975	975	2.5
iQUR	Pharmaceuticals & Biotechnology	500	500	1.3
Pelikon	Software & Computer Services	400	400	1.0
Starnevesse <sup>*</sup>	General Retailers	240	240	0.6
TMO Biotech	Pharmaceuticals & Biotechnology	500	500	1.3
Vienco Oil & Gas <sup>+</sup>	Oil & Gas	475	475	1.2
		3,876	3,912	10.1
<b>Net current assets</b>		26,346	26,346	68.1
<b>Total</b>		37,671	38,682	100.0

\* Non qualifying investments for VCT purposes.

† The company was admitted to trading on AIM on 26 October 2005.

+ Other funds managed by members of the Artemis Investment Management group are also invested in this company.

# Top 10 Investments

Bango (AIM traded)

Mobile Internet Solutions.

Financial summary		Security	% age of	% age of	Cost	Valuation	Basis of	% of
Most recent audited accounts for the year ended 31 March 2005	£'000	(Shares)	class held	equity held	£'000	£'000	valuation	net assets
Profit/(loss) before tax	(918)	Ordinary	2.7	2.7	938	1,433	Bid price	3.7
Retained profit/(loss)	(918)							
Net assets/(liabilities)	245							

Imprint (AIM traded)+

Recruitment Agencies.

Financial summary		Security	% age of	% age of	Cost	Valuation	Basis of	% of
Most recent audited accounts for the year ended 31 December 2004	£'000	(Shares)	class held	equity held	£'000	£'000	valuation	net assets
Profit/(loss) before tax	1,252	Ordinary	1.0	1.0	801	1,077	Bid price	2.8
Retained profit/(loss)	1,252							
Net assets/(liabilities)	4,146							

Eclipse Energy (Unquoted)

Gas & Wind Power Generation.

Financial summary		Security	% age of	% age of	Cost	Valuation	Basis of	% of
Most recent audited accounts for the year ended 30 September 2004	£'000	(Shares)	class held	equity held	£'000	£'000	valuation	net assets
Profit/(loss) before tax	6	Ordinary	7.4	7.4	975	975	Directors' valuation – cost	2.5
Retained profit/(loss)	6							
Net assets/(liabilities)	408							

Elevation Events (AIM traded)

Event Management & Corporate Hospitality.

Financial summary		Security	% age of	% age of	Cost	Valuation	Basis of	% of
Most recent audited accounts for the year ended 31 December 2004	£'000	(Shares)	class held	equity held	£'000	£'000	valuation	net assets
Profit/(loss) before tax	608	Ordinary	13.5	13.5	800	783	Bid price	2.0
Retained profit/(loss)	524							
Net assets/(liabilities)	(243)							

Vimio (AIM traded)+

Media Distribution Solutions.

Financial summary		Security	% age of	% age of	Cost	Valuation	Basis of	% of
Most recent audited accounts for the year ended 31 December 2004	£'000	(Shares)	class held	equity held	£'000	£'000	valuation	net assets
Profit/(loss) before tax	(1,160)	Ordinary	2.0	2.0	500	715	Bid price	1.9
Retained profit/(loss)	(1,165)							
Net assets/(liabilities)	(2,427)							

+ Other funds managed by members of the Artemis Investment Management group are also invested in this company.

# Top 10 Investments continued

## Neutrahealth (AIM traded)<sup>+</sup>

Nutraceutical Products.

Financial summary *	£'000	Security (Shares)	% age of class held	% age of equity held	Cost £'000	Valuation £'000	Basis of valuation	% of net assets
Profit/(loss) before tax	-	Ordinary	3.5	3.5	451	602	Bid price	1.6
Retained profit/(loss)	-							
Net assets/(liabilities)	-							

\* The company has not yet produced audited financial statements.

## Strategic Thought (AIM traded)

Risk Management Software.

Financial summary	£'000	Security (Shares)	% age of class held	% age of equity held	Cost £'000	Valuation £'000	Basis of valuation	% of net assets
Most recent audited accounts for the year ended 31 March 2005								
Profit/(loss) before tax	1,731	Ordinary	1.3	1.3	400	544	Bid price	1.4
Retained profit/(loss)	1,117							
Net assets/(liabilities)	2,443							

## Sovereign Oilfield Group (AIM traded)

Oil & Gas Exploration and Extraction.

Financial summary	£'000	Security (Shares)	% age of class held	% age of equity held	Cost £'000	Valuation £'000	Basis of valuation	% of net assets
Most recent audited accounts for the year ended 31 March 2005								
Profit/(loss) before tax	(654)	Ordinary	2.2	2.2	434	521	Bid price	1.3
Retained profit/(loss)	(599)							
Net assets/(liabilities)	(374)							

## Accsys Technologies (Unquoted) †

Chemical Production Processes.

Financial summary	€'000	Security (Shares)	% age of class held	% age of equity held	Cost £'000	Valuation £'000	Basis of valuation	% of net assets
Most recent audited accounts for the year ended 31 March 2005								
Profit/(loss) before tax	(27)	Ordinary	1.3	1.3	514	517	Directors' valuation – cost	1.4
Retained profit/(loss)	(27)							
Net assets/(liabilities)	26							

† The company was admitted to trading on AIM on 26 October 2005.

## Ffastfill (AIM traded)<sup>+</sup>

Software Application Services.

Financial summary	£'000	Security (Shares)	% age of class held	% age of equity held	Cost £'000	Valuation £'000	Basis of valuation	% of net assets
Most recent audited accounts for the year ended 31 March 2005								
Profit/(loss) before tax	(2,880)	Ordinary	3.6	3.6	600	514	Bid price	1.3
Retained profit/(loss)	(2,880)							
Net assets/(liabilities)	2,580							

<sup>+</sup> Other funds managed by members of the Artemis Investment Management group are also invested in this company.

# Directors' Report

The Directors have pleasure in presenting their report and audited accounts for the period ended 30 September 2005.

The Company was incorporated on 21 July 2004 and commenced trading on 8 October 2004. A description of the Company's business activities during the period and the prospects for the forthcoming period can be found in the Chairman's Statement on pages 3 to 5 and the Investment Manager's Review on page 7.

## Principal Activity and Status

The principal activity of the Company is the making of investments in qualifying holdings of shares or securities. The Company is an investment company within the meaning of Section 266 of the Companies Act 1985.

HM Revenue and Customs confirmed in writing that the Company had been granted provisional approval as a VCT, under Section 842AA of the Income and Corporation Taxes Act 1988 effective from launch. Full approval will only be obtained if 70 per cent of the Company's investments are represented by qualifying holdings by not later than 30 September 2007 and the Company has complied with all other requirements relating to VCT status.

The Directors monitor the Company's VCT status through regular reports from the Manager and the Administrator.

The Directors have managed the Company's affairs in order to comply with the legislation applicable to VCTs. In this regard, the Company has retained Ernst & Young LLP to oversee compliance with the relevant tax regulations.

## Life of the Company

The Company's Articles of Association require the Directors to put forward a resolution for the continuation of the Company as a VCT at its Annual General Meeting ("AGM") in 2011 and thereafter at three-year intervals.

## Results and Dividend

The results for the period ended 30 September 2005 can be found in the Statement of Total Return on page 26.

The Directors are recommending the payment of a final dividend of 1 pence per ordinary share to all shareholders on the register as at 9 December 2005, which will be payable on 19 January 2006.

## Net Asset Value

At the period end, the net asset value per ordinary share, including retained income, was 96.70 pence.

## Issue of Shares

On incorporation the Company issued two ordinary shares. The Company issued a further 40,000,000 ordinary shares over eight allotments as part of the Offers for Subscription, raising a total of £37,900,000, net of expenses.

Full details of the Company's share capital are set out in note 11 of these financial statements on page 33.

The ordinary shares of the Company were first admitted to the Official List of the UK Listing Authority and trading on the London Stock Exchange on 14 December 2004.

# Directors' Report continued

## Directors

The Directors of the Company, who held office at the end of the period (all of whom were appointed on 30 September 2004), and their interests in the issued share capital were as follows:

Director	Ordinary shares acquired in the period and at the period end	Percentage of the share capital as at 30 September 2005 %
Peter Arthur	51,500	0.13
Robin Field	41,200	0.10
Edward Murray	30,900	0.08
Fiona Wollocombe	20,600	0.05

No further changes to these holdings have been notified as at the date of this report.

In accordance with the Company's Articles of Association, all of the Directors must stand for election at the Company's first AGM and a third will retire by rotation at every AGM thereafter.

The Nomination Committee, having reviewed their performance as Directors, are satisfied that all members of the Board have made a valid contribution to the running of the Company and, as a result, are recommending the appointment of each Director at the Company's forthcoming AGM.

## Management and Administration Agreements

The Company's investments are managed by Artemis Investment Management Limited ("Artemis") under a management agreement (the "agreement") dated 7 October 2004. The principal terms of this agreement, including the management fee, which were agreed at launch, are set out in note 3 of these financial statements. The Company or Artemis can terminate the agreement provided they give not less than 12 months' notice in writing and that such notice shall not expire on any date prior to the third anniversary of the date upon which the Company's shares were first admitted to the Official List. Should the agreement be terminated by the Company before this time, compensation shall be payable to the Manager. This is calculated at 1.75 per cent of the average market capitalisation at that date and adjusted pro rata for any notice period given. Artemis is also appointed as Company Secretary.

Artemis is regulated by the Financial Services Authority and as at 30 September 2005 had £7.5 billion of assets under management.

The Company entered into an agreement dated 7 October 2004, with BNP Paribas Fund Services UK Limited to provide administration services to the Company. The fees for these services are set at £63,000 (exclusive of VAT) per annum. In addition, this fee may be increased annually by the percentage increase in the average earnings index. The contract runs for an initial term of 12 months and may be terminated by six months' notice in writing by either party.

## Continuing Appointment of the Manager

Having assessed the performance of the Manager throughout the period under review, the Board is satisfied of the Manager's continued ability to produce satisfactory results.

Accordingly the Board believes that that the continued appointment of the Manager on its current terms is in the interests of shareholders.

## Substantial Shareholdings

As at the date of this report, the Directors were not aware of any person who is interested in 3 per cent or more of the Company's ordinary share capital.

# Directors' Report continued

## Creditor Payment Policy and Practice

The Company does not subscribe to a particular creditor payment policy, however, it agrees with each supplier the terms on which business will take place and it is the Company's policy to adhere to those terms. Investment purchases are settled in accordance with the stated terms. At the period end, there were no trade creditors.

## Going Concern

After due consideration, the Directors believe that the Company has the necessary resources to continue in operation for the foreseeable future and, accordingly, have prepared the accounts on the going concern basis.

## International Financial Reporting Standards

As the Company is not part of a group it is not mandatory to comply with International Financial Reporting Standards ("IFRS"). The Company does not anticipate that it will voluntarily adopt IFRS and plans to continue preparing its financial statements in accordance with UK GAAP.

## Authority to Allot Shares

The Directors are seeking authority to allot shares without first offering them to existing shareholders. Resolution 10 will, if approved, authorise the Directors to allot new ordinary shares up to an aggregate nominal amount of £4,000,000 being 10 per cent of the Company's issued share capital as at the date of this report for cash without first offering such shares to existing shareholders pro rata to their existing holdings. Resolution 10 will be proposed as an ordinary resolution and this authority will continue in effect until 12 April 2007 or, if earlier, at the conclusion of the AGM to be held in 2007. The Directors will only issue new ordinary shares pursuant to these authorities if they believe it is advantageous to the Company's shareholders to do so and in no circumstances would result in a dilution of the net asset value per share.

## Authority to Buy Back Shares

The Company was authorised by a special resolution at an Extraordinary General Meeting to make market purchases of its own ordinary shares up to a maximum of 5,996,000 shares. This authority remains valid until the conclusion of the forthcoming AGM.

The Directors consider that the Company should continue to have authority to make market purchases of its own shares for cancellation. Accordingly, a special resolution will be proposed at the forthcoming AGM to authorise the Company to make market purchases of up to 14.99 per cent of the ordinary shares in issue at the date of the AGM, such authority to expire at the conclusion of the AGM to be held in 2007 or, if earlier, 12 July 2007.

The price paid for shares will not be less than the nominal value of 10 pence per share nor more than 5 per cent above the average of the middle market values of those shares for the five business days before the shares are purchased. This power will be exercised if the Directors consider it to be in the best interest of shareholders generally. Purchases of ordinary shares will be made within guidelines established from time to time by the Directors and the shares purchased under this authority will be cancelled and the number of ordinary shares in issue reduced accordingly.

## Auditors

The Board appointed Ernst & Young LLP as auditors during the first accounting period. Ernst & Young LLP, have expressed their willingness to continue in office. The Audit Committee has considered their effectiveness throughout the period under review and has recommended to the Board that they be appointed as the Company's Auditors. Accordingly, a resolution to appoint Ernst & Young LLP and to authorise the Directors to determine their remuneration will be proposed at the forthcoming AGM.

# Directors' Report continued

## Annual General Meeting

The Company's first AGM will be held at 12.30 pm on Thursday, 12 January 2006 at the offices of Artemis Investment Management Limited, 42 Melville Street, Edinburgh EH3 7HA. The business to be transacted at the meeting is detailed in the Notice of Meeting on pages 37 and 38.

By order of the Board

Artemis Investment Management Limited

Company Secretary

8 December 2005

# Corporate Governance

## Background

The UK Listing Authority requires all listed companies to disclose how they have applied the principles and complied with the provisions of the Combined Code on Corporate Governance (the “Code”), as issued by the Financial Reporting Council in July 2003.

## Corporate Governance Principles

Throughout the period to 30 September 2005, the Company complied with the provisions of the Code subject to the exceptions explained in this statement and its special circumstances as a VCT. The Board considers adherence to the Combined Code to be of the utmost importance and strives to observe its principles. It should be noted that as a VCT, all Directors on the Board of the Company are non-executive and the Company’s day to day responsibilities are delegated to third parties.

## Board Responsibilities

The Board is responsible for determining the strategic direction of the Company. It meets at least four times a year to review the performance of the Company’s investments, the financial position of the Company, its performance in line with the agreed investment objective, and all other important issues to ensure that the Company’s affairs are operated within a framework of prudent and effective controls. Whilst certain responsibilities are delegated, a schedule of matters specifically reserved for its decision has been adopted by the Board.

Responsibilities are clearly defined and allocated between the Chairman, the Directors, the Investment Manager and all third parties. No one individual has unfettered powers of decision. The Chairman leads the Board and ensures that it remains effective and that each Director receives accurate, timely and clear information enabling them to perform effectively as a Board. In addition, the Chairman is responsible for ensuring effective communication with shareholders. The Chairman at the time of his appointment was, and remains, independent of the Investment Manager.

The Board has formalised arrangements under which Directors, in furtherance of their duties, may take independent professional advice at the Company’s expense. The Directors have access to the advice and services of the Company Secretary through its appointed representatives, who are responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties. The appointment and removal of the Company Secretary is a matter for the whole Board. It is the Chairman’s responsibility to ensure that the Directors have sufficient knowledge to fulfil their role and Directors are encouraged to participate in training courses as appropriate.

## Appointment of Directors and Performance Evaluation

The Board has formalised a process to evaluate its own performance and that of its Chairman on an annual basis. This process is one of self-assessment of the Board’s strengths and weaknesses. The Chairman reviews the findings of these assessments and reports back to the Board with recommendations to improve performance where necessary. As the Company is newly formed, the Directors did not meet to evaluate their performance during the period under review. However, subsequent to the period end the Directors have carried out an evaluation of their performance since appointment. This included an evaluation of the performance of the Chairman, without the Chairman being present.

Directors are appointed subject to the Companies Act provisions and the Company’s Articles of Association. All Directors are subject to election by shareholders at the first AGM after their appointment. Thereafter all Directors will be subject to re-election in accordance with the Articles of Association and the provisions of the Code. No Director would serve more than three years in office without shareholder approval.

## Corporate Governance continued

An induction programme for any new Directors subsequently appointed to the Board has been developed. The induction process is designed to cover the key aspects of the Company's strategy, policies and its practices. Following induction, Directors are provided with a Directors' Handbook, which is regularly updated by the Company Secretary.

### *Directors and Directors' Independence*

The Board comprises four Directors, all of whom are non-executive. There is no Chief Executive position within the Company. The names of the Directors together with their biographical details are set out on page 6 of this report. All the Directors were appointed on 30 September 2004.

The Board considers that all of the Directors are independent of the Investment Manager and comply with the criteria for independence as set out in the Code. All four Directors are deemed to be independent in character and judgement. The Nomination Committee meets annually to consider matters of independence.

During the period under review, the Nomination Committee considered the requirement for a Senior Independent Director. The Committee concluded that given the size of the Board and breadth of knowledge and experience of each Director, there was no need to appoint a Senior Independent Director at this time. This matter will be reviewed annually.

The Directors do not have service contracts but the terms and conditions of their appointments are set out in their Letters of Appointment, which are available for inspection at the registered office and immediately prior to the AGM.

### *Board Committees*

In order to enable the Directors to discharge their duties, four Board Committees, with written terms of reference, have been established during the period under review. Committee membership is set out on page 6 of this report. Attendance at meetings of the Committee is restricted to members and persons expressly invited to attend. Copies of the terms of reference for the Board Committees are available from the Company Secretary. The Chairman of the Board acts as Chairman for the Committees, with the exception of the Audit Committee, which is chaired by Edward Murray. The Company Secretary acts as the Secretary to each Committee.

### *Audit Committee*

The Audit Committee provides a forum through which the Company's external Auditors report to the Board. The main responsibilities of the Audit Committee include monitoring the integrity of the Company's financial statements and the appropriateness of its accounting policies; reviewing the internal control systems and the risks to which the Company is exposed; and making recommendations to the Board regarding the appointment of the external auditor, the independence of the Auditors and the objectivity and effectiveness of the audit process. The Audit Committee met with the auditors on 17 November 2005.

The Audit Committee monitors the non-audit services being provided to the Company by its external auditors and, in accordance with the recommendations of the Code, a policy with regard to the provision of these services has been formalised during the period. The policy requires the Board to approve all non-audit work, the cost of which in aggregate would be more than 50 per cent of the annual audit fee.

All members of the Audit Committee have relevant and recent financial and investment experience, for the purposes of the Code requirements, as a result of their employment in the financial services and other industries. Mr Murray, the Audit Committee Chairman, is a chartered accountant.

As the Company has no employees there is no dedicated resource to the Audit Committee. Representatives from BNP Paribas Fund Services UK Limited, which produces the financial information for the Company, are invited to attend the meetings of the Audit Committee to report on issues as required. In addition,

## Corporate Governance continued

representatives of the Investment Manager are invited to attend the Audit Committee meetings and are asked to present on specific issues.

The Company does not have an internal audit function as most of its day to day operations are delegated to third parties. Both the Investment Manager and Administrator have established internal control frameworks to provide reasonable assurance as to the effectiveness of the internal controls operated on behalf of their clients. Both third parties report, on a quarterly basis, any breaches of law or regulation as and when they arise. The Audit Committee considers annually whether there is any need for an internal audit function, and it has agreed that it is appropriate for the Company to rely on the internal audit controls that exist within its third party providers.

A whistleblowing policy and procedure has not been formalised. The Board has agreed that it is appropriate for the Company to rely on the whistleblowing policies of the principal third party service providers, which they deem to be of industry standard.

### *Management Engagement Committee*

The Management Engagement Committee was established in April 2005 to review the performance of the third party service providers, including the Investment Manager, and to review their terms of appointment. The Committee will meet at least annually.

### *Nomination Committee*

The Nomination Committee meets at least annually and is responsible for identifying and nominating to the Board new Directors, and for proposing that existing Directors be re-elected. On those occasions when the Committee is reviewing the performance of the Chairman, or considering his successor, the Nomination Committee is chaired by another Committee member.

### *Remuneration Committee*

The Remuneration Committee meets annually. It is responsible for reviewing the remuneration of the Directors and for making recommendations to the Board as appropriate, taking into account relevant factors such as industry research, peer group comparisons, Directors' time constraints and the need to recruit and retain individuals of sufficient calibre to optimise the Board's effectiveness. Further details of Directors' fees can be found on page 22 of this report. Following the period end the Committee recommended that the Chairman of the Audit Committee had his fees increased by £1,000 per annum to reflect the additional commitment the role requires. This recommendation was approved by the Board.

### Board and Committee Meeting Dates and Attendance

The following table sets out the Directors' attendance at the Board and Committee meetings held in the period under review.

Director	Board Meetings		Audit Committee Meetings		Management Engagement Committee Meetings		Nomination Committee Meetings		Remuneration Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Peter Arthur	4	4	2	2	-	-	1	1	-	-
Robin Field	4	4	2	2	-	-	1	1	-	-
Edward Murray	4	4	2	1	-	-	1	-	-	-
Fiona Wollocombe	4	3	2	1	-	-	1	-	-	-

# Corporate Governance continued

## Board Succession Planning

In light of the Company's relatively recent formation, the Board has not as yet devised a timetable for succession. The Nomination Committee has, however, devised a policy on the tenure of the Directors' appointments and has recommended that, to coincide with the Company's continuation vote in 2011, the Directors should serve for a fixed term up to the time of the AGM in 2011, after which time their appointment would be subject to a rigorous annual review of performance. During this period each of the Directors will be required to stand for re-election as required by the Company's Articles of Association. The Board has approved and adopted this recommendation.

## Relations with Shareholders

The Board places a great deal of importance on communication with shareholders and Directors are available to respond to shareholder queries. The Board aims to keep shareholders fully informed of significant developments in the Company's business through the published annual and interim reports. The Company discloses the investment portfolio semi-annually.

All shareholders are encouraged to attend and vote at the AGM, during which the Board and the Investment Manager will be available to discuss issues affecting the Company. Proxy votes and abstentions will be declared at each AGM. All Directors intend to attend the forthcoming AGM, details of which are set out in the Notice of Meeting on pages 37 and 38 of this report.

Further information on the Company is available on the Manager's website, [www.artemisonline.co.uk](http://www.artemisonline.co.uk), which contains a dedicated page on Artemis AiM VCT 2 plc. This page provides a short commentary from the Manager as well as portfolio and financial information. The Board would encourage shareholders to use the website to keep abreast of the Company's progress, however, if you would prefer to receive a hard copy of the information contained on the website please contact Artemis Investment Management's client services team on 0800 092 2051.

## Voting Policy

The Directors have given the Investment Manager the discretion to exercise the Company's voting rights and the Investment Manager exercises them in respect of all resolutions proposed by investee companies.

## Internal Controls

The Board recognises its responsibility for the implementation, review and maintenance of effective systems of internal control to manage the risks to which the Company is exposed. As the majority of the Company's systems are maintained on behalf of the Company by third party providers under contract, the Board fulfils its obligations by requiring these service providers to report and provide assurances as to their internal control systems, which are designed to manage rather than eliminate risks. In light of the Board's reliance on these systems and the reports thereon, the Board can only provide reasonable and not absolute assurance against material misstatement or loss. In addition, the Board ensures that these service providers are employed subject to clearly defined contracts.

The Manager and Administrator have both established internal control frameworks to provide reasonable assurances as to the effectiveness of the internal control systems operated on behalf of their clients. The Board reviews reports on these processes on a quarterly basis, which identify any known internal control failures.

The key procedures, which have been established to provide effective internal controls, are as follows:

- The Board has carried out and documented a risk and control assessment, which was reviewed during the period and will be kept under ongoing, and at least an annual, review.

## Corporate Governance continued

- The duties of the investment management, accounting and custody of assets are segregated. The procedures of the individual parties are designed to complement each other.
- Investment management and Company Secretarial services are provided by Artemis Investment Management Limited. The Board is responsible for setting the overall investment policy and monitoring the actions of the Investment Manager at regular Board Meetings. The Board reviews information produced by the Investment Manager in detail on a regular basis.
- Administration services are provided by BNP Paribas Fund Services UK Limited (“BNP Paribas”). BNP Paribas reports to the Board on a quarterly basis and ad hoc as appropriate. In addition the Board reviews BNP Paribas’ annual audited report on internal controls.
- Safekeeping of the Company’s assets is undertaken by BNP Paribas Securities Services whose services are monitored by the Company’s third party service providers.
- The Directors of the Company clearly define the duties and responsibilities of their agents and advisers in the terms of their contracts. The appointment of agents and advisers is conducted by the Board after consideration of the quality of parties involved; the Board monitors their ongoing performance and contractual arrangements to ensure that they remain effective.
- Mandates for authorisation of investment transactions and expense payments are set and monitored by the Board.

By the procedures set out above, and in accordance with the Turnbull “Guidance for Directors on the Combined Code” published by the Institute of Chartered Accountants in England and Wales, the Directors have kept under review the effectiveness of the Company’s internal controls throughout the period under review and up to the date of this report.

### Compliance with the Provisions of the Combined Code

The Directors have reviewed the principles outlined in the Code and consider that, subject to the exception of the appointment of a Senior Independent Director (as required by Code Provision A3.3), the Company has complied with the provisions of Section 1 of the Combined Code during the period ended 30 September 2005 and up to the date of this report.

# Directors' Remuneration Report

The Directors are pleased to present their report on remuneration for the period ended 30 September 2005, in accordance with the Directors' Remuneration Report Regulations.

The Company's Auditors are required to report on certain information contained within this report. Where information set out below has been audited, this is clearly indicated. The Auditors opinion is included in the Auditor's Report, which can be found on pages 24 and 25.

## Directors' Fees

The Board consists solely of non-executive Directors and all are independent. The members of the Board are detailed on page 6. A Remuneration Committee, which comprises the whole Board, has been established and considers at least annually the level of the Directors' fees and makes recommendations to the Board on its conclusions.

## Policy on Directors' Remuneration

The Company's Articles of Association limit the fees payable to Directors to £100,000 per annum. The Company's policy is that fees payable to the Directors should reflect the time spent on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to attract and retain candidates of a high calibre.

The Company's policy is for the Chairman of the Board to be paid a higher fee than the other Directors, to reflect his more onerous role, and for the Directors' fees to be reviewed from time to time.

At launch, the Company considered the fees to be paid to Directors on the basis of a review of the industry norms for similarly sized investment companies and those with a similar investment objective; together with an assessment of the scale of the corporate governance responsibilities. Having due regard to this information, at the time of launch it was agreed that the Chairman should be paid a fee of £17,500 per annum with each of the other Directors being entitled to fees of £12,500 per person per annum.

To reflect the additional work undertaken by Mr Murray in his role as Chairman of the Audit Committee the Board approved the recommendation of the Remuneration Committee to increase his fees by £1,000 to £13,500 per annum.

It is the Company's policy that no Director shall be entitled to any benefits in kind, share options, long-term incentives, pensions or other retirement benefits, or compensation for loss of office. It is also considered appropriate that no aspect of Directors' remuneration should be performance-related in light of the Directors' non-executive status. Directors are entitled to claim expenses in respect of duties undertaken in connection with the management of the Company.

It is the intention of the Board, that unless it is deemed appropriate to implement a revision, the above remuneration policy will continue to apply for the forthcoming and subsequent financial years.

Directors' and Officers' liability insurance cover is held by the Company in respect of the Directors and is renewed annually.

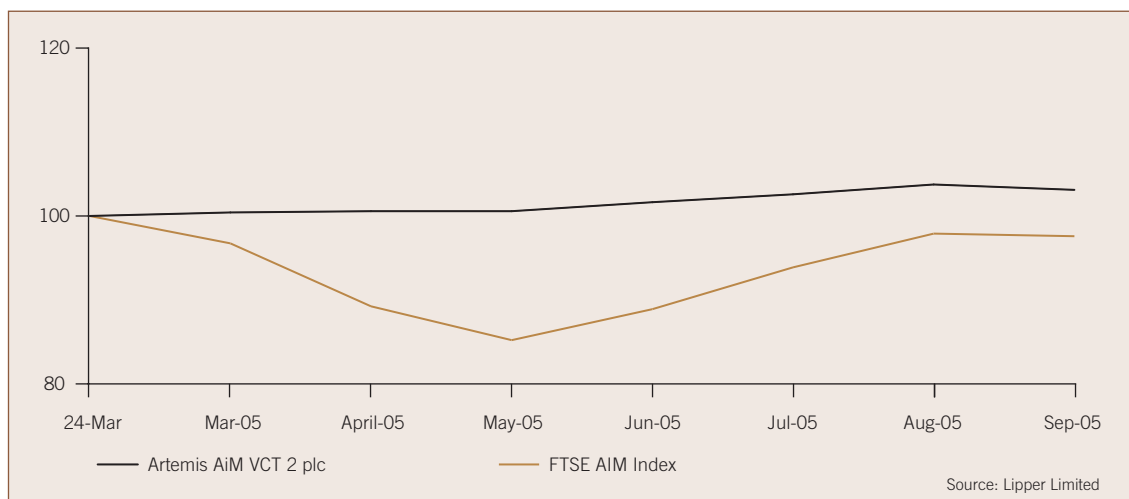
## Directors' Service Contracts

No Director has a contract of service with the Company. The terms and conditions of the appointment of Directors are set out in the Directors' letters of appointment. A Director may resign in writing to the Board at any time; there are no fixed notice periods nor any entitlement to compensation for loss of office.

In accordance with the Company's Articles of Association, new Directors are required to stand for election at the first AGM following their appointment and, thereafter, are required to retire by rotation, so that over a three-year period all Directors will have retired from the Board and would have been offered up for re-election at least once.

# Directors' Remuneration Report continued

## Performance graph



The performance graph above charts the Company's share price total return to ordinary shareholders from 24 March 2005, being the date on which the Company announced its Offers for Subscription were fully subscribed to 30 September 2005 compared to the total return on a notional investment in the FTSE AIM Index over the same period. This index was chosen for comparison purposes, as it represents a comparable broad equity market index. However, as not all the constituents of this Index are suitable investments for the Company, there is likely to be a divergence between the performance of each.

## Directors' Fees (audited)

The information in this section has been subject to audit.

The Directors' who served during the period to 30 September 2005 received the following emoluments:

Director	Fees to 30 September 2005
Peter Arthur	£13,988
Robin Field	£9,991
Edward Murray	£9,991
Fiona Wollocombe	£9,991

By order of the Board

Artemis Investment Management Limited

Company Secretary

8 December 2005

# Statement of Directors' Responsibilities

## in respect of the Financial Statements

Company law in the United Kingdom requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for the period. In preparing these financial statements, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- followed applicable United Kingdom accounting standards.

The Directors confirm that the accounts comply with the above requirements.

The Directors are responsible for keeping proper accounting records which 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 1985. 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.

The Directors are responsible for ensuring that the Directors' Report, Directors' Remuneration Report and other information included in the Annual Report are prepared in accordance with company law in the United Kingdom. They are also responsible for ensuring that the Annual Report includes information required by the Listing Rules of the Financial Services Authority.

# Independent Auditors' Report

## to the Shareholders of Artemis AiM VCT 2 plc

We have audited the Company's financial statements for the period from 21 July 2004 to 30 September 2005 which comprise the Statement of Total Return, Balance Sheet, Cash Flow Statement, and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 Auditors

The Directors are responsible for preparing the Annual Report, including the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements. The Directors are also responsible for the preparation of the Directors' Remuneration Report.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.

We review whether the Statement of Corporate Governance reflects the Company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Corporate Policy and Financial Highlights, Chairman's Statement, Directors, Investment Manager's Review, Sector Analysis of Investments, Investment Portfolio Summary, Top 10 Investments, Directors' Report, Corporate Governance, unaudited part of the Directors' Remuneration Report, Notice of Annual General Meeting and General Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

# Independent Auditors' Report continued

to the Shareholders of Artemis AiM VCT 2 plc

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

## Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Company as at 30 September 2005 and of its net revenue for the period from 21 July 2004 to 30 September 2005; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP  
Registered Auditor  
Edinburgh

8 December 2005

# Statement of Total Return (incorporating the revenue account\*)

For the period 21 July 2004 to 30 September 2005

	Notes	21 July 2004 to 30 September 2005		
		Revenue £'000	Capital £'000	Total £'000
Gains on investments		-	1,011	1,011
Foreign exchange gains		-	4	4
Income	2	896	-	896
Investment management fees	3	(127)	(380)	(507)
Other expenses	4	(181)	-	(181)
<b>Return on ordinary activities before taxation</b>		588	635	1,223
Taxation on ordinary activities	5	(163)	122	(41)
<b>Return on ordinary activities after taxation for the period</b>	6	425	757	1,182
Dividends proposed		(400)	-	(400)
<b>Transfer to reserves</b>	12	25	757	782
<b>Return per ordinary share (pence)</b>	6	2.02	3.61	5.63

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, securities and bank deposits.

\* The revenue column of this statement represents the profit and loss account of the Company.

The accompanying notes on pages 29 to 36 are an integral part of the financial statements.

# Balance Sheet

As at 30 September 2005

	Notes	2005 £'000
<b>Fixed assets</b>		
Investments	7	12,336
<b>Current assets</b>		
Debtors	9	104
Cash at bank	16	26,955
		27,059
<b>Creditors</b>		
Amounts falling due within one year	10	(713)
<b>Net current assets</b>		26,346
<b>Net assets</b>		38,682
<b>Capital and reserves</b>		
Called-up share capital	11	4,000
Share premium	12	33,900
Capital reserve - realised	12	(254)
Capital reserve - unrealised	12	1,011
Revenue reserve	12	25
<b>Shareholders' funds</b>	13	38,682
<b>Net asset value per ordinary share (pence)</b>	14	96.70p

The financial statements were approved by the Board of Directors on 8 December 2005 and were signed on their behalf by:

Peter Arthur  
Chairman

8 December 2005

The accompanying notes on pages 29 to 36 are an integral part of the financial statements.

# Cash Flow Statement

For the period 21 July 2004 to 30 September 2005

	21 July 2004 to 30 September 2005		
	Notes	£'000	£'000
<b>Operating activities</b>			
Deposit interest received		797	
Investment management fees paid		(312)	
Administrators fees paid		(40)	
Other cash payments		(69)	
<b>Net cash inflow from operating activities</b>	15		376
<b>Financial investment</b>			
Purchase of investments		(11,325)	
<b>Net cash outflow from financial investment</b>			(11,325)
<b>Net cash outflow before financing</b>			(10,949)
<b>Financing</b>			
Share issues		40,000	
Share issue expenses		(2,100)	
<b>Net cash inflow from financing</b>			37,900
<b>Increase in cash</b>	16		26,951

The accompanying notes on pages 29 to 36 are an integral part of the financial statements.

# Notes to the Financial Statements

For the period ended 30 September 2005

## 1. Accounting policies

### (a) Basis of Preparation

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of fixed asset investments, and in accordance with applicable Accounting Standards and with the Statement of Recommended Practice, 'Financial Statements of Investment Trust Companies' ("SORP") issued in 2003 except for the valuation of investments at bid prices (see (b) below). Although this SORP principally applies to Investment Trusts, many of the characteristics of Investment Trusts are shared by VCTs, therefore the Company will continue to follow the SORP until investment company status is revoked.

### (b) Investments

Listed investments and investments traded on AIM/OFEX are stated at bid market prices as at 30 September 2005. Unquoted investments are stated at Directors' valuation. In accordance with generally accepted accounting practice, investments in unquoted companies, other than those traded on AIM/OFEX are valued with reference to the British Venture Capital Association ("BVCA") guidelines:

- Investments which have been made in the last 12 months are valued at cost except where the company's performance against plan is significantly below the expectations on which the investment was made, in which case provision against cost is made as appropriate.
- Where a company is well established after one year from the date of investment the shares may be valued by applying a suitable price-earnings ratio to that company's historic post tax earnings. The ratio used is based on a comparable listed company or sector but discounted to reflect the lack of marketability. Alternative methods of valuation will include cost, provision against cost or net asset value where such factors apply that make one of these methods more appropriate.
- Alternatively where a value is indicated by a material arms length transaction by a third party in the shares of the company the valuation will normally be based on this.

Realised surpluses or deficits on the disposal of investments and impairments in the value of investments are taken to realised capital reserves, and unrealised surpluses and deficits on the revaluation of investments are taken to unrealised capital reserves.

The Company's policy for the valuation of listed or market traded investments was to use the middle market prices, as used in the interim financial statements to 31 March 2005. However, the Board now considers that bid prices better reflect the fair value of such investments and have amended the accounting policy to reflect this. The effect of using bid prices as opposed to middle market prices at 30 September 2005 was to reduce the net asset value by £69,000 or 0.17 pence per share.

### (c) Income

Dividends receivable on quoted equity shares and income from unit trusts are brought into account on the ex-dividend date. Dividends receivable on unquoted equity shares 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.

Deposit interest is included on an accruals basis.

### (d) Expenses

- All expenses (inclusive of VAT) are accounted for on an accruals basis. Expenses are charged wholly to revenue, with the exception of:
  - (i) expenses incidental to the acquisition or disposal of an investment, which are charged to the capital reserve: and
  - (ii) management fees payable to Artemis Investment Management Limited which are charged 75 per cent against capital reserve and 25 per cent to revenue.

# Notes to the Financial Statements continued

## (e) Financial instruments

During the period under review, the Company held fixed asset investments and cash balances. The Company holds financial assets that comprise investments in unlisted companies, and companies raising new share capital on AIM. The fair value is not materially different from the carrying value for all financial assets and liabilities.

## (f) Exchange rates

Transactions involving foreign currencies are converted at the rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currency are translated to sterling at the rate of exchange at the balance sheet date. Differences arising from translation are treated as capital or revenue depending on the nature of the gain or loss.

## (g) Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more, or right to pay less tax in the future have occurred at the balance sheet date. This is subject to deferred tax assets only being recognised if it is considered more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Timing differences are differences arising between the Company's taxable profits and its results as stated in the financial statements which are capable of reversal in one or more subsequent periods. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## 2. Income

	2005 £'000
Interest from bank deposits	896

## 3. Investment management fees

	Revenue £'000	Capital £'000	Total £'000
Investment management fee	108	323	431
Irrecoverable VAT thereon	19	57	76
	127	380	507

Artemis Investment Management Limited ("the Manager") was appointed as the investment manager on 7 October 2004. The Manager's appointment may be terminated by either party on giving one year's notice provided that such notice shall not expire on any date prior to the third anniversary of the date upon which the Company's shares were first admitted to the Official List. This appointment may also be terminated in circumstances of material breach by either party.

The Company pays the Manager a quarterly management fee (exclusive of VAT and payable quarterly in arrears) of 0.4375 per cent of the average market capitalisation of the Company adjusted as follows:

- No fee is paid in respect of funds invested in the Manager's unit trusts or other collective investment schemes.

The Manager may also become entitled to receive a performance fee from the Company equal to 20 per cent of any distributions of income or capital profits (other than certain distributions by way of the purchase of the Company's own shares) made by the Company in any accounting period, provided that at the end of

## Notes to the Financial Statements continued

the relevant accounting period the increase in the Company's net asset value, after adding back any earlier distributions made by the Company and the amount of any performance fees paid in respect of prior accounting periods, exceeds a hurdle amount equal to simple interest at a rate of 8 per cent per annum on the amount paid up on each ordinary share in issue at the end of the relevant accounting period calculated from the date of admission of that share to trading. No performance fee shall be payable until the end of the Company's third accounting period (30 September 2007) but any fee paid at that time shall take account of distributions made in the first three accounting periods of the Company.

As stated above the Investment Management agreement may be terminated by giving one year's notice provided that such notice shall not expire on any date prior to the third anniversary of the date upon which the Company's shares were first admitted to the Official List. If less than one year's notice is given to terminate then a termination fee is payable to the Investment Manager. This is calculated at 1.75 per cent of the average market capitalisation at that date and adjusted pro rata for any notice period given.

### 4. Other expenses

	£'000
Directors' remuneration	44
Administrator's fees	59
Auditor's fees - for audit work	13
Auditor's fees - for non-audit work	4
Legal fees	11
Printing	16
Other expenses	34
	181

The Company has no employees.

The Company is not VAT registered and therefore all expenses above are inclusive of irrecoverable VAT.

### 5. Taxation on ordinary activities

VCTs are exempt from tax on realised capital gains.

	Revenue £'000	Capital £'000	Total £'000
Corporation tax	163	(122)	41

The revenue account tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30 per cent. The differences are explained below:

	£'000
Profit on ordinary activities before taxation	588
Profit on ordinary activities multiplied by the applicable rate of corporation tax of 30 per cent	176
Effects of:	
Disallowable expenses	3
Smaller companies relief	(16)
	163

No provision for deferred tax has been made in the current accounting period.

# Notes to the Financial Statements continued

## 6. Return per ordinary share

	Revenue	Capital	Total
Return per ordinary share (pence)	2.02	3.61	5.63

The revenue return per ordinary share is based on the return from ordinary activities after taxation of £425,000 and on 20,992,197 shares, being the weighted average number of shares in issue during the period.

The capital return per ordinary share is based on net capital gains after taxation of £757,000 and on 20,992,197 ordinary shares, being the weighted average number of shares in issue during the period.

The returns per share based on the actual number of shares in issue at 30 September 2005 were 1.06 pence for revenue and 1.89 pence for capital.

## 7. Investments

Movements in investments during the period are summarised as follows:

	AIM £'000	Unquoted £'000	Total £'000
Purchases at cost	7,449	3,876	11,325
Unrealised gains	975	36	1,011
	8,424	3,912	12,336
Book cost at 30 September 2005	7,449	3,876	11,325
Unrealised gains at 30 September 2005	975	36	1,011
	8,424	3,912	12,336

The cost and carrying value of investments in AIM traded and unquoted companies held as at 30 September 2005 are given on page 9.

## 8. Significant interests

At 30 September 2005 the Company held shares amounting to 3 per cent or more of the nominal value of any class of share, in the following investee companies:

Company	Class held	Investment at cost £'000	Percentage of class held %
Elevation Events	Ordinary	800	13.5
Eclipse Energy	Ordinary	975	7.4
Judges Capital	Ordinary	250	7.2
Vianet Group	Ordinary	500	5.5
Kiotech	Ordinary	250	5.4
Vienco Oil & Gas	Ordinary	475	5.2
TMO Biotech	Ordinary	500	5.1
Ffastfill	Ordinary	600	3.6
Neutrahealth	Ordinary	451	3.5
Starnevesse	Ordinary	240	3.3
Vividas	Ordinary	600	3.2

# Notes to the Financial Statements continued

## 9. Debtors

	£'000
Deposit interest receivable	99
Prepayments	5
	104

## 10. Creditors: Amounts falling due within one year

	£'000
Dividend proposed	400
Sundry creditors and accruals	272
Tax payable	41
	713

## 11. Called-up share capital

	£'000
Authorised:	
80,000,000 ordinary shares of 10p each	8,000
Allotted, called-up and fully paid:	
40,000,002 ordinary shares of 10p each	4,000

During the period the Company issued 40,000,002 ordinary shares as detailed below:

	Proceeds £'000
Allotted, called-up and fully paid:	
2 Ordinary shares of 10p each on 21 July 2004	-
10,970,856 Ordinary shares of 10p each on 10 December 2004	10,971
3,469,314 Ordinary shares of 10p each on 14 January 2005	3,469
1,435,454 Ordinary shares of 10p each on 27 January 2005	1,435
5,485,743 Ordinary shares of 10p each on 25 February 2005	5,486
8,510,661 Ordinary shares of 10p each on 18 March 2005	8,511
8,165,342 Ordinary shares of 10p each on 1 April 2005	8,165
1,856,540 Ordinary shares of 10p each on 14 April 2005	1,857
106,090 Ordinary shares of 10p each on 29 April 2005	106
40,000,002	40,000

# Notes to the Financial Statements continued

## 12. Reserves

	Share premium £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Total £'000
At 21 July 2004	-	-	-	-	-
New share issues	36,000	-	-	-	36,000
Share issue expenses	(2,100)	-	-	-	(2,100)
Increase in unrealised appreciation	-	-	1,011	-	1,011
Exchange gain	-	4	-	-	4
Investment management fee charged to capital net of tax relief	-	(258)	-	-	(258)
Retained revenue	-	-	-	25	25
At 30 September 2005	33,900	(254)	1,011	25	34,682

## 13. Reconciliation of shareholders' funds

	£'000
Opening shareholders' funds	-
Capital subscribed	40,000
Share issue expenses	(2,100)
Total recognised gains for period	782
Closing shareholders' funds	38,682

## 14. Net asset value per ordinary share

The net asset value per ordinary share at the period end is calculated in accordance with the Articles of Association and was as follows:

	Net asset value per share pence	Net asset value £'000
Ordinary shares	96.70	38,682

Net asset value per share is based on net assets at the period end and on 40,000,002 ordinary shares.

## 15. Reconciliation of return before taxation to net cash inflow from operating activities

	£'000
Return before taxation	588
Investment management fees charged to capital	(380)
Increase in debtors	(104)
Increase in creditors and accruals	272
Net cash inflow from operating activities	376

# Notes to the Financial Statements continued

## 16. Analysis of changes in net funds

	Cash £'000
At 21 July 2004	-
Cash flows in period	26,951
Effect of foreign exchange movements	4
At 30 September 2005	26,955

A statement reconciling the movements in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

## 17. Financial instruments

The Company's financial instruments comprise equity investments, cash balances and liquid resources. The Company holds financial assets in accordance with its investment policy to invest in a diverse portfolio of companies raising new share capital on AIM, OFEX traded and other UK quoted companies.

Fixed asset investments held are valued at bid prices or at Directors' valuation in accordance with the BVCA guidelines (see note 1 on page 29). The fair value of all other financial assets and liabilities is represented by the carrying value in the balance sheet. Short term debtors and creditors are excluded from disclosure as allowed by FRS 13.

## 18. Risk management, financial assets and liabilities

### Risk management

The Company's objectives are detailed on page 2. The Company's financial instruments comprise equity investments, cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, and debtors for accrued income.

The main risks the Company faces from its financial instruments are (i) market price risk, being the risk that the value of the investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or currency movements, (ii) liquidity risk, (iii) foreign currency risk and (iv) interest rate risk. The Board regularly reviews and agrees policies for managing each of these risks. The Manager's policies for managing these risks are summarised below and have been applied throughout the period. The numerical disclosures exclude short-term debtors and creditors.

### Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments used in the Company's operations. It represents the potential loss the Company might suffer through holding market positions as a consequence of price movements. It is the Board's policy to hold an appropriate spread of investments in the portfolio in order to reduce the risks arising from factors specific to a particular company or sector. The Manager actively monitors market prices throughout the year and reports to the Board, which meets regularly in order to consider investment strategy.

# Notes to the Financial Statements continued

## Liquidity risk

Included in the Company's assets are AIM traded investments and unquoted investments as detailed in note 7. Some of these investments may not be immediately realisable. At the period end the Company had cash balances of £26.9 million, therefore any liquidity risk is substantially reduced.

## Foreign currency risk

At the period end the Company held two investments which were denominated in foreign currencies. The value of these investments can be affected by movements in foreign exchange rates. It is not the Company's policy to hedge this risk on a continuing basis.

An analysis of the Company's currency exposure is detailed below:

	Investments £'000	Net monetary assets £'000	Total currency exposure £'000
Canadian Dollar	305	-	305
Euro	517	-	517
Total	822	-	822

## Interest rate risk

Interest rate risk is the risk of movements in the value of financial instruments as a result of fluctuations in interest rates.

The interest rate risk of the portfolio of financial assets at the balance sheet date was as follows:

	Floating rate £'000	Non-interest bearing £'000
Sterling	26,955	11,514
Canadian Dollar	-	305
Euro	-	517

The floating rate assets consist of cash deposits on call earning interest at prevailing market rates.

The benchmark that determines the interest paid or received on the current account is the UK bank base rate, which was 4.50 per cent at 30 September 2005.

## 19. Post balance sheet event

Subsequent to the period end Accsys Technologies was admitted to AIM. The shares were admitted at a price of €1 (69 pence) which valued the Company's investment at £1.1 million, compared to £517,000 at 30 September 2005.

# Notice of Annual General Meeting

Notice is hereby given that the first Annual General Meeting of Artemis AiM VCT 2 plc will be held at the offices of Artemis Investment Management Limited, 42 Melville Street, Edinburgh EH3 7HA on Thursday, 12 January 2006 at 12.30pm for the purpose of transacting the following business:

To consider and if thought fit, to pass the following as ordinary resolutions:

- Resolution 1. To receive the Report of the Directors and audited accounts for the period ended 30 September 2005.
- Resolution 2. To approve a final dividend of 1 pence per ordinary share.
- Resolution 3. To elect Mr Peter Arthur\* as a Director of the Company.
- Resolution 4. To elect Mr Robin Field\* as a Director of the Company.
- Resolution 5. To elect Mr Edward Murray\* as a Director of the Company.
- Resolution 6. To elect Mrs Fiona Wollocombe\* as a Director of the Company.
- Resolution 7. To appoint Ernst & Young LLP as Auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which the accounts are laid before Members.
- Resolution 8. To authorise the Directors to determine the remuneration of Ernst & Young LLP.
- Resolution 9. To approve the Directors' remuneration report for the period ended 30 September 2005.
- Resolution 10. THAT the Directors of the Company be and are hereby generally and unconditionally authorised, in accordance with Section 80 of the Companies Act 1985 (the "Act"), to exercise all powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £4,000,000 during the period commencing on the date of the passing of this resolution and expiring at the conclusion of the Annual General Meeting of the Company in 2007.

To consider and if thought fit, to pass the following as special resolutions:

- Resolution 11. (a) THAT, subject to the passing of Resolution 10 above, the Directors of the Company be and are hereby authorised, pursuant to Section 95 of the Act, to allot equity securities pursuant to the authority given in accordance with Section 80 of the Act under the authority conferred by Resolution 10 above as if Section 89(1) of that Act did not apply to such allotment, but so that this authority shall enable the Company to make offers or agreements which would or might require relevant securities or equity securities to be allotted after the expiry of this authority and power and notwithstanding such expiry the Directors may allot relevant securities and/or equity securities in pursuance of such offers or agreements; and
- (b) THAT words and expressions defined in or for the purposes of Part IV of the Act shall bear the same meanings in this resolution.
- Resolution 12. THAT, the Company be and is hereby generally and unconditionally authorised, in accordance with Section 166 of the Companies Act 1985 (the "Act") to make market purchases (within the meaning of Section 163(3) of the Act) of ordinary shares of 10 pence each in the Company ("ordinary shares"), provided that:
- (a) the maximum number of ordinary shares hereby authorised to be purchased shall be 14.99 per cent of the issued share capital as at the date of this resolution;
- (b) the minimum price which may be paid for an ordinary share shall be 10 pence;

## Notice of Annual General Meeting continued

- (c) the maximum price (exclusive of expenses) which may be paid for any such ordinary share is an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately proceeding the day on which the ordinary share is purchased or such other amount as may be specified by the UK Listing Authority from time to time; and
- (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company in 2007 or on the expiry of 18 months from the passing of this resolution, whichever is earlier, unless such authority is reviewed prior to such time;
- (e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after expiration of such authority and may make a purchase of ordinary shares pursuant to any such contract; and
- (f) such authority to be in substitution for any existing authority.

By order of the Board

Artemis Investment Management Limited

42 Melville Street

Edinburgh

EH3 7HA

Company Secretary

8 December 2005

\* A biography of each Director is detailed on page 6.

# Notice of Annual General Meeting continued

## Notes:

- 1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 to be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes they may cast), Members must be registered on the Company's Register of Members at 12.30pm on 10 January 2006. If the meeting is adjourned to a time not more than 48 hours after the specific time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of Members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If, however, the meeting is adjourned for a longer period then, to be so entitled, Members must be entered on the Company's Register of Members at the time which is not less than 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at a time specified in the notice.
- 2 A Member of the Company entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a Member of the Company. A form of proxy for use at the above meeting is enclosed. To be valid, the form of proxy must be completed and deposited at the office of the Company's Registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex, BN99 6DA, not less than 48 hours before the time fixed for holding the meeting or adjourned meeting. Lodgement of the form of proxy will not preclude a member from attending and voting at the meeting.
- 3 Members (and any proxies or corporate representatives appointed) agree, by attending the Annual General Meeting, that they are expressly requesting and that they are willing to receive any communications relating to the Company's securities made at the Annual General Meeting.
- 4 The following documents will be available for inspection at the registered office of the Company during usual business hours on any weekday (except Public Holidays) until the date of the meeting and at the place of the meeting for a period of 15 minutes prior to and during the meeting:
  - (a) A statement of all transactions of each Director and of their family interests in the share capital of the Company;
  - (b) The Memorandum and Articles of Association; and
  - (c) Terms and conditions of appointment of non-executive Directors.

# General Information

## Directors

P A K Arthur (Chairman)  
R A Field  
E D Murray  
F E Wollocombe

## Investment Manager and Secretary

Artemis Investment Management Limited  
42 Melville Street  
Edinburgh EH3 7HA  
  
Telephone: 0800 092 2051  
Email: [investorsupport@artemisfunds.com](mailto:investorsupport@artemisfunds.com)  
Website: [www.artemisonline.co.uk](http://www.artemisonline.co.uk)

## Registered Office

42 Melville Street  
Edinburgh EH3 7HA

## Registrars

Lloyds TSB Registrars Scotland  
PO Box 28506  
Finance House  
Orchard Brae  
Edinburgh EH4 1XZ  
  
Shareholder enquiries: 0870 601 5366  
Website: [www.shareview.co.uk](http://www.shareview.co.uk)

## Bankers and Custodian

BNP Paribas Securities Services  
10 Harewood Avenue  
London NW1 6AA

## Auditors, Tax and VCT Adviser

Ernst & Young LLP  
Ten George Street  
Edinburgh EH2 2DZ

## Administrator

BNP Paribas Fund Services UK Limited  
55 Moorgate  
London EC2R 6PA  
  
Telephone: 020 7410 4186  
Email: [secretarialservices@bnpparibas.com](mailto:secretarialservices@bnpparibas.com)

## Solicitors

Dickson Minto W.S.  
16 Charlotte Square  
Edinburgh EH2 4DF

# Reporting Calendar

Year end:	30 September
Results announced:	Interim – May Annual – December
Annual General Meeting:	January

An investment company as defined under Section 266 of the Companies Act 1985.

Registered in Scotland Number SC270952.



**Artemis Investment Management Limited**

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Authorised and regulated by the Financial Services Authority

