OCTOPUS

APOLLO VCT PLC

(FORMERLY OCTOPUS APOLLO VCT 3 PLC)

OCTOPUS
INVESTMENTS

ANNUAL REPORT
& ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2013

FINANCIAL HEADLINES

89.3p	Net Asset Value ('NAV') per share at 31 January 2013
17.5p	Total dividends paid since launch
106.8p	NAV plus total dividends paid since launch
2.5p	Proposed final dividend for the year to 31 January 2013

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SHAREHOLDER INFORMATION AND CONTACT DETAILS

Financial Calendar

The Company's financial calendar is as follows:

6 June 2013	– Annual General Meeting
20 June 2013	– 2013 final dividend paid
September 2013	– Half-yearly results to July 2013 published
April/May 2014	– Final results for year to 31 January 2014 announced; Annual Report and financial statements published

Dividends

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

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

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

VCT	Adjusted NAV, assuming investment at 100p*	Cumulative dividends paid to date**	NAV + cumulative dividends
Apollo VCT plc (formerly Apollo VCT 3 plc)	89.30p	17.50p	106.80p
Former shareholders of Apollo VCT 1 plc	93.15p	15.34p	108.49p
Former shareholders of Apollo VCT 2 plc	93.15p	15.34p	108.49p
Former shareholders of Apollo VCT 4 plc	96.49p	3.16p	99.65p

*As a result of the merger on 27 September 2012, of Apollo VCT plc (formerly Apollo VCT 3 plc) with Apollo VCT 1 plc, Apollo VCT 2 plc and Apollo VCT 4 plc, the figures above represent a NAV adjusted in accordance with the relevant conversion factors calculated at the time of merger. See notes 21-23 of the financial statements for further details of the conversion factors.

** Dividends paid post merger have been adjusted to reflect the merger ratios.

The proposed final dividend of 2.5 pence per share will, if approved by shareholders, be paid on 20 June 2013 to shareholders on the register on 24 May 2013.

Share Price

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

	Ordinary shares
TIDM/EPIC code	OAP3
Latest share price (25 April 2013)	84.6 pence per share

SHAREHOLDER INFORMATION AND CONTACT DETAILS (continued)

Buying and Selling shares

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

The Company operates a policy of buying its own shares for cancellation as they become available. The Company is, however, unable to buy back shares directly from shareholders. If you are considering selling your shares or trading in the secondary market, please contact the Company's Corporate Broker, Panmure Gordon (UK) Limited ('Panmure').

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

Chris Lloyd
020 7886 2716 chris.lloyd@panmure.com

Paul Nolan
020 7886 2717 paul.nolan@panmure.com

Notification of change of address

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrar, Capita Registrars, under the signature of the registered holder, as well as to Octopus Investments.

Other information for Shareholders

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

Warning to Shareholders

The Company is aware that some shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based 'brokers' who target UK shareholders offering to sell them what often turn out to be worthless or high risk shares in US or UK investments. They can be very persistent and extremely persuasive. Shareholders are therefore advised to be wary of any unsolicited advice, offers to buy shares at a discount, or offers for free company reports.

Please note that it is very unlikely that either the Company or Octopus would make unsolicited telephone calls to shareholders and that any such calls would relate only to official documentation already circulated to shareholders and never in respect of investment advice.

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

ABOUT OCTOPUS APOLLO VCT PLC

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

The Company, originally named Octopus Apollo VCT 3 plc, was launched in July 2006 and raised over £27.1 million (£25.9 million net of expenses) through an offer for subscription by the time it closed on 5 April 2007. On 27 September 2012, the Company acquired the net assets of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc. On the same day, the Company was renamed Octopus Apollo VCT plc. The objective of the Company is to invest in a diversified portfolio of UK smaller companies in order to generate income and capital growth over the long-term.

Further details of the Company's progress are discussed in the Chairman's Statement and Investment Manager's Review on pages 5 to 17.

Venture Capital Trusts (VCTs)

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

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

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

- at least 70% of the Company's investments must comprise 'qualifying holdings'* (as defined in the legislation);
- for cash raised post 5 April 2011 at least 70% of the 70% of qualifying holdings must be invested into Ordinary shares with no preferential rights;
- for cash raised pre 6 April 2011 at least 30% of the 70% of qualifying holdings must be invested into Ordinary shares with no preferential rights;
- no single investment made can exceed 15% of the total Company value; and
- a minimum of 10% of each Qualifying Investment must be in Ordinary shares with no preferential rights.

*A 'qualifying holding' consists of up to £5 million invested in any one year in new shares or securities in an unquoted UK company (or companies listed on AIM) which is carrying on a qualifying trade and whose gross assets do not exceed a prescribed limit at the time of investment. The definition of a 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing.

FINANCIAL SUMMARY

Ordinary shares	Note	Year to 31 January 2013	Year to 31 January 2012
Net assets (£'000s)	1	**47,774**	24,337
Net return after tax (£'000s)	2	**223**	1,260
Net asset value per share (NAV)	3	**89.3p**	90.9p
Cumulative dividends paid since launch		**17.5p**	12.5p
Proposed dividend per share		**2.5p**	3.0p

1. This is the value of the Company, when adding up all of its assets, and taking away its liabilities.
2. This is the profit the Company has made in the year.
3. You can multiply this figure by the number of shares you own to give you the value of your investment at the date above.

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present the annual report of Octopus Apollo VCT plc for the year ended 31 January 2013. This is the first annual report since the Company, renamed from Octopus Apollo VCT 3 plc, successfully acquired the net assets of Octopus Apollo VCT 1 plc ('Apollo 1'), Octopus Apollo VCT 2 plc ('Apollo 2') and Octopus Apollo VCT 4 plc ('Apollo 4'). Merger related expenses incurred during the year to 31 January 2013 amounted to £290,000 and were within the allocated budget. Further details of the acquisition of Apollo 1, Apollo 2 and Apollo 4 can be found in notes 21 to 23 of the financial statements within this report.

Following the acquisition on 27 September 2012, the Company invited new investors to participate in the new enlarged VCT via a top-up offer. In addition, existing shareholders were provided with the opportunity to participate in an enhanced buyback facility. It is pleasing to report that 71% of eligible shareholders participated in the enhanced buyback facility.

Performance

The net asset value ('NAV'') has fallen from 90.9 pence per share as at 31 January 2012 to 89.3 pence per share as at 31 January 2013. However, when adding back the 5.0p of dividends paid in the year, the total return (NAV plus cumulative dividends paid) has risen by 3.3%, from 103.4 pence per share as at 31 January 2012 to 106.8 pence per share as at 31 January 2013.

One of the benefits of acquiring the net assets of Apollo 1, Apollo 2 and Apollo 4 was to deliver cost benefits of running one enlarged company. As these benefits are delivered and we continue to receive a consistent level of loan interest income, your Board and Investment Manager expect the total return to continue to make progress.

Strong trading results of Clifford Thames and Hydrobolt led to upward revaluations totalling £413,000. These gains were offset by a prudent downward revaluation of £38,000 of Tristar Worldwide. As a result, an overall positive revaluation, both realised and unrealised, of £398,000 has been recognised in these financial statements. This compares with gains of £770,000 in the year ended 31 January 2012 due to the exit of Autologic.

Dividend and Dividend Policy

It is your Board's policy to maintain a regular dividend flow where possible in order to take advantage of the tax free distributions a VCT is able to provide.

Given the performance of your Company, your Board has proposed a final dividend of 2.5 pence per share in respect of the year ended 31 January 2013. This dividend, if approved by shareholders at the AGM, will be paid on 20 June 2013 to shareholders on the register on 24 May 2013. This is in line with the policy outlined in the 2012 prospectus, of paying an annual dividend of 5 pence per share in two stages during the year.

Investment Portfolio

During the year, the Company invested a total of £25,233,000 of which, £20,950,000 was invested in acquiring the fixed asset investments of Apollo 1, Apollo 2 and Apollo 4. Ten of these investments were follow-on investments, whilst nine new investments, totalling £9,600,000, were also made by the funds collectively. This includes investments in the media sector (Atlantic Screen International and 3AM Music), renewable energy sector (Donoma Power, Sula Power, Tanganyika Heat, Erie Heat and Winnipeg Heat), an engineering company (Mablaw 555) and a care home company (Salus Services 2).

The Company received £5,326,000 from part and full disposals over the period. This includes £4,500,000 from the disposal of Carebase and Salus Services Holdings 1, both of which were engaged in the construction of a care home in Colchester, and £826,000 from the repayment of loans made to Tristar Worldwide and Sula Power.

A full list of the Company's investment portfolio is set out on page 9. All of the investments are discussed further in the Investment Manager's Review on pages 7 to 17.

CHAIRMAN'S STATEMENT (continued)

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

Investment Strategy

As set out in the prospectus, the aim of the Company is to make investments that focus more on capital preservation than a typical VCT. To date the Investment Manager has been successful in achieving this aim, as evidenced by the positive return on ordinary activities.

Typically the structure of the investments is weighted more heavily towards loan based instruments as opposed to equity. This is considered to be of a lower risk nature as returns are fixed and payments are generally ranked above most other creditors, allowing for future visibility and security. This strategy also reduces the downward risk that is an intrinsic element of an equity investment.

The Company has continued to be in a position to take strong advantage of the reduced liquidity in the traditional lending market, which has led to good opportunities to invest into well managed and profitable businesses with strong recurring cash-flows.

It is the intention of the Board that the Company should remain as a VCT and continue to invest in accordance with the original investment mandate.

VCT Qualifying Status

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

A key requirement is now to maintain the 70% qualifying investment level. As at 31 January 2013, 71.1% of the portfolio, as measured by HMRC rules, was invested in VCT qualifying investments.

Annual General Meeting

The Company's Annual General Meeting will take place on 6 June 2013 at 3.00 p.m. I look forward to welcoming you to the meeting which will be held at the offices of Octopus Investments Limited at 20 Old Bailey, London, EC4M 7AN. Directions to their office can be found by visiting their website at: www.octopusinvestments.com.

Electronic Communications

Based on feedback from shareholders, and in order to reduce the cost of printing and the consequential impact on the environment, we now offer shareholders the opportunity to forgo their printed report and account documents in favour of receiving electronic or mail notification with details of how to view the documents online. If you would like to change the format in which you receive this report, please contact Octopus using the contact details provided on page 65 of this report.

Outlook

There remains significant uncertainty in the UK economy with no great view on when reasonable economic growth will return. Small and medium-sized businesses with good growth potential are continually facing challenges, none more so than increased pressure on working capital. Whilst the media headlines may say otherwise, many banks are still reluctant to lend to businesses, preventing them from developing as they might. This, however, presents good opportunities as these businesses look to explore alternative sources of funding. Where possible, the Investment Manager will seek out such investments that meet our investment strategy and have the prospect of delivering the most value to the portfolio.

Murray Steele

Murray Steele
Chairman
26 April 2013

INVESTMENT MANAGER'S REVIEW

Personal Service

At Octopus, we focus on both managing your investments and keeping you informed throughout the investment process. We are committed to providing our investors with regular and open communication. Our updates are designed to keep you informed about the progress of your investment. During this time of economic uncertainty, we consider it particularly important to be in regular contact with our investors and are working hard to manage your money in the current climate.

Octopus Investments Limited was established in 2000 and has a strong commitment to both smaller companies and to VCTs. We currently manage 13 VCTs, including this Company, and manage nearly £340 million in the VCT sector. Octopus has over 230 employees and has previously been voted as 'Best VCT Provider of the Year' by the financial adviser industry.

Investment Policy

The investment approach of Octopus Apollo VCT plc is to invest with a focus on capital preservation. The majority of companies in which Apollo invests operate in sectors where there is a high degree of predictability. Ideally, we seek companies that have contractual revenues from financially sound customers and will provide an exit to the Company within three to five years.

Performance

The Company made a net return of 3.3% between 31 January 2012 and 31 January 2013. Whilst the NAV decreased slightly from 90.9p per share to 89.3p per share, 5.0p of dividends were paid over the period, bringing cumulative dividends paid to date to 17.5p and the total return (NAV plus cumulative dividends) to 106.8p pence per share.

The disposal of Carebase (CoI) and Salus Services Holdings, in addition to loan repayments from Tristar Worldwide and Sula Power Limited, led to £5,326,000 of cash inflows back to the Company. An overall gain of £23,000 was realised from the investment in Salus Services Holdings.

Strong trading results led to fair value uplifts on Clifford Thames and Hydrobolt. Both of these companies are performing strongly in their respective sectors of automotive software and industrial bolt manufacturing and we anticipate they will continue to grow in the future. Their uplifts totalled £413,000 and were partially offset by a small reduction in the fair value of Tristar Worldwide of £38,000. Tristar, a chauffeur driven vehicle hire company, has continued to develop following setbacks in the recession post 2009. While the slight change in its valuation to 31 January 2013 reflects a small change in its recent trading results, we do remain confident in the company overall.

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

Portfolio Review

New VCT qualifying investments totalling £9,600,000 have been made during the period. This includes £4,000,000 into three companies operating ground source heat pumps. These are companies that are seeking suitable locations in which to construct and operate heat pumps, utilising renewable heat energy sources from within the ground. In expanding the Company's renewable energy investments, £1,500,000 was invested into Sula Power and Donoma Power, both constructing and operating solar sites at two carefully selected locations. £1,100,000 has been invested into Atlantic Screen International and 3AM Music, companies that operate in the media sector, commissioning and owning copyrights to music scores for a variety of films and television programmes. £2,000,000 has been invested into Mablaw 555, a company operating as Technical Software Consultants, providing crack detection systems to the oil and gas industry. Finally, a new investment of £1,000,000 was

INVESTMENT MANAGER'S REVIEW (continued)

made into Salus Services 2 Limited, a company seeking a suitable care home investment.

Following the acquisition of the net assets of Apollo 1, Apollo 2 and Apollo 4 on 27 September 2012, the Company acquired £20,950,000 of fixed asset investments, of which £15,633,000 were follow-on investments for this Company. This included a further £4,200,000 into Clifford Thames, £3,500,000 into CSL DualCom, £3,300,000 into Borro, £1,100,000 into Bluebell Telecom and £1,000,000 into Resilient. The remaining balance of £2,200,000 was invested into Shakti Power, Hydrobolt, Tristar Worldwide, Kala Power and Bruce Dunlop & Associates.

Since the year end, £1,500,000 has been invested in Healthcare Services and Technology, a company aiming to invest in a software and services company in the health care market.

Outlook

Despite concerns over the tough economic conditions for small and medium-sized businesses , strong opportunities remain for entrepreneurs who have been able to plan and operate under such pressures. A large number of businesses in this portfolio have shown such characteristics of resilience and have continued to grow in the face of volatile conditions.

As banks continue to frustrate small and medium-sized businesses with their lending restrictions, we are presented with a number of ongoing investment opportunities. These businesses often prefer our approach of a more partnership orientated, intelligent form of investment. Whilst we are optimistic both about the existing portfolio and future market opportunities, we will continue to invest cautiously and in line with the mandate of this VCT. We will do our utmost to ensure that our portfolio companies continue to withstand the current harsh economic climate and deliver long term value to the Company.

If you have any questions on any aspect of your investment, please call one of the team on 0800 316 2347.

Benjamin Davis
Octopus Investments Limited
26 April 2013

INVESTMENT MANAGER'S REVIEW (continued)

Investment Portfolio

Fixed asset investments	Sector	Investment at cost 31 January 2013 (£'000)	Movement in valuation (£'000)	Fair value at 31 January 2013 (£'000)	Movement in fair value in year (£'000)	% equity held by Apollo	% equity managed by Octopus
Clifford Thames Group Limited	Automotive software & data	7,197	502	7,699	188	7.6%	7.6%
CSL DualCom Limited	Security devices	6,911	–	6,911	–	2.0%	3.4%
Borro Loan 2 Limited*	Consumer finance	3,500	–	3,500	–	0.0%	0.0%
Bluebell Telecom Services Limited	Telecommunications	3,104	220	3,324	–	6.5%	6.5%
Resilient Corporate Services Limited	Solar	2,000	–	2,000	–	41.2%	100.0%
Mablaw 555 Limited	Engineering	2,000	–	2,000	–	6.6%	10.0%
Winnipeg Heat Limited	Ground source heat	2,000	–	2,000	–	49.9%	100.0%
Shakti Power Limited	Solar	1,825	–	1,825	–	47.7%	100.0%
Hydrobolt Limited	Manufacturing	1,153	369	1,522	225	4.6%	43.3%
Tanganyika Heat Limited	Ground source heat	1,000	–	1,000	–	49.9%	100.0%
Erie Heat Limited	Ground source heat	1,000	–	1,000	–	49.9%	100.0%
Salus Services 2 Limited	Business services	1,000	–	1,000	–	49.9%	100.0%
Tristar Worldwide Limited	Chauffeur services	798	93	891	(38)	3.9%	35.0%
Aashman Power Limited	Solar	950	–	950	–	32.0%	100.0%
Sula Power Limited	Solar	875	–	875	–	3.2%	100.0%
Kala Power Limited	Solar	709	–	709	–	26.0%	100.0%
Bruce Dunlop & Associates International Limited	Media	1,368	(668)	700	–	5.1%	30.0%
Atlantic Screen International Limited	Media	600	–	600	–	30.0%	100.0%
3AM Music Limited	Media	500	–	500	–	33.3%	100.0%
Donoma Power Limited	Solar	500	–	500	–	18.0%	100.0%
Tonatiuh Trading Limited	Solar	420	–	420	–	17.0%	100.0%
British Country Inns plc	Restaurants & bars	100	(50)	50	–	1.3%	1.3%
Total fixed asset investments		**39,510**	**466**	**39,976**	**375**		
Money market funds		4,737	–	4,737			
Cash at bank		3,863	–	3,863			
Total investments		**48,110**	**466**	**48,576**			
Debtors less creditors				(802)			
Total net assets				**47,774**			

*100% debt investments

Valuation Methodology

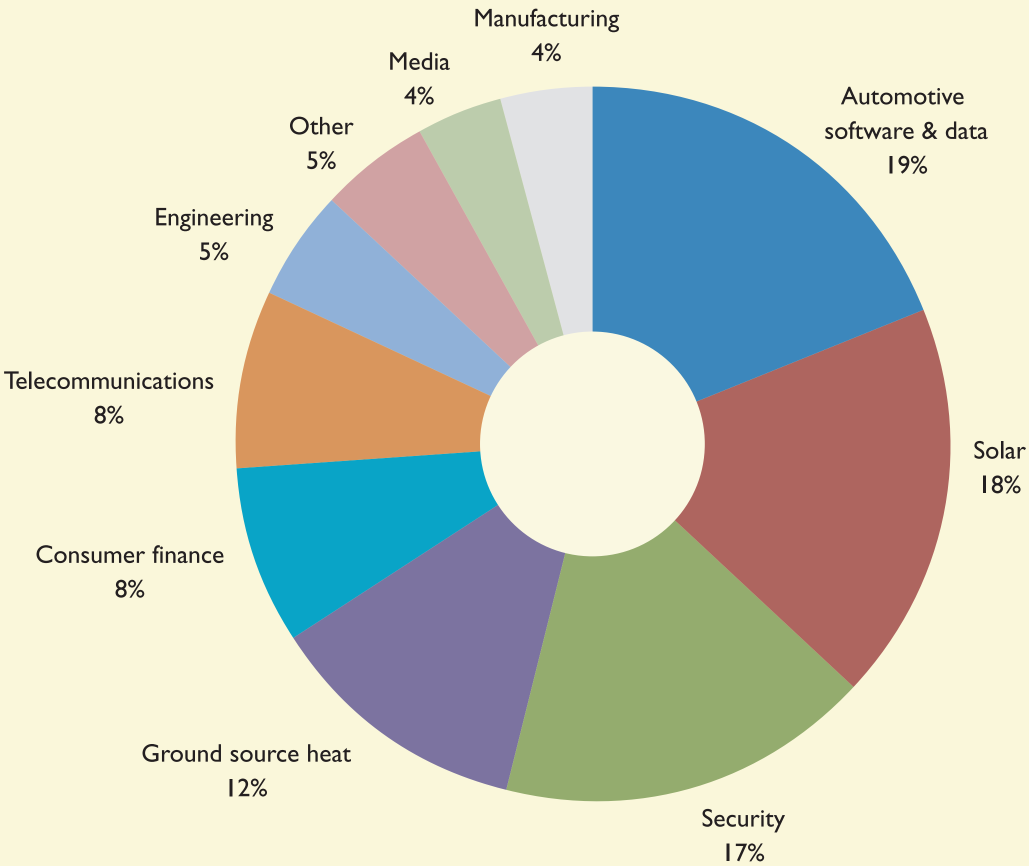
The investments held by Apollo are all unquoted and as such there is no trading platform from which prices can be easily obtained. As a result, the methodology used in fair valuing the investments is the transaction price of the recent investment round. Subsequent adjustment to the fair value of unquoted investments has been made using sector multiples based on information as at 31 January 2013, where applicable, and adjustment to the fair value has also been made according to any significant under or over performance of the business.

If you would like to find out more regarding the International Private Equity and Venture Capital ('IPEVC') Valuation Guidelines, please visit the following website: www.privateequityvaluation.com.

INVESTMENT MANAGER'S REVIEW (continued)

Sector Analysis

Total Investments by Fair Value



INVESTMENT MANAGER'S REVIEW (continued)

Investment Portfolio – Twelve Largest Holdings

Listed below are the twelve largest investments by value as at 31 January 2013:

Clifford Thames Group Limited ('Clifford Thames')

Clifford Thames is a market-leading provider of consultancy, business outsourcing, software and data services for the automotive industry, and is a key partner of most of the world's leading car manufacturers. With offices in eight countries, Clifford Thames has a well-established and impressive client list including Ford, GM Europe, Jaguar Land Rover, Mazda and Fiat. Further information can be found at the company's website www.clifford-thames.com.

Asset class	Cost	Valuation
A Ordinary shares	£2,133,500	£2,635,500
B preference shares	£13,500	£13,500
Loan stock	£5,050,000	£5,050,000
Total	**£7,197,000**	**£7,699,000**

Investment date:	January 2010
Equity held:	7.6%
Last audited accounts:	31 March 2012
Revenues:	£45.8 million
Profit before interest & tax:	£2.9 million
Net assets:	£13.4 million
Income receivable recognised in year:	£248,500
Valuation basis:	Earnings multiple

CLIFFORD THAMES
SUPPORTING CAR MANUFACTURERS GLOBALLY

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

CSL DualCom Limited ('CSL')

CSL is the UK's leading supplier of dual path signalling devices, which link burglar alarms to the police or a private security firm. The devices communicate using both a telephone line or broadband connection and a wireless link. CSL has developed a number of new products for the sector, which have enabled the business to steadily grow its market share of new connections and its profitability since the initial investment. Further information can be found at the company's website www.csldual.com.

Asset class	Cost	Valuation
Loan stock	£6,911,000	£6,911,000
Total	**£6,911,000**	**£6,911,000**

Investment date:	February 2009
Equity held:	2.0%
Last audited accounts:	31 March 2012
Revenues:	£11.0 million
Profit before interest & tax:	£2.5 million
Net assets:	£5.7 million
Income receivable recognised in year:	£255,500
Valuation basis:	Transaction cost

CSL
DualCom

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

INVESTMENT MANAGER'S REVIEW (continued)

Borro Loan 2 Limited ('Borro')

Founded in 2008, Borro is an online consumer finance business, providing short term asset secured loans to customers nationwide. Further information can be found at the company's website www.borro.com.

Asset class	Cost	Valuation
Loan stock	£3,500,000	£3,500,000
Total	**£3,500,000**	**£3,500,000**

Investment date:	December 2011
Equity held:	0.0%
Last audited accounts:	31 December 2011
Revenues:	£nil*
Profit before interest & tax:	£nil*
Net assets:	£1*
Income receivable recognised in year:	£235,500
Valuation basis:	Transaction price

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

* Borro Loan 2 Limited is the loan book company and a 100% subsidiary of 'Borro Limited', a company registered in England and whose results are publically available from Companies House. Accordingly, Borro Loan 2 Limited has nil revenues and nominal net assets.

Bluebell Telecom Services Limited ('Bluebell')

Bluebell provides landline, mobile and data solutions to businesses, helping to cut costs and improve efficiency through simple rationalisation and more effective deployment of voice and data services. Further information can be found at the company's website www.bluebelltelecom.com.

Asset class	Cost	Valuation
A2 shares	£421,000	£641,000
Ordinary shares	£50,000	£50,000
Loan stock	£2,633,000	£2,633,000
Total	**£3,104,000**	**£3,324,000**

Investment date:	September 2010
Equity held:	6.5%
Last audited accounts:	30 April 2012
Revenues:	£13.6 million
Profit before interest & tax:	£1.5 million
Net assets:	£11.2 million
Income receivable recognised in year:	£289,500
Valuation basis:	Earnings multiple

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

INVESTMENT MANAGER'S REVIEW (continued)

Resilient Corporate Services Limited ('Resilient')

Resilient has financed a solar renewable energy site investment.

Asset class	Cost	Valuation
A Ordinary shares	£2,000,000	£2,000,000
Total	**£2,000,000**	**£2,000,000**

Investment date:	March 2010
Equity held:	41.2%
Last unaudited accounts:	29 February 2012
Revenues:	£0.0 million
Loss before interest & tax:	£0.0 million
Net assets:	£3.0 million
Income receivable recognised in year:	£2,500
Valuation basis:	Transaction price

Mablaw 555 Limited ('Technical Software Consultants')

Technical Software Consultants designs and manufactures equipment to solve a range of oil and gas industry inspection needs, including crack sizing, structural monitoring and stress mapping. Further information can be found at the company's website www.tscinspectionsystems.com.

Asset class	Cost	Valuation
A Ordinary shares	£100	£100
B Ordinary shares	£199,900	£199,900
Loan stock	£1,800,000	£1,800,000
Total	**£2,000,000**	**£2,000,000**

Investment date:	April 2012
Equity held:	6.6%
Last audited accounts:	–*
Revenues:	£nil*
Profit before interest & tax:	£nil*
Net assets:	£nil*
Income receivable recognised in year:	£99,500
Valuation basis:	Transaction price

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

* The company has not yet released any accounts. The company's first set of accounts is due to be filed at Companies House by September 2013.

INVESTMENT MANAGER'S REVIEW (continued)

Winnipeg Heat Limited ('Winnipeg')

Winnipeg is currently seeking a suitable location at which to construct and operate a ground source heat pump.

Asset class	Cost	Valuation
A Ordinary shares	£600,000	£600,000
Loan stock	£1,400,000	£1,400,000
Total	**£2,000,000**	**£2,000,000**

Investment date: April 2012
Equity held: 49.9%
Last audited accounts: –*
Revenues: £nil*
Profit before interest & tax: £nil*
Net assets: £nil*
Income receivable recognised in year: £nil
Valuation basis: Transaction price

* The company has not yet released any accounts. The company's first sets of account is due to be filed at Companies House by November 2013.

Shakti Power Limited ('Shakti')

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

Asset class	Cost	Valuation
A Ordinary shares	£1,825,000	£1,825,000
Total	**£1,825,000**	**£1,825,000**

Investment date: December 2011
Equity held: 47.7%
Last audited accounts: 31 December 2011
Revenues: £0.0 million
Loss before interest & tax: £0.2 million
Net assets: £5.8 million
Income receivable recognised in year: £nil
Valuation basis: Transaction price

INVESTMENT MANAGER'S REVIEW (continued)

Hydrobolt Limited ('Hydrobolt')

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

Asset class	Cost	Valuation
A Ordinary shares	£192,000	£561,000
B Ordinary shares	£261,000	£261,000
Loan stock	£700,000	£700,000
Total	**£1,153,000**	**£1,522,000**

Investment date:	April 2008
Equity held:	4.6%
Last audited accounts:	31 March 2012
Revenues:	£18.9 million
Profit before interest & tax:	£2.7 million
Net assets:	£7.1 million
Income receivable recognised in year:	£74,000
Valuation basis:	Earnings multiple

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

Tanganyika Heat Limited ('Tanganyika')

Tanganyika is currently seeking a suitable location at which to construct and operate a ground source heat pump.

Asset class	Cost	Valuation
A Ordinary shares	£300,000	£300,000
Loan stock	£700,000	£700,000
Total	**£1,000,000**	**£1,000,000**

Investment date:	April 2012
Equity held:	49.9%
Last unaudited accounts:	–*
Revenues:	£nil*
Profit before interest & tax:	£nil*
Net assets:	£nil*
Income receivable recognised in year:	£nil
Valuation basis:	Transaction price

* The company has not yet released any accounts. The company's first set of accounts is due to be filed at Companies House by November 2013.

INVESTMENT MANAGER'S REVIEW (continued)

Erie Heat Limited ('Erie')

Erie is currently seeking a suitable location at which to construct and operate a ground source heat pump.

Asset class	Cost	Valuation
A Ordinary shares	£300,000	£300,000
Loan stock	£700,000	£700,000
Total	**£1,000,000**	**£1,000,000**

Investment date:	April 2012
Equity held:	49.9%
Last audited accounts:	–*
Revenues:	£nil*
Profit before interest & tax:	£nil*
Net assets:	£nil*
Income receivable recognised in year:	£nil
Valuation basis:	Transaction price

* The company has not yet released any accounts. The company's first set of accounts is due to be filed at Companies House by November 2013.

Salus Services 2 Limited ('Salus 2')

Salus 2 is currently seeking a suitable investment within the care home construction industry.

Asset class	Cost	Valuation
A Ordinary shares	£300,000	£300,000
Loan stock	£700,000	£700,000
Total	**£1,000,000**	**£1,000,000**

Investment date:	January 2012
Equity held:	49.9%
Last unaudited accounts:	30 November 2011
Revenues:	£0.0 million
Loss before interest & tax:	£0.0 million
Net assets:	£1.0 million
Income receivable recognised in year:	£nil
Valuation basis:	Transaction price

INVESTMENT MANAGER'S REVIEW (continued)

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

Octopus Apollo VCT plc focuses on providing development and expansion funding to predominantly unquoted companies with a typical investment per company of £1 million to £5 million. The Company's funds are invested on the basis of taking less risk than a typical VCT. Typically the Company will receive its return from interest paid on secured loan notes as well as an exposure to the value of the shares of a company. The investment strategy is to derive sufficient return from the secured loan notes to achieve the Company's investment aims and to use the equity exposure to boost returns. As portfolio companies are unquoted the Company will receive a return from an equity holding when an investee company is sold.

Investment Process

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

Initial Screening

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

Due Diligence

Prior to making an investment, due diligence is carried out on the potential investee company. The due diligence process includes a review of the investee company's products and services, discussions with customers and suppliers, competitive analysis, assessment of the capabilities of the management team and financial analysis. In addition, with the potential investee company's permission, the input of existing relevant Octopus industry contacts is often sought.

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

Post-Investment Monitoring

Octopus will either appoint a Director or a formal observer to the board of each investee company. The majority of the investments are expected to be held for approximately five years. There may, however, be opportunities to exit profitably on shorter timescales. The Investment Manager will conduct a regular review of the portfolio, during which each investee company will be assessed in terms of its commercial and financial progress, its strategic positioning, requirement for further capital, progress towards an eventual exit and its current and prospective valuation.

As each company matures, the exit considerations become more specific, with a view to establishing a definitive action plan in order to achieve a successful sale of the investment. Throughout the cycle of an investment the Investment Manager will remain proactive in determining the appropriate time and route to exit. It is expected that the majority of exits will be by means of trade sale.

DETAILS OF DIRECTORS

Murray Steele (Chairman – Appointed 28 September 2012)

Murray was appointed as Director and Chairman on completion of the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc with the Company. Murray has had a broad range of experience as a Director of a number of companies. At present he is Chairman of Surface Generation Limited, a hi-tech engineering company, and a Non-Executive Director of James Walker Group, an international engineering group with revenues of £200 million, E – Energija, an energy company in Lithuania, and Vitalia, a health food company in Macedonia. Murray has Bachelor's and Master's degrees in mechanical engineering from the University of Glasgow, an MBA from Cranfield School of Management and holds an accounting qualification. Murray remains a director of Octopus Apollo 4 VCT plc which was placed into Members Voluntary Liquidation on 28 September 2012, following the merger of the Apollo VCTs.

Tony Morgan (Non-Executive Director)

Tony was Chairman of the Company until completion of the merger on 28 September 2012. Tony spent eight years as Chairman and Chief Executive of a highly successful and multi-national company, Purle Bros, until its merger with Redland in 1971 when he joined their main board. He became a Governor of the BBC in the same year. He was later to become Deputy Chairman and shareholder in a joint venture with Wimpey Construction, developing their substantial environmental business. In 1992 he was appointed Chief Executive of The Industrial Society and he has been Chairman of the charity Youth at Risk since 1996. Tony has had more than nine year's specific VCT experience.

Christopher Powles (Non-Executive Director – Appointed 28 September 2012)

Chris was appointed as a Director on 28 September 2012 upon the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc with the Company. Chris has extensive experience in the UK smaller companies sector. He was the principal founder of Pi Capital, a private client fund management company that specialises in investing in smaller unquoted companies. Prior to selling his stake in Pi Capital in 2002 he led the investment of more than £25 million into 14 companies. Subsequently he was the finance director of an AIM-traded company, as well as a non-executive director of both listed and private companies. Currently he is involved in renewable energy, being a director of three companies in that sector. Chris is a chartered accountant, having qualified at what is now part of PricewaterhouseCoopers LLP, and has a BA Hons degree from Oxford University. Chris remains a director of Octopus Apollo 4 VCT plc which was placed into Members Voluntary Liquidation on 28 September 2012, following the merger of the Apollo VCTs.

DETAILS OF DIRECTORS (continued)

Matt Cooper (Non-Executive Director)

Matt is a director and the Chairman of Octopus Investments Limited. Prior to joining Octopus, Matt was the Principal Managing Director of Capital One Bank (Europe) plc where he was responsible for all aspects of the company's strategic direction and day-to-day operations in Europe. He led the UK portion of the business from start-up to two million customers, generating revenues of over £275 million and employing over 2,000 people. Matt is also Chairman of Imaginatik plc and Clearly So Limited as well as a non-executive Director of 10Duke Software Limited, MyDish Limited, Which? Financial Services Limited, LoQ Limited, Ultimate Finance Group Limited and seven other Octopus VCTs, including Octopus Apollo VCT 1 plc and Octopus Apollo VCT 2 plc which were placed into Members Voluntary Liquidation on 28 September 2012, following the merger of the Apollo VCTs.

Robert Johnson (Non-Executive Director – Resigned 28 September 2012)

Rob Johnson was a Director during the year to 31 January 2013. Rob resigned upon completion of the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc with the Company.

DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 January 2013.

This report has been prepared by the Directors in accordance with the requirements of s415 of the Companies Act 2006. The Company's independent auditor is required by law to report on whether the information given in the Directors' Report (including the review of business activities) is consistent with the financial statements. The auditor's opinion is included in their report on pages 38 to 39.

Principal Activity and Status

The principal activity of the Company is to invest in a diversified portfolio of unquoted UK smaller companies in order to generate capital growth over the long-term as well as an attractive tax-free dividend stream. The Company has been approved as a VCT by Her Majesty's Revenue and Customs (HMRC) for all accounting periods up to and including 31 January 2013.

In order to maintain approved status, the Company must comply on a continuing basis with the provisions of s280a of the Income Tax Act 2007. By the end of the third accounting period in which shares were subscribed, the Company is required to hold at least 70% of its investments (as defined in the legislation) in VCT qualifying holdings, of which, for cash raised pre 6 April 2011, at least 30% must comprise eligible Ordinary shares. For cash raised post 5 April 2011 at least 70% must comprise eligible Ordinary shares.

For this purpose, a "VCT qualifying holding" consists of up to £5 million invested in any one year in new shares or securities of a UK quoted company (which may be quoted on AIM) or unquoted company which is carrying on a qualifying trade, and whose gross assets and number of employees at the time of investment do not exceed a prescribed limit. The definition of "qualifying trade" excludes certain activities such as property investment and development, financial services and asset leasing.

The Directors are required by the Articles of Association to propose an Ordinary resolution at the Company's 15th Annual General Meeting in 2021 that the Company shall continue in being and at each fifth subsequent Annual General Meeting thereafter. If any such resolution is not passed, the Directors shall within four months convene a general meeting to consider the proposals for the reorganisation or reconstruction of the business and, if that is not passed, propose the winding-up of the Company.

Review of Business Activities

The Directors are required by s417 of the Companies Act 2006 to include a business review to shareholders. The business review is set out below and also includes the Chairman's Statement on pages 5 to 6, and the Investment Manager's Review on pages 7 to 17 by reference.

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

Post balance sheet events

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

- 15 February 2013 – the Company repurchased 18,868,091 Ordinary shares at a price of 89.7p per share. On the same date the Company issued 18,043,313 shares at a price of 94.5p per share. This was part of the enhanced buyback facility made available to shareholders as per the prospectus dated 17 August 2012.
- 22 March 2013 – the Company invested £1,500,000 in Healthcare Services and Technology Limited ('Healthcare Services').
- 20 March 2013 – the Company issued 4,855,005 Ordinary shares at a price of 94.5p.

DIRECTORS' REPORT (continued)

- 3 April 2013 – the Company issued 7,918,303 Ordinary shares at a price of 94.5p.
- 5 April 2013 – the Company issued 5,012,898 Ordinary shares at a price of 94.5p.

Performance and Key Performance Indicators

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

The Board expects the Investment Manager to deliver a performance which meets the twin objectives of providing investors with attractive returns from a portfolio of investments, and maximising tax-free income for shareholders. The key performance indicators (KPIs) in meeting these objectives are net asset value and dividends paid which, when combined, give total return. Additional KPIs reviewed by the Board include the discount of the share price relative to the NAV and the total expense as a proportion of shareholders' funds. The total running costs in the year, as defined in the prospectus, were within the annual limit of 3.3% at 2.9%.

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

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

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

Performance, measured by the change in NAV per share and total return per share, is also measured against the FTSE Small-Cap ex investment trusts Index and the FTSE All-Share Index. This is shown in the graph on page 35 of the Directors' Remuneration Report. These indices have been adopted as an informal benchmark. Investment performance, cash returned to shareholders and share price are also measured against the Company's peer group of other generalist VCTs.

The Chairman's Statement, on pages 5 to 6, includes a review of the Company's activities and future prospects; further details are also provided within the Investment Manager's Review on pages 7 to 17.

Results and dividend

	Year ended 31 January 2013 £'000	Year ended 31 January 2012 £'000
Net return attributable to shareholders	**223**	1,260
Appropriations:		
Final dividend proposed – 2.5p per share (2012: 3.00p)	**1,337**	803

The proposed final dividend will, if approved by shareholders at the AGM, be paid on 20 June 2013 to shareholders on the register on 24 May 2013. This is in line with the policy outlined in the 2012 prospectus of paying an annual dividend of 5 pence in two stages during the year.

Objective and Investment Policy

The Objective of the Company is to invest in a diversified portfolio of investments with a view to minimising risk to capital. In this respect, a significant percentage of the qualifying investments will be in companies known to the team at Octopus where the

DIRECTORS' REPORT (continued)

Fund Managers are confident that there is a high level of capital security.

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

Investments will be structured using various unquoted investment instruments, including ordinary and preference shares, loan stocks and convertible securities, to achieve an appropriate balance of income and capital growth, having regard to the VCT legislation. The portfolio will be diversified by investing in a broad range of industry sectors and by holding investments in companies at various stages of maturity in the corporate development cycle. The normal investment holding period will be in the range from three to seven years. Any uninvested funds will typically be held in cash and money market funds.

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

Non-Qualifying Investments

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

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

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

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

No material changes may be made to the Company's investment policy described above without the prior approval of shareholders by the passing of an Ordinary Resolution. The Directors will continually monitor the investment process and ensure compliance with the investment policy

A review of the investment portfolio and of market conditions during the period is included in the Chairman's Statement and Investment Manager's Review.

DIRECTORS' REPORT (continued)

VCT Regulation

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

- at least 70% of investments must be made in qualifying shares or securities;
- for cash raised pre 6 April 2011 at least 30% of the 70% of qualifying investments must be invested into Ordinary shares with no preferential rights;
- for cash raised post 5 April 2011 at least 70% of the 70% qualifying investments must be invested into Ordinary shares with no preferential rights;
- no single investment made can exceed 15% of the total Company value; and
- a minimum of 10% of each qualifying investment must be in Ordinary shares with no preferential rights.

Principal Risks, Risk Management and Regulatory Environment

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

VCT qualifying status risk: the Company is required at all times to observe the conditions laid down in the Income Tax Act 2007 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment. The Investment Manager keeps the Company's VCT qualifying status under continual review and reports to the Board regularly throughout the year. The Board has also retained PricewaterhouseCoopers LLP to undertake an independent VCT status monitoring role.

Investment risk: the majority of the Company's investments will be in small and medium-sized companies which are VCT qualifying holdings which, by their nature, entail a higher level of risk and lower liquidity than investments in large quoted companies. The Directors and the Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out rigorous due diligence procedures and by maintaining a wide spread of holdings in terms of financing stage, industry sector and geographical location. The Board reviews the investment portfolio with the Manager on a regular basis.

Financial risk: as most of the Company's investments involve medium to long-term commitment and are relatively illiquid, the Directors consider that it is inappropriate to finance the Company's activities through borrowing. Accordingly, they seek to maintain a proportion of the Company's assets in cash or cash equivalents in order to be in a position to take advantage of new investment opportunities. The Company has very little exposure to foreign currency risk and does not enter into derivative transactions. The Company has cash deposits which are held on the balance sheet of HSBC Bank plc and in cash funds managed by professional cash managers, BlackRock. The risk of loss to this cash is deemed to be extremely low, due to HSBC's historical credit rating and a current S&P rating of AA, and all Blackrock's cash funds have S&P ratings of A to AAA.

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

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

Internal control risk: the Board reviews annually the system of internal controls, financial and non-financial,

DIRECTORS' REPORT (continued)

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

Key personnel risk: retention of key personnel within Octopus is vital to the success of the Company. Incentives to the Manager's key staff are continuously monitored.

The Board seeks to mitigate the internal risks by setting policy, regular review of performance, enforcement of contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the revised 'Turnbull' guidance. Details of the Company's internal controls are contained in the Corporate Governance section on pages 29 to 33.

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

Directors

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

	31 January 2013	31 January 2012
Murray Steele (Chairman – Appointed 28 September 2012)	**5,699**	N/A
Tony Morgan	**5,000**	5,000
Christopher Powles (Appointed 28 September 2012)	**5,699**	N/A
Matt Cooper	**10,023**	10,023
Rob Johnson (Resigned 28 September 2012)	**N/A**	N/A

All of the Directors' shares were held beneficially. On 3 April 2013 Murray Steele acquired a further 5,556 Ordinary shares in the Company pursuant to the Offer for Subscription. There have been no other changes in the Directors' share interests between 31 January 2013 and the date of this report.

The Company's Articles of Association require that one third of Directors should retire by rotation each year and seek re-election at the Annual General Meeting and that Directors appointed by the Board should seek re-appointment at the next Annual General Meeting. All Directors are required to submit themselves for re-election at least every three years. This practice was followed during the year under review:

	Date of original appointment	Due date for Re-election/ election
Murray Steele	28/09/2012	AGM 2013
Tony Morgan	17/07/2006	AGM 2015
Christopher Powles	28/09/2012	AGM 2013
Matt Cooper	17/07/2006	AGM 2013

Murray Steele and Christopher Powles were appointed during the year and, in accordance with the Company's Articles of Association, will retire at the Annual General Meeting and, being eligible, offer themselves for re-election. The Board has considered provision B.7.2 of the UK Corporate Governance Code and believes that Mr Steele and Mr Powles are effective and demonstrate commitment to their roles, the Board and the Company. The Board therefore has no hesitation in recommending Mr Steele and Mr Powles for election at the forthcoming Annual General Meeting.

Matt Cooper is not considered to be independent as he is the Chairman of Octopus Investments Limited, the Investment Manager of Octopus Apollo VCT plc. As a non-independent Director, Matt Cooper will stand for re-election at the 2013 AGM of the Company as required by Listing Rule 15.2.13A.

DIRECTORS' REPORT (continued)

Brief biographical notes on the Directors are given on pages 18 and 19.

Directors' and Officers' Liability Insurance

The Company has, as permitted by s233 of the Companies Act 2006, maintained insurance cover on behalf of the Directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Company, and this has been disclosed in accordance with s236 of the Companies Act 2006.

Whistleblowing

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

Management

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

The Company has in place an agreement with Octopus to act as Investment Manager which is central to the ability of the Company to continue in business. There are no other contracts which are deemed to be essential to the business of the Company.

As required by the Listing Rules, the Directors confirm that, in their opinion, the continuing appointment of Octopus as Investment Manager is in the best interests of the shareholders as a whole. In reaching this conclusion, the Directors have taken into account the performance of other VCTs managed by Octopus and the efficient and effective service provided by Octopus to the Company, and the ability of the Investment Manager to produce satisfactory investment performance in the future.

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

The Company has established a performance incentive scheme whereby the Investment Manager is entitled to an annual performance-related incentive fee in the event that certain performance criteria are met. Further details of this scheme are disclosed within note 19 to the financial statements. As at 31 January 2013, £394,100 was due to Octopus Investments by way of annual performance fee (2012: £nil).

It should be noted that there is no formal Management Engagement Committee as matters of this nature are dealt with by the independent Non-Executive Directors.

Share Issues and Open Offers

During the year to 31 January 2013 the Company allotted 28,901,401 shares at a deemed issue price of 91.0374p per share in connection with the merger of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc (2012: nil).

On 17 August 2012 the Company launched an Offer for Subscription to raise up to £20 million, together with an over-allotment facility to raise up to a further £10 million. As at 31 January 2013, the Company had allotted 3,156,668 shares pursuant to the Offer, at a price of 94.5p per share, for a total consideration of £2,983,051.26.

Share Buy-backs

During the year, the Company purchased 5,327,118 (2012: 381,933) shares for cancellation for a weighted average price of 78.7p per share for total

DIRECTORS' REPORT (continued)

consideration of £4,236,422. The total nominal value of the shares re-purchased in the year amounted to £532,711.80 (2012: £38,193.30).

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

The Company's Ordinary share capital as at 31 January 2013 was 53,502,660 Ordinary shares of 10p (2012: 26,771,709 Ordinary shares) and no shares were held in Treasury.

Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's Articles of Association, the shares confer on their holders (other than the Company in respect of any treasury shares) the following principal rights:

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

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

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

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

A member may choose whether his shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his shares, subject in the case of certificated shares to the rules set out in the Company's Articles of Association or in the case of uncertificated shares to the regulations governing the operation of CREST (which allow the Directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The Directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required). The Directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on

DIRECTORS' REPORT (continued)

which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the Directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant, provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in the Company's Articles of Association, shareholders are subject to the compulsory acquisition provisions in s974 to s991 of the Companies Act 2006.

Appointment and Replacement of Directors

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

Powers of the Directors

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

Financial Reporting Standards

FRS 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland issued on 14 March 2013 will be applicable to Octopus Apollo VCT plc from 1 January 2015.

Management do not expect to adopt FRS 102 early, nor for the change in accounting standard to have a material impact on the value and disclosures included in the financial statements.

Creditor Payment Policy

The Company's payment policy for the forthcoming financial year is to agree terms of payment before business is transacted and to settle accounts in

DIRECTORS' REPORT (continued)

accordance with those terms. The Company does not follow any code or standard with regard to creditor payment practice. At 31 January 2013 there were £nil trade creditors, (31 January 2012: £nil).

Environmental Policy

The Company always makes full effort to conduct its business in a manner that is responsible to the environment. This responsibility is always maintained in investment decisions where possible.

Going Concern

The Company's business activities and the factors likely to affect its future performance and position are set out in the Chairman's Statement and Investment Manager's Review on pages 5 to 17. Further details on the management of financial risk may be found in note 16 to the Financial Statements.

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

The assets of the Company include securities which are readily realisable (18% of net assets) and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future.

Substantial Shareholdings

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

Independent Auditor

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

Annual General Meeting

Notice convening the 2013 Annual General Meeting of the Company and a form of proxy in relation to the meeting can each be found at the end of this document. In addition to the ordinary business and the re-appointment of the auditors, the following special business will also be proposed.

Directors' Authority to Allot Shares and to Disapply Pre-emption Rights

The authority proposed under Resolution 8 is required so that the Directors may offer existing shareholders the opportunity to add to their investment or to offer to potential shareholders an opportunity to invest in the Company in a tax efficient manner without the Company having to incur substantial costs. Any consequent modest increase in the size of the Company will, in the opinion of the Directors, be in the interests of shareholders generally. Any issue proceeds will be available for investment in line with the Company's investment policy and may be used, in part, to purchase Ordinary shares in the market. Resolution 8 renews the Directors' authority to allot Ordinary shares. This would enable the Directors until June 2014, to allot up to 5,350,266 Ordinary shares (representing approximately 10 per cent of the Company's issued share capital as at 31 January 2013).

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

Resolution 9 renews and extends the Directors' authority to allot equity securities for cash without pre-emption rights applying in certain circumstances. This resolution would authorise the Directors, until the date falling 15 months after the date of the passing of the Resolution or, if earlier, the conclusion of the next Annual General Meeting of the Company, to issue Ordinary shares for cash without pre-emption rights applying by way of an offer to existing shareholders, or re-issuing shares out of Treasury up to a maximum of 5,350,266 Ordinary shares (representing approximately 10 per cent of the Company's issued share capital as at 31 January 2013). This power will be exercised only if, in the opinion of the Directors, it would be in the best interests of shareholders, as a whole.

DIRECTORS' REPORT (continued)

Directors' Authority to Make Market Purchase of its Own Shares

The authority proposed under Resolution 10 is required so that the Directors may make purchases of up to approximately 14.99 per cent of the Company's issued share capital and Resolution 10 seeks renewal of such authority until the next Annual General Meeting (or the expiry of 15 months, if earlier). The price paid for shares will not be less than the nominal value nor more than the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force as at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in Treasury for future re-sale in appropriate market conditions.

Corporate Governance

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

The Company is committed to maintaining high standards in corporate governance. The Directors consider that the Company has, throughout the year under review, complied with the provisions set out in the UK Corporate Governance Code with the exceptions set out in the Compliance Statement at pages 32 and 33.

Board of Directors

The Company has a board of four non-executive Directors, three of which are considered to be independent of the Company's Investment Manager, Octopus Investments Limited. Mr Matt Cooper is not considered to be independent due to his role as Chairman of Octopus Investments Limited. The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment performance and monitor compliance with the investment policy laid down by the Board.

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

- the consideration and approval of future developments or changes to the investment policy, including risk and asset allocation;
- consideration of corporate strategy;
- approval of the appropriate dividend to be paid to the shareholders;
- the appointment, evaluation, removal and remuneration of the Manager;
- the performance of the Company, including monitoring of the discount of the net asset value to the share price; and
- monitoring shareholder profiles and considering shareholder communications.

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

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters. All of the Directors have access to the advice and services of the Company Secretary, who has

DIRECTORS' REPORT (continued)

administrative responsibility for the meetings of the Board and its Committees. Directors may also take independent professional advice at the Company's expense where necessary in the performance of their duties. The Board does not consider it necessary for the size of the Board or the Company to identify a member of the Board as the senior non-executive Director.

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

The number of formal meetings held during the year and the attendance of the individual Directors at those meetings is shown in the table below. During the year the following were held:

	Full Board meetings held	No. of meetings attended	Audit Committee meetings held	Audit Committee meetings attended
Murray Steele *	4	1	N/A	N/A
Tony Morgan	4	4	2	2
Christopher Powles *	4	1	N/A	N/A
Matt Cooper	4	4	N/A	N/A
Rob Johnson **	4	3	2	2

* Murray Steele and Christopher Powles were appointed on 28 September 2012

** Rob Johnson resigned on 28 September 2012

Additional meetings were held as required to address specific issues including considering recommendations from the Investment Manager and share repurchases. A brief biographical summary of each Director is given on pages 18 and 19.

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

Audit Committee:

Christopher Powles (Chairman)

Murray Steele

Tony Morgan

The Audit Committee, chaired by Christopher Powles, consists of three independent Directors. The Audit Committee believes Christopher Powles possesses appropriate and relevant financial experience as per the requirements of The UK Corporate Governance Code. The Board considers that the members of the Committee are independent and have collectively the skills and experience required to discharge their duties effectively.

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

- reviewing and making recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional regulatory requirements;
- monitoring the extent to which the external auditor is engaged to supply non-audit services; and
- ensuring that the Investment Manager has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to propriety of financial reporting or other matters.

The Committee reviews its terms of reference and its effectiveness annually and recommends to the Board

DIRECTORS' REPORT (continued)

any charges required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets twice per year and has direct access to Grant Thornton UK LLP, the Company's external auditor. The Audit Committee has reviewed the non audit services provided by the external auditor and does not believe they are sufficient to influence their independence or objectivity due to the fee being an immaterial expense.

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

The Company does not have an independent internal audit function as it is not deemed appropriate given the size of the Company and the nature of the Company's business. However, the committee considers annually whether there is a need for such a function and if so would recommend this to the Board.

During the year ended 31 January 2013, the Audit Committee discharged its responsibilities by:

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

Nomination Committee:

Tony Morgan (Chairman)

Christopher Powles

The Nomination Committee considers the selection and appointment of Directors and makes recommendations to the Board as to the level of Directors' fees. Prior to the acquisition of Apollo VCT 1 plc, Apollo VCT 2 plc and Apollo VCT 4 plc consideration was given by the boards of all four VCTs as to the size and future composition of the enlarged Company's board following the merger. Since the merger and the appointment of the new Directors it has not yet been necessary for the Committee to meet and so terms of reference will be agreed if and when appropriate. Appointments to the Board will made on merit, measured against objective criteria, with due regard for the benefits of diversity. The Board does not have a separate Remuneration Committee as the Company has no employees or executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on pages 34 and 35.

Internal Control

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

DIRECTORS' REPORT (continued)

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

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

The Directors confirm that they have established a continuing process throughout the year and up to the date of this report for identifying, evaluating and managing the significant potential risks faced by the Company and have reviewed the effectiveness of the risk management and internal control systems. As part of this process an annual review of the risk management and internal control systems is carried out in accordance with the Financial Reporting Council guidelines for risk management and internal control. The Board does not consider it necessary to maintain a separate internal audit function.

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

Financial Risk Management Objectives and Policies

The Company is exposed to the risks arising from its operational and investment activities. Further details can be found in note 16 to the Financial Statements and within the Directors Report on pages 23 and 24.

Relations with Shareholders

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

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 20 Old Bailey, London EC4M 7AN. Alternatively, the team at Octopus is happy to answer any questions and can be contacted on 0800 316 2347.

Compliance Statement

The Listing Rules require the Board to report on compliance throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code. The preamble to the UK Corporate Governance Code does, however, acknowledge that some provisions may have less relevance for investment companies adding that the AIC Code and AIC Guide can assist in meeting the obligations under the UK Corporate Governance Code. With the exception of the limited items outlined below, the Company has complied throughout the accounting year to 31 January 2013 with the provisions set out in The UK Corporate Governance Code. The section references to the UK Corporate Governance Code are shown in brackets.

1. The Company does not have a Chief Executive Officer or a senior independent Director. The Board does not consider this necessary for the size of the Company. [A.4.1]
2. New Directors do not receive a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. [B.4.1]
3. From 1 February 2012 to completion of the merger on 28 September 2012 the Company had two independent Directors, as defined by the UK Corporate Governance Code, Tony Morgan and Rob Johnson. On completion of the merger Rob Johnson resigned and Murray Steele and Christopher Powles were appointed as Directors, both of whom are deemed to be independent, as defined by the UK Corporate Governance Code.

DIRECTORS' REPORT (continued)

The Company therefore had three independent Directors, as defined, for the remainder of the year. Matt Cooper holds Directorships of other companies with the same Investment Manager and with the Investment Manager itself. The Board considers that all Directors have sufficient experience to be able to exercise proper judgement within the meaning of the UK Corporate Governance Code. [B.1.1]

4. In view of the merger of the Company with Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc and the resultant changes to the composition of the Board no formal evaluation of the performance of the Board was undertaken during the year to 31 January 2013. It is intended that formal Board evaluation will take place during the current year. [B.6.1]
5. The Company conducts a formal review as to whether there is a need for an internal audit function. However, the Directors do not consider that an internal audit would be an appropriate control for a VCT. [C.3.5]
6. The Company does not have a Remuneration Committee as it does not have any executive Directors. [D.2.1 – 2.4]
7. The Company has no major shareholders therefore shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than the Annual General Meeting. [E.1.1 & E.1.2]

By Order of the Board

Tracey Spevack ACIS
Company Secretary
26 April 2013

DIRECTORS' REMUNERATION REPORT

Introduction

This report is submitted in accordance with chapter 6, part 15 of the Companies Act 2006, in respect of the year ended 31 January 2013. An Ordinary Resolution for the approval of this report will be put to the members at the forthcoming Annual General Meeting.

The Company's auditor, Grant Thornton UK LLP, is required to give its opinion on certain information included in this report; this comprises the Directors' emoluments section below only. Their report on these and other matters is set out on pages 38 and 39.

Consideration by the Directors of Matters relating to Directors' Remuneration

The Board as a whole considers Directors' remuneration and has not appointed a separate committee in this respect. The Board has not sought advice or services from any person in respect of its consideration of Directors' remuneration during the year (although the Directors expect from time to time to review the fees against those paid to the boards of Directors of other venture capital trusts).

Statement of the Company's Policy on Directors' Remuneration

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

Each Director receives a letter of appointment. A Director may resign by notice in writing to the Board at any time. None of the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors. They should be sufficient to attract candidates of high calibre to be recruited. The policy is for the Chairman of the Board to be paid higher fees than the other Directors in recognition of his more onerous role. The policy is to review these rates from time to time, although such review will not necessarily result in any changes.

The Company's policy for the current, forthcoming and future years is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. The fees are not specifically related to the Directors' performance, either individually or collectively. There are no long-term incentive schemes, share option schemes or pension schemes in place. No other remuneration or compensation was paid or payable by the Company during the year to any of the current Directors.

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

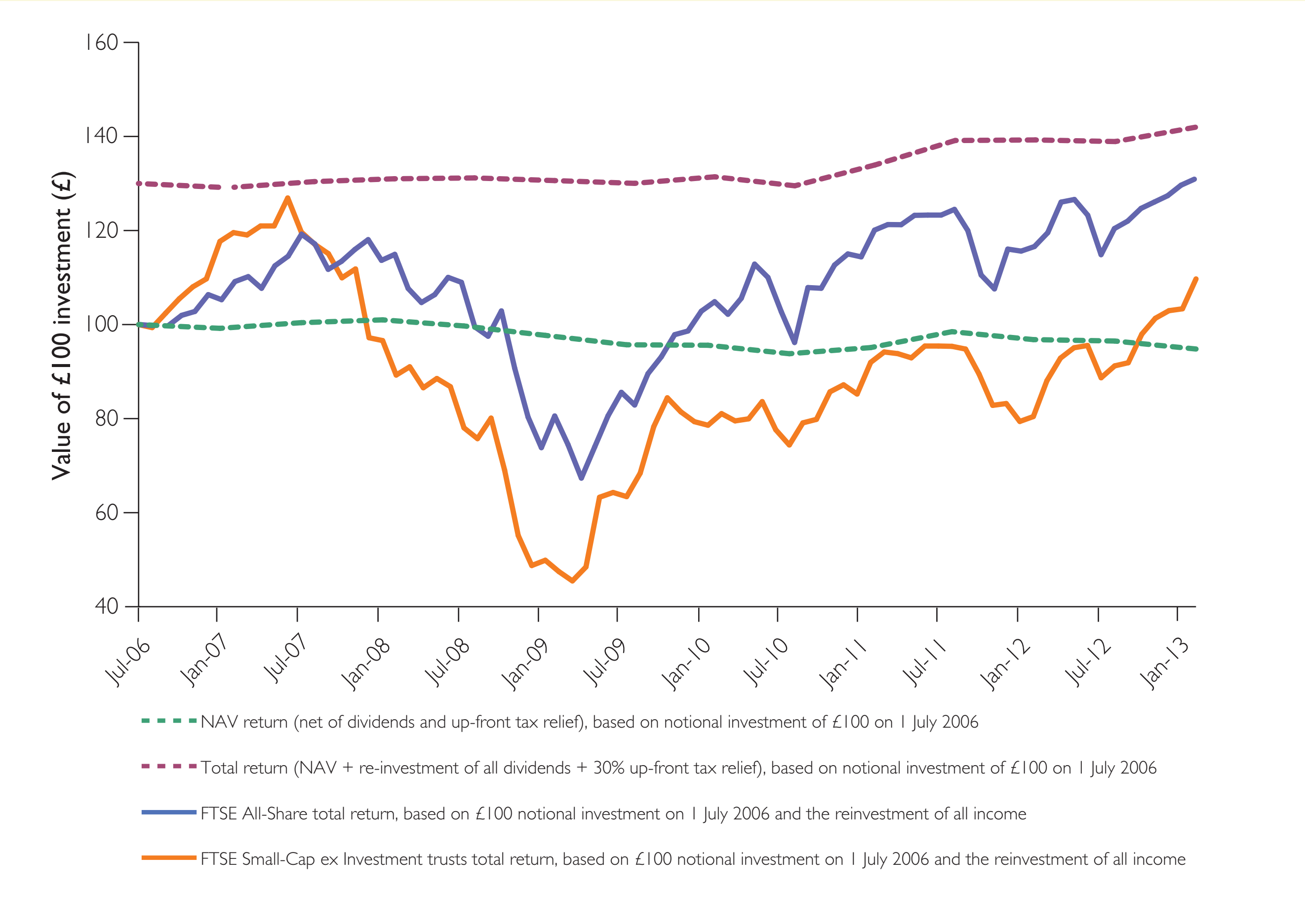
Company Performance

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the investment management agreement, as referred to in the Directors' Report. The graph below compares the NAV return and total return (including the reinvestment of all dividends and up-front tax relief, rebased to 100) of the Company over the period from July 2006 to 31 January 2013, with the total return from a notional investment (rebased to 100) in the FTSE All-Share index and the FTSE Small Cap index ex investment trusts over the same period. These indices are considered to be the most appropriate broad equity market indices for comparative purposes.

DIRECTORS' REMUNERATION REPORT (continued)

However, the Directors wish to point out that VCTs are not able to make qualifying investments in companies quoted on the Main Market in their observance of the VCT rules.

Octopus Apollo VCT plc performance graph



Directors' emoluments

	Year ended 31 January 2013 £	Year ended 31 January 2012 £
Murray Steele* (Chairman)	**£7,100**	N/A
Tony Morgan**	**£19,300**	£21,000
Christopher Powles*	**£5,400**	N/A
Matt Cooper	**£16,000**	£16,000
Rob Johnson***	**£10,600**	£16,000
Total	**£58,400**	£53,000

*Murray Steele and Christopher Powles were appointed on 28 September 2012
**Tony Morgan was Chairman of the Company from 1 February 2012 to 28 September 2012
***Rob Johnson resigned on 28 September 2012

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

By Order of the Board

Tracey Spevack ACIS
Secretary
26 April 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

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

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

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

In so far as each of the Directors is aware:

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

To the best of my knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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

DIRECTORS' RESPONSIBILITIES STATEMENT (continued)

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

On behalf of the board

Murray Steele

Murray Steele
Chairman
26 April 2013

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

We have audited the financial statements of Octopus Apollo VCT plc for the year ended 31 January 2013 which comprise the income statement, reconciliation of movements in shareholders' funds, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 36 and 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on Financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2013 and of its return for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OCTOPUS APOLLO VCT PLC (continued)

- we have not received all the information and explanations we require for our audit.

Under the Listing Rules, we are required to review:

- the Directors' statement, set out on page 36, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to the shareholders by the Board on Directors' Remuneration.

Tracey James
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
26 April 2013

INCOME STATEMENT

		Year ended 31 January 2013		
	Notes	Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of fixed asset investments	10	–	23	23
Fixed asset investment holding gains	10	–	375	375
Investment income	2	1,678	–	1,678
Investment management fees	3	(167)	(893)	(1,060)
Other expenses	4	(770)	–	(770)
Return on ordinary activities before tax		741	(495)	246
Taxation on return on ordinary activities	6	(201)	178	(23)
Return on ordinary activities after tax		540	(317)	223
Earnings per share – basic and diluted	8	1.5p	(0.9)p	0.6p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies
- All revenue and capital items in the above statement derive from continuing operations
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds.

The Company has no recognised gains or losses other than the results for the year as set out above.

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

INCOME STATEMENT (continued)

	Notes	Year ended 31 January 2012 Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of fixed asset investments		–	1,200	1,200
Realised gain on disposal of current asset investments		–	15	15
Fixed asset investment holding loss		–	(445)	(445)
Investment income	2	1,392	–	1,392
Investment management fees	3	(121)	(365)	(486)
Other expenses	4	(320)	–	(320)
Return on ordinary activities before tax		951	405	1,356
Taxation on return on ordinary activities	6	(96)	–	(96)
Return on ordinary activities after tax		855	405	1,260
Earnings per share – basic and diluted	8	3.2p	1.5p	4.7p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies
- All revenue and capital items in the above statement derive from continuing operations
- The Company has only one class of business and derives its income from investments made in shares and securities and from bank and money market funds

The Company has no recognised gains or losses other than the results for the year as set out above.

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 January 2013 £'000	Year ended 31 January 2012 £'000
Shareholders' funds at start of year	**24,337**	24,332
Return on ordinary activities after tax	**223**	1,260
Shares issued upon acquisition of assets and liabilities of Octopus Apollo VCT 1, 2 and 4 plc	**26,522**	–
Stamp duty on shares issued	**(31)**	–
Issue of shares	**2,835**	–
Purchase of own shares	**(4,233)**	(304)
Dividends paid	**(1,879)**	(951)
Shareholders' funds at end of year	**47,774**	24,337

The Company has no recognised gains or losses other than the results for the year as set out above.

BALANCE SHEET

		As at 31 January 2013		As at 31 January 2012	
	Notes	**£'000**	**£'000**	£'000	£'000
Fixed asset investments*	10		**39,976**		19,671
Current assets:					
Debtors	11	**936**		374	
Investments – money market funds*	12	**4,737**		3,059	
Cash at bank		**3,863**		1,447	
		9,536		4,880	
Creditors: amounts falling due within one year	13	**(1,738)**		(214)	
Net current assets			**7,798**		4,666
Total assets less current liabilities			**47,774**		24,337
Called up equity share capital	14		**5,350**		2,677
Share premium	15		**2,488**		–
Special distributable reserve	15		**39,911**		21,443
Capital redemption reserve	15		**594**		61
Capital reserve gains & losses on disposal	15		**(1,213)**		(343)
Capital reserve holding gains & losses	15		**644**		91
Revenue reserve	15		–		408
Total shareholders' funds			**47,774**		24,337
Net asset value per share	**9**		**89.3p**		90.9p

*Held at fair value through profit or loss

The statements were approved by the Directors and authorised for issue on 26 April 2013 and are signed on their behalf by:

Murray Steele

Murray Steele

Chairman

Company number: 05840377

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

CASH FLOW STATEMENT

	Notes	Year to 31 January 2013 £'000	Year to 31 January 2012 £'000
Net cash inflow from operating activities		**192**	643
Taxation	6	**–**	(96)
Financial investment:			
Purchase of fixed asset investments	10	**(4,283)**	(4,714)
Sale of fixed asset investments	10	**5,326**	5,432
Dividends paid	7	**(1,879)**	(951)
Management of liquid resources:			
Purchase of current asset investments	12	**(5,478)**	(9,957)
Sale of current asset investments	12	**3,800**	11,187
Current asset investments acquired on acquisition of net assets of Octopus Apollo VCT 1, 2 and 4 plc	21-23	**1,454**	–
Financing			
Purchase of own shares	14	**(4,233)**	(304)
Cash received on acquisition of net assets of Octopus Apollo VCT 1, 2 and 4 plc	21-23	**3,672**	–
Stamp duty on shares issued to acquire net assets of Octopus Apollo VCT 1, 2 and 4 plc		**(31)**	–
Cash received from fund raising top-up offer not allotted shares	13	**1,041**	–
Issue of own shares		**2,835**	–
Increase in cash		**2,416**	1,240

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

CASH FLOW STATEMENT (continued)

RECONCILIATION OF RETURN BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Year to 31 January 2013 £'000	Year to 31 January 2012 £'000
Return on ordinary activities after tax	**223**	1,356
Decrease/(increase) in debtors	**39**	(100)
Increase in creditors	**328**	157
Gain on disposal of fixed assets	**(23)**	(1,200)
Gain on disposal of current assets	**–**	(15)
Holding (gain)/loss on fixed asset investments	**(375)**	445
Inflow from operating activities	**192**	643

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Year to 31 January 2013 £'000	Year to 31 January 2012 £'000
Increase in cash at bank	**2,416**	1,240
Movement in cash equivalent securities	**1,678**	(1,215)
Opening net funds	**4,506**	4,481
Net funds at 31 January	**8,600**	4,506

Net funds at 31 January comprised:

	As at 31 January 2013 £'000	As at 31 January 2012 £'000
Cash at bank	**3,863**	1,447
Money market funds	**4,737**	3,059
Net Funds at 31 January	**8,600**	4,506

Non cash transactions relating to the acquisition of the net assets of Octopus Apollo VCT 1, 2 and 4 are disclosed in notes 21 to 23.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting policies

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

The principal accounting policies have remained unchanged from those set out in the Company's 2012 Annual Report and financial statements. A summary of the principal accounting policies is set out below.

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

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

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

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

Investments are regularly reviewed to ensure that the fair values are appropriately stated. Unquoted investments are valued in accordance with current International Private Equity and Venture Capital ('IPEVC') valuation guidelines, although this does rely on subjective estimates such as appropriate sector earnings multiples, forecast results of investee companies, asset values of the subsidiary companies of investee companies and liquidity or marketability of the investments held. For the avoidance of doubt, Octopus Apollo VCT plc only invests in unquoted investments.

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

Fixed assets investments

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. Principal accounting policies (continued)

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them has to be provided internally on that basis to the Board. Accordingly as permitted by FRS 26, the investments are designated as being at fair value through profit or loss ("FVTPL") on the basis that they qualify as a group of assets managed, and whose performance is evaluated, on a fair value basis in accordance with a documented investment strategy. The Company's investments are measured at subsequent reporting dates at fair value.

In the case of unquoted investments, fair value is established by using measures of value such as price of recent transaction, earnings multiples and net assets. This is consistent with International Private Equity and Venture Capital valuation guidelines.

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

Investments deemed to be associates, due to the shareholding and level of influence exerted over the Company are measured at fair value using a consistent methodology to the rest of the Company's portfolio as permitted by FRS 9.

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

Current asset investments

Current asset investments comprise money market funds and are designated as FVTPL. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the Income Statement and allocated to the capital reserve – gains/(losses) on disposal.

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

Income

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

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

Dividends receivable are brought into account when the Company's right to receive payment is established and there is no reasonable doubt that payment will not be received. Fixed returns on debt and money market funds are recognised provided there is no reasonable doubt that payment will not be received in due course.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. **Principal accounting policies (continued)**

Expenses

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

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

Revenue and capital

The revenue column of the Income Statement includes all income and revenue expenses of the Company. The capital column includes holding gains and losses on investments, as well as gains and losses on disposal. Gains and losses arising from changes in fair value of investments are recognised as part of the capital return within the income statement.

Taxation

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

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

Cash and liquid resources

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

Loans and receivables

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

Financing strategy and capital structure

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

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

The Company does not have any externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. **Principal accounting policies (continued)**

The value of the managed capital is indicated in note 15. The Board considers the distributable reserves and the total return for the year when recommending a dividend. In addition, the Board is authorised to make market purchases up to a maximum of 5% of the issued ordinary share capital of the Company in accordance with Special Resolution 8 in order to maintain sufficient liquidity in the VCT.

Financial instruments

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

Capital management is monitored and controlled using the internal control procedures set out on pages 23 and 24 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors. The Company does not have any externally imposed capital requirements.

Dividends

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

2. **Income**

	31 January 2013 £'000	31 January 2012 £'000
Interest receivable on bank balances and bonds	**17**	2
Money market securities – dividend income	**22**	17
Loan note interest receivable	**1,639**	1,373
	1,678	1,392

3. **Investment management fees**

	31 January 2013			31 January 2012		
	Revenue £'000	**Capital £'000**	**Total £'000**	Revenue £'000	Capital £'000	Total £'000
Investment management fee	**167**	**499**	**666**	121	365	486
Investment performance fee	**–**	**394**	**394**	–	–	–
	167	**893**	**1,060**	121	365	486

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Investment management fees (continued)

For the purposes of the revenue and capital columns in the income statement, the management fee has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long term return in the form of income and capital gains respectively from the Company's investment portfolio. The investment performance fee, explained below, is allocated 100% to capital as it is deemed that capital appreciation on investments has primarily driven the total return of the Company above the required hurdle rate at which the performance fee is payable.

In prior periods, the management fee and administration and accountancy fee have been based on the audited net assets of the previous year end. However, due to the merger, fund raisings and significant number of share buybacks, it was deemed appropriate by the Board to calculate both the fees on a daily basis to compensate for the significant movement in the number of shares in issue.

Therefore for the year ended 31 January 2013, the management fee and administration and accountancy fee has been calculated by using the NAV as at 31 January 2012 and multiplying by the number of shares in issue, calculated on a daily basis.

Octopus provides investment management and accounting and administration services to the Company under a management agreement which may be terminated at any time thereafter by not less than twelve months' notice given by either party. No compensation is payable in the event of terminating the agreement by either party, if the required notice period is given. The fee payable, should insufficient notice be given, will be equal to the fee that would have been paid should continuous service be provided, or the required notice period was given. The basis upon which the management fee is calculated is disclosed within note 19 to the financial statements.

The Company has established a performance incentive scheme whereby the Investment Manager is entitled to an annual performance-related incentive fee in the event that certain performance criteria are met. Further details of this scheme are disclosed within note 19 to the financial statements. As at 31 January 2013, £394,100 was due to the Investment Manager by way of annual performance fee (2012: £nil).

4. Other expenses

	31 January 2013 £'000	31 January 2012 £'000
Directors' remuneration	**58**	53
Fees payable to the Company's auditor for the audit of the financial statements	**21**	12
Fees payable to the Company's auditor for other services – tax compliance	**7**	3
Accounting and administration services	**107**	73
Legal and professional expenses	**6**	1
Merger related expenses	**290**	–
Other expenses	**281**	178
	770	320

The total expense ratio for the Company for the year to 31 January 2013 was 2.9 percent (2012: 2.9 per cent). Total annual running costs are capped at 3.3 per cent.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Directors' remuneration

	31 January 2013 Emoluments £'000	31 January 2013 National Insurance £'000	31 January 2012 Emoluments £'000	31 January 2012 National Insurance £'000
Directors' emoluments				
Murray Steele* (Chairman)	**7**	**–**	–	–
Tony Morgan**	**19**	**2**	21	2
Christopher Powles*	**5**	**–**	–	–
Rob Johnson***	**11**	**1**	16	1
Matt Cooper	**16**	**1**	16	1
	58	**4**	53	4

*Murray Steele and Christopher Powles were appointed on 28 September 2012

**Tony Morgan was Chairman of the Company from 1 February 2012 to 28 September 2012

***Rob Johnson resigned on 28 September 2012

None of the Directors received any other remuneration or benefit from the Company during the year. The Company has no employees other than non-executive Directors. The average number of non-executive Directors in the year was three (2012: three).

6. Tax on ordinary activities

The corporation tax charge for the year was £23,100 (2012: £96,000).

The current tax charge for the year differs from the standard rate of corporation tax in the UK of 20% (2012: 26%). The differences are explained below.

Current tax reconciliation:	31 January 2013 £'000	31 January 2012 £'000
Profit on ordinary activities before tax	**246**	1,356
Non taxable gains/(losses)	**(398)**	(770)
Net return on ordinary activities	**(152)**	586
Current tax at 20% (2012: 26%)	**(30)**	357
Income not liable to tax	**4**	(207)
Marginal relief	**–**	(17)
Expenses disallowed	**49**	–
Utilisation of tax losses	**–**	(37)
Total current tax charge	**23**	96

The Company has excess management charges of £nil (2012: £nil) to carry forward to offset against future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. Tax on ordinary activities (continued)

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

7. Dividends

	31 January 2013 £'000	31 January 2012 £'000
Recognised as distributions in the financial statements for the year		
Previous year's final dividend	**804**	407
Current year's interim dividend	**1,075**	544
	1,879	951

	31 January 2013 £'000	31 January 2012 £'000
Paid and proposed in respect of the year		
Interim dividend – 2.0p per share (2012: 1.5p per share)	**1,075**	544
Final dividend – 2.5p per share (2012: 3.0p per share)	**1,337**	803
	2,412	1,347

The final dividend of 2.5p per share for the year ended 31 January 2013, subject to shareholder approval at the Annual General Meeting, will be paid on 20 June 2013 to shareholders on the register on 24 May 2013.

8. Earnings per Share

The revenue earnings per share is based on 35,500,402 (2012: 26,997,980) shares, being the weighted average number of shares in issue during the year, and on a revenue return after tax of £540,000 (2012: £855,000).

The capital earnings per share is based on 35,500,402 (2012: 26,997,980) shares, being the weighted average number of shares in issue during the year, and on a capital return after tax of £(317,000) (2012: £405,000).

The total earnings per share is based on 35,500,402 (2012: 26,997,980) shares, being the weighted average number of shares in issue during the year, and on a total return after tax of £223,000 (2012: £1,260,000).

There are no potentially dilutive capital instruments in issue and, as such, the basic and diluted earnings per share are therefore identical.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Net asset value per share

The calculation of net asset value per share as at 31 January 2013 is based on net assets of £47,774,000 (2012: £24,337,000) divided by the 53,502,660 (2012: 26,771,709) shares in issue at that date.

10. Fixed asset investments at fair value through profit or loss

Financial Reporting Standard 29 *Financial Instruments: Disclosures* regarding financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: quoted prices in active markets for identical assets and liabilities. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held is the current bid price. These instruments are included in level 1 and comprise money market funds classified as held at fair value through profit or loss. See note 12.

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

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

There have been no transfers between these classifications in the year (2012: none). The change in fair value for the current and previous year is recognised through the profit and loss account.

All items held at fair value through profit or loss were designated as such upon initial recognition. Movements in investments at fair value through profit or loss during the year to 31 January 2013 are summarised below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Fixed asset investments at fair value through profit or loss (continued)

Fixed asset investments:

	Level 3: Unquoted investments £'000	Total unquoted investments £'000
Valuation and net book amount:		
Book cost at 1 February 2012	19,580	19,580
Cumulative revaluation	91	91
Opening fair value at 1 February 2012	19,671	19,671
Movement in the year:		
New purchases at cost	4,283	4,283
Investments acquired from Octopus Apollo VCT 1, 2 and 4 plc	20,950	20,950
Proceeds from the sale of investments	(5,326)	(5,326)
Gain on disposal of investments – current year	23	23
Change in fair value in year	375	375
Closing fair value at 31 January 2013	39,976	39,976
Closing cost at 31 January 2013:	39,510	39,510
Closing holding gain at 31 January 2013:	466	466
Valuation at 31 January 2013	39,976	39,976

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

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

Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review on pages 7 to 17.

11. Debtors

	31 January 2013 £'000	31 January 2012 £'000
Prepayments and accrued income*	**936**	374
	936	374

*Includes £601,000 of debtors acquired following the acquisition of the assets and liabilities of Octopus Apollo VCT 1, 2 and 4 plc.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Current Asset Investments

Current asset investments at 31 January 2013 comprised money market funds.

	31 January 2013 £'000	31 January 2012 £'000
Money market funds	**4,737**	3,059
	4,737	3,059

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

At 31 January 2013 and 31 January 2012 there were no commitments in respect of investments approved by the Manager but not yet completed.

13. Creditors: amounts falling due within one year

	31 January 2013 £'000	31 January 2012 £'000
Accruals	**617**	56
Other creditors*	**1,121**	158
	1,738	214

* At 31 January 2013, other creditors included £1,041,000 of new funds raised from the top up offer for which new shares had not been allotted.

14. Share capital

	31 January 2013 £'000	31 January 2012 £'000
Authorised:		
110,000,000 Ordinary shares of 10p	**110,000**	5,000
Allotted and fully paid up:		
53,502,660 Ordinary shares of 10p (2012: 26,771,709)	**5,350**	2,677

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on pages 21 to 22. The Company is not subject to any externally imposed capital requirements.

The Company issued the following shares during the year:

- 27 September 2012: 28,901,401 Ordinary shares at a price of 91.0p per share
- 27 December 2012: 3,156,668 Ordinary shares at a price of 94.5p per share

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Share capital (continued)

During the year the Company repurchased the following shares for cancellation:

- 25 July 2012: 900,000 Ordinary shares at a price of 76.1p
- 31 July 2012: 815,025 Ordinary shares at a price of 79.5p
- 5 October 2012: 150,000 Ordinary shares at a price of 81.8p
- 17 October 2012: 1,649,411 Ordinary shares at a price of 79.8p
- 27 November 2012: 30,000 Ordinary shares at a price of 80.8p
- 11 December 2012: 500,000 Ordinary shares at a price of 80.8p
- 19 December 2012: 500,000 Ordinary shares at a price of 80.8p
- 25 January 2013: 498,915 Ordinary shares at a price of 80.8p
- 28 January 2013: 213,767 Ordinary shares at a price of 80.8p
- 31 January 2013: 70,000 Ordinary shares at a price of 80.8p

The total nominal value of the shares repurchased was £532,711 (2012: £38,193) representing 10.0% (2012: 1.4%) of the issued share capital.

15. Reserves

	Share Capital £'000	Share Premium £'000	Special distributable reserve* £'000	Capital redemption reserve £'000	Capital reserve gains/(losses) on disposal* £'000	Capital reserve holding gains/(losses) £'000	Revenue reserve* £'000	Total £'000
As at 1 February 2012	2,677	–	21,443	61	(343)	91	408	24,337
Repurchase of own shares	(533)	–	(4,233)	533	–	–	–	(4,233)
Shares issued to acquire the assets and liabilities of Octopus Apollo VCT 1, 2 & 4 plc	2,890	23,632	–	–	–	–	–	26,522
Stamp duty on shares issued to acquire te net assets of Octopus Apollo VCT 1, 2 & 4 plc	–	(31)	–	–	–	–	–	(31)
Issue of new shares	316	2,519	–	–	–	–	–	2,835
Cancellation of share premium	–	(23,632)	23,632	–	–	–	–	–
Return on ordinary activities after tax	–	–	–	–	–	–	540	540
Management fees allocated as capital expenditure	–	–	–	–	(893)	–	–	(893)
Current year gains/losses on disposal	–	–	–	–	23	–	–	23
Current period holding gains on investments	–	–	–	–	–	375	–	375
Capital expenses taken against tax charge	–	–	–	–	–	178	–	178
Dividends paid	–	–	(931)	–	–	–	(948)	(1,879)
As at 31 January 2013	5,350	2,488	39,911	594	(1,213)	644	–	47,774

*Distributable reserves

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Reserves (continued)

All investments are designated as fair value through profit or loss at the time of acquisition, and all capital gains or losses on such investments are so designated.

When the Company revalues the investments still held during the period, any gains or losses arising are credited/ charged to the Capital reserve – holding gains & losses.

When an investment is sold any balance held on the Capital reserve – holding gains & losses is transferred to the Capital reserve – gains & losses on disposal as a movement in reserves.

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

	£'000
As at 1 February 2012	21,508
Movement in year	17,190
As at 31 January 2013	38,698

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

16. Financial instruments and risk management

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial instruments and risk management (continued)

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 January 2013 and 31 January 2012:

	31 January 2013 £000	31 January 2012 £000
Assets at fair value through profit or loss		
Investments	**39,976**	19,671
Current asset investments	**4,737**	3,059
Total	**44,713**	22,730
Loans and receivables		
Cash at bank	**3,863**	1,447
Accrued income	**927**	369
Total	**4,790**	1,816
Liabilities at amortised cost		
Accruals and other creditors	**1,738**	214
Total	**1,738**	214

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

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

Market risk

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on pages 21 to 22. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Directors' Report on pages 20 to 33, having regard to the possible effects of adverse price movements, with the objective of maximising overall returns to shareholders. Investments in smaller companies, by their nature, usually involve a higher degree of risk than investments in larger companies quoted on a recognised stock exchange, though the risk can be mitigated to a certain extent by diversifying the portfolio across business sectors and asset classes. The overall disposition of the Company's assets is regularly monitored by the Board.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial instruments and risk management (continued)

Details of the Company's investment portfolio at the balance sheet date are set out on page 9.

83.7% (31 January 2012: 80.5%) by value of the Company's net assets comprises investments in unquoted companies held at fair value. The valuation methods used by the Company include the application of a price/earnings ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 10% overall increase in the valuation of the unquoted investments at 31 January 2013 would have increased net assets and the total profit for the year by £3,976,000 (31 January 2012: £1,967,000) an equivalent change in the opposite direction would have reduced net assets and the total profit for the year by the same amount.

A number of investment valuations are based on earnings multiples which are ascertained with reference to the individual sector multiple or similarly listed entities. It is considered that due to the diversity of the sectors, the 10% sensitivity discussed above provides the most meaningful potential impact of average multiple changes across the portfolio.

9.9% (31 January 2012: 12.5%) by value of the Company's net assets comprises money market funds held at fair value. A 1% overall increase in the valuation of the money market funds at 31 January 2013 would have increased net assets and the total profit for the year by £47,370 (31 January 2012: £30,590) an equivalent change in the opposite direction would have reduced net assets and the total profit for the year by the same amount.

Interest rate risk

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

Fixed rate

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

	As at 31 January 2013			As at 31 January 2012		
	Total fixed rate portfolio by value £'000	**Weighted average interest rate %**	**Weighted average time for which rate is fixed in years**	Total fixed rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed in years
Unquoted fixed-interest investments	**26,269**	**11.20%**	**3.5**	9,729	12.30%	2

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial instruments and risk management (continued)

Floating rate

The Company's floating rate investments comprise cash held on interest-bearing deposit accounts and, where appropriate, within interest bearing money market funds. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 0.5% at 31 January 2013 (31 January 2012: 0.5%). The amounts held in floating rate investments at the balance sheet date were as follows:

	31 January 2013 £000	31 January 2012 £000
Unquoted floating loan notes	–	1,179
Listed floating rate notes	–	–
Money market funds	**4,737**	3,059
Cash on deposit	**3,863**	1,447
	8,600	5,685

Every 1% increase or decrease in the base rate would increase or decrease income receivable from these investments and the total profit for the year by £86,000 (31 January 2012: £56,850).

Credit risk

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

At 31 January 2013 the Company's financial assets exposed to credit risk comprised the following:

	31 January 2013 £000	31 January 2012 £000
Investments in floating rate instruments	–	1,179
Money market funds	**4,737**	3,059
Cash on deposit	**3,863**	1,447
Investments in fixed rate instruments	**26,269**	9,729
Accrued dividends and interest receivable	**953**	369
	35,822	15,783

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. Financial instruments and risk management (continued)

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

Other than cash or liquid money market funds, there were no significant concentrations of credit risk to counterparties at 31 January 2013 or 31 January 2012.

Liquidity risk

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

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

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

The Company maintains sufficient investments in cash and readily realisable securities to pay accounts payable and accrued expenses. At 31 January 2013 these investments were valued at £8,600,000 (31 January 2012: £4,506,000).

17. Post balance sheet events

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

- 15 February 2013 – the Company repurchased 18,868,091 Ordinary shares at a price of 89.7p per share. On the same date the Company issued 18,043,313 shares at a price of 94.5p per share. This was part of the enhanced buyback facility made available to shareholders as per the prospectus dated 17 August 2012.
- 22 March 2013 – the Company invested £1,500,000 in Healthcare Services and Technology Limited ('Healthcare Services').
- 20 March 2013 – the Company issued 4,855,005 Ordinary shares at a price of 94.5p.
- 3 April 2013 – the Company issued 7,918,303 Ordinary shares at a price of 94.5p.
- 5 April 2013 – the Company issued 5,012,898 Ordinary shares at a price of 94.5p.

18. Contingencies, guarantees and financial commitments

There were no contingencies, guarantees or financial commitments as at 31 January 2013 (2012: none).

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Transactions with manager

Apollo VCT has employed Octopus throughout the year as the investment Manager.

Apollo has paid Octopus Investments £1,060,000 (2012: £486,000) in management fees. The management fee is payable quarterly in advance and is based on 2.0% of the NAV calculated daily from 31 January. These management fees include £394,100 (2012: £nil) in performance fees due to Octopus Investments, explained in further detail below.

Octopus Investments also provides accounting and administrative services to the Company, payable quarterly in advance for a fee of 0.3% of the NAV calculated daily from 31 January. During the year £106,882 (2012: £72,998) was paid to Octopus Investments and there is £106,882 outstanding at the balance sheet date, for the accounting and administrative services.

No performance related incentive fee was payable over the first five years. Now this time has surpassed, Octopus Investments will be entitled to an annual performance related incentive fee. This performance fee is equal to 20% of the amount by which the NAV from the start of the sixth accounting and subsequent accounting period exceeds simple interest of the HSBC Bank plc base rate for the same period. The NAV at the start of the sixth accounting period must be at least 100p. Any distributions paid out by the Company will be added back when calculating this performance fee.

The Board considers that the liability becomes due at the point that the performance criteria are met; this has now happened, as a result Octopus Investments is entitled to £394,100 in performance fees (2012: £nil), of which £394,100 is outstanding at the balance sheet date (2012: £nil).

20. Related Party Transactions

Matt Cooper, a non-executive Director of Apollo, is also Chairman of Octopus Investments Limited.

During the year to 31 January 2013, the Directors received the following dividends from the Company:

	Dividend received
Murray Steele (Chairman)	£113
Tony Morgan	£250
Christopher Powles	£113
Matt Cooper	£350

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Acquisition of the assets and liabilities of Octopus Apollo VCT 1 plc

With effect from 27 September 2012, the Company acquired the assets and liabilities of Octopus Apollo VCT 1 plc ("Apollo 1") in exchange for new shares in the Company. On the same day, Apollo 1 was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

Shareholders in Apollo 1 received 1.043167 shares of the Company for every one Apollo 1 share held, resulting in 8,239,542 shares in the Company being issued. This calculation was based on the relative net asset value of the Company's shares and Apollo 1's shares at close of business on 27 September 2012.

The assets and liabilities of Apollo 1 acquired by the Company were as follows:

	27 September 2012 £000
Fixed asset investments	6,188
Debtors	195
Current asset investments	270
Cash at bank and in hand	959
Creditors	(49)
Total consideration	7,563

22. Acquisition of the assets and liabilities of Octopus Apollo VCT 2 plc

With effect from 27 September 2012, the Company acquired the assets and liabilities of Octopus Apollo VCT 2 plc ("Apollo 2") in exchange for new shares in the Company. On the same day, Apollo 2 was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

Shareholders in Apollo 2 received 1.042981 shares of the Company for every one Apollo 2 share held, resulting in 8,238,067 shares in the Company being issued. This calculation was based on the relative net asset value of the Company's shares and Apollo 2's shares at close of business on 27 September 2012.

The assets and liabilities of Apollo 2 acquired by the Company were as follows:

	27 September 2012 £000
Fixed asset investments	6,188
Debtors	195
Current asset investments	270
Cash at bank and in hand	967
Creditors	(59)
Total consideration	7,561

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Acquisition of the assets and liabilities of Octopus Apollo VCT 4 plc

With effect from 27 September 2012, the Company acquired the assets and liabilities of Octopus Apollo VCT 4 plc ("Apollo 4") in exchange for new shares in the Company. On the same day, Apollo 4 was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

Shareholders in Apollo 4 received 1.080475 shares of the Company for every one Apollo 4 share held, resulting in 12,423,792 shares in the Company being issued. This calculation was based on the relative net asset value of the Company's shares and Apollo 4's shares at close of business on 27 September 2012.

The assets and liabilities of Apollo 4 acquired by the Company were as follows:

	27 September 2012 £000
Fixed asset investments	8,574
Debtors	211
Current asset investments	914
Cash at bank and in hand	1,746
Creditors	(46)
Total consideration	11,399

DIRECTORS AND ADVISERS

Board of Directors
Murray Steele (Chairman)
Tony Morgan
Christopher Powles
Matt Cooper

Company Number
Registered in England No 05840377

Secretary and Registered Office
Tracey Spevack ACIS
20 Old Bailey
London
EC4M 7AN

Investment and Administration Manager
Octopus Investments Limited
20 Old Bailey
London
EC4M 7AN
Tel: 0800 316 2298
www.octopusinvestments.com

Corporate Broker
Panmure Gordon (UK) Limited
One New Change
London
EC4M 9AF
Tel: 020 7886 2500

Independent Auditor and Taxation Adviser
Grant Thornton UK LLP
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford
OX4 2WB

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

Bankers
HSBC Bank plc
31 Holborn
London
EC1N 2HR

Registrars
Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
(calls cost 10p per minute plus network extras. Lines are open Monday – Friday 8.30am – 5.30pm)
www.capitaregistrars.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Octopus Apollo VCT plc will be held at 20 Old Bailey, London, EC4M 7AN on Thursday, 6 June 2013 at 3.00 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year to 31 January 2013 and the Directors' and Auditor's Reports thereon.
2. To approve a final dividend of 2.5 pence per share.
3. To approve the Directors' Remuneration Report.
4. To elect Murray Steele as a Director.
5. To elect Christopher Powles as a Director.
6. To re-elect Matt Cooper as a Director.
7. To re-appoint Grant Thornton UK LLP as auditor of the Company and to authorise the Directors to determine their remuneration.

SPECIAL BUSINESS

To consider and if thought fit, pass Resolution 8 as an Ordinary Resolution and Resolutions 9 and 10 as Special Resolutions:

8. **AUTHORITY TO ALLOT RELEVANT SECURITIES**

   THAT the Directors be generally and unconditionally authorised in accordance with s551 of the Companies Act 2006 to allot shares up to a maximum of 5,350,266 shares (representing approximately 10% of the Ordinary share capital in issue at 31 January 2013) this authority is to expire at the later of the conclusion of the Company's Annual General Meeting following the passing of this Resolution and the expiry of 15 months from the passing of the relevant resolution (unless previously revoked, varied or extended by the Company in general meeting but so that such authority allows the Company to make Offers or agreements before the expiry thereof which would or might require relevant securities to be allotted after the expiry of such authority).

9. **EMPOWERMENT TO MAKE ALLOTMENTS OF EQUITY SECURITIES**

   TO empower the Directors pursuant to s571(1) of the Companies Act 2006 to allot or make offers or agreements to allot equity securities (as defined in s560(1) of the said Act) for cash pursuant to the authority referred to in resolution 8 as if s561(1) of the said Act did not apply to any such allotments and so that:

   (a) reference to allotment in this Resolution shall be construed in accordance with s560(1) of the said Act; and

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

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

10. AUTHORITY TO MAKE MARKET PURCHASES

THAT the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of s693(4) of the Companies Act 2006 of Ordinary shares of 10p each in the Company ("Ordinary shares") provided that:

(a) the maximum number of Ordinary shares so authorised to be purchased shall not exceed 14.99% of the present issued Ordinary share capital of the Company;

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

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

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

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

By Order of the Board

Tracey Spevack ACIS
Secretary
26 April 2013

NOTICE OF ANNUAL GENERAL MEETING (continued)

NOTES:

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

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING (continued)

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

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

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

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

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

(ii) it is defamatory of any person; or

(iii) it is frivolous or vexatious.

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

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

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

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PROXY FORM

OCTOPUS APOLLO VCT PLC

(formerly Octopus Apollo VCT 3 plc)

Annual General Meeting – 6 June 2013 at 3.00 p.m.

I/We ....

(BLOCK CAPITALS PLEASE)

of ....

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

Name of Proxy.. Number of Shares..

as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 6 June 2013, notice of which was sent to shareholders with the Directors' Report and the accounts for the year to 31 January 2013, and at any adjournment thereof. The proxy will vote as indicated below in respect of the resolutions set out in the notice of meeting.

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

For the appointment of two or more proxies, please refer to the explanatory note 4 below.

Resolution number	FOR	AGAINST	WITHHELD
ORDINARY BUSINESS			
1. To receive, consider and adopt the financial statements for the year ended 31 January 2013	☐	☐	☐
2. To approve a final dividend of 2.5 pence per share	☐	☐	☐
3. To approve the Directors' Remuneration Report	☐	☐	☐
4. To elect Murray Steele as a Director	☐	☐	☐
5. To elect Christopher Powles as a Director	☐	☐	☐
6. To re-elect Matt Cooper as a Director	☐	☐	☐
7. To re-appoint Grant Thornton UK LLP as auditor and authorise the Directors to agree their remuneration	☐	☐	☐
SPECIAL BUSINESS			
8. To authorise the Directors to allot shares under s551 of the Companies Act 2006 (Ordinary Resolution)	☐	☐	☐
9. To disapply s561 of the Companies Act 2006 and allot shares on a non-rights issue basis (Special Resolution)	☐	☐	☐
10. To authorise the Directors to make market purchases of its own shares (Special Resolution)	☐	☐	☐

Signed: .... Dated: 2013

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

NOTES

1. To be valid, the proxy form must be received by the Registrars of the Company at, **Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU**, no later than 48 hours before the commencement of the meeting. If delivering by courier please use the full address of Capita set out in the Notice.
2. Where this form of proxy is executed by a corporation it must be either under its seal or under the hand of an officer or attorney duly authorised.
3. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as his proxy to exercise all or any of his rights, to attend, speak and vote on their behalf at the meeting. If you wish to appoint a person other than the Chairman, please insert the name of your chosen proxy holder in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement. (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account.)
4. To appoint more than one proxy, you may photocopy this form. Please indicate next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
5. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. If the proxy form is signed and returned without any indication as to how the proxy shall vote, the proxy will exercise his/her discretion as to whether and how he/she votes.
7. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at 6 p.m. on the day which is two days before the day of the meeting or adjourned meeting. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
8. The address on the envelope containing this notice is how your address appears on the Register of Members. If this information is incorrect please ring the Registrar's helpline on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30 a.m. - 5.30 p.m. Monday - Friday) to request a change of address form.
9. The completion and return of this form will not preclude a member from attending the meeting and voting in person.

PLEASE USE THE REPLY PAID ENVELOPE PROVIDED