
OCTOPUS

APOLLO VCT PLC

Annual Report & Accounts
for the year ended
31 January 2016

Registered Number: 05840377

FOR UK INVESTORS ONLY

octopusinvestments.com

The background of the cover features a large, stylized octopus silhouette composed of numerous overlapping circles and ovals, creating a textured, bubbly effect. The octopus is oriented vertically, with its head at the top right and its tentacles extending towards the bottom left.

OCTOPUS
INVESTMENTS

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

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Financial Summary

COMBINED ORDINARY & D ORDINARY SHARES

	Year to 31 January 2016	Year to 31 January 2015*
Net assets (£'000s)	127,741	119,820
Return on ordinary activities after tax (£'000s)	2,831	2,549

ORDINARY SHARE CLASS

	Year to 31 January 2016	Year to 31 January 2015*
Net asset value per share (NAV)	82.3p	85.1p
Cumulative dividends paid since launch	32.5p	27.5p
NAV plus cumulative dividends paid	114.8p	112.6p
Proposed final dividend – Ordinary share**	2.5p	2.5p

D ORDINARY SHARE CLASS

	Year to 31 January 2016	Year to 31 December 2014***
Net asset value per share (NAV)	93.7p	100.7p
Cumulative dividends paid since launch***	5.0p	2.5p
NAV plus cumulative dividends paid	98.7p	103.2p

*These figures have been restated as disclosed in note 2. This applies for the 2015 figures stated throughout this report.

**The final proposed dividend of 2.5p per Ordinary share for the year ended 31 January 2016, is subject to shareholder approval at the Annual General Meeting, will be paid on 26 August 2016 to all Ordinary shareholders on the register on 12 August 2016.

***The figures are from the latest audited Octopus VCT 2 Plc (OVCT 2) financial statements prior to the shares converting to D Ordinary shares on a 1:1 basis.

Key Dates

Ordinary share final dividend payment date	26 August 2016
Annual General Meeting	19 July 2016 (4.00 p.m. at 6th Floor, 33 Holborn, London, EC1N 2HT)
D Share liquidity event	August 2016
Half-yearly results to 31 July 2016 published	September 2016
Annual results to 31 January 2017 announced	May 2017
Annual Report and financial statements published	June 2017

Strategic Report

The following sections form part of the Strategic Report:

- Our Strategy
- Chairman's Statement
- Business Review
- Investment Manager's Review

OUR STRATEGY

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

THE COMPANY'S OBJECTIVE

The objective of the Company is to invest in a diversified portfolio of unquoted UK smaller companies which meet the relevant criteria for VCTs in order to generate income and capital growth over the long term. Investments are made selectively across a range of sectors in companies that have the potential to grow and enhance their value. The Company's investments are managed by Octopus.

INVESTMENT POLICY

The Company's investment policy is designed to enable the Company to comply with the VCT qualifying conditions. 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 buybacks.

Investments are 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 venture capital legislation. The portfolio is 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, though investments are not generally made in early stage companies which have yet to achieve profitability and cash generation. The normal investment period is in the range from three to seven years. Any

uninvested funds are typically held in cash and money market funds.

Risk is spread by investing in a number of different businesses within different industry sectors using a variety of securities. The maximum amount invested in any one company is limited to any HMRC annual investment limits and, generally, no more than 15% of the Company's assets, at cost, are invested in the same company. The value of individual investments is expected to increase over time as a result of trading progress and a continuous assessment is made of investments' suitability for sale. The Company's VCT qualifying investments are held with a view to long-term capital growth as well as income generation 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 are normally made using shareholders' funds and it is not intended that the Company will take on any long-term borrowings.

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

A review of the investment portfolio and of market conditions during the year is included in the Chairman's Statement and Investment Manager's Review which form part of the Strategic Report on pages 5 to 7 and 12 to 22. A Business Review also forms part of the Strategic Report on pages 8 to 11.

CO-INVESTMENT POLICY

Where one or more of the companies managed or advised by Octopus wishes to participate in an investment opportunity, allocations will be made in accordance with Octopus' allocation policy as at the date of allocation. The policy provides that allocations should be initially offered to the Company on a basis which is pro-rata to its net asset value (or as otherwise agreed by the Board and Octopus). In the event of a

conflict of interests on the part of Octopus or where co-investment is proposed to be made other than on a pro-rata basis (or as otherwise agreed by the Board and Octopus), such an investment requires the approval of those members of the Board who are independent of Octopus.

LIQUIDITY STRATEGY

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

- to support a consistent dividend flow;
- to support further investment in existing portfolio companies if required;
- to take advantage of new investment opportunities as they arise; and
- to provide liquidity in the shares through the ability to buy back the Company's shares as they become available.

Chairman's Statement

INTRODUCTION

I am pleased to present the annual report of Apollo for the year ended 31 January 2016 and I should like to welcome all new shareholders following the recent and current fundraise and acquisition of the assets and liabilities of Octopus VCT 2 plc ("OVCT 2").

In addition to raising nearly £23 million in 2015, the Company launched an Offer for Subscription to raise up to £30 million, with an overallotment facility of a further £10 million, in November 2015. At the time of writing £31 million had been raised under the Offer. Further details can be found in the Directors' report on page 27 and in note 16 of the financial statements.

In August 2015, the Company completed the Octopus VCT plc ("OVCT") merger by converting C Ordinary shares into Ordinary shares or by paying a dividend of 98.0p to those C Ordinary shareholders who elected to exit. Those shareholders who converted their C Ordinary shares did so at a conversion ratio of 1.17506. A total of 19,809,055 Ordinary shares were issued. 34,947,712 C Ordinary shareholders elected to receive the C share dividend, resulting in a total dividend of £34.3 million.

In January 2016 the Company acquired the assets of OVCT 2, increasing the net assets of the Company by £17.9 million. OVCT 2 was established in 2011 as a limited life VCT seeking to deliver a total value to shareholders at the end of the five year qualifying holding period of at least 105p per share.

The Company created a new D Ordinary share class through the issue of 19,082,726 shares to the former shareholders of OVCT 2 and the investment portfolio is currently separately accounted for under this share class. The D Ordinary share class structure has been established to enable the Board to monitor the performance of the D share assets to ascertain whether the 105p total value target referred to above is achieved and therefore whether any management fee is payable to Octopus in respect of the D Ordinary share portfolio. D Ordinary shareholders will soon be offered the opportunity to realise their investment or to convert their shares into Ordinary shares. A letter will be sent to

D Ordinary shareholders shortly setting out details of this process. Further details of this can be found in note 20 of the financial statements within this report.

The commercial arrangement in respect of the D Ordinary shares is that no annual management fee has yet been paid to Octopus and will only be paid after five years, subject to D shareholders having received dividends and distributions totalling or exceeding 105p per share.



BOARD

Following the acquisition of OVCT 2's assets and liabilities ("transaction") I am delighted to welcome Ian Pearson, the former Chairman of OVCT 2 to the Board. Ian brings with him a wealth of knowledge both of OVCT 2, as well as of VCTs and smaller companies in general. I am also pleased that Christopher Powles and James Otter have continued as directors of the Company, retaining their considerable experience. I should also like to take this opportunity to thank Matt Cooper, who resigned following the transaction, for his outstanding contribution to the Company. Resolutions to appoint Ian Pearson and to re-elect myself and Christopher Powles will be proposed at the forthcoming AGM.

PERFORMANCE

The NAV of the Ordinary share class has fallen from 85.1p per Ordinary share as at 31 January 2015 to 82.3p per share as at 31 January 2016. After adding back the 5.0p of dividends paid in the year, the total value (NAV plus cumulative dividends paid) has risen by 2.6%, from 112.6p per share as at 31 January 2015 to 114.8p per share as at 31 January 2016.

The D Ordinary shares were issued on completion of the transaction. As at 31 January 2016 the NAV per share of the D Ordinary shares had fallen to 93.7p due

to a downward valuation in the two anaerobic digestion portfolio companies Winnipeg and Tanganyika. Further information is provided in the Investment Manager's Review.

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 the Ordinary share portfolio your Board has proposed a final dividend of 2.5 pence per Ordinary share in respect of the year ended 31 January 2016. This will bring the total dividends paid on the Ordinary share class to 5p for the year. The dividend will be payable on 26 August 2016 to Ordinary shareholders on the register at 12 August 2016.

In view of the forthcoming liquidity event for holders of the Company's D Ordinary shares no dividend has been proposed in respect of this share class.

DIVIDEND REINVESTMENT SCHEME (DRIS)

In common with a number of VCTs, the Company introduced a dividend reinvestment scheme following approval at the general meeting held on 21 November 2014. This is an attractive scheme for investors who do not need income, but would prefer to benefit from additional income tax relief on their re-invested dividend. I hope that shareholders will find this scheme beneficial.

SHARE BUYBACKS

Your Company has continued to buy back shares as required. Subject to shareholder approval of resolution 10 at the forthcoming annual general meeting this facility will remain in place to provide liquidity to investors who may wish to sell their shares. Details of the share buybacks undertaken during the year can be found in the Directors' Report on page 27.

INVESTMENT PORTFOLIO

The transaction with OVCT 2 on 27 January 2016 resulted in the Company acquiring its £17.3 million investment portfolio which had been invested under a similar mandate to Apollo's.

During the year, the Company has disposed of its remaining 26 solar assets for proceeds of £23.9 million. Eight solar companies were disposed in April 2015 for £4.9 million, three solar companies in August 2015 resulting in proceeds of £1.6 million, six solar companies in September 2015 for proceeds of £5.7 million and a further nine solar companies in October 2015 for £11.7 million. The Ordinary shares also disposed of its £25 million holding in Terido LLP in August 2015.

During the year the Company made £53.7 million of new investments, including a further £3 million into Vista Retail Services Limited, £5 million into Healthcare Services and Technology Limited and £10 million into Terido LLP (which was later disposed of). £17.5 million was invested into six new investment companies between February and October 2015 (£10 million was also invested into four of these investment companies by OVCT 2 before it merged with Apollo) and a further £0.8 million invested into Aquaso Limited. £5 million was invested into SCM World Limited in August 2015 and £5 million into Anglo European Group in October 2015. £7.4 million was invested into three Reserve Power Companies in November 2015.

In January 2016, the Company was forced, due to the difficulties in the oil and gas industry, to restructure its investment in Technical Software Consultants which resulted in the holding being transferred to the Investment Company Aquaso. The restructure resulted in a net loss to date of £0.6 million on the investment.

The Company's investment portfolio is set out on pages 14 and 15. All of the investments are discussed further in the Investment Manager's Review on pages 12 to 22.

INVESTMENT STRATEGY

As set out in the prospectus, the aim of the Company is to make investments to achieve an appropriate balance of income and capital growth, having regard for venture capital legislation. 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. Such investments provide fixed

returns 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.

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 the Company 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 2016, over 100% of the portfolio, as measured by HMRC rules, was invested in VCT qualifying investments. This has arisen by reinvesting disposal proceeds still held within the 6 month disposal grace period into qualifying portfolio companies.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting will take place on 19 July 2016 at 4.00 p.m. I look forward to welcoming you to the meeting which will be held at the offices of Octopus Investments Limited at 33 Holborn, London, EC1N 2HT. 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 or Capita using the contact details provided on page 83 of this report.

OUTLOOK

Since the Company's launch we have seen significant Government changes to the subsidy regime for the renewable energy sector and an economy which has until recently struggled to grow following the global

financial crisis. However the returns to shareholders have shown low volatility year on year, which is testament to the prudent investment approach adopted by the Investment Manager. The general economic outlook is now more certain, the portfolio has generally been performing well and your Board and Investment Manager believe we can continue to find suitable investments to support the Company's mandate.



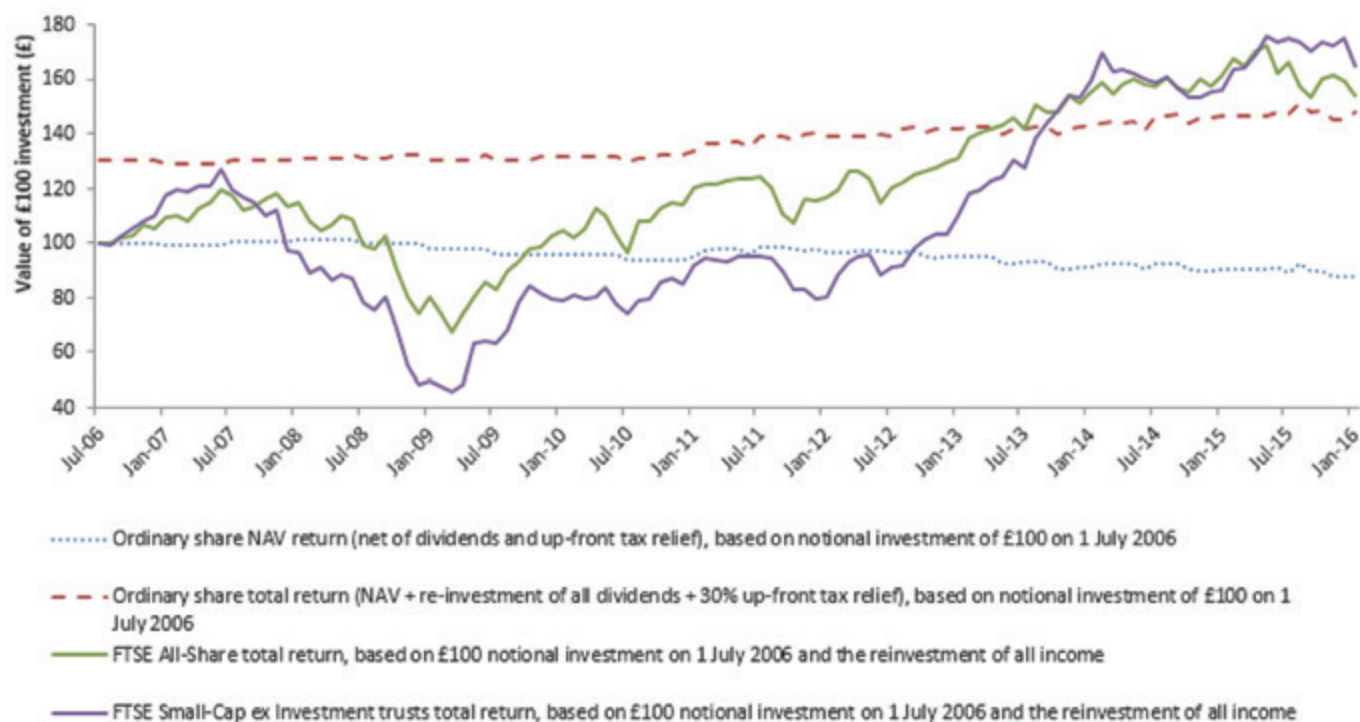
Murray Steele
Chairman
25 May 2016

Business Review

PERFORMANCE

Performance, measured by the change in NAV per share and total return per share, is also measured against the FTSE Small-Cap Index. This is shown in the graph below. This index has been adopted as an informal benchmark.

The graph below compares the share price total return and NAV total return (gross dividends reinvested) of the Company over the period from July 2006 to January 2016 with the total return from a notional investment in the FTSE Small-Cap index over the same period (all rebased to 100p). This index is considered to be the most appropriate broad equity market index for comparative purposes. However, the Board wishes 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.



RESULTS AND DIVIDEND

	Year to 31 January 2016 £'000	Year to 31 January 2015 £'000
Net return attributable to shareholders	2,831	2,549
Appropriations – Ordinary shares:		
Interim dividend paid – 2.5p per share (2015: 2.5p per share)	3,121	1,914
Final dividend proposed – 2.5p per share (2015: 2.5p per share)	4,029	2,412

No dividends were paid in relation to the D Ordinary shares during the year.

KEY PERFORMANCE INDICATORS (KPIs)

As a VCT, the Company's objective is to provide shareholders with an attractive income and capital return by investing its funds in a broad spread of 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 KPIs in meeting these objectives are:

- net asset value and dividends paid;
- the discount of the share price relative to the NAV; and
- the total expense as a proportion of shareholders' funds.

The costs of the transaction with OVCT 2 are expected to be in the region of £290,000. As at 31 January 2016, £100,000 of these costs had been incurred by the Ordinary shares whilst £17,000 of these costs were incurred by OVCT 2 prior to the transaction.

A record of some of the indicators are detailed on the first page of this Report, entitled Financial Summary. Additional comments are provided in the Chairman's Statement and the Investment Manager's Review regarding the performance of the Company over the current year.

The Board expects Octopus to deliver a performance which meets the objective of achieving long-term investment returns, including tax-free dividends. The Board assesses the performance of Octopus in meeting the Company's objectives against the KPIs highlighted above. The total running costs in the year, as defined in the prospectus, were within the annual limit of 3.3% at 2.7% (2015: 3.2%).

Clearly, when making investments in unquoted companies at an early stage of their development, some may under-perform the Manager's original expectations, but investing the funds raised in growth companies with the potential to become market leaders creates

an environment of improved returns for shareholders. The growth of these companies is largely dependent on continuing the existing levels of corporate spending. A volatile economic environment could adversely affect corporate spending patterns which would, in turn, have a negative impact on the development of the investee companies.

VIABILITY STATEMENT

In accordance with provision C.2.2 of The UK Corporate Governance Code 2014 the Directors have assessed the prospects of the Company over a longer period than the 12 months required by the "Going Concern" provision. The Board conducted this review for a period of five years, which was considered to be a reasonable time horizon given that the Company had raised funds under an offer for subscription which closed on 1 October 2015, a further fundraising had launched on 2 November 2015 and, under VCT rules, subscribing investors are required to hold their investment for a five year period in order to benefit from the associated tax reliefs. The Board regularly considers the Company's strategy, including investor demand for the Company's shares, and a five year period is considered to be a reasonable time horizon for this.

The Board carried out a robust assessment of the principal risks facing the Company and its current position, including those which may adversely impact its business model, future performance, solvency or liquidity. Particular consideration was given to the Company's reliance on, and close working relationship with, the Investment Manager. The principal risks faced by the Company and the procedures in place to monitor and mitigate them are set out below.

The Board has also considered the Company's cash flow projections and found these to be realistic and reasonable.

Based on the above assessment the Board confirms that it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five year period to 31 January 2021.

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 and the Finance (No. 2) Act 2015 for the maintenance of approved VCT status. The loss of such approval could lead to the Company losing its exemption from corporation tax on capital gains, to investors being liable to pay income tax on dividends received from the Company and, in certain circumstances, to investors being required to repay the initial income tax relief on their investment.

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

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

The Directors and the Investment Manager aim to limit the risk attached to the portfolio as a whole by careful selection and timely realisation of investments, by carrying out due diligence procedures and by maintaining a wide spread of portfolio companies. The Board reviews the investment portfolio with the Investment Manager on a regular basis.

Valuation Risk: Investments may be valued inappropriately which may result in an inaccurate representation of the Company's net assets and net asset value per share. Unquoted investments are valued to current financial reporting standards. Investments traded on AIM are valued using bid prices as reported by Bloomberg.

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 with HSBC Bank plc. The risk of loss to this cash is deemed to be low due to the bank's historical credit rating and its current Standard & Poor's rating of AA-. Inadequate controls might lead to misappropriation of assets. This is mitigated by a division of responsibilities for the preparation and approval of payments. Regular asset reconciliations are undertaken by the Managers. Inappropriate accounting policies might lead to misposting or breaches of regulations. Guidance is provided by the Company's auditors as to the appropriateness of accounting policies and updates to regulations.

Regulatory risk: the Company is required to comply with the Companies Act 2006, the rules of the UK Listing Authority and United Kingdom Accounting Standards. The Company is also a small registered Alternative Investment Fund Manager ("AIFM") and must comply with the AIFM Directive. Breach of any of these might lead to suspension of the Company's Stock Exchange listing, financial penalties or a qualified audit report. The Company's compliance with statutory and regulatory obligations is reviewed by the Board.

Reputational risk: the risk of breaches of regulations or loss of shareholder trust are mitigated by ensuring that appropriate controls are implemented by the Managers and that they are overseen by suitably qualified personnel. Reputational risk is also mitigated by an annual external audit.

Internal control risk: the Board reviews annually the system of risk management and internal controls, both financial and non-financial, operated by the Company and the Investment Manager. These include controls designed to ensure that the Company's assets are

safeguarded and that proper accounting records are maintained.

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

Economic risk: events such as an economic recession and movement in interest rates could affect smaller companies' valuations.

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

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

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

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

The Board seeks to mitigate the internal risks by setting policy, regularly reviewing performance, enforcing contractual obligations and monitoring progress and compliance. In the mitigation and management of these risks, the Board applies rigorously the principles detailed in the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. Details of the Company's internal controls are contained in the Corporate Governance report on pages 30 to 34.

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

GENDER AND DIVERSITY

Following the transaction with OVCT 2 Ian Pearson joined the Board. The Board of Directors currently comprises four male Non-Executive Directors with considerable experience of the VCT industry, the investee companies and the recently merged Octopus VCT 2. The gender, diversity and constitution of the Board are reviewed on an annual basis.

HUMAN RIGHTS ISSUES

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

This report was approved by the Board on 25 May 2016 and signed on its behalf by:



Murray Steele
Chairman

Investment Manager's Review

PERSONAL SERVICE

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

Octopus was established in 2000 and has a strong commitment to both smaller companies and to VCTs. We currently manage seven VCTs, including this one, and manage over £500 million in the VCT sector.

INVESTMENT POLICY

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 that will provide an exit to the Company within three to five years.

PERFORMANCE

The Company made a net return per Ordinary share of 2.6% between 31 January 2015 and 31 January 2016. Whilst the NAV per Ordinary share decreased slightly from 85.1p to 82.3p, 5.0p of dividends were paid over the period, bringing cumulative dividends paid to date to 32.5p and the total value (NAV plus cumulative dividends) to 114.8p per share.

The D Ordinary shares were issued on completion of the transaction on 27 January. As at 31 January 2016 the NAV of the D Ordinary shares had decreased to 93.7p per share due to a downward valuation in the two anaerobic digestion portfolio companies, Tanganyika and Winnipeg. There have been problems with feedstock and equipment and this has resulted in operating levels being significantly below capacity. Consequently we have replaced our operational support provider and plans are underway to make plant modifications, conduct additional maintenance and provide further operator training to bring performance back to satisfactory levels.

PORTFOLIO REVIEW

The fund is comprised of 32 portfolio companies with a total valuation of £116.6 million. The £17.3 million portfolio of assets of OVCT 2 plc acquired in January

2016 was made up predominantly of investments in renewable energy sectors and in investment companies. These assets are currently being accounted for separately from the assets held by the Ordinary shares, in a new class of share known as the D Ordinary shares, until all D Ordinary shareholders have reached the fifth anniversary of their investment, later in 2016.

In the year under review the Company invested £5 million in SCM World Limited, a company that provides training, content and event services, and £5 million in Anglo European Group Limited, a specialist manufacturer of steel sections for door and window reinforcement and a further £3 million into Vista Retail Services Limited.

The Company used the investment company Healthcare Services and Technology Limited to invest in Care Monitoring and Management Limited, a company that provides electronic visit verification and monitoring services to local authorities, care providers and facilities management companies. The investment company, Aquaso Limited, also invested in Technical Software Consultant Limited ("TSC") as part of the restructure of the business. The net loss to date on TSC is £0.6 million but the investment team are working hard to recover the value.

The Company provided £2.5 million of funding to Coupra Limited, Dyscova Limited, Emercor Limited, Finnavor Limited, Haravar Limited each and £5 million to Galvara Limited, six investment companies which have been set up ahead of acquiring qualifying trading businesses. The D ordinary shares also invested £2.5 million into each of Coupra Limited, Emercor Limited, Finnavor Limited and Haravar Limited prior to merging with Apollo.

During the year, the Company disposed of its £25 million investment in Terido, a trading partnership managed by Octopus which supports a diverse range of secured asset backed lending in sectors including residential property and solar. This was to provide liquidity for the Apollo C shareholders who did not elect to convert to Ordinary shares.

In April 2015, Tanganyika and Winnipeg made partial repayments of £1 million and £0.6 million on their outstanding loan notes. The Company disposed of

investments in Grian Power Limited, Howbery Solar Limited, Gnowee Power Limited, Helaku Power Limited, Hella Solar Limited, Nima Power Limited, Tuwale Power Limited and Michabo Power Limited. These disposals generated proceeds for the Company of £4.9 million, resulting in an overall gain since initial investment of £0.6 million.

In August 2015, the Company disposed of investments in Evaki Power Limited, Intina Power Limited and Teruko Power Limited. These disposals generated proceeds for the Company of £1.6 million, resulting in an overall gain since initial investment of £0.1 million.

In September 2015, the Company disposed of investments in Cyrah Power Limited, Tonatiuh Trading Limited, Yata Power Limited, GreenCo Services 2 Limited, Huitzilopochtli Limited and Jokim Limited generating proceeds of £5.7 million and an overall gain of £0.7 million.

In October 2015, the Ordinary share portfolio disposed of investments in Resilient Corporate Services Limited, Healthcare Education Business Services Limited, Mallina Power Limited, Misae Power Limited, Paivatar Power Limited, Saas Business Services Limited, Mediaco Business Services Limited, Horrebow Energy Limited and Personnel Advisory Services Limited. This resulted in an overall gain since initial investment of £1 million and generated proceeds of £11.7 million.

The Company's investment portfolio is set out on pages 14 and 15. It continues to hold appropriate investments to meet all the requirements for it to fully qualify as a VCT. The Investment Manager 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.

OUTLOOK

We remain optimistic about the outlook for the portfolio and future investment prospects. The Company has a large and diverse portfolio, has weathered the difficult economic conditions of the past few years and has continued to grow.

The investment team has been increasingly active in the search for new opportunities and has seen the pipeline of potential deals steadily increase and improve in quality. The new investments and exits during the last twelve months has further raised the profile of the investment team, resulting in more inbound opportunities.

The strong take up in current fundraisings and the recent exits provide significant financial capacity for new investments and, as one of the largest VCTs in the country, Apollo has the ability to pursue larger deals than most VCTs and provide significant follow-on investment, which is a strong competitive advantage.

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



Grant Paul-Florence
Octopus Investments Limited
25 May 2016

VALUATION METHODOLOGY

Initial measurement

With one exception the investments held by Apollo are all unquoted and as such there is no trading platform from which prices can be easily obtained. Financial assets are measured at fair value. The initial best estimate of fair value of a financial asset in an active market is the transaction price of the recent finance round.

Subsequent measurement

Subsequent adjustment to the fair value of unquoted investments has been made using sector multiples where applicable, based on information as at 31 January 2016. In some cases the multiples have been compared to equivalent companies where it is believed that this is more appropriate than a sector multiple. In instances where an investment has predictable future cash flows, discounted cash flow valuations are used to support the fair value.

In accordance with our interpretation of the International Private Equity and Venture Capital ('IPEVC') valuation guidelines, investments made within 12 months are usually kept at cost, unless performance indicates that fair value has changed.

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

INVESTMENT PORTFOLIO – ORDINARY SHARES AND D ORDINARY SHARES COMBINED

Investments	Sector	Investment cost as at 31 January 2016 (£'000)	Total movement in fair value to 31 January 2016 (£'000)	Fair value as at 31 January 2016 (£'000)	Movement in fair value in year (£'000)	% equity held by Apollo VCT	% equity held by all funds managed by Octopus
Clifford Thames Group Limited	Automotive software & data	13,318	2,053	15,371	942	13.0%	13.0%
CSL Dualcom Holdings Limited	Security devices	10,806	407	11,213	356	3.2%	3.2%
Vista Retail Support Limited	Retail support services	6,758	1,827	8,585	1,827	12.0%	12.0%
Healthcare Services and Technology Limited	Healthcare software	7,186	864	8,050	864	10.0%	10.0%
Newco 5cl Limited (SCM World)	Training and content delivery	5,000	118	5,118	118	5.3%	5.3%
Galvara Limited	Investment Company	5,000	–	5,000	–	100.0%	100.0%
Anglo European Group Limited	Manufacturing	5,000	–	5,000	–	26.7%	26.7%
Tanganyika Heat Limited	Anaerobic digestion	4,108	(377)	3,731	(377)	100.0%	100.0%
Countrywide Healthcare Services Limited	Healthcare	2,675	374	3,049	374	20.7%	20.7%
Aquaso Limited	Crack detection system	3,500	(500)	3,000	(500)	40.0%	40.0%
Other (22 portfolio companies)	Various	49,767	(1,256)	48,511	(1,828)	N/a	N/a
Total investments		113,118	3,510	116,628	1,776		
Cash at bank				10,275			
Debtors less creditors				838			
Net assets				127,741			

INVESTMENT PORTFOLIO – ORDINARY SHARES

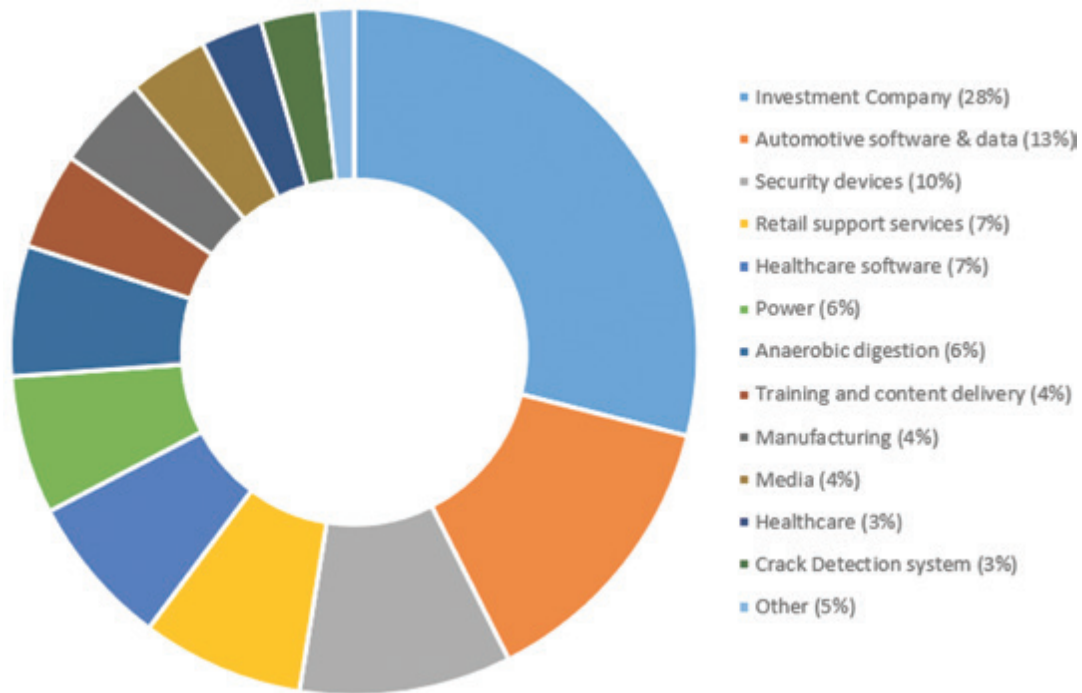
Investments	Sector	Investment cost as at 31 January 2016 (£'000)	Total movement in fair value to 31 January 2016 (£'000)	Fair value as at 31 January 2016 (£'000)	Movement in fair value in year (£'000)
Clifford Thames Group Limited	Automotive software & data	13,318	2,053	15,371	942
CSL Dualcom Holdings Limited	Security devices	10,806	407	11,213	356
Vista Retail Support Limited	Retail support services	6,758	1,827	8,585	1,827
Healthcare Services and Technology Limited	Healthcare software	7,186	864	8,050	864
Newco 5cl Limited (SCM World)	Training and content delivery	5,000	118	5,118	118
Galvara Limited	Investment Company	5,000	–	5,000	–
Anglo European Group Limited	Manufacturing	5,000	–	5,000	–
Countrywide Healthcare Services Limited	Healthcare	2,675	374	3,049	374
Aquaso Limited	Crack detection system	3,500	(500)	3,000	(500)
Tanganyika Heat Limited	Anaerobic digestion	2,936	(377)	2,559	(377)
Other (22 portfolio companies)	Various	33,617	(1,256)	32,361	(1,828)
Total investments		95,796	3,510	99,306	1,776
Cash at bank				10,275	
Debtors less creditors				273	
Net assets				109,854	

INVESTMENT PORTFOLIO – D ORDINARY SHARES

Investments	Sector	Investment cost as at 31 January 2016 (£'000)	Total movement in fair value to 31 January 2016 (£'000)	Fair value as at 31 January 2016 (£'000)	Movement in fair value in year (£'000)
Byena Limited	Investment Company	2,500	–	2,500	–
Coupra Limited	Investment Company	2,500	–	2,500	–
Emercor Limited	Investment Company	2,500	–	2,500	–
Finnavor Limited	Investment Company	2,500	–	2,500	–
Haravar Limited	Investment Company	2,500	–	2,500	–
Winnipeg Heat Limited (Caspian)	Anaerobic digestion	1,351	–	1,351	–
Tanganyika Heat Ltd	Anaerobic digestion	1,172	–	1,172	–
Superior Heat Limited	Ground source heat	961	–	961	–
5AM Music limited	Media	556	–	556	–
Acquire Your Business Ltd	Business services	562	–	562	–
Atlantic Screen International	Media	220	–	220	–
Total investments		17,322	–	17,322	–
Debtors less creditors				565	
Net assets				17,887	

SECTOR ANALYSIS

The graph below shows the sectors that Apollo is invested in and their respective proportions as a percentage of fixed asset investments.



REVIEW OF INVESTMENTS

At 31 January 2016 Apollo's portfolio comprised investments in 31 unquoted companies and one AIM-traded investment. The unquoted investments are in Ordinary shares with full voting rights.

Unquoted investments are valued in accordance with the valuation methodology set out on page 14 and the accounting policy set out on page 65, which takes account of current industry guidelines for the valuation of venture capital portfolios and is compliant with IPEVC Valuations guidelines and current financial reporting standards.

TEN LARGEST HOLDINGS

Listed below are the ten largest investments by value as at 31 January 2016:

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 (£'000)	Valuation (£'000)
'P' shares:	5,498	6,394
'B' preference shares:	26	72
Loan stock:	7,794	8,905
Total	13,318	15,371

Investment date:	January 2010
Equity held:	13.0%
Last audited accounts:	31 March 2015
Revenues:	N/a
Profit before interest & tax:	N/a
Net assets:	N/a
Valuation basis:	Earnings multiple

CSL DUALCOM HOLDINGS 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 (£'000)	Valuation (£'000)
Ordinary shares:	106	463
Loan stock:	10,700	10,750
Total	10,806	11,213

Investment date:	February 2009
Equity held:	3.2%
Last audited accounts:	31 March 2015
Revenues:	N/a
Profit before interest & tax:	N/a
Net assets:	N/a
Valuation basis:	Earnings multiple

VISTA RETAIL SUPPORT LIMITED

Vista is a leading IT service and support company operating within the retail market.

Asset class	Cost (£'000)	Valuation (£'000)
A Ordinary shares:	104	1,600
B Ordinary shares:	272	397
BI Ordinary shares:	1,250	1,266
Loan stock:	5,132	5,322
Total	6,758	8,585

Investment date:	May 2015
Equity held:	12.0%
Last audited accounts:	31 August 2014
Revenues:	£15.5 million
Profit before interest & tax:	£1.8 million
Net assets:	£5.4 million
Valuation basis:	Earnings multiple

HEALTHCARE AND SERVICES TECHNOLOGY LIMITED

Healthcare Services and Technology is an investment company which invested into Care Monitoring and Management Limited, which provides remote workforce monitoring software.

Asset class	Cost (£'000)	Valuation (£'000)
Ordinary shares:	100	700
A ordinary shares:	3,100	3,100
B preference shares:	800	800
Loan stock:	3,186	3,450
Total:	7,186	8,050

Investment date:	February 2013
Equity held:	10.0%
Last unaudited accounts:	28 February 2015
Revenues:	N/a
Profit before interest & tax:	N/a
Net assets:	N/a
Valuation basis:	Enterprise Value

SCM WORLD LIMITED

SCM World is a company that provides training, content and event services.

Asset class	Cost (£'000)	Valuation (£'000)
Ordinary shares:	53	160
B preference shares:	447	458
Loan notes:	4,500	4,500
Total	5,000	5,118

Investment date:	June 2013
Equity held:	5.3%
Last unaudited accounts:	31 December 2014
Revenues:	N/a
Profit before interest & tax:	N/a
Net assets:	N/a
Valuation basis:	Enterprise Value

GALVARA LIMITED

Galvara Limited is an investment company seeking a qualifying investment on behalf of the Company.

Asset class	Cost (£'000)	Valuation (£'000)
Ordinary shares:	5,000	5,000
Total	5,000	5,000

Investment date:	November 2015
Equity held:	100.0%
Last audited accounts:	31 March 2016
Revenues:	N/a
Loss before interest & tax:	N/a
Net assets:	N/a
Valuation basis:	Transaction cost

ANGLO EUROPEAN GROUP LIMITED

The principal activity of the company is that of manufacturing and merchandising of metal sections.

Asset class	Cost (£'000)	Valuation (£'000)
Ordinary shares:	1,500	1,500
Loan stock:	3,500	3,500
Total	5,000	5,000

Investment date:	October 2015
Equity held:	26.7%
Last unaudited accounts:	31 October 2015
Revenues:	£409,000
Profit before interest & tax:	£55,000
Net assets:	£5.6 million
Valuation basis:	Transaction cost

TANGANYIKA HEAT LIMITED ('TANGANYIKA')

Tanganyika runs an anaerobic digestion plant in Lincolnshire.

Asset class	Cost (£'000)	Valuation (£'000)
Ordinary shares:	2,022	1,645
Loan stock:	2,086	2,086
Total	4,108	3,731

Investment date:	April 2012
Equity held:	100.0%
Last audited accounts:	28 February 2015
Revenues:	N/a
Loss before interest & tax:	N/a
Net assets:	£1.0 million
Valuation basis:	Discounted cash flow

COUNTRYWIDE HEALTHCARE SERVICES LIMITED

Countrywide Healthcare Services Limited is a distributor of products to the care home industry.

Asset class	Cost (£'000)	Valuation (£'000)
A Ordinary shares:	276	650
B Ordinary shares:	147	147
Loan stock:	2,252	2,252
Total	2,675	3,049

Investment date:	June 2014
Equity held:	20.7%
Last unaudited accounts:	30 September 2015
Revenues:	£12.3 million
Profit before interest & tax:	£241,000
Net assets:	£1.2 million
Valuation basis:	Enterprise Value

AQUASO LIMITED

Aquaso Limited was an investment company which invested in Technical Software Consultants ('TSC'). TSC 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 (£'000)	Valuation (£'000)
A Ordinary shares:	500	–
Loan stock:	3,000	3,000
Total	3,500	3,000

Investment date:	November 2014
Equity held:	40.0%
Last audited accounts:	30 November 2015
Revenues:	N/a
Loss before interest & tax:	N/a
Net assets:	N/a
Valuation basis:	Enterprise Value

The strategic report was approved by the Board on 25 May 2016 and signed on its behalf by:



Murray Steele
Chairman

HOW OCTOPUS CREATES AND DELIVERS VALUE FOR THE SHAREHOLDERS OF OCTOPUS APOLLO VCT PLC

Apollo focuses on providing development and expansion funding to predominantly unquoted companies with a typical investment per company of £1 million to £5 million. 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

The Directors of the Company during the year were:



Murray Steele
(Chairman)

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 LINX – the London Internet Exchange and Surface Generation Limited, a hi-tech engineering company, and a Non-Executive Director of James Walker Group, an international engineering group, and E – Energija, an energy company in

Lithuania. 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 was formerly 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 and was dissolved on 15 April 2014.



Christopher Powles
(Non-Executive Director and Chairman of the Audit Committee)

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 Susenco Management Limited and Flights Mill Community Hydro Power Limited and having recently sold Little Sutton Energy Company Limited, of which he was a director for approximately five years. 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 was formerly 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 and was dissolved on 15 April 2014.



James Otter
(Non-Executive Director)

James was formerly Chairman of Octopus VCT plc. He was appointed as a Director on 28 November 2014, on completion of the merger of Octopus VCT with the Company. He is currently working on projects in the growing area of health IT and leading the liquidation of a \$50 million cash shell. Previous positions include being the Chairman of Hygea VCT plc, a main board director of Spectris plc, working on a turnaround project in Denmark, and a director of Glide Pharmaceutical Technologies Limited. The bulk of his career was spent in international

commercial roles with Zeneca Agrochemicals (formerly ICI and now Syngenta). James has an MBA from INSEAD and a degree in Natural Sciences from Cambridge. James remains a director of Octopus VCT plc which was placed into Members' Voluntary Liquidation upon the transaction.



Ian Pearson
(Non-Executive Director)

Ian was formerly Chairman of Octopus VCT 2 plc and was appointed as a Director on 27 January 2016, on completion of the merger of Octopus VCT 2 with the Company. He works in strategy and business development. He is a Non-Executive Director at Thames Water, Chairman of CrowdBnk and a member of PwC's Advisory Board. Until standing down before the general election in 2010, Ian had over nine years' experience at a senior level in government, including important roles as Minister for Climate Change and the Environment, Minister for Trade, Minister for Science and Innovation and a Minister in Northern Ireland. As Economic Secretary to the Treasury from 2008 – 2010, Ian was at the heart of the UK's response to the global financial crisis. Amongst other things, he was responsible for growth, enterprise and productivity issues, the EU Budget, where he led negotiations for the UK, Public/Private Partnerships including Private Finance Initiative, and Infrastructure UK. Prior to his governmental career, Ian was joint chief executive of WMEB Group, providing venture and growth capital to SMEs and consultancy to a range of public and private clients.

Matt Cooper resigned as a director of the Company upon completion of the transaction with Octopus VCT 2 plc on 27 January 2016.

Directors' Report

The Directors present their report and the audited financial statements for the year to 31 January 2016. The Corporate Governance Report on pages 30 to 34 and the Audit Committee Report on pages 35 to 37 form part of this Directors' Report.

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

DIRECTORS

Brief biographical notes on the Directors are given on pages 23 and 24.

In accordance with the Articles of Association and the Association of Investment Companies Code of Corporate Governance, Mr Pearson will offer himself for election as a Director, and the Board recommends his election, at the forthcoming Annual General Meeting. Mr Steele and Mr Powles will retire as Directors at the AGM, and being eligible, offer themselves for re-election.

The Board has considered provision B.7.2 of the The UK Corporate Governance Code and, following a formal performance evaluation as part of the Board Evaluation, further details of which can be found on page 31, believes that Mr Pearson, Mr Steele and Mr Powles continue to be effective and demonstrate commitment to their roles, the Board and the Company. The Board therefore has no hesitation in recommending them for election and re-election at the forthcoming Annual General Meeting.

Further details can be found in the Corporate Governance report on pages 30 to 34.

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.

VCT REGULATION

Compliance with required rules and regulations is considered when all investment decisions are made. The Company is further monitored on a continual basis to ensure compliance. The main criteria to which the Company must adhere is detailed on pages 78 and 79 (Shareholder Information and Contact Details).

The Finance Act 2014 amended the rules relating to VCT shares issued on or after 6 April 2014 such that VCT status will be withdrawn if, in respect of shares issued on or after that date, a dividend is paid (or other forms of distribution or payments are made to investors) from the capital received by the VCT from that issue within three years of the end of the accounting period in which shares were issued to investors. This may affect the amount of distributable reserves available to the Company to fund dividends or share buybacks. However, the Company currently has sufficient distributable reserves to allow dividends to continue to be paid in line with the current dividend policy.

The Finance (No. 2) Act 2015 received Royal Assent in November 2015 and introduced a number of changes to VCT rules to bring the legislation into line with EU State Aid Risk Finance Guidelines. The legislation introduced new criteria which stipulate a lifetime cap on the total amount of State Aid investment a company can receive, the age of companies which are eligible for investment and specific requirements relating to the use of the funds raised.

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

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report, on pages 3 to 22. Further details on the management of financial risk may be found in note 15 to the financial statements.

The Board receives regular reports from Octopus and the Directors believe that, as no material uncertainties leading to significant doubt about going concern have

been identified, it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

The assets of the Company include securities which are readily realisable (0.2% of net assets) and, accordingly, the Company has adequate financial resources to continue in operational existence for at least the next 12 months from the date of this report.

MANAGEMENT

The Company has in place an agreement with Octopus to act as Investment Manager which is central to the ability of the Company to continue in business. The principal terms of the Company's management agreement with Octopus are set out in notes 3 and 18 to the financial statements. Octopus also provides secretarial, administrative and custodian services to the Company.

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

As required by the Listing Rules, the Directors confirm that, in their opinion, the continuing appointment of Octopus as Investment Manager is in the best interests of the shareholders as a whole. In reaching this conclusion the independent Directors have taken into account the performance of the investment portfolio and the ability of the Investment Manager to produce satisfactory investment performance in the future. It also considered the length of the notice period of the management agreement and fees payable to Octopus, together with the standard of other services provided which include secretarial and accounting services. Details of the fees paid to Octopus in respect of services provided are detailed in note 3 to the financial statements.

No Director has an interest in any contract to which the Company is party.

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 the Ordinary shares meet certain performance criteria. Further details of this scheme are disclosed within note 18 to the financial statements. As at

31 January 2016, £397,000 was due to Octopus by way of annual performance fee (2015: £463,000).

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

WHISTLEBLOWING

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

BRIBERY ACT

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

ENVIRONMENT POLICY AND GREENHOUSE GAS EMISSIONS

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

The Company does not produce any reportable emissions as the fund management is outsourced to Octopus, with no physical assets or property held by the Company. Consequently it has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emission producing sources under the Companies Act 2006 (Strategic Report and Directors Reports) Regulations 2013.

SHARE ISSUES AND OPEN OFFERS

On 24 October 2014 the Board launched an Offer for Subscription (Offer) to raise £20 million, with an over-allotment facility of £10 million. During the period from 1 February 2015 to the closure of the offer on 1 October 2015, 26,668,821 Ordinary shares were issued under the Offer at a weighted average price of 87.7p per share.

On 2 November 2015 the Board launched an Offer for Subscription (Offer) to raise £30 million, with an over-allotment facility of £10 million. During the period from launch to 31 January 2016, 10,269,818 Ordinary shares were issued under the Offer at a weighted average price of 85.1p per share.

In the period since the year end to the date of this report 27,621,009 Ordinary shares were issued at a weighted average price of 85.8p per share.

On completion of the merger of OVCT 2 with the Company on 27 January 2016, 19,082,726 D Ordinary shares were issued at a deemed issue price of 100.0p per D Ordinary share.

In the year to 31 January 2016 a total of 37,104,660 Ordinary shares were issued at a weighted average price of 87.0p per share and 19,082,726 D Ordinary shares were issued at a price of 100.0p per D Ordinary share.

SHARE BUYBACKS AND REDEMPTIONS

During the period the Company purchased 4,556,935 Ordinary shares, with a nominal value of £455,693 for cancellation at a weighted average price of 78.8p per share for total consideration of £3,596,780 (2015: 2,230,395 shares at a weighted average price of 81.3p per share). The shares were repurchased in accordance with the Company's share buyback policy to provide liquidity in the shares and to prevent the shares trading at a wide discount to the NAV.

The Board received authority at the General Meeting held on 21 November 2015 to buy back up to 14.99% of the share capital, such authority to expire 18 months after the passing of the resolution. Renewal of this authority will be sought at the forthcoming AGM. The Board's policy is to apply up to a 5% discount to buybacks of Ordinary shares and a 0% discount to

buybacks of D Ordinary shares until they have passed through the initial five year holding period. The buyback policy for the D Ordinary shares is in line with the policy of OVCT 2 prior to its merger with the Company.

SHARE CAPITAL AND RIGHTS ATTACHING TO THE SHARES AND RESTRICTIONS ON VOTING AND TRANSFER

The Company's Ordinary share capital as at 31 January 2016 was 133,555,641 Ordinary shares of 10p, 19,082,726 D Ordinary shares of 1p and 34,947,712 deferred shares of 1p (2015: 81,184,986 Ordinary shares of 10p and 51,805,819 C Ordinary shares of 1p). 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 to each share class 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 each class of 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 respective Ordinary or D Ordinary share class remaining after payment of its liabilities *pari passu* with the other holders of Ordinary or D Ordinary shares respectively; and
- (c) the right to receive notice of and to attend and speak and vote in person or by proxy at any class meeting of Ordinary or D Ordinary shares respectively or 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

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

DIRECTORS' AUTHORITY TO ALLOT SHARES 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 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 July 2017, to allot up to 18,025,937 Ordinary shares (representing approximately 10 per cent of the Company's issued share capital as at the date of this Report). The authority being sought under this Resolution is in addition to that obtained at the General Meeting of the Company held on 30 November 2015.

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 18,025,937 Ordinary shares (representing approximately 10 per cent of the Company's issued share capital as at the date of this Report). 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. As with Resolution 8 the authority being sought under this resolution is in addition to that obtained at the General Meeting of the Company held on 30 November 2015.

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 27,020,880 Ordinary shares and 2,860,500 D Ordinary shares. 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 ordinarily be cancelled.

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).

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting of the Company to be held on 19 July 2016 is set out on pages 84 to 87. A form of proxy in relation to the meeting, will be sent to shareholders with this report.

INDEPENDENT AUDITOR

Grant Thornton UK LLP offer themselves for reappointment as auditor. A resolution to reappoint Grant Thornton UK LLP as auditor and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

INFORMATION GIVEN IN THE STRATEGIC REPORT

Information on dividends and likely future developments has not been given in the Directors' Report as equivalent disclosure has been made in the Strategic Report.

Corporate Governance Report

The Board of Apollo 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 the principles and recommendations of the AIC Code, by reference to the AIC Guide (which incorporates, and is used in addition to, The UK Corporate Governance Code), will provide better information to shareholders.

The Company is committed to maintaining high standards in Corporate Governance. The Directors consider that the Company has, throughout the period under review, complied with the provisions set out in The UK Corporate Governance Code with the exceptions set out in the Compliance Statement on pages 33 and 34.

BOARD OF DIRECTORS

The Company has a board of four non-executive Directors, all of whom are considered to be independent of the Company's Investment Manager, Octopus.

The director rotation is undertaken annually as follows:

	Date of Original Appointment	Due date for Election/ Re-election
Murray Steele (Chairman)	27/09/2012	AGM 2016
James Otter	28/11/2014	AGM 2017
Christopher Powles	28/09/2012	AGM 2016
Ian Pearson (appointed 27/01/2016)	27/01/2016	AGM 2016
Matt Cooper (resigned 27/01/2016)	17/07/2006	n/a

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 includes:

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

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

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

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

The Board meets regularly on a quarterly basis, and on other occasions as required, to review the investment

performance and monitor compliance with the investment policy laid down by the Board as set out in the Strategic Report on page 3.

During the year the following meetings were held:

	Full Board meetings held	No. of meetings attended	Audit Committee meetings held	Audit Committee meetings attended
Murray Steele (Chairman)	4	4	2	2
James Otter	4	4	2	2
Chris Powles	4	4	2	2
Ian Pearson**	4	0	2	0
Matt Cooper*	4	3	n/a	n/a

*Matt Cooper resigned on 27 January 2016

**Ian Pearson was appointed on 27 January 2016

Additional meetings were held as required to address specific issues including considering recommendations from the Investment Manager, allotments and share repurchases. A brief biographical summary of each Director is given on pages 23 and 24.

PERFORMANCE EVALUATION

In accordance with The UK Corporate Governance Code, each year a formal performance evaluation is undertaken of the Board, its Committees and the directors in the form of a questionnaire completed by each director. A summary of the findings are presented to the Board at the next meeting and an action plan agreed if required. The performance of the Chairman was evaluated by the other Directors.

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.

Authority was given at the Company's General Meeting held on 30 November 2015 to make market purchases of up to 18,845,900 Ordinary shares and 2,862,407 D Ordinary shares, such authority to expire on the date falling 18 months from the passing of the resolution. Renewed authority is being sought at the 2016 Annual General Meeting as set out in the notice of meeting.

BOARD COMMITTEES

There is no formal management engagement committee as matters of this nature are dealt with by the independent Non-Executive Directors. The Board does not have a separate Remuneration Committee as the Company has no employees or executive Directors. Detailed information relating to the remuneration of Directors is given in the Directors' Remuneration Report on pages 38 to 40.

The Board has appointed two committees to make recommendations to the Board in specific areas, the Audit Committee and the Nomination Committee.

Audit Committee:

Christopher Powles (Chairman)
Murray Steele
James Otter
Ian Pearson

The Audit Committee, chaired by Chris Powles, consists of the four independent Directors. The Audit Committee believes Mr 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 Report is given on pages 35 to 37.

Nomination Committee:

James Otter (Chairman) – appointed 28 November 2014
Christopher Powles

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

Terms of reference for the Committee have been agreed, however, the Committee has yet to meet. The Board as a whole considered the optimum composition of the Board prior to the transaction.

INTERNAL CONTROLS

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

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

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

The Directors confirm that they have established a continuing process throughout the period 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. The Board does not consider it necessary to maintain a separate internal audit function.

The risk management and internal control systems include the production and review of monthly bank reconciliations and management accounts. All outflows made from the Company's accounts require the authority of two signatories from Octopus. The Company is subject to a full annual audit. Further to this, the Audit Partner has open access to the Directors of the Company 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 on pages 10 and 11 and in note 15 to the Financial Statements.

RELATIONS WITH SHAREHOLDERS

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

The Board is also happy to respond to any written queries made by shareholders during the course of the year and can be contacted at 33 Holborn, London, EC1N 2HT. Alternatively, the team at Octopus is

available to answer any questions that a shareholder may have and can be contacted on **0800 316 2295**.

COMPLIANCE STATEMENT

The Listing Rules require the Board to report on compliance throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code 2014. 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 period to 31 January 2016 with the provisions set out in the UK Corporate Governance Code. The section references to the 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.1.2 and A.4.1]
2. New Directors have not received a full, formal and tailored induction on joining the Board. Such matters are addressed on an individual basis as they arise. [B.4.1]
3. The Audit Committee discusses the need for an internal audit function annually, however, it does not consider that an internal audit would be an appropriate control for a VCT. [C.3.6]
4. The Company does not have a Remuneration Committee as it does not have any executive directors. The Board as a whole reviews the remuneration of the Directors on an annual basis. [D.1.1 – 2.4]
5. The Company has no major shareholders and shareholders are not given the opportunity to meet any Non-Executive Directors at a specific meeting other than the Annual General Meeting. Shareholders are welcome to contact the Board or Octopus at any time. [E.1.1 and E.1.2]

By Order of the Board

Nicola Board

Nicola Board (ACIS)
Company Secretary
25 May 2016

Audit Committee Report

This report is submitted in accordance with The UK Corporate Governance Code in respect of the year ended 31 January 2016 and describes the work of the Audit Committee in discharging its responsibilities.

The Committee's key objective is the provision of effective governance of the appropriateness of the Company's financial reporting, the performance of the auditor and the management of the internal control and business risks systems. The Director's forming the Audit Committee can be found on page 32.

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

- reviewing and making recommendations to the Board in relation to the Company's published financial statements and other formal announcements relating to the Company's financial performance;
- advising the Board on whether the annual Report and Accounts, taken as a whole, is fair, balanced and understandable;
- advising the Board on whether the annual Report and Accounts provides necessary information for shareholders to assess position and performance, business model and strategy;
- reviewing and making recommendations to the Board in relation to the Company's internal control (including internal financial control) and risk management systems;
- periodically considering the need for an internal audit function;
- making recommendations to the Board in relation to the appointment, 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 auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK 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.

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

The Committee reviews its terms of reference and its effectiveness periodically and recommends to the Board any changes required as a result of the review. The terms of reference are available on request from the Company Secretary. The Committee meets twice each year and on an ad hoc basis as necessary. It 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, being corporation tax compliance and the review of the valuations prior to the C share conversion, and does not believe it is sufficient to influence their independence or objectivity due to the fees being an immaterial expense and the work being performed by a team separate to the audit team. When considering whether to recommend the reappointment of the external auditor the Committee takes into account the tenure of the current auditor in addition to comparing the fees charged by similar sized audit firms whilst also considering the quality of the audit work. 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 effectiveness of the external audit is assessed as part of the Board evaluation conducted annually and by the quality and content of the Audit Plan and Report provided to the Committee by the Auditor and the resultant discussions on topics raised. The Committee also challenges the Auditor when present at a Committee meeting if appropriate. In accordance with guidance issued by the Auditing Practices Board the audit partner is rotated every five years to ensure that objectivity and independence is not impaired. The current audit partner has been in place for two year ends. Grant Thornton UK LLP was appointed as Auditor

to the Company in 2006. No tender for the audit of the Company has been undertaken since this date.

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

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

During the period ended 31 January 2016, the Audit Committee discharged its responsibilities by:

- reviewing and approving the external auditor's terms of engagement and remuneration;
- reviewing the external auditor's plan for the audit of the Company's financial statements, including identification of key risks and confirmation of auditor independence;
- reviewing the Octopus statement of internal controls in relation to the Company's business and assessing the effectiveness of those controls in minimising the impact of key risks;
- reviewing periodic reports on the effectiveness of the Octopus compliance procedures;
- reviewing the appropriateness of the Company's accounting policies;
- reviewing the Company's draft annual financial and interim results statements prior to Board approval;
- reviewing the external auditor's Audit Findings Report to the Committee on the annual financial statements; and
- reviewing the Company's going concern status as referred to on pages 25 and 26.

The Committee has considered the Report and Accounts for the year ended 31 January 2016 and has reported to the Board that it considers them to be fair, balanced and understandable and providing the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

SIGNIFICANT RISKS

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

- Valuation of investment portfolio: The Committee gives special audit consideration to the valuation of investments and the supporting data provided by Octopus. The impact of this risk could be a large movement in the Company's net asset value. The valuations are supported by investee audited accounts and third party evidence. These give comfort to the Audit Committee.
- Recognition of revenue from investments: Investment income is the Company's main source of revenue. Revenue is recognised when the Company's right to the return is established in accordance with the Statement of Recommended Practice. Octopus confirms to the Audit Committee that the revenues are recognised appropriately.
- Management override of financial controls: The Committee reviews all significant accounting estimates that form part of the financial statements and consider any material judgements applied by management during the preparation of the financial statements.
- The transaction of the Company with OVCT 2 on 27 January 2016: The Committee reviewed the methodology used for the transaction and the valuation of the Octopus VCT 2 plc assets acquired.

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

The Audit Committee is also responsible for considering and reporting on any significant issues that arise in relation to the audit of the financial statements. The Audit Committee can confirm that there were no significant issues to report to the shareholders in respect of the audit of the financial statements for the year ended 31 January 2016.

A handwritten signature in black ink, appearing to read 'Chris Powles', with a long horizontal flourish underneath.

Chris Powles
Audit Committee Chairman
25 May 2016

Directors' Remuneration Report

INTRODUCTION

This report is submitted in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 in respect of the year ended 31 January 2016. The reporting obligations require that two sections be included, a Directors' Remuneration Policy Report and an Annual Remuneration Report, which are presented below.

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 and share information below. Their report on these and other matters is set out on pages 43 to 47.

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 period although the Directors expect from time to time to review the fees against those paid to the boards of directors of other VCTs. The Directors' remuneration paid during the year is set out on page 39. The Company does not have a Chief Executive Officer, Senior Management or any employees.

DIRECTORS' REMUNERATION POLICY REPORT

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

Each Director receives a letter of appointment. A Director may resign by notice in writing to the Board at any time giving three months' notice in writing. None of

the Directors are entitled to compensation payable upon early termination of their contract other than in respect of any unexpired notice period.

The maximum level of Directors' remuneration is fixed by the Company's Articles of Association, not to exceed £100,000 per annum in aggregate; any amendment to this is by way of an ordinary resolution subject to the approval of shareholders in general meeting.

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

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

The remuneration policy was amended and, in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, approved by shareholders at the Annual General Meeting held on 28 July 2015. The policy will be effective for a period of three years from that date.

ANNUAL REMUNERATION REPORT

The remuneration policy described above was

implemented with effect from 28 July 2015 and will remain unchanged for a three year period. The Board will review the remuneration of the Directors if thought appropriate and monitors competitors in the VCT industry on an annual basis. Otherwise, only a change in role is likely to incur a change in the remuneration of any one director.

This section of the report is subject to approval by a simple majority of shareholders at the AGM in July 2016, as in previous years.

STATEMENT OF VOTING AT THE ANNUAL GENERAL MEETING (AGM)

The 2015 Remuneration Report was presented to the AGM in July 2015 and received shareholder approval following a vote on a show of hands. 4.43% of the votes cast on the proxy forms were against the Report and 10,804 votes were withheld. The proxy forms returned to Capita contained no explanation for the votes against the resolution.

Shareholders' views are always considered by the Board, and the methods of contacting the Board are set out in the Corporate Governance Report on page 33.

COMPANY PERFORMANCE

The Board is responsible for the Company's investment strategy and performance, although the management of the Company's investment portfolio is delegated to the Investment Manager through the investment management agreement, as referred to in the Directors' Report. The performance graph on page 8 shows the performance of the Company.

DIRECTORS' FEES (AUDITED)

The amount of each Director's fees, as audited, were:

	Year ended 31 January 2016 £	Year ended 31 January 2015 £
Murray Steele (Chairman)	25,000	22,000
James Otter*	20,000	3,000
Christopher Powles	20,000	17,000
Ian Pearson**	231	–
Matt Cooper***	20,000	17,000
Tony Morgan****	–	14,000
Total	85,231	73,000

*James Otter was appointed as a Director on 28 November 2014

**Ian Pearson was appointed as a Director on 27 January 2016

***Matt Cooper resigned on 27 January 2016

****Tony Morgan resigned on 28 November 2014

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

RELATIVE IMPORTANCE OF SPEND ON PAY

The actual expenditure in the current year is as follows:

	Year to 31 January 2016 £'000	Year to 31 January 2015 £'000
Share buybacks	3,597	1,812
Dividends paid in year*	5,618	3,836
Total Directors' Fees	85	73

*Dividends paid does not include the £34,248,758 dividend payment to Apollo Ordinary C shareholders who elected to exit their investment at the end of the initial five year holding period.

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

STATEMENT OF DIRECTORS' SHAREHOLDINGS (AUDITED)

There are no guidelines or requirements for Directors' to own shares in the Company. The interests of the Directors, and their connected persons, in shares of the Company during the year (in respect of which transactions are notifiable under Disclosure and Transparency Rule 3.1.2R) are shown in the table below:

	Number and class of shares at 31 January 2016	Number and class of shares at 31 January 2015
Murray Steele (Chairman)	140,184 Ordinary	11,255 Ordinary
James Otter	17,446 Ordinary	5,275 C Ordinary
Christopher Powles	5,699 Ordinary	5,699 Ordinary
Ian Pearson	10,550 D Ordinary	nil

Matt Cooper resigned on 27 January 2016. As at this date his shareholding was 20,889 Ordinary shares.

There have been the following changes in the Directors' share interests between 31 January 2016 and the date of this report:

	Ordinary shares acquired	Resultant Shareholding
Murray Steele (Chairman)	759	140,943 Ordinary
James Otter	184	17,630 Ordinary
Ian Pearson	314	314 Ordinary and 10,550 D Ordinary

All of the Directors' shares were held beneficially.

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

SHAREHOLDERS PROXY VOTING INFORMATION

As required by Schedule 8:23 of the Regulations, the votes received for the AGM in 2015 were as follows:

	For		Discretion		Against	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Approval of Directors' Remuneration Report	251,836	85.5	29,674	10.1	13,043	4.4
Approval of Directors' Remuneration Policy	264,879	89.9	29,674	10.1	–	–

By Order of the Board



Murray Steele
Chairman
25 May 2016

Directors' Responsibilities Statement

The Directors are responsible for preparing the Strategic Report, Directors' Report, 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) including FRS 102 – "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Strategic Report, a Directors' Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

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 and the Directors' Remuneration

Report 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.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the annual report and the financial statements, taken as a whole, provide the information necessary to assess the Company's position, performance, business model and strategy and is fair, balanced and understandable.

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

To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the UK and Republic of Ireland", give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and

- the annual report, including the Strategic 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.

On behalf of the Board

A handwritten signature in black ink that reads "Murray Steele". The signature is written in a cursive, slightly slanted style.

Murray Steele
Chairman
25 May 2016

Report of the Independent Auditor to the Members of Octopus Apollo VCT plc

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 January 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Who we are reporting to

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.

WHAT WE HAVE AUDITED

Octopus Apollo VCT Plc's financial statements for the year ended 31 January 2016 comprise the Statutory Income Statement, the Statutory Balance Sheet, the Statutory Statement of Changes in Equity, the Cash Flow Statement and the related notes.

The financial reporting framework that has been applied in their preparation is United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

OVERVIEW OF OUR AUDIT APPROACH

- Overall materiality: £1,322,000 which represents 1% of the Company's total assets; and
- Key audit risks were identified as valuation of unquoted investments, recognition of revenue from investments and the Octopus VCT 2 plc merger.

OUR ASSESSMENT OF RISK

In arriving at our opinions set out in this report, we highlight the following risks that, in our judgement, had the greatest effect on our audit:

Audit risk	How we responded to the risk
<p>Valuation of unquoted investments</p> <p>Unquoted investments are the largest asset in the financial statements and they are held at fair value through profit and loss in accordance with FRS 102. Measurement of the value of unquoted investments includes significant assumptions and judgements and we therefore identified the valuation of unquoted investments as a risk requiring special audit consideration.</p>	<ul style="list-style-type: none"> • obtaining an understanding of how valuations were performed by the investment manager through discussions of the valuation methods with the investment manager, attendance at the company's valuation committee meeting and review of valuation memoranda; • consideration of whether the valuations were made in accordance with IPEVC guidelines; • reviewing and challenging the basis and reasonableness of the assumptions made by the investment manager in conjunction with the available supporting information such as publicly available earnings multiples and discount rates. In doing this we utilised our firm's internal valuation specialists; and • assessing whether the accounting policy for valuing investments is in accordance with the relevant reporting standard. <p>The Company's accounting policy on fixed asset investments and the related disclosures are included in note 10. The Audit Committee identified the valuation of the Company's investment portfolio as a significant risk in its report on page 36 where the Committee also describes the action that it took in respect of this risk.</p>
<p>Recognition of revenue from investments</p> <p>Investment income is Company's major source of revenue. In accordance with FRS 102, revenue should be recognised when the Company's right to income has been established in accordance with the Company's stated accounting policy. In accordance with the requirements of International Standard on Auditing (ISA) (UK and Ireland) 240 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements', we identified the recognition of revenue from investments as a significant risk requiring special audit consideration.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • recalculating the amount of loan interest receivable and comparing it with the income recognised in the financial statements; • selecting a sample of investments held during the year, recalculating the income that should have been recognised in respect of these investments and comparing it with the income recognised by the Company; • assessing the recoverability of accrued investment income at the year-end through review of the financial position of the investee companies and review of any amounts received since the year-end; and • assessing whether the accounting policy for the recognition of revenue is in accordance with the relevant reporting standard. <p>The Company's accounting policy on income and the related disclosures are included in note 2. The Audit Committee identified the recognition of revenue from investments as a significant risk in its report on page 36 where the Committee also describes the action that it took in respect of this risk.</p>
<p>Octopus VCT 2 plc merger</p> <p>On 27 January 2016 the net assets of Octopus VCT 2 plc were merged with the Company. Being a transaction outside of the normal course of business and material, this was identified as a significant, material transaction and we therefore identified the Octopus VCT 2 plc merger as a significant risk requiring special audit attention.</p>	<p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> • review of the journal entry to recognise the transaction in the books of the Company; • inspection of the Stock Exchange notifications, and scheme of merger; • recalculation of the shares to be exchanged on the transaction in accordance with the scheme of merger; and • assessing the valuation of Octopus VCT 2 plc's assets on the merger date. <p>The Company's accounting policy on the Octopus VCT 2 plc merger is disclosed in note 1 under 'Significant Judgements and Estimates' and the related disclosures are included in note 20. The Audit Committee identified the transaction with Octopus VCT 2 plc on 27 January 2016 as a significant risk in its report on page 36 where the Committee also describes the action that it took in respect of this risk.</p>

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality in determining the nature, timing and extent of our work and in evaluating the results of that work.

We determined materiality for the audit of the financial statements as a whole to be £1,322,000 which is 1% of total assets. This benchmark is considered the most appropriate because total assets, which are primarily composed of the Company's investment portfolio, are considered to be the key driver of the Company's total return performance.

Materiality for the current year is higher than the level that we determined for the year ended 31 January 2015 to reflect the increase in total assets during the year and at the year end.

We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 60% of financial statement materiality. We also determine a lower level of specific materiality for certain areas such as statement of total comprehensive income, directors' remuneration and related party transactions.

We determined the threshold at which we will communicate misstatements to the audit committee to be £66,100. In addition we will communicate misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

Overview of the scope of our audit

A description of the generic scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

We conducted our audit in accordance with ISAs (UK and Ireland). Our responsibilities under those standards are further described in the 'Responsibilities for the financial statements and the audit' section of our report. We believe that the audit evidence we have obtained

is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the Auditing Practices Board's Ethical Standards for Auditors, and we have fulfilled our other ethical responsibilities in accordance with those Ethical Standards.

Our audit approach was based on a thorough understanding of the Company's business and is risk-based. The day-to-day management of the Company's investment portfolio, the custody of its investments and the maintenance of the Company's accounting records is outsourced to third-party service providers. Accordingly, our audit work included:

- obtaining an understanding of, and evaluating, internal controls at the Company and relevant third-party service providers by obtaining and evaluating internal controls reports on the description, design and operating effectiveness of controls at the Manager and custodian; and
- undertaking substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment and our evaluation of the design and implementation of controls over individual systems.

OTHER REPORTING REQUIRED BY REGULATIONS

OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Under the Listing Rules, we are required to review:

- the directors' statements in relation to going concern and longer-term viability, set out on pages 25 and 9 respectively; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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

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

In particular, we are required to report to you if:

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable; or
- the annual report does not appropriately disclose those matters that were communicated to the Audit

Committee which we consider should have been disclosed.

We have nothing to report in respect of the above.

We also confirm that we do not have anything material to add or to draw attention to in relation to:

- the directors' confirmation in the annual report that they have carried out a robust assessment of the principal risks facing the Company including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures in the annual report that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in the financial statements about whether they have considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation in the annual report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

What the directors are responsible for:

As explained more fully in the Directors' Responsibilities Statement set out on pages 41 and 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

What we are responsible for:

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Christopher Smith**Senior Statutory Auditor**

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

London

25 May 2016

Statutory Income Statement

	Notes	Year ended 31 January 2016			Restated Year ended 31 January 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of fixed asset investments	10	–	1,112	1,112	–	1,311	1,311
Change in fair value of fixed asset investments	10	–	1,776	1,776	–	1,198	1,198
Investment income	2	4,524	–	4,524	3,623	–	3,623
Investment management fees	3	(595)	(2,182)	(2,777)	(460)	(1,844)	(2,304)
Other expenses	4	(1,625)	–	(1,625)	(1,247)	–	(1,247)
Return on ordinary activities before tax		2,304	706	3,010	1,916	665	2,581
Taxation on return on ordinary activities	6	(615)	436	(179)	(286)	254	(32)
Return on ordinary activities after tax		1,689	1,142	2,831	1,630	919	2,549
Earnings per share – basic and diluted	8	1.2p	0.8p	2.0p	2.1p	1.2p	3.3p

- The 'Total' column of this statement is the profit and loss account of the Company; the 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 other comprehensive income for the period.

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

Non-Statutory Income Statement – Ordinary shares (un-audited)

	Notes	Year ended 31 January 2016			Restated Year ended 31 January 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of fixed asset investments	10	–	1,112	1,112	–	1,311	1,311
Change in fair value of fixed asset investments	10	–	1,776	1,776	–	1,198	1,198
Investment income		4,524	–	4,524	3,623	–	3,623
Investment management fees		(595)	(2,182)	(2,777)	(460)	(1,844)	(2,304)
Other expenses		(1,628)	–	(1,628)	(1,247)	–	(1,247)
Return on ordinary activities before tax		2,301	706	3,007	1,916	665	2,581
Taxation on return on ordinary activities		(615)	436	(179)	(286)	254	(32)
Return on ordinary activities after tax		1,686	1,142	2,828	1,630	919	2,549
Earnings per share – basic and diluted	8	1.2p	0.8p	2.0p	2.1p	1.2p	3.3p

- The 'Total' column of this statement is the profit and loss account of the Ordinary shares; the 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.

Comparative numbers reflect the 2015 audited statutory income statement which combined the Ordinary and Apollo C ordinary share income statements.

The Company has no other comprehensive income for the period.

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

Non-Statutory Income Statement – D Ordinary shares (un-audited)

	Notes	Year ended 31 January 2016		
		Revenue £'000	Capital £'000	Total £'000
Realised gain on disposal of fixed asset investments		–	–	–
Change in fair value of fixed asset investments		–	–	–
Investment income		–	–	–
Investment management fees		–	–	–
Other expenses		3	–	3
Return on ordinary activities before tax		3	–	3
Taxation on return on ordinary activities		–	–	–
Return on ordinary activities after tax		3	–	3
Earnings per share – basic and diluted	8	0.0p	0.0p	0.0p

- The 'Total' column of this statement is the profit and loss account of the D Shares; the 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.

Apollo acquired OVCT 2's net assets and liabilities on 27 January 2016, therefore there are no comparative balances.

The Company has no other comprehensive income for the period.

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

Statutory Balance Sheet

	Notes	As at 31 January 2016		Restated As at 31 January 2015	
		£'000	£'000	£'000	£'000
Fixed asset investments*	10		116,628		100,039
Current assets:					
Debtors	11	5,305		2,882	
Cash at bank		10,275		21,264	
		15,580		24,146	
Creditors: amounts falling due within one year	12	(4,467)		(4,365)	
Net current assets			11,113		19,781
Net Assets			127,741		119,820
Called up equity share capital	13		13,896		8,636
Share premium			48,893		54,306
Special distributable reserve			60,748		53,989
Capital redemption reserve			2,557		2,101
Capital reserve gains & losses on disposal			(1,866)		(2,019)
Capital reserve holding gains & losses			3,510		2,521
Revenue reserve			3		286
Total shareholders' funds			127,741		119,820

*Held at fair value through profit and loss

The statements were approved by the Directors and authorised for issue on 25 May 2016 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.

Non-Statutory Balance Sheet – Ordinary shares (un-audited)

	Notes	As at 31 January 2016		Restated As at 31 January 2015	
		£'000	£'000	£'000	£'000
Fixed asset investments*	10		99,306		100,039
Current assets:					
Debtors		5,042		2,882	
Cash at bank		10,275		21,264	
		15,317		24,146	
Creditors: amounts falling due within one year		(4,769)		(4,365)	
Net current assets			10,548		19,781
Net Assets			109,854		119,820
Called up equity share capital	13		13,705		8,636
Share premium			31,200		54,306
Special distributable reserve			60,748		53,989
Capital redemption reserve			2,557		2,101
Capital reserve gains & losses on disposal			(1,866)		(2,019)
Capital reserve holding gains & losses			3,510		2,521
Revenue reserve			–		286
Total shareholders' funds			109,854		119,820
Net Asset Value per share – Ordinary shares			82.3p		85.1p

*Held at fair value through profit and loss

Comparative numbers reflect the 2015 audited statutory balance sheet which combined the Ordinary and Apollo C balance sheets.

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

Non-Statutory Balance Sheet – D Ordinary shares (un-audited)

	Notes	As at 31 January 2016	
		£'000	£'000
Fixed asset investments*	10		17,322
Current assets:			
Debtors		667	
		667	
Creditors: amounts falling due within one year		(102)	
Net current assets			565
Net Assets			17,887
Called up equity share capital	13		191
Share premium			17,693
Capital reserve gains & losses on disposal			–
Capital reserve holding gains & losses			–
Revenue reserve			3
Total shareholders' funds			17,887
Net Asset Value per share – D Ordinary shares			93.7p

*Held at fair value through profit and loss

Apollo acquired OVCT 2's net assets and liabilities on 27 January 2016, therefore there are no comparative balances.

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

Statutory Statement of Changes in Equity

RESTATED

	Share Capital £'000	Share Premium £'000	Special distributable reserve £'000	Capital Redemption Reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
01 February 2014	7,362	35,140	19,116	2,704	(2,445)	2,028	–	63,905
Return on ordinary activities after tax	–	–	–	–	–	–	1,630	1,630
Repurchase of own shares	(225)	–	(1,812)	225	–	–	(202)	(2,014)
Issue of new shares	1,499	57,717	–	–	–	–	–	59,216
Cancellation of share premium	–	(38,551)	38,551	–	–	–	–	–
Cancellation of capital redemption reserve	–	–	828	(828)	–	–	–	–
Management and performance fees allocated as capital expenditure	–	–	–	–	(1,844)	–	–	(1,844)
Current year gains/losses on disposal	–	–	–	–	1,311	–	–	1,311
Prior period holding gains/losses now crystallised	–	–	–	–	959	(959)	–	–
Current period gains/losses on fair value of investments	–	–	–	–	–	1,198	–	1,198
Capital expenses taken against tax charge	–	–	–	–	–	254	–	254
Dividends paid	–	–	(2,694)	–	–	–	(1,142)	(3,836)
31 January 2015	8,636	54,306	53,989	2,101	(2,019)	2,521	286	119,820
Repurchase of own shares	(456)	–	(3,597)	456	–	–	–	(3,597)
Issue of new shares	3,902	44,652	–	–	–	–	–	48,554
Issue of new shares on C ordinary share conversion	1,814	349	(2,163)	–	–	–	–	–
Cancellation of share premium	–	(50,414)	50,414	–	–	–	–	–
Return on ordinary activities after tax	–	–	–	–	–	–	1,689	1,689
Management and performance fees allocated as capital expenditure	–	–	–	–	(2,182)	–	–	(2,182)
Current year gains/losses on disposal	–	–	–	–	1,112	–	–	1,112
Prior period holding gains/losses now crystallised	–	–	–	–	787	(787)	–	–
Current period gains/losses on fair value of investments	–	–	–	–	–	1,776	–	1,776
Capital expenses taken against tax charge	–	–	–	–	436	–	–	436
Dividend paid – C ordinary share conversion	–	–	(34,249)	–	–	–	–	(34,249)
Dividends paid	–	–	(3,646)	–	–	–	(1,972)	(5,618)
31 January 2016	13,896	48,893	60,748	2,557	(1,866)	3,510	3	127,741

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

Non-Statutory Statement of Changes in Equity – Ordinary shares (un-audited)

RESTATED

	Share Capital £'000	Share Premium £'000	Special distributable reserve £'000	Capital Redemption Reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
01 February 2014	7,362	35,140	19,116	2,704	(2,445)	2,028	–	63,905
Return on ordinary activities after tax	–	–	–	–	–	–	1,630	1,630
Repurchase of own shares	(225)	–	(1,812)	225	–	–	(202)	(2,014)
Issue of new shares	1,499	57,717	–	–	–	–	–	59,216
Cancellation of share premium	–	(38,551)	38,551	–	–	–	–	–
Cancellation of capital redemption reserve	–	–	828	(828)	–	–	–	–
Management and performance fees allocated as capital expenditure	–	–	–	–	(1,844)	–	–	(1,844)
Current year gains/losses on disposal	–	–	–	–	1,311	–	–	1,311
Prior period holding gains/losses now crystallised	–	–	–	–	959	(959)	–	–
Current period gains/losses on fair value of investments	–	–	–	–	–	1,198	–	1,198
Capital expenses taken against tax charge	–	–	–	–	–	254	–	254
Dividends paid	–	–	(2,694)	–	–	–	(1,142)	(3,836)
31 January 2015	8,636	54,306	53,989	2,101	(2,019)	2,521	286	119,820
Repurchase of own shares	(456)	–	(3,597)	456	–	–	–	(3,597)
Issue of new shares	3,711	26,959	–	–	–	–	–	30,670
Issue of new shares on C ordinary share conversion	1,814	349	(2,163)	–	–	–	–	–
Cancellation of share premium	–	(50,414)	50,414	–	–	–	–	–
Return on ordinary activities after tax	–	–	–	–	–	–	1,686	1,686
Management and performance fees allocated as capital expenditure	–	–	–	–	(2,182)	–	–	(2,182)
Current year gains/losses on disposal	–	–	–	–	1,112	–	–	1,112
Prior period holding gains/losses now crystallised	–	–	–	–	787	(787)	–	–
Current period gains/losses on fair value of investments	–	–	–	–	–	1,776	–	1,776
Capital expenses taken against tax charge	–	–	–	–	436	–	–	436
Dividend paid on C ordinary share conversion	–	–	(34,249)	–	–	–	–	(34,249)
Dividends paid	–	–	(3,646)	–	–	–	(1,972)	(5,618)
31 January 2016	13,705	31,200	60,748	2,557	(1,866)	3,510	–	109,854

Comparative numbers reflect the 2015 audited statement of changes in equity which combined the Ordinary and Apollo C statements of changes in equity.

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

Non-Statutory Statement of Changes in Equity – D Ordinary shares (un-audited)

	Share Capital £'000	Share Premium £'000	Special distributable reserve £'000	Capital Redemption Reserve £'000	Capital reserve – realised £'000	Capital reserve – unrealised £'000	Revenue reserve £'000	Total £'000
01 February 2015	–	–	–	–	–	–	–	–
Issue of new shares	191	17,693	–	–	–	–	–	17,884
Cancellation of share premium	–	–	–	–	–	–	–	–
Return on ordinary activities after tax	–	–	–	–	–	–	3	3
Management and performance fees allocated as capital expenditure	–	–	–	–	–	–	–	–
Current period gains/losses on fair value of investments	–	–	–	–	–	–	–	–
Capital expenses taken against tax charge	–	–	–	–	–	–	–	–
Dividends paid	–	–	–	–	–	–	–	–
31 January 2016	191	17,693	–	–	–	–	3	17,887

Apollo acquired OVCT 2's net assets and liabilities on 27 January 2016, therefore there are no comparative balances.

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

Cash Flow Statement

	Notes	Year to 31 January 2016 £'000	Year to 31 January 2015 £'000
Reconciliation of return on ordinary activities to cash flows from operating activities			
Return on ordinary activities after tax		2,831	2,549
Increase in debtors		(2,423)	(1,229)
Increase in creditors		102	699
Debtors obtained from transaction		382	614
Creditors obtained from transaction		(123)	(324)
Gain on disposal of fixed asset investments	10	(1,112)	(1,311)
Gain on valuation of fixed asset investments	10	(1,776)	(1,198)
Taxation	6	–	(552)
Total cash flow from operating activities		(2,119)	(752)
Cash flows from investing activities			
Cash acquired from transaction		303	377
Purchase of fixed asset investments	10	(53,650)	(15,505)
Sale of fixed asset investments	10	57,271	22,547
Purchase of current asset investments		–	(15)
Sale of current asset investments		–	4,269
Total cash flows from investing activities		3,924	11,673
Cash flows from financing activities			
Purchase of own shares	14	(3,597)	(2,014)
Issue of own shares	14	30,670	8,283
Dividends paid		(39,867)	(3,836)
Total cash flows from financing activities		(12,794)	2,433
(Decrease)/increase in cash and cash equivalents		(10,989)	13,354
Opening cash and cash equivalents		21,264	7,910
Closing cash and cash equivalents		10,275	21,264

On 27 January 2016, Octopus Apollo VCT plc acquired the assets of Octopus VCT 2 plc. The transfer of assets from Octopus VCT 2 plc was settled by the issue of D Ordinary shares, rather than cash.

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

Notes to the Financial Statements

The Company is a Public Limited Company (Plc) incorporated in England and Wales and its registered office is 33 Holborn, London, EC1N 2HT.

The Company's principal's activity is to invest in a diverse portfolio of predominantly unquoted companies with the aim of providing shareholders with attractive tax-free dividends.

I. 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 ("GAAP"), including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006 and the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts (revised 2014).'

The principal accounting policies have remained materially unchanged from those set out in the Company's 2015 Annual Report and financial statements.

A restatement for a prior year error has been made in the comparative figures. This is disclosed further in note 2.

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. Where there is no standing precedent, accrued income and expenses since the transaction have been allocated to the Ordinary and D Ordinary shares by the ratio of the net assets of the Apollo and OVCT 2 funds at the time of the transaction.

FRS 102 sections 11 and 12 have been adopted with regard to the Company's financial instruments. The

Company held all fixed asset investments 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 gains and losses on investments are attributable to assets held at fair value through profit or loss.

Investment 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 in note 10. 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.

Key judgements and estimates

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 applied 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 applied are under continuous review with particular attention paid to the carrying value of the investments.

In addition there are a number of key judgements made by the Board. This includes the judgement that the transaction with OVT 2 plc was a transfer of net

assets rather than the acquisition of a business and also that the D Ordinary shares are considered to be equity instruments as the conversion to Ordinary shares is at the discretion of management.

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

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

By virtue of FRS 102 section 9.9, the Company does not have to produce consolidated financial statements owing to the fact that its interests in subsidiaries are all held as part of an investment portfolio (as defined by FRS 102), and therefore its interests in subsidiaries are excluded from consolidation. They have therefore been treated in the same way as other investee companies and are held at fair value. These financial statements are therefore separate financial statements.

The transaction between OVCT 2 and Apollo in January 2016 as discussed in the Chairman's Statement constituted the purchase of the assets and liabilities of OVCT 2, but not the purchase of a business and therefore was not a business combination. This is because an integrated set of activities was not acquired due to the fact the management agreement pertaining to OVCT 2 did not transfer across with the assets and liabilities. Instead, a deed of variation was entered into between The Manager and Apollo to amend Apollo's existing IMA ("Investment Management

Agreement"). As a result this means that business combination accounting per FRS 102 is not required.

These financial statements present the financial position and performance of both the Ordinary shares and D class shares together.

Revenue and capital

The revenue column of the Income Statement includes all income and revenue expenses of the Company. The capital column includes changes in fair value of 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.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Financing strategy and capital structure

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

The Company does not have any externally imposed capital requirements.

The 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 in accordance with Special Resolution 10 in order to maintain sufficient liquidity in the Company's shares.

Reserves

Called up equity share capital – represents the nominal value of shares that have been issued.

Share premium account – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Special distributable reserve – includes realised profits and cancelled share premium available for distribution.

Capital redemption reserve – represents the nominal value of shares bought back from shareholders.

Capital reserve – holding gains & losses – arises 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.

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

Functional and presentational currency

The financial statements are presented in Sterling (£). The functional currency is also Sterling (£).

2. INCOME

Accounting Policy

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 it is considered probable that payment will be received in due course. Income from fixed interest securities and deposit interest is accounted for on an effective interest rate method.

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 it is probable that payment will be received. Fixed returns on debt and money market funds are recognised provided it is probable that payment will be received in due course.

Disclosure

	31 January 2016 £'000	Restated 31 January 2015 £'000
Interest receivable on bank balances and bonds	83	37
Money market securities – dividend income	–	27
Loan note interest receivable	3,654	3,559
Other income	787	–
	4,524	3,623

Prior period adjustment

As briefly disclosed in the basis of preparation note, the Company has restated its prior year figures. In the current year a prior period error has been identified and applies specifically to the 2015 accrued income figures and 2015 profit figures.

In May 2015 it was identified that £257,000 was receivable from Vista Retail Support Limited attributable to rolled up loan interest not accrued in regards of the previous financial year. This amount was receivable in 2015 but not

accrued as appropriate. This has been reflected in these financial statements which results in the 2015 return on ordinary activities after tax increasing by £257,000 in addition to the 2015 accrued income figure. As a result of this, the 2016 brought forward revenue reserve and accrued income balances have increased by £257,000.

3. INVESTMENT MANAGEMENT FEES

	Year to 31 January 2016			Year to 31 January 2015		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	595	1,785	2,380	460	1,381	1,841
Investment performance fee	–	397	397	–	463	463
	595	2,182	2,777	460	1,844	2,304

For the purpose of the revenue and capital columns in the Income Statement, the management fee for both the Ordinary shares and D Ordinary shares has been allocated 25% to revenue and 75% to capital, in line with the Board's expected long term split of returns 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.

The management fee, administration and accountancy fees for Ordinary shares are calculated based on the NAV as at 31 January 2016 which is then multiplied by the number of shares in issue, calculated on a daily basis.

Octopus provides investment management, accounting and administration services and company secretarial 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. The basis upon which the management fee is calculated is disclosed within note 18 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. This scheme is in line with industry standards. Further details of this scheme are disclosed within note 18 to the financial statements. As at 31 January 2016, £397,000 was due to the Investment Manager by way of annual performance fee (2015: £463,000).

4. OTHER EXPENSES

Accounting Policy

All expenses are accounted for on an accruals basis. Expenses are charged wholly to revenue, apart from management fees charged 75% to capital and 25% to revenue, performance fees charged wholly to capital and

transaction costs. Transaction costs incurred when purchasing or selling assets are written off to the Income Statement in the period that they occur.

Disclosure

	31 January 2016 £'000	31 January 2015 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	33	36
Fees payable to the Company's auditor for other services – Tax compliance	7	2
Accounting and administration services	348	227
Legal and professional expenses	12	46
Transaction related expenses	315	224
Registrars fees	81	25
Ongoing commission	519	415
Directors fees	85	73
Other expenses	225	199
	1,625	1,247

The total expense ratio for the Company for the year to 31 January 2016 was 2.7% (2015: 3.2%). Total annual running costs are capped at 3.3%.

5. DIRECTORS' REMUNERATION

	Year to 31 January 2016			Year to 31 January 2015		
	Emoluments £'000	National Insurance £'000	Total £'000	Emoluments £'000	National Insurance £'000	Total £'000
Directors' emoluments						
Murray Steele (Chairman)	25	2	27	22	–	22
Tony Morgan	–	–	–	14	1	15
Christopher Powles	20	1.5	21.5	17	1.5	18.5
Matt Cooper*	20	1.5	21.5	17	1.5	18.5
James Otter	20	1.5	21.5	3	–	3
Ian Pearson**	–	–	–	–	–	–
	85	6.5	91.5	73	4	77

*Matt Cooper resigned as a Director on 27 January 2016

**Ian Pearson was appointed a Director on 27 January 2016

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 four (2015: four).

6. TAX ON RETURN ON ORDINARY ACTIVITIES

Accounting Policy

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 in respect of all timing differences at the reporting date. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Disclosure

The corporation tax charge is based on the profit for the year and represents:

	31 January 2016 £'000	31 January 2015 £'000
UK Corporation Tax	139	32
Adjustments in respect of previous period	40	–
Total current tax	179	32
Deferred taxation	–	–
Tax on results on ordinary activities	179	32

The total tax charge for the year differs from the standard rate of corporation tax in the UK of 20% (2015: 20%). The differences are explained below.

Total tax reconciliation:

	31 January 2016 £'000	Restated 31 January 2015 £'000
Profit/(loss) on ordinary activities before tax	3,010	2,581
Non-taxable gains/(losses)	(2,888)	(2,164)
Prior year revenue restatement recognised in the current year for tax purposes	257	(257)
Expenses not deductible for tax purposes	315	–
Net return on ordinary activities	694	160
Current tax at 20% (2015: 20%)	139	32
Excess management expenses carried forward	–	–
Adjustments in respect of previous period	40	–
Total current tax charge	179	32
Total tax on results on ordinary activities	179	32

The Company has excess management charges of £nil (2015: £nil) to carry forward to offset against future taxable profits.

Approved venture capital trusts are exempt from tax on chargeable 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

Accounting Policy

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 on the record date, the date on which those shareholders on the share register are entitled to the dividend.

Disclosure

	31 January 2016 £'000	31 January 2015 £'000
Recognised as distributions in the financial statements for the year		
Previous year's final dividend – Ordinary shares	2,497	1,922
Current year's interim dividend – Ordinary shares	3,121	1,914
	5,618	3,836

On 21 August 2015, Apollo C class shareholders who elected to exit the fund were entitled to a C share dividend of 98.0p per share. A total of £34,249,000 was paid in August and September representing 34,947,712 shares.

	31 January 2016 £'000	31 January 2015 £'000
Paid and proposed in respect of the year – Ordinary shares		
Interim dividend – 2.5p per share (2015: 2.5p per share)	3,121	1,914
Final dividend proposed – 2.5p per share (2015: 2.5p per share)	4,029	2,412
	7,150	4,326

The final dividend of 2.5p per share for the year ended 31 January 2016, which is subject to shareholder approval at the Annual General Meeting, will be paid on 26 August 2016 to shareholders on the register on 12 August 2016.

8. EARNINGS PER SHARE

The earnings per share for the combined fund is based on 137,876,260 (2015: 77,593,074) shares, being the weighted average number of shares in issue during the year, including Ordinary shares, D Ordinary Shares and deferred shares.

The earnings per share for the Ordinary shares is based on 137,667,134 (2015: 77,593,074) shares, being the weighted average number of Ordinary shares in issue during the year.

The earnings per share for the D Ordinary shares is based on 19,082,726 (2015: nil) shares, being the weighted average number of D Ordinary shares in issue during the year.

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

9. NET ASSET VALUE PER SHARE

The calculation of net asset value per Ordinary share as at 31 January 2016 is based on net assets of £109,854,000 (2015: £119,820,000) divided by the 133,555,641 (2015: 132,990,805) shares in issue at that date.

The calculation of net asset value per D Ordinary share as at 31 January 2016 is based on net assets of £17,887,000 (2015: £nil) divided by the 19,082,726 (2015: nil) shares in issue at that date.

10. FIXED ASSET INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Accounting Policy

The Company's principal financial assets are its investments and the policies in relation to those assets are set out below. 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.

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

These investments will be managed and their performance evaluated on a fair value basis in accordance with a documented investment strategy and information about them is provided internally on that basis to the Board. Accordingly, the investments are measured 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, discounted cash flows 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 investee company are measured at fair value using a consistent methodology to the rest of the Company's portfolio as permitted by the SORP (para 32).

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.

Fair value hierarchy

Paragraph 34.22 of FRS 102 regarding financial instruments that are measured in the balance sheet at fair value requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level a: quoted prices in active markets for an identical asset. 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 a.

Level b: where quoted prices are not available, the price of a recent transaction for an identical asset, providing there has been no significant change in economic circumstances or a significant lapse in time since the transaction took place. The Company holds no such investments in the current or prior year.

Level c (i): 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 c (i). The Company holds no such investments in the current or prior year.

Level c (ii): 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 c (ii).

There have been no transfers between these classifications in the year (2015: 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 measured as such upon initial recognition. Movements in investments at fair value through profit or loss during the year to 31 January 2016 are summarised below.

Note disclosure:

Investments held by Ordinary Share Fund

	Level c (ii): Unquoted investments £'000	Level a: Quoted investments £'000	Total investments £'000
Valuation and net book amount:			
Book cost at 1 February 2015	97,513	678	98,191
Cumulative revaluation	2,024	(176)	1,848
Opening fair value at 1 February 2015	99,537	502	100,039
Movement in the year:			
New purchases at cost	53,650	–	53,650
Proceeds from the sale of investments	(57,271)	–	(57,271)
Gain/loss on disposal of investments – current year	1,112	–	1,112
Change in fair value in year	2,065	(289)	1,776
Closing fair value at 31 January 2016	99,093	213	99,306
Closing cost at 31 January 2016	95,118	678	95,796
Closing holding gain at 31 January 2016	3,975	(465)	3,510
Valuation at 31 January 2016	99,093	213	99,306

Investments held by D Ordinary Share Fund

	Level c (ii): Unquoted investments £'000	Level a: Quoted investments £'000	Total investments £'000
Opening fair value at 1 February 2015	–	–	–
Movement in the year:			
Investments acquired as part of transaction	17,322	–	17,322
Proceeds from the sale of investments	–	–	–
Gain/loss on disposal of investments – current year	–	–	–
Change in fair value in year	–	–	–
Closing fair value at 31 January 2016	17,322	–	17,322
Closing cost at 31 January 2016	17,322	–	17,322
Closing holding gain at 31 January 2016	–	–	–
Valuation at 31 January 2016	17,322	–	17,322

Total Investments

	Level c (ii): Unquoted investments £'000	Level a: Quoted investments £'000	Total investments £'000
Valuation and net book amount:			
Book cost at 1 February 2015	97,513	678	98,191
Cumulative revaluation	2,024	(176)	1,848
Opening fair value at 1 February 2015	99,537	502	100,039
Movement in the year:			
New purchases at cost	53,650	–	53,650
Investments acquired as part of transaction	17,322	–	17,322
Proceeds from the sale of investments	(57,271)	–	(57,271)
Gain/Loss on disposal of investments – current year	1,112	–	1,112
Change in fair value in year	2,065	(289)	1,776
Closing fair value at 31 January 2016	116,415	213	116,628
Closing cost at 31 January 2016:	112,440	678	113,118
Closing holding gain at 31 January 2016:	3,975	(465)	3,510
Valuation at 31 January 2016	116,415	213	116,628

Level c (ii) valuations include assumptions based on non-observable market data, such as discounts applied to earnings multiples to reflect the lack of marketability in unquoted investments. The sensitivity of these valuations to a reasonable possible change in such assumptions is given in note 15.

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 the Company's investment policy.

Further details of the fixed asset investments held by the Company are shown within the Investment Manager's Review on pages 12 to 22.

Disposals of unquoted investments

Investee company	Net disposal proceeds £'000	Cost £'000
Terido LLP	25,222	25,222
Resilient Corporate Services Limited	3,204	2,973
Healthcare Services and Technology Limited	2,814	2,583
Technical Software Consultants Limited	2,100	3,172
GreenCo Services 2 Limited	1,905	1,600
Aquaso Limited	1,500	1,500
Huitzilopochtli Limited	1,188	1,000
Healthcare Education Business Services Limited	1,068	992
Horrebow Energy Limited	1,068	973
Mallina Power Limited	1,068	973
Misae Power Limited	1,068	973
Paivatar Power Limited	1,068	973
MediaCo Business Services	1,068	973
Personnel Advisory Services	1,068	973
SaaS Business Services Limited	1,068	973
Tanganyika Heat Limited	1,065	1,065
Jokim Limited	1,059	952
Howbery Solar Limited	833	707
Nima Power Limited	683	614
Tuwale Power Limited	683	614
Gnowee Power Limited	683	614
Hella Solar Limited	682	614
Helaku Power Limited	681	609
Winnipeg Heat	632	632
Cyrah Power Limited	595	500
Grian Power Limited	594	500
Intina Power Limited	548	500
Yata Power Limited	529	500
Evaki Power Limited	520	500
Teruko Power Limited	510	500
Tonatiuh Power 2 Limited	457	500
Michabo Power Limited	40	40
	57,271	55,814

Subsidiaries

The following companies are deemed to be subsidiaries of Apollo because the Company owns 50% or more of the equity:

Investee company	Country of incorporation	Sector	% equity held by Octopus Apollo VCT plc
Galvara Limited	United Kingdom	Investment Company	100.0%
Tanganyika Heat Limited	United Kingdom	Anaerobic digestion	100.0%
Byena Limited	United Kingdom	Investment Company	100.0%
Coupra Limited	United Kingdom	Investment Company	100.0%
Emercor Limited	United Kingdom	Investment Company	100.0%
Haravar Limited	United Kingdom	Investment Company	100.0%
Finnavor Limited	United Kingdom	Investment Company	100.0%
Winnipeg Heat (Caspian)	United Kingdom	Anaerobic digestion	100.0%
Superior Heat Limited	United Kingdom	Ground source heat	100.0%
Atlantic Screen International Limited	United Kingdom	Media	100.0%
5AM Music Limited	United Kingdom	Media	100.0%
Acquire Your Business Ltd	United Kingdom	Business services	81.0%
Dyscova Limited	United Kingdom	Investment Company	50.0%
3AM Music Limited	United Kingdom	Media	50.0%

11. DEBTORS

	31 January 2016 £'000	31 January 2015 £'000
Prepayments and accrued income	5,305	2,882
	5,305	2,882

There was a £404,000 debtor between the Ordinary and D class shares (2015: £6,238,000 with C class shares).

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 January 2016 £'000	31 January 2015 £'000
Accruals	1,082	1,607
Other creditors*	3,385	2,758
	4,467	4,365

*At 31 January 2016, other creditors included £2,716,000 (2015: £2,560,000) of new funds raised from the offer for which new shares had not been allotted.

There was a £404,000 creditor between the Ordinary and D class shares (2015: £6,238,000 with C class shares).

13. SHARE CAPITAL

	31 January 2016				31 January 2015		
	Ordinary Shares £'000	Deferred shares £'000	D Shares £'000	Total £'000	Ordinary Shares £'000	C Shares £'000	Total £'000
Allotted and fully paid up:	13,356	349	191	13,896	8,118	518	8,636

On 21 August 2015, the Company completed the Octopus VCT plc ("OVCT") merger by converting C ordinary shares into Ordinary shares or by paying a dividend of 98.0p to those C ordinary shareholders who elected to exit. Those shareholders who converted their C Ordinary shares did so at a conversion ratio of 1.17506. A total of 19,809,055 Ordinary shares were issued. Shareholders who held 34,947,712 C Ordinary shares elected to receive the C share dividend, resulting in a total dividend payment of £34.3 million. Their shares were reclassified as deferred shares which have no value and will be cancelled this year.

Each share has full voting, dividend and capital distribution rights.

	10p Ordinary Shares 000's	1p C Shares 000's	10p D Shares 000's	0.1p Deferred Shares 000's	Total 000's
As at 31 January 2015	81,185	51,805	–	–	132,990
Shares issued	36,649	–	–	–	36,649
Shares repurchased for cancellation	(4,557)	–	–	–	(4,557)
DRIS allotments	469	–	–	–	469
C class conversion	19,809	(51,805)	–	34,498	2,502
OVCT 2 transaction	–	–	19,083	–	19,803
As at 31 January 2016	133,555	–	19,083	34,948	187,586

The Ordinary shares issued during the year were issued at a weighted average price of 87.0p.

The Ordinary shares repurchased for cancellation during the year were cancelled at a weighted average price of 78.8p.

The capital of the Company is managed in accordance with its investment policy with a view to the achievement of its investment objective as set out on page 3. The Company is not subject to any externally imposed capital requirements.

Capital management is monitored and controlled using the internal control procedures set out on page 32 of this report. The capital being managed includes equity and fixed-interest investments, cash balances and liquid resources including debtors and creditors.

14. RECONCILIATION OF MOVEMENTS IN EQUITY

	Notes	Year ended 31 January 2016 £'000	Year ended 31 January 2015 £'000
Shareholders' funds at start of year		119,820	63,905
Profit on ordinary activities after tax		2,831	2,549
Issue of shares (net of issue costs)		48,554	59,216
Shares bought for cancellation		(3,597)	(2,014)
Dividends paid	7	(39,867)	(3,836)
Shareholders' funds at end of year		127,741	119,820

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

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

	£'000
As at 1 February 2015	52,256
Movement in year	6,629
As at 31 January 2016	58,885

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

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

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

Classification of financial instruments

The Company held the following categories of financial instruments, all of which are included in the balance sheet at fair value, at 31 January 2016 and 31 January 2015:

	31 January 2016 £'000	31 January 2015 £'000
Financial assets at fair value through profit or loss		
Investments	116,628	100,039
Total	116,628	100,039
Financial assets at amortised cost		
Cash at bank	10,275	21,264
Accrued income	3,036	2,806
Total	13,311	24,070
Financial liabilities at amortised cost		
Accruals and other creditors	4,871	4,365
Total	4,871	4,365

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 carrying value.

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

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 market risk, interest rate risk, credit risk and liquidity risk. The Company's approach to managing these risks is set out below together with a description of the nature and amount of the financial instruments held at the balance sheet date.

Market risk

The Company's strategy for managing investment risk is determined with regard to the Company's investment objective, as outlined on page 3. The management of market risk is part of the investment management process and is a central feature of venture capital investment. The Company's portfolio is managed in accordance with the policies and procedures described in the Directors' Report on pages 25 to 29, 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.

Details of the Company's investment portfolio at the balance sheet date are set out on page 14.

91.1% (31 January 2015: 83.3%) by value of the Company's net assets comprises investments in unquoted companies held at fair value. The valuation methods used by the Company include the application of a price/earnings ratio derived from listed companies with similar characteristics, and consequently the value of the unquoted element of the portfolio can be indirectly affected by price movements on the London Stock Exchange. A 10% overall increase in the valuation of the unquoted investments at 31 January 2016 would have increased net assets and the total profit for the year by £11,662,800 (31 January 2015: £10,003,900) 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.

Interest rate risk

Some of the Company's financial assets are interest-earning. 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 interest-bearing financial instruments:

	As at 31 January 2016			As at 31 January 2015		
	Total interest rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed in years	Total interest rate portfolio by value £'000	Weighted average interest rate %	Weighted average time for which rate is fixed in years
Unquoted interest bearing investments	72,893	8.0	3.2	44,120	10.7	3.2

Floating rate

The Company's floating rate investments comprise cash held on interest-earning deposit accounts and, where appropriate, within interest-earning money market funds. The benchmark rate which determines the rate of interest receivable on such investments is the bank base rate, which was 0.0% at 31 January 2016 (31 January 2015: 0.5%). The amounts held in floating rate investments at the balance sheet date were as follows:

	31 January 2016 £'000	31 January 2015 £'000
Cash on deposit	10,275	21,264

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 £102,750 (2015: £212,640).

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 2016 the Company's financial assets exposed to credit risk comprised the following:

	31 January 2016 £'000	31 January 2015 £'000
Investments in interest bearing instruments	72,893	44,120
Cash on deposit	10,275	21,264
Accrued dividends and interest receivable	3,036	2,806
	86,204	68,190

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.

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

Other than cash there were no significant concentrations of credit risk to counterparties at 31 January 2016 or 31 January 2015.

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 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 2016 these investments were valued at £10,275,000 (2015: £21,264,000).

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

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

- On 23 February 2016, the Company issued 5,415,410 Ordinary shares of 10p each at a price of 85.8p per share, 512 Ordinary shares of 10p each at a price of 82.3p as part of the Dividend Reinvestment Scheme for the final dividend for the year ending 31 January 2015 paid to shareholders on 31 July 2015.
- On 3 March 2016, the Company disposed of its holding in Callstream Group Limited for £933,000.
- On 23 March 2016, the Company issued 7,614,240 Ordinary shares of 10p each at a price of 85.8p per share, 1,428 Ordinary shares of 10p each at a price of 82.3p as part of the Dividend Reinvestment Scheme for the final dividend for the year ending 31 January 2015 paid to shareholders on 31 July 2015 and 44 Ordinary shares

of 10p each at a price of 80.9p as part of the Dividend Reinvestment Scheme for the interim dividend paid to shareholders on 18 December 2015.

- On 30 March 2016, the Company issued 3,543,202 Ordinary shares of 10p each at a price of 85.8p per share.
- On 4 April 2016, the Company made investments in the following Italian Solar Companies:

Investee company	Investment	Sector	% equity held by Apollo
Modigliani Solar Limited	£1,179,737	Solar	23.3%
Bramante Solar Limited	£1,179,737	Solar	23.3%
Canaletto Solar Limited	£1,179,737	Solar	23.3%
Pirlo Solar Limited	£1,179,737	Solar	23.3%
Tintoretto Solar Limited	£1,179,737	Solar	23.3%
Tiziano Solar Limited	£1,033,771	Solar	23.3%
Angelico Solar Limited	£1,033,771	Solar	23.3%
Leonardo Solar Limited	£1,033,771	Solar	23.3%
Total investment	£8,999,998		

- On 5 April 2016, the Company issued 8,363,388 Ordinary shares of 10p each at a price of 85.8p per share.
- On 13 April 2016, the Company issued 1,285,617 Ordinary shares of 10p each at a price of 85.8p per share.
- On 13 May 2016, the Company issued 1,369,255 Ordinary shares of 10p each at a price of 85.8p per share.

17. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

There were no contingencies, guarantees or financial commitments as at 31 January 2016 (2015: none).

18. TRANSACTIONS WITH MANAGER

Apollo has employed Octopus throughout the year as the Investment Manager.

Apollo has paid Octopus £2,777,000 (2015: £2,304,000) in management fees in respect of the Ordinary shares. The management fee is payable quarterly in advance and is based on 2% of the NAV calculated daily from 31 January. These management fees include £397,000 (2015: £463,000) in performance fees due to Octopus, explained in further detail below.

Apollo has paid Octopus £nil in management fees in respect of the D shares. Octopus is entitled to an annual management fee of 2.0% of net assets. However, the annual management fee will be rolled up (without interest) and will only be paid to Octopus once shareholders have received dividends and distributions during the life of the Company totalling or exceeding 105p per share. As at 31 January 2016, an accrual of £nil represents that there is no annual management fee over and above 105p.

Octopus also provides accounting and administrative services to the Company, payable quarterly in advance for a fee of 0.3% of the NAV calculated daily as at 31 January. During the year £348,000 (2015: £227,000) was paid to Octopus and there was £nil (2015: £nil) outstanding at the balance sheet date, for the accounting and administrative services. In addition, Octopus also provided company secretarial services for a fee of £20,000 per annum (2015: £7,500).

No performance related incentive fee was payable over the first five years. Now this time has passed, Octopus is entitled to an annual performance related incentive fee in relation to the Ordinary shares. 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 Bank of England base rate for the same period and is in line with industry standards. 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 is entitled to £397,000 in performance fees (2015: £463,000), of which £397,000 was outstanding at the balance sheet date (2015: £463,000).

19. RELATED PARTY TRANSACTIONS

During the period to 27 January 2016, Matt Cooper was a non-executive Director of Apollo was also Chairman of Octopus.

During the period to 17 August 2015, Murray Steele was Chairman of Apollo and a member of the Management Board of Terido LLP, a Limited Partnership that Apollo had invested in.

On 17 August 2015, Apollo disposed of its investment in Terido LLP, a limited partnership managed by Octopus. In the year under review Apollo received a profit share from Terido LLP of £626,000. At the year end the ordinary shares have accrued £398,000 in further profit share due to Apollo after the finalisation Terido LLPs results to 31 March 2016.

During the year to 31 January 2016, the Directors received the following dividends from the Company:

	Dividend received
Murray Steele (Chairman)	£1,467
Christopher Powles	£285
James Otter	£156
Ian Pearson	£nil
Matt Cooper	£1,044

20. NET ASSETS AND LIABILITIES OF OCTOPUS VCT 2 PLC ACQUIRED

With effect from 27 January 2016, the Company acquired the assets and liabilities of Octopus VCT 2 plc in exchange for the issue of the new D Ordinary shares in the Company. OVCT 2 was placed into members' voluntary liquidation pursuant to a scheme of reconstruction under Section 110 of the Insolvency Act 1986.

Shareholders in Octopus VCT 2 plc received one Apollo D Ordinary share for every OVCT 2 Ordinary share previously held, resulting in 19,082,726 D Ordinary shares being issued at 27 January 2016. Note 13 gives more information on this issue of shares.

Shareholder Information and Contact Details

Apollo, formerly named Octopus Apollo VCT 3 plc, was launched in July 2006. 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. On 28 November 2014 the Company acquired the net assets of Octopus VCT plc ("OVCT") in consideration for the issue of 52,035,840 C Ordinary shares. On 27 January 2016 the Company acquired the net assets of Octopus VCT 2 plc in consideration for the issue of 19,082,726 D Ordinary shares.

The Company was incorporated on 7 June 2006. During the period from launch to 5 April 2007 over £27.1 million (£25.9 million net of expenses) was raised through an Offer for Subscription. Since then the Company has raised additional investment through further fundraises as follows:

- £29.3 million (£27.8 million net of expenses) during the year to 31 January 2013
- £22.4 million (£20.6 million net of expenses) during the year to 31 January 2014
- £8.7 million (£8.3 million net of expenses) during the year to 31 January 2015
- £31.2 million (£30.3 million net of expenses) during the year to 31 January 2016

The Company currently has an open Offer for Subscription ("Offer"), as detailed in the Prospectus dated 2 November 2015, to raise up to £30 million, with an overallotment facility of a further £10 million. Since the year end the Company has made the following allotments under the Offer:

- £4.4 million (£4.2 million net of expenses) at a share price of 85.8p on 23 February 2016
- £6.4 million (£6.2 million net of expenses) at a share price of 85.8p on 23 March 2016
- £3.0 million (£2.9 million net of expenses) at a share price of 85.8p on 30 March 2016

- £7.0 million (£6.8 million net of expenses) at a share price of 85.8p on 5 April 2016
- £1.1 million (£1.0 million net of expenses) at a share price of 85.8p on 13 April 2016
- £1.2 million (£1.1 million net of expenses) at a share price of 85.8p on 13 May 2016

The Offer will remain open until 1 November 2016 unless fully subscribed at an earlier date. The Board reserves the right to close the Offer earlier at its discretion.

The objective of the Company is to invest in a diversified portfolio of UK smaller companies in order to generate income and preserve capital 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 7 and pages 12 to 22 respectively.

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 of the Income Tax Act 2007 on a continuing basis, specifically the provisions of chapter 3 and, in particular, s280A:

- 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 traded on AIM or ISDX Growth Market) 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.

The Company invests in a diversified portfolio of AIM-traded and smaller unquoted UK companies in order to preserve capital over the long-term as well as to deliver an attractive tax-free dividend stream.

The Directors have managed the affairs of the Company with the intention of maintaining its status as a VCT.

VCT LEGISLATION

The 2015 Summer Budget introduced legislation designed to ensure that VCTs comply with changes to the EU State Aid rules. The legislation introduced new criteria which stipulate a lifetime cap on the total amount of State Aid investment a company can receive, the age of companies which are eligible for investment and specific requirements relating to the use of the funds raised. The Board, in conjunction with the Manager, has reviewed the impact of the new legislation on the Company's investment strategy and has concluded that it expects there to be sufficient investment opportunities to enable the Manager to comply with the new rules and to continue to generate attractive returns for shareholders.

DIVIDENDS

Dividends are paid by Capita Asset Services Limited ("Capita") on behalf of the Company. Shareholders who wish to have dividends paid directly into their bank account rather than by cheque to their registered address can complete a mandate form for this purpose or complete an instruction electronically by visiting the Capita shareholder portal at: www.capitashareportal.com.

Queries relating to dividends, shareholdings and requests for mandate forms should be directed to Capita by calling **0371 664 0324** (calls cost 10p per minute plus network extras. Lines are open Monday–Friday 9.00am–5.00pm), or by writing to them at:

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

The following table shows the net asset value (NAV) per Ordinary share and lists the dividends that have been paid since the launch of Apollo:

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends
31 January 2008	95.5p	–	95.5p
31 July 2008	94.2p	1.5p	95.7p
31 January 2009	92.2p	1.5p	95.2p
31 July 2009	90.2p	1.5p	94.7p
31 January 2010	90.1p	1.5p	96.1p
31 July 2010	88.3p	1.5p	95.8p
31 January 2011	89.6p	1.5p	98.6p
31 July 2011	90.0p	1.5p	100.5p
31 January 2012	90.9p	2.0p	103.4p
31 July 2012	91.0p	3.0p	106.5p
31 January 2013	89.3p	2.0p	106.8p
31 July 2013	87.3p	2.5p	107.3p
31 January 2014	86.8p	2.5p	109.3p
31 July 2014	86.9p	2.5p	111.9p
31 January 2015	84.8p	2.5p	112.3p
31 July 2015	83.6p	2.5p	113.6p
31 January 2016	82.3p	2.5p	114.8p

The final dividend of 2.5p per Ordinary share will be paid on 29 August 2016 to shareholders on the register on 12 August 2016.

The table below shows the net asset value (NAV) per D Ordinary share and lists the dividends that have been paid since the launch of Octopus VCT 2 plc. Upon acquiring the assets and liabilities of OVCT 2 on 27 January 2016, OVCT 2 shareholders were issued with one D Ordinary share for each OVCT 2 Ordinary share held:

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends
30 June 2011	94.0p	–	94.0p
31 December 2011	93.5p	–	93.5p
30 June 2012	93.8p	–	93.8p
31 December 2012	94.2p	–	94.2p
30 June 2013	93.5p	–	93.5p
31 December 2013	100.6p	–	100.6p
30 June 2014	98.3p	2.5p	100.8p
31 December 2014	100.7p	–	103.2p
30 June 2015	100.0p	2.5p	105.0p
31 January 2016	93.7p	–	98.7p

A dividend has not been declared on the D Ordinary shares. D shareholders will be offered the opportunity in Summer 2016 either to exit their investment or to convert their holding into Ordinary shares in the Company at an agreed conversion rate.

At the General Meeting held in November 2014 shareholders approved a Dividend Reinvestment Scheme ("DRIS") and gave the Directors authority to offer shareholders the right to elect to receive Ordinary shares instead of a cash dividend. Any shareholder wishing to reinvest their dividends, and who has not already elected to do so, can request a DRIS mandate form by calling Capita on **0371 664 0324**. The DRIS mandate form can also be found on the Octopus website: www.octopusinvestments.com.

SHARE PRICE

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

Ordinary shares	
TIDM/EPIC code	OAP3
Latest share price (25 May 2016)	79p per share
D Ordinary shares	
TIDM/EPIC code	OAPD
Latest share price (25 May 2016)	95.5p per share

BUYING AND SELLING SHARES

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

BUYBACK OF SHARES

The Company operates a policy of buying its own shares for cancellation as they become available. 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 its own shares) and details of the price at which it has bought 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

SECONDARY MARKET

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

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

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

NOTIFICATION OF CHANGE OF ADDRESS

Communications with shareholders are mailed to the registered address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's registrar, Capita Asset Services, under the signature of the registered holder or via the Capita online share portal at: www.capitashareportal.com. Capita's contact details are provided on page 83.

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. Other statutory information about the Company can also be found here.

ELECTRONIC COMMUNICATIONS

Reports and accounts and all other correspondence are published electronically. This cuts the cost of printing and reduces the impact on the environment. If, in future,

you would prefer to receive an email telling you a report is available to view or to receive documents by email, please contact Octopus on **0800 316 2295** or Capita on **0371 664 0324**. Alternatively you can sign up to receive e-communications via the Capita online shareholder portal: **www.capitashareportal.com**.

WARNING TO SHAREHOLDERS

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

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

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

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

Directors and Advisers

BOARD OF DIRECTORS

Murray Steele (Chairman)
James Otter
Christopher Powles
Ian Pearson

COMPANY NUMBER

Registered in England & Wales
No 05840377

SECRETARY AND REGISTERED OFFICE

Nicola Board ACIS
33 Holborn
London
EC1N 2HT

INVESTMENT AND ADMINISTRATION MANAGER

Octopus Investments Limited
33 Holborn
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CORPORATE BROKER

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020 7886 2500

INDEPENDENT AUDITOR AND TAXATION ADVISER

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Chartered Accountants and Registered Auditor
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John Smith Drive
Oxford Business Park South
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OX4 2WB

VCT STATUS ADVISER

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

BANKERS

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31 Holborn
London
EC1N 2HR

REGISTRARS

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0371 664 0324
(calls cost 10p per minute plus network extras)
www.capitaassetservices.com
www.capitashareportal.com

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Octopus Apollo VCT plc will be held at 33 Holborn, London, EC4M 7AN on Tuesday, 19 July 2016 at 4.00 pm for the purposes of considering and if thought fit, passing the following resolutions of which Resolutions 1 to 8 will be proposed as Ordinary Resolutions and Resolutions 9 and 10 will be proposed as Special Resolutions:

ORDINARY BUSINESS

1. To receive and adopt the financial statements for the year to 31 January 2016 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 Ian Pearson as a Director.
5. To re-elect Murray Steele as a Director.
6. To re-elect Christopher Powles 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 18,025,937 shares (representing approximately 10% of the issued Ordinary share capital at the date of this Notice) this authority to expire at the later of the conclusion of the Company's next Annual General Meeting following the passing of this Resolution and the expiry of 15 months from the passing of the relevant resolution

(unless previously revoked, varied or extended by the Company in 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). The authority being sought under this Resolution is in addition to that obtained at the General Meeting of the Company held on 30 November 2015.

9. DISAPPLICATION OF PRE-EMPTION RIGHTS

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.

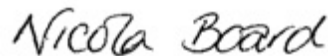
And this power, unless previously varied, revoked or renewed, shall come to an end at the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution or, if earlier, on the expiry of 15 months from the passing of this resolution. The authority being sought under this Resolution is in addition to that obtained at the General Meeting of the Company held on 30 November 2015.

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 its own shares provided that:

- (a) the maximum number of Ordinary shares and D Ordinary shares which may be purchased shall not exceed 27,020,880 Ordinary shares and 2,860,500 D Ordinary shares;
- (b) the minimum price which may be paid for an Ordinary share and D Ordinary share is the nominal value thereof;
- (c) the maximum price, exclusive of expenses, which may be paid for an Ordinary share and D Ordinary share is an amount equal to (i) 105% of the average of the middle market quotation per share of the relevant class taken from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased and (ii) the amount stipulated by Article 5(1) of the Buy Back and Stabilisation Regulation 2003;
- (d) the authority conferred by this resolution shall expire 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 shares under the authority conferred by this resolution prior to the expiry of this authority which will or may be completed wholly or partly after the expiry of this authority.

By Order of the Board



Nicola Board (ACIS)
Secretary
25 May 2016

NOTES:

- (a) A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member.
- (b) A form of proxy is enclosed which, to be effective, must be completed and delivered to the registrars of the Company, Capita Asset Services, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4ZF so as to be received by no later than 48 hours before the time the Annual General Meeting is scheduled to begin. The completion and return of the form of proxy will not affect the right of a member to attend and vote at the Annual General Meeting.
- (c) As an alternative to returning a hard-copy proxy form by post, you can appoint a proxy by sending it by fax to Octopus Investments Limited on **020 7657 3338**. For the proxy appointment to be valid, your appointment must be received by Octopus Investments Limited in such time as it can be transmitted to the registrars of the Company so as to be received no later than 48 hours before the time appointed for the meeting or any adjourned meeting, or in the case of a poll taken subsequent to the date of the meeting or adjourned meeting, so as to be received no later than 24 hours before the time appointed for taking the poll. Capita Asset Services will not be liable for any proxy forms rendered illegible by means of fax transmission.
- (d) You may submit your proxy electronically using the Shareportal Service at **www.capitashareportal.com**. If not already registered for the share portal, you will need your investor code which can be found on your share certificate. If you cannot locate your investor code, please contact Capita Asset Services, between 9.00 a.m. and 5.30 p.m. (GMT) Monday to Friday (except UK public holidays) on telephone number 0371 664 0324 or, if telephoning from outside the UK, on +44 20 8639 3399. Calls to Capita's helpline (0371 664 0324) are charged at 10p per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes.
- (e) 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.
- (f) Section 319A of the Companies Act 2006 requires the Directors to answer any question raised at the AGM which relates to the business of the meeting although no answer need be given (a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information; (b) if the answer has already been given on the Company's website; or (c) if it is undesirable in the best interests of the Company or the good order of the meeting.
- (g) 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.

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 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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