



Octopus Apollo VCT 3 plc
(formerly Octopus Protected VCT PLC)
Unaudited Half-Yearly Report
for the six months ended 31 July 2010

CONTENTS

1	Shareholder Information and Contact details	10	Income Statement
3	About Octopus Apollo VCT 3 plc	11	Reconciliation of Movements in Shareholders' Funds
4	Financial Summary	12	Balance Sheet
5	Chairman's Statement	13	Cash Flow Statement
7	Investment Portfolio	15	Notes to the Half Yearly Report
9	Responsibility Statement of the Directors'	IBC	Directors and Advisers

FINANCIAL HEADLINES

88.3p Net Asset Value (NAV) at 31 July 2010

7.5p Cumulative dividends paid since launch

95.8p NAV plus cumulative dividends paid

1.5p Interim dividend declared for the half-year to 31 July 2010

SHAREHOLDER INFORMATION AND CONTACT DETAILS

Financial Calendar

The Company's financial calendar is as follows:

29 October 2010	-	2010 half-year dividend paid
May 2011	-	Annual results for the year to 31 January 2011 announced; Annual Report and financial statements published
July 2011	-	2011 final dividend paid

Dividends

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

Capita Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 OGA

The table below shows the movement in NAV per share and lists the dividends that have been paid since the launch of Octopus Apollo VCT 3 plc:

Period Ended	NAV	Dividends paid in period	NAV + cumulative dividends
31 January 2007	93.70p	-	93.70p
31 July 2007	94.90p	-	94.90p
31 January 2008	95.50p	-	95.50p
31 July 2008	94.20p	1.50p	95.70p
31 January 2009	92.20p	1.50p	95.20p
31 July 2009	90.20p	1.50p	94.70p
31 January 2010	90.10p	1.50p	96.10p
31 July 2010	88.30p	1.50p	95.80p

The interim dividend of 1.5p will be paid on 29 October 2010 to shareholders on the register on 8 October 2010.

Share Price

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

	Ordinary shares
TIDM/EPIC code	OAP3
Latest share price (30 September 2010)	81.0p 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.

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

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

Chris Lloyd	0203 206 7176	chris.lloyd@matrixgroup.co.uk
Paul Nolan	0203 206 7177	paul.nolan@matrixgroup.co.uk

Notification of Change of Address

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

Other Information for Shareholders

Previously published Annual Reports and Half-yearly Reports are available for viewing on the Investment Manager's website at www.octopusinvestments.com by navigating to Services, Investor Services, Venture Capital Trusts, Octopus Apollo VCT 3. All other statutory information will also be found there.

Warning to Shareholders

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

Please note that it is very unlikely that either Octopus or the Company's 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 veracity of an unsolicited phone call, please call either Octopus, or the Registrar, at the numbers provided at the back of this report.

ABOUT OCTOPUS APOLLO VCT 3 PLC

Octopus Apollo VCT 3 plc ("Apollo 3," "Company" or "Fund") is a venture capital trust ("VCT") and is managed by Octopus Investments Limited ("Octopus").

The Fund was launched in July 2006 and raised over £27.1 million (£25.9 million net of expenses) through an offer for subscription by the time it closed on 5 April 2008. The objective of the Fund is to invest in a diversified portfolio of UK smaller companies in order to generate income and capital growth over the long-term.

Venture Capital Trusts (VCTs)

VCTs were introduced in the Finance Act 1995 to provide a means for private individuals to invest in unlisted 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:

- upfront income tax relief of 30%
- 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 HM Revenue & Customs. In order to maintain its approval, the Company must comply with certain requirements on a continuing basis. Above all, the Company is required at all times to hold at least 70% of its investments (as defined in the legislation) in VCT qualifying holdings, of which at least 30% must comprise eligible Ordinary shares. For this purpose, a 'VCT qualifying holding' consists of up to £1 million invested in any one year in new shares or securities of a UK unquoted company (which may be quoted on AIM) which is carrying on a qualifying trade, and whose gross assets at the time of investment do not exceed a prescribed limit. The definition of 'qualifying trade' excludes certain activities such as property investment and development, financial services and asset leasing. The Company will continue to ensure its compliance with these qualification requirements.

FINANCIAL SUMMARY

	Six months to 31 July 2010	Six months to 31 July 2009	Year to 31 January 2010
Net assets (£'000s)	24,015	24,592	24,552
Net profit/(loss) after tax (£'000s)	(89)	(124)	244
Net asset value per share ("NAV")	88.3p	90.2p	90.1p
Cumulative dividends since launch - paid and proposed	9.0p	6.0p	7.5p

CHAIRMAN'S STATEMENT

Introduction

I am pleased to present the half-yearly report of Octopus Apollo VCT 3 plc for the period ended 31 July 2010.

Performance

At 31 July 2010 the NAV plus cumulative dividends paid of the Fund was 95.8p, which compares to 96.1p at 31 January 2010. The performance of the Fund has been relatively stable as the fair value of investments, which represent 79% of the total Fund, remain unchanged at the period end.

Investment Portfolio

Since 31 January 2010 two new investments have been made. A qualifying investment of £1,000,000 was made into Resilient Corporate Services Limited, a company set up to invest in businesses operating in the business services arena. The Fund also invested £350,000 into Carebase (Col) Limited, a company used to purchase land in order to build a Care Home. This was a non-qualifying investment for VCT purposes.

Post 31 July 2010, the cash invested into Vulcan Services II Limited, a company previously set up to seek qualifying investments, has successfully been deployed into Bluebell Telecom Limited, a company providing landline, mobile and data solutions to businesses.

In terms of other opportunities, we are seeing good deal flow and are in detailed discussions which may lead to a number of new investments that fit well with the investment mandate of this VCT.

Investment Strategy

The Fund is being invested on the basis of taking less risk than a typical VCT. Generally the Fund 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 Fund's investment aims and to use the equity exposure to boost returns. As portfolio companies are unquoted the Fund will receive a return from an equity holding when a company is sold.

The Manager of the Fund aims to reduce risk by investing in well managed and profitable businesses with strong recurring cash-flows. Furthermore with the majority of the investment being made in the form of a secured loan, in the event of the business failing, the Fund will rank ahead of unsecured creditors and equity investors.

Change of Name

Following the approval from shareholders, on 12 August 2010 the Company changed its name from Octopus Protected VCT plc to Octopus Apollo VCT 3 plc. This was to align the

Company with other VCTs that co-invest with this Company, namely, Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc.

Dividend and Dividend Policy

It is your Board's policy to strive to maintain a regular dividend flow where possible and this primarily relies on the level of profitable realisations and available cash reserves. However, given the prevailing economic climate this cannot be guaranteed. That said, for the period ended 31 July 2010, the Board has declared an interim dividend of 1.5p per share, payable from capital reserves. This dividend will be paid to shareholders on 29 October 2010 who are on the register on 8 October 2010.

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 is pleased to announce it has been advised that Octopus Apollo VCT 3 plc is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT.

A key requirement is to now maintain at least the 70% qualifying investment level. As at 31 July 2010, 76.0% of the portfolio, as measured by HMRC rules, was invested in VCT qualifying investments.

Principal Risks and Uncertainties

The principal risks and uncertainties are set out in note 6 of the Notes to the Half-Yearly Report on page 16.

Outlook

We are pleased with the portfolio of investments we have. They are performing in-line with our expectations. The Investment Manager is in a position to provide the support that these companies need, enabling them to contribute strongly to the ongoing value of your VCT investment.

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

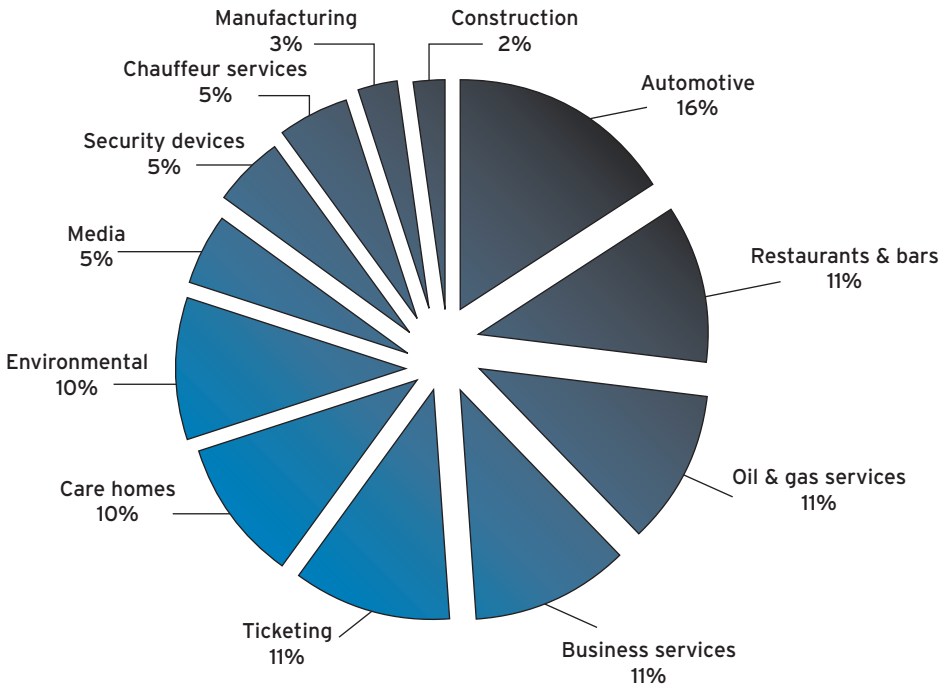
Tony Morgan
Chairman
30 September 2010

INVESTMENT PORTFOLIO

		Cost of investment as at 31 July 2010 (£'000)	Movement in valuation as at 31 July 2010 (£'000)	Fair value as at 31 July 2010 (£'000)	% equity held by Apollo 3	% equity held by all funds managed by Octopus
Unquoted qualifying investments	Sector					
Salus Services I Limited	Care homes	2,000	-	2,000	15.70%	100.00%
Vulcan Services II Limited	Oil & gas services	2,000	-	2,000	12.25%	49.00%
GreenCo Services Limited	Environmental	2,000	-	2,000	8.20%	57.40%
PubCo Services Limited	Restaurants & bars	2,000	-	2,000	11.40%	56.90%
Clifford Thames Group Limited	Automotive	2,000	-	2,000	1.50%	8.00%
Bruce Dunlop & Associates Limited	Media	1,018	-	1,018	1.74%	30.00%
Tristar Limited	Chauffeur services	1,000	-	1,000	1.25%	35.00%
Diagnos Limited	Automotive	1,000	-	1,000	0.00%	0.00%
CSL DualCom Limited	Security devices	1,000	-	1,000	0.00%	0.00%
BusinessCo Services 2 Limited	Business services	1,000	-	1,000	5.00%	49.00%
Ticketing Services 1 Limited	Ticketing	1,000	-	1,000	25.30%	100.00%
Ticketing Services 2 Limited	Ticketing	1,000	-	1,000	25.30%	100.00%
Resilient Corporate Services Limited	Business services	1,000	-	1,000	24.50%	49.00%
Hydrobolt Limited	Manufacturing	606	-	606	0.89%	43.30%
Total unquoted qualifying investments		18,624	-	18,624		
Quoted qualifying investments						
British Country Inns plc	Restaurants & bars	100	(16)	84		
Total qualifying investments		18,724	(16)	18,708		
Non qualifying investments		350	-	350		
Money market funds		4,811	38	4,849		
Cash at bank		149	-	149		
Total fixed income securities		5,310	38	5,348		
Total investments		24,034	22	24,056		
Debtors less creditors				(41)		
Total net assets				24,015		

Sector Analysis

Total investments by fair value



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

We confirm that to the best of our knowledge:

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

On behalf of the Board

Tony Morgan
Chairman
30 September 2010

INCOME STATEMENT

	Six months to 31 July 2010			Six months to 31 July 2009			Year to 31 January 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gain on disposal of fixed asset investments	-	-	-	-	-	-	-	255	255
Loss on disposal of current asset investments	-	-	-	-	(49)	(49)	-	(28)	(28)
Gain on valuation of current asset investments	-	38	38	-	60	60	-	144	144
Income	324	-	324	269	-	269	638	-	638
Investment management fees	(67)	(202)	(269)	(62)	(186)	(248)	(124)	(372)	(496)
Other expenses	(182)	-	(182)	(156)	-	(156)	(269)	-	(269)
(Loss)/profit on ordinary activities before tax	75	(164)	(89)	51	(175)	(124)	245	(1)	244
Taxation on (loss)/profit on ordinary activities	-	-	-	-	-	-	-	-	-
(Loss)/profit on ordinary activities after tax	75	(164)	(89)	51	(175)	(124)	245	(1)	244
Earnings per share - basic and diluted	0.3	(0.6)p	(0.3)p	0.2p	(0.6)p	(0.4)p	0.9p	(0.0)p	0.9p

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

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Six months ended 31 July 2010 £'000	Six months ended 31 July 2009 £'000	Year to 31 January 2010 £'000
Shareholders' funds at start of period	24,552	25,139	25,139
(Loss)/profit on ordinary activities after tax	(89)	(124)	244
Cancellation of own shares	(39)	(14)	(13)
Dividends paid	(409)	(409)	(818)
Shareholders' funds at end of period	24,015	24,592	24,552

BALANCE SHEET

	As at 31 July 2010		As at 31 July 2009		As at 31 January 2010	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments*		19,058		11,190		17,708
Current assets:						
Investments*	4,849		13,379		6,305	
Debtors	10		153		243	
Cash at bank	149		114		374	
	5,008		13,646		6,922	
Creditors: amounts falling due within one year	(51)		(244)		(78)	
Net current assets		4,957		13,402		6,844
Net assets		24,015		24,592		24,552
Called up equity share capital	2,721		2,726		2,725	
Capital redemption reserve	18		13		13	
Special distributable reserve	22,987		23,025		22,617	
Capital reserve - gains & losses on disposal	(1,435)		(570)		(406)	
- holding gains & losses	(405)		(490)		(479)	
Revenue reserve	129		(112)		82	
Total equity shareholders' funds		24,015		24,592		24,552
Net asset value per share		88.3p		90.2p		90.1

*Held at fair value through profit and loss

CASH FLOW STATEMENT

	Six months to 31 July 2010 £'000	Six months to 31 July 2009 £'000	Year to 31 January 2010 £'000
Net cash inflow/(outflow) from operating activities	79	(127)	(375)
Taxation	-	-	-
Financial investment:			
Purchase of fixed asset investments	(1,350)	(6,500)	(14,017)
Sale of fixed asset investments	-	-	1,254
Management of liquid resources:			
Purchase of current asset investments	(2,669)	(6,457)	(9,847)
Sale of current asset investments	4,163	9,936	20,505
Dividends paid	(409)	(409)	(818)
Financing:			
Cancellation of own shares	(39)	(14)	(13)
Decrease in cash at bank	(225)	(3,571)	(3,311)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Six months to 31 July 2010 £'000	Six months to 31 July 2009 £'000	Year to 31 January 2010 £'000
Decrease in cash at bank	(225)	(3,571)	(3,311)
Decrease in cash equivalents	(1,456)	(3,468)	(10,542)
Opening net cash resources	6,679	20,532	20,532
Net cash resources at end of period	4,998	13,493	6,679

RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Six months to 31 July 2010 £'000	Six months to 31 July 2009 £'000	Year to 31 January 2010 £'000
(Loss)/profit on ordinary activities before tax	(89)	(124)	244
Gain on disposal of fixed asset investments	-	-	(255)
Loss on disposal of current asset investments	-	49	28
Gain on valuation of current asset investments	(38)	(60)	(144)
Decrease/(increase) in debtors	233	59	(31)
Decrease in creditors	(27)	(51)	(217)
Net cash (outflow)/inflow from operating activities	79	(127)	(375)

NOTES TO THE HALF-YEARLY REPORT

1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 July 2010 have been prepared in accordance with the Accounting Standard Board's (ASB) statement on half-yearly financial reports (July 2007) and adopting the accounting policies set out in the statutory accounts of the Company for the year ended 31 January 2010, which were prepared under UK GAAP and in accordance with the Statement of Recommended Practice for Investment Companies issued by the Association of Investment Companies in January 2009.

2. Publication of non-statutory accounts

The unaudited half-yearly results for the six months ended 31 July 2010 do not constitute statutory accounts within the meaning of s.415 of the Companies Act 2006 and have not been delivered to the Registrar of Companies. The comparative figures for the year ended 31 January 2010 have been extracted from the audited financial statements for that year, which have been delivered to the Registrar of Companies. The independent auditor's report on those financial statements, in accordance with chapter 3 of part 16 of the Companies Act 2006, was unqualified. This half-yearly report has not been reviewed by the Company's auditor.

3. Earnings per share

The earnings per share at 31 July 2010 are calculated on the basis of 27,244,887 (31 January 2010: 27,262,160 and 31 July 2009: 27,268,387) shares, being the weighted average number of shares in issue during the period.

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

4. Net asset value per share

The net asset value per share is based on net assets as at 31 July 2010 divided by 27,207,202 (31 January 2010: 27,256,003 and 31 July 2009: 27,256,003) shares in issue at that date.

5. Dividends

The interim dividend of 1.5 pence per share for the six months ending 31 July 2010 will be paid on 29 October 2010, to those shareholders on the register on 8 October 2010. This will be paid from capital reserves.

A final dividend, for the year ending 31 January 2010, of 1.5 pence per share was paid on 4 August 2010 to shareholders on the register on 9 July 2010. This was paid with 0.1p from revenue reserves and 1.4p from capital reserves.

6. Principal Risks and Uncertainties

The Company's assets consist of equity and fixed-rate interest investments, cash and liquid resources. Its principal risks are therefore market risk, credit risk and liquidity risk. Other risks faced by the Company include economic, loss of approval as a VCT, investment and strategic, regulatory, reputational, operational and financial risks. These risks, and the way in which they are managed, are described in more detail in the Company's Annual Report and Accounts for the year ended 31 January 2010. The Company's principal risks and uncertainties have not changed materially since the date of that report.

7. Related Party Transactions

Octopus acts as the Investment Manager of the Company. Under the management agreement, Octopus receives a fee of 2.0 per cent per annum of the net assets of the Company for the investment management services. During the period, the Company incurred management fees of £269,000 (31 January 2010: £496,000 and 31 July 2009: £248,000) payable to Octopus. At the period end there was £Nil (31 January 2010: £Nil and 31 July 2009: £Nil) outstanding to Octopus.

Furthermore, Octopus provides administration and company secretarial services to the Company. Octopus receives a fee of 0.3 per cent per annum of net assets of the Company for administration services and £10,000 per annum for company secretarial services.

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

DIRECTORS AND ADVISERS

Board of Directors

Tony Morgan (Chairman)
Robert Johnson
Matt Cooper

Secretary and Registered office

Celia L Whitten FCIS
20 Old Bailey
London
EC4M 7AN

Registered in England No 05840377

Investment Manager

Octopus Investments Limited
20 Old Bailey
London
EC4M 7AN
Tel: 0800 316 2349
www.octopusinvestments.com

Solicitors

Howard Kennedy
19 Cavendish Square
London
W1A 2AW

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
Tel: 0871 664 0300
(calls cost 10p per minute plus
network extras)
www.capitaregistrars.com

Independent Auditor and Taxation Adviser

Grant Thornton UK LLP
1 Westminster Way
Oxford
OX2 0PZ

VCT Status Adviser

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Corporate Broker

Matrix Corporate Capital LLP
1 Vine Street
London
W1J 0AH
Tel: 0203 206 7176

Bankers

HSBC Bank plc
31 Holborn
London
EC1N 2HR

