
OCTOPUS

APOLLO VCT 3 PLC



UNAUDITED
HALF-YEARLY REPORT
FOR THE SIX MONTHS ENDED 31 JULY 2012

FINANCIAL HEADLINES

91.0p	Net Asset Value (NAV) at 31 July 2012
15.5p	Cumulative dividends paid since launch*
106.5p	NAV plus cumulative dividends paid
2.0p	Interim dividend declared for the half-year to 31 July 2012

*This includes the final dividend of 3.0p per share for the year ended 31 January 2012 paid to shareholders on 9 August 2012.

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SHAREHOLDER INFORMATION AND CONTACT DETAILS

Financial Calendar

The Company's financial calendar is as follows:

16 November 2012	– 2012 half-year dividend paid
May 2013	– Annual results for the year to 31 January 2013 announced; Annual Report and financial statements published
July 2013	– 2013 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 0GA

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 2011	88.30p	1.50p	95.80p
31 January 2011	89.60p	1.50p	98.60p
31 July 2011	90.00p	1.50p	100.5p
31 January 2012	90.90p	2.00p	103.4p
31 July 2012	91.00p	3.00p*	106.5p

*The final dividend of 3.0p per share for the year ended 31 January 2012 was paid on 9 August 2012, to those shareholders on the register on 13 July 2012.

The interim dividend of 2.0p will be paid on 16 November 2012 to shareholders on the register on 19 October 2012. Should the proposed merger complete on 27 September 2012, this interim dividend will go to all shareholders of the merged company, being current shareholders of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc.

Share Price

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

	Ordinary shares
TIDM/EPIC code	OAP3
Latest share price (25 September 2012)	78.12p 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. 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 Investments 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 Investments 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 (£5 million effective from 6 April 2012) 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 2012	Six months to 31 July 2011	Year to 31 January 2012
Net assets (£'000s)	22,794	24,418	24,337
Net profit after tax (£'000s)	592	514	1,260
Net asset value per share ("NAV")	91.0p	90.0p	90.9p
Cumulative dividends since launch – paid and proposed	17.5p*	12.5p	15.5p

*The final dividend of 3.0p per share for the year ended 31 January 2012 was paid on 9 August 2012, to those shareholders on the register on 13 July 2012.

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 2012.

Performance

The Fund has performed well in the first six months of this year, with the total return (net asset value plus cumulative dividends paid to date) increasing by 3.0% for the half year. This positive return in the current economic climate is particularly pleasing and is evidence of the Investment Managers continual success in achieving the lower risk mandate that was originally pursued by this Fund.

The small appreciation in the Net Asset Value (NAV) is due to increased levels of interest income the Fund now generates, over and above the running costs of the Fund.

Due to strong trading results, upward revaluations have been realised in three investment companies; Project Tristar, Hydrobolt and Clifford Thames. As a result, £416,000 of gains on valuation have been recognised in these financial statements.

Merger

As you are now aware, it is the intention of your Board, subject to shareholder approval on 27 September 2012, to merge the Fund with Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc. As a result of the proposed merger, the Fund will be renamed Octopus Apollo VCT plc.

I strongly believe the proposed merger with fellow Apollo funds will bring benefits in the form of economies of scale and efficiencies allowing resources to be focused on portfolio and investment growth. If the merger is approved

by shareholders I will step down from my role as Chairman, but will continue to act as a non-executive director.

Investment Portfolio

During the half year period, new qualifying investments were made into Erie Heat and Winnipeg Heat, companies involved in the construction of ground source heat pumps and Sula Power, a solar power company. All three companies have furthered the Fund's investment into renewable energy.

A qualifying investment of £750,000 was also made in Technical Software Consultants, a Company that sells industrial crack detectors principally to the oil and gas pipeline market.

The loan element of the investment in Tristar Worldwide totalling £700,000 was repaid over the period. In addition, investments in Carebase (Col) and Salus Services Holdings 1 were realised, returning £4,501,000 to the Fund.

Investment Strategy

As is highlighted from the financial results, the Fund continues to be managed in line with the mandate that was set out in the prospectus whereby investments are made on the basis of focussing more on capital preservation than a typical VCT. Generally the Fund receives its return from interest paid on secured loan notes as well as an exposure to the value of the shares of investee companies. 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.

The Manager of the Fund has reduced risk by investing in well managed and profitable businesses with strong recurring cash-flows. Furthermore with the majority of the investment

CHAIRMAN'S STATEMENT (continued)

being made in the form of a secured loan, in the event of a business failing, the Fund will rank ahead of unsecured creditors and equity investors.

Dividend and Dividend Policy

Dividends paid out of a VCT are attractive as they are received by shareholders free of tax. It is for that reason your Board makes every effort to maintain a consistent dividend flow when possible. Your Board has declared 2.0 pence per share dividend in respect of the half year end. This will be paid on 16 November 2012 to shareholders on the register on 19 October 2012.

This follows the 3.0 pence dividend that was paid to shareholders on 9 August 2012 in relation to the year ended 31 January 2012. Should the proposed merger complete on 27 September 2012, this interim dividend will go to all shareholders of the merged company, being current shareholders of Octopus Apollo VCT 1 plc, Octopus Apollo VCT 2 plc and Octopus Apollo VCT 4 plc.

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 Apollo 3 plc is in compliance with the conditions laid down by HMRC for maintaining approval as a VCT.

A key requirement is to maintain at least the 70% qualifying investment level. As at 31 July 2012, 86.4% 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 17.

Outlook

Despite the struggles associated with economic uncertainty prevailing over domestic and world economies, there still remains optimism for growth in small unquoted companies. The investee companies within the Fund's portfolio continue to trade strongly, meeting their interest payments in full and on target.

Whilst challenges remain, continuing growth and profitability of investee companies gives your Board and Investment Manager confidence that the Fund will continue to be successful in adhering to the capital preservation mandate offered in the prospectus, we fully expect the NAV to continue to make progress.

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



Tony Morgan

Chairman
25 September 2012

INVESTMENT PORTFOLIO

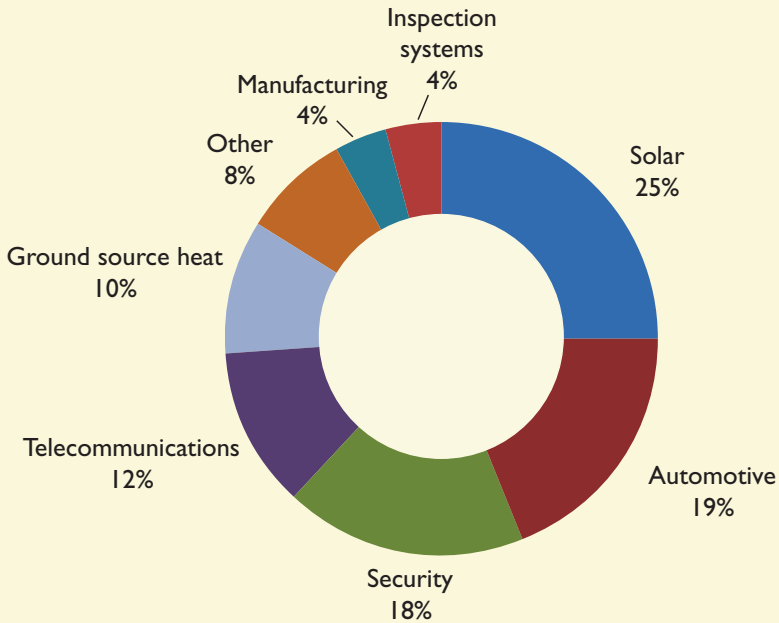
Unquoted investments	Sector	Cost of investment	Movement in valuation	Fair value	% equity held by Apollo 3	% equity held by all funds managed by Octopus
		as at 31 July 2012 (£'000)	as at 31 July 2012 (£'000)	as at 31 July 2012 (£'000)		
Clifford Thames Group Limited	Automotive	3,000	571	3,571	2.8%	8.0%
CSL DualCom Holdings Limited	Security	3,382	–	3,382	1.0%	3.4%
BlueBell Telecom Services Limited	Telecommunications	2,000	220	2,220	4.4%	6.5%
Resilient Corporate Services Limited	Solar	1,000	–	1,000	24.5%	49.0%
Shakti Power Limited	Solar	1,000	–	1,000	26.0%	100.0%
Erie Heat Limited	Ground source heat	1,000	–	1,000	49.9%	100.0%
Sula Power Limited	Solar	1,000	–	1,000	3.2%	100.0%
Winnipeg Heat Limited	Ground source heat	1,000	–	1,000	49.9%	100.0%
Aashman Power Limited	Solar	950	–	950	32.0%	100.0%
Hydrobolt Limited	Manufacturing	606	236	842	2.8%	43.3%
Technical Software Consultants Limited	Inspection systems	750	–	750	2.5%	10.0%
Project Tristar Limited	Chauffeur services	300	198	498	1.3%	35.0%
Kala Power Limited	Solar	425	–	425	16.0%	100.0%
Tonatiuh Trading 1 Limited	Solar	420	–	420	17.0%	100.0%
Bruce Dunlop & Associates International Limited	Media	1,018	(668)	350	1.7%	30.0%
Borro Loan 2 Limited*	Secured lending	200	–	200	0.0%	0.0%
British Country Inns plc	Restaurants & bars	100	(50)	50	1.3%	1.3%
Total fixed asset investments		18,151	507	18,658		
Money market funds				265		
Cash at bank				3,469		
Debtors less creditors				402		
Total net assets				22,794		

*100% debt investment

INVESTMENT PORTFOLIO (continued)

SECTOR ANALYSIS

Investments by fair value as at 31 July 2012:



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
25 September 2012

INCOME STATEMENT

	Six months to 31 July 2012			Six months to 31 July 2011			Year to 31 January 2012		
	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	–	22	22	–	–	–	–	1,200	1,200
Gain on disposal of current asset investments	–	–	–	–	15	15	–	15	15
Fixed asset investment holding gains/(losses)	–	416	416	–	290	290	–	(445)	(445)
Current asset investment holding gains	–	–	–	–	–	–	–	–	–
Income	632	–	632	607	–	607	1,392	–	1,392
Investment management fees	(61)	(183)	(244)	(61)	(182)	(243)	(121)	(365)	(486)
Other expenses	(234)	–	(234)	(155)	–	(155)	(320)	–	(320)
Profit on ordinary activities before tax	337	255	592	391	123	514	951	405	1,356
Taxation on profit on ordinary activities	–	–	–	–	–	–	(96)	–	(96)
Profit on ordinary activities after tax	337	255	592	391	123	514	855	405	1,260
Earnings per share – basic and diluted	1.3p	0.9p	2.2p	1.4p	0.5p	1.9p	3.2p	1.5p	4.7p

- The 'Total' column of this statement is the profit and loss account of the Company; the supplementary revenue return and capital return columns have been prepared under guidance published by the Association of Investment Companies.
- All revenue and capital items in the above statement derive from continuing operations
- The 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 2012 £'000	Six months ended 31 July 2011 £'000	Year to 31 January 2012 £'000
Shareholders' funds at start of period	24,337	24,332	24,332
Profit on ordinary activities after tax	592	514	1,260
Cancellation of own shares	(1,332)	(21)	(304)
Dividends paid	(803)	(407)	(951)
Shareholders' funds at end of period	22,794	24,418	24,337

BALANCE SHEET

	As at 31 July 2012		As at 31 July 2011		As at 31 January 2012	
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed asset investments*		18,658		22,998		19,671
Current assets:						
Investments*	265		545		3,059	
Debtors	551		335		374	
Cash at bank	3,469		586		1,447	
	4,285		1,466		4,880	
Creditors: amounts falling due within one year	(149)		(46)		(214)	
Net current assets		4,136		1,420		4,666
Net assets		22,794		24,418		24,337
Called up equity share capital		2,506		2,713		2,677
Special distributable reserve		19,160		21,319		21,443
Capital redemption reserve		233		25		61
Capital reserve – gains & losses						
on disposal		(465)		(1,347)		(343)
– holding gains & losses		470		813		91
Revenue reserve		890		895		408
Total equity shareholders' funds		22,794		24,418		24,337
Net asset value per share		91.0p		90.0p		90.9p

*Held at fair value through profit and loss

The statements were approved by the Directors and authorised for issue on 25 September 2012 and are signed on their behalf by:



Tony Morgan
Chairman

Company Number: 05840377

CASH FLOW STATEMENT

	Six months to 31 July 2012 £'000	Six months to 31 July 2011 £'000	Year to 31 January 2012 £'000
Net cash (outflow)/inflow from operating activities	(88)	137	643
Taxation	–	–	(96)
Financial investment:			
Purchase of fixed asset investments	(3,750)	(3,282)	(4,714)
Sale of fixed asset investments	5,201	208	5,432
Management of liquid resources:			
Purchase of current asset investments	–	(6,230)	(9,957)
Sale of current asset investments	2,794	9,974	11,187
Dividends paid	(803)	(407)	(951)
Financing:			
Cancellation of own shares	(1,332)	(21)	(304)
Decrease in cash at bank	2,022	379	1,240

RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOW FROM OPERATING ACTIVITIES

	Six months to 31 July 2012 £'000	Six months to 31 July 2011 £'000	Year to 31 January 2012 £'000
Profit on ordinary activities before tax	592	514	1,356
Gain on disposal of fixed asset investments	(22)	–	(1,200)
Gain on disposal of current asset investments	–	(15)	(15)
Holding gain on fixed asset investments	(416)	(290)	445
Holding gain on current asset investments	–	–	–
Increase in debtors	(177)	(61)	(100)
(Decrease)/increase in creditors	(65)	(11)	157
Net cash (outflow)/inflow from operating activities	(88)	137	643

CASH FLOW STATEMENT

(continued)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Six months to 31 July 2012 £'000	Six months to 31 July 2011 £'000	Year to 31 January 2012 £'000
Increase in cash at bank	2,022	379	1,240
Decrease in cash equivalents	(2,794)	(3,729)	(1,215)
Opening net cash resources	4,506	4,481	4,481
Net cash resources at end of period	3,734	1,131	4,506

NOTES TO THE HALF-YEARLY REPORT

1. Basis of preparation

The unaudited half-yearly results which cover the six months to 31 July 2012 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 2012, 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 2012 do not constitute statutory accounts within the meaning of s.415 of the Companies Act 2006. The comparative figures for the year ended 31 January 2012 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 2012 is calculated on the basis of 26,871,445 (31 July 2011: 27,145,052 and 31 January 2011: 26,997,980) 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 2012 divided by 25,056,684 (31 July 2011: 27,126,984 and 31 January 2011: 26,771,709 shares in issue at that date.

5. Dividends

The interim dividend of 2.0 pence per share for the six months ending 31 July 2012 will be paid on 16 November 2012, to those shareholders on the register on 19 October 2011.

A final dividend, for the year ending 31 January 2011, of 3.0 pence per share was paid on 9 August 2012 to shareholders on the register on 13 July 2012.

NOTES TO THE HALF-YEARLY REPORT (continued)

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 2012. 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 £244,000 (31 July 2012: £243,000 and 31 January 2012: £486,000) payable to Octopus. At the period end there was £nil (31 January 2012: £nil and 31 July 2012: £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. A version of this statement will be made available 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.

9. Post Balance Sheet Events

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

- 21 August 2012 – a follow-on investment of £500,000 was made in Borro Loan 2 Limited.
- 21 August 2012 – a follow-on investment of £34,000 was made in Bluebell Telecom Services Limited.

DIRECTORS AND ADVISERS

Board of Directors

Tony Morgan (Chairman)
Rob Johnson
Matt Cooper

Secretary and Registered office

Tracey Spevack ACIS
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

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34 Beckenham Road
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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
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WC2N 6RH

Corporate Broker

Matrix Corporate Capital LLP
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31 Holborn
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